

ALAMO COMMUNITY COLLEGE DISTRICT

San Antonio, Texas



ALAMO
COLLEGES

NORTHEAST LAKEVIEW COLLEGE

NORTHWEST VISTA COLLEGE

PALO ALTO COLLEGE

SAN ANTONIO COLLEGE

ST. PHILIP'S COLLEGE

Comprehensive Annual Financial Report

For the Years Ended August 31, 2012 and 2011

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas

Comprehensive Annual Financial Report

For the Years Ended
August 31, 2012 and 2011

Prepared by:

Finance and Fiscal Services Department

ALAMO COMMUNITY COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|--|---|
| Transmittal Letter | 1 |
| Organizational Data | 5 |
| Vision, Mission, and Values..... | 7 |
| Certificate of Achievement for Excellence in Financial Reporting - August 31, 2011 | 8 |

FINANCIAL SECTION

| | |
|--|----|
| Report of Independent Auditors..... | 11 |
| Management’s Discussion and Analysis (Unaudited)..... | 13 |
| Exhibit 1—Statements of Net Assets..... | 24 |
| Exhibit 2—Statements of Revenues, Expenses, and Changes in Net Assets..... | 25 |
| Exhibit 3—Statements of Cash Flows..... | 26 |
| Notes to Financial Statements | 28 |

SUPPLEMENTARY INFORMATION

| | |
|---|----|
| Schedule A—Schedule of Operating Revenues..... | 53 |
| Schedule B—Schedule of Operating Expenses by Object | 54 |
| Schedule C—Schedule of Non-Operating Revenues and Expenses | 55 |
| Schedule D—Schedule of Net Assets by Source and Availability..... | 56 |
| Schedule E—Schedule of Expenditures of Federal Awards | 57 |
| Notes to Schedule of Expenditures of Federal Awards..... | 60 |
| Schedule F—Schedule of Expenditures of State Awards..... | 61 |
| Notes to Schedule of Expenditures of State Awards..... | 63 |

ALAMO COMMUNITY COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

OTHER INFORMATION—BY LOCATION (Unaudited)

| | |
|--|----|
| Schedule of Operating Revenues by Location..... | 65 |
| Schedule of Operating Expenses by Location..... | 66 |
| Schedule of Non-operating Revenues and Expenses by Location..... | 67 |
| Schedule of Capital Assets by Asset Types..... | 68 |
| Schedule of Capital Assets by Location..... | 69 |

STATISTICAL SUPPLEMENT—(Unaudited)

| | |
|---|----|
| Statistical Section Introduction..... | 73 |
| Statistical Supplement 1—Net Assets by Component..... | 75 |
| Statistical Supplement 2—Revenues by Source..... | 76 |
| Statistical Supplement 3—Program Expenses by Function..... | 77 |
| Statistical Supplement 4—Tuition and Fees..... | 78 |
| Statistical Supplement 5—Assessed Value and Taxable Assessed Value of Property..... | 79 |
| Statistical Supplement 6—State Appropriations per FTSE and Contact Hours..... | 80 |
| Statistical Supplement 7—Principal Taxpayers..... | 81 |
| Statistical Supplement 8—Property Tax Levies and Collections..... | 82 |
| Statistical Supplement 9—Ratios of Outstanding Debt..... | 83 |
| Statistical Supplement 10—Legal Debt Margin Information..... | 84 |
| Statistical Supplement 11—Pledged Revenue Coverage..... | 85 |
| Statistical Supplement 12—Demographic and Economic Statistics—Taxing District..... | 86 |
| Statistical Supplement 13—Principal Employers..... | 87 |
| Statistical Supplement 14—Faculty, Staff and Administrators Statistics..... | 88 |
| Statistical Supplement 15—Enrollment Details..... | 89 |
| Statistical Supplement 16—Student Profile..... | 90 |
| Statistical Supplement 17—Transfer Students to Senior Institutions..... | 91 |
| Statistical Supplement 18—Capital Asset Information..... | 92 |

ALAMO COMMUNITY COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

SINGLE AUDIT SECTION

| | |
|--|-----|
| Report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with <i>Government Auditing Standards</i> | 95 |
| Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133..... | 97 |
| Schedule of Findings and Questioned Costs..... | 100 |
| Summary Schedule of Prior Year Audit Findings - Federal..... | 107 |
| Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with Texas Single Audit Circular | 108 |
| Schedule of State of Texas Findings and Questioned Costs..... | 111 |
| Summary Schedule of Prior Year Audit Findings - State | 117 |



ALAMO
COLLEGES

Introductory Section



ALAMO
COLLEGES



December 4, 2012

To the Board of Trustees, the Residents of Bexar County and the Alamo Community College District Service Area of Atascosa, Bandera, Comal, Guadalupe, Kendall, Kerr and Wilson Counties:

We are proud to submit the following comprehensive annual financial report (CAFR) for the Alamo Community College District (Alamo Colleges or District) for the fiscal year ended August 31, 2012. The CAFR has been prepared in conformance with the financial reporting standards applicable to governmental entities set forth by reporting requirements of the Government Finance Officers Association (GFOA). The report complies with the requirements of *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* as set forth by the Texas Higher Education Coordinating Board (THECB).

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. In 2012, the District's Board of Trustees affirmed the selection of the independent accounting firm of Ernst & Young LLP to perform the annual audit for the District. In addition to meeting the requirements set forth in state statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the State Single Audit related to the uniform Grant Management Standards Single Audit Circular. The auditor's report related specifically to the single audit is included in the Single Audit Section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. The auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditors and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile

The Alamo Community College District was established as a public community college through a public election in 1945. The District operates as a political subdivision under the laws of the State of Texas. A nine-member Board of Trustees is the governing body of the District. The Trustees are elected locally to six-year terms by Bexar County voters. The Chancellor, the District's chief executive officer, guides and implements the programs and policies of the Alamo Colleges.

The Alamo Colleges, a comprehensive two-year system, is dedicated to providing quality education and workforce training to the people of Bexar and surrounding counties. The five colleges—San Antonio, St. Philip's, Palo Alto, Northeast Lakeview and Northwest Vista—provide:

- University transfer programs,
- Workforce education programs,
- Technical programs,
- Developmental courses,
- Adult literacy courses,
- Continuing education and
- Community services.

Students are taught by highly qualified faculty with Master's and Doctorate degrees committed to creating a learning-centered environment. Student services include counseling, computer labs, tutoring, financial services, services for the disabled, developmental instruction, veteran services and job placement.

The Alamo Colleges include two colleges designated as Hispanic-Serving Institutions, the nation's only institution that is designated as both a Historically Black College and a Hispanic-Serving Institution, is the nation's third producer of Hispanic nurses and is Texas' largest provider of online post-secondary education. A vibrant international program brings Central American teachers to San Antonio for advanced education while affording students and faculty the opportunity to travel to all regions of the world.

Economic Conditions and Outlook



The Alamo Colleges have been an integral part of the Greater San Antonio community for more than 100 years, contributing significantly to the economic and social well-being of those who share this community with Alamo Colleges. It is highly regarded by the local business community for the quality of its workforce training and the success of its graduates. In the economic arena, a sizable 80% of its students stay in the region after they leave college and contribute positively to the local economy. The current and past cumulative effect by Alamo Colleges represents \$1.5 billion in additional regional income due to students' higher earnings and the resulting increased productivity of businesses. Higher earnings expand the tax base and reduce the tax burden of local property owners.

The three primary revenue streams to Alamo Colleges, other than federal grants used for scholarships, are ad valorem taxes, state appropriations and tuition and fees.

with the lowest risk from falling prices among large Texas cities, based on the PMI Mortgage insurance's risk index. There was no increase in the District's tax rate for 2012 services.

- Revenues from ad valorem taxes continue to hold at similar levels since property values remained at about \$100 million, a sizeable tax base, for the last five years. San Antonio has stable housing prices
- State appropriations play a role in keeping tuition rates to students low. Over the last ten years state funding per eligible contact hour, which is the student's time in the classroom, declined 28%, while enrollment dramatically increased 45% over the same period. State statutes previously established community college state appropriations based on a contact hour reimbursement basis with a 2-year lag to cover instruction costs. For fiscal year 2012, the State is only providing 49% of the formula funding.
- Alamo Colleges did not implement an across the board tuition increase for the 2012 budget, but did increase tuition at mid-year for Out of District Resident and Non-resident students. The Board is committed to providing the best education possible for students in its service area at the least direct cost to the students.

Actions taken by the 82nd Texas Legislature in 2011 further impacted Alamo Colleges in the areas of state-funded group health insurance and retirement benefits. Beginning in fiscal year 2012, the State only funded 50% of prior year's state appropriations for state paid benefits resulting in a reduction of approximately \$4.1 million in revenue for group health insurance and approximately \$4.4 million in revenue for retirement benefits to Alamo Colleges.



Strategic and Long-Term Financial Planning

The Board approves a strategic plan in three-year cycles, with a plan recently approved in August 2012. The plan is reviewed and re-affirmed annually, and involves all levels of the organization. Key performance indicators based on state and national peer institutions and annual performance targets are defined. An integrated planning model is used to strengthen the connection between the strategic plan, related action plans and the budget, which is approved annually by the Board of Trustees.



The budget is developed with broad-based staff involvement and is guided by budgetary, debt and financial policies approved by the Board. The budget includes a multi-year financial plan, which incorporates proposed increases for capital budgets, preventive maintenance and student success initiatives. The projection maps a ten-year plan for Alamo Colleges to maintain a 3-5% year over year enrollment growth, while maintaining service levels and faculty staffing to provide excellent education for our students. The plan incorporates increases in tuition and fees, continued expectation of declining state appropriations and increases in property values.

Major Initiatives

The Alamo Colleges use the Baldrige Criteria for Performance Excellence as an organizational self-assessment and self-improvement framework to increase efficiency, operate effectively, and be accountable to all stakeholders. The Alamo Colleges' educational and performance philosophy based on doing things the Baldrige way is called *The Alamo Way*. Baldrige helps assess and improve the approach, deployment, learning (improvement), and integration of key management processes. It also helps examine performance and improvement in student learning outcomes; customer-focused outcomes; budgetary, financial, and market outcomes; employee-focused outcomes; process effectiveness outcomes; and leadership outcomes. This leads to increased value to stakeholders; organizational effectiveness, capabilities, and sustainability; and personal and organizational learning. Alamo Colleges is pursuing the Texas Award for Performance Excellence (TAPE). This Baldrige initiative involves self-assessments of operations and performance with feedback reports used to continuously improve customer service and satisfaction.

Awards and Acknowledgements



Alamo Colleges received the prestigious national 2012 Bellwether Award in the Planning, Governance and Finance category. The Community College Futures Assembly, established in 1995, sponsored by the Institute of Higher Education at the University of Florida, focuses on cutting-edge, trendsetting programs that other colleges might find worthy of replicating. The Bellwether Award has been compared to football's Heisman Award because it is competitively judged and is an award given by peers in community colleges. The Bellwether Awards annually recognize outstanding and innovative programs and practices that are successfully leading community colleges into the future by improving efficiency and effectiveness in the community college. The program entitled, *Collaboration, Communication and Consensus: An Organic Approach to the Budget Crisis* tackled fiscal cuts in the midst of unprecedented enrollment increases and

rising operating costs. Fifty leaders from throughout Alamo Colleges, including trustees, met the challenge head-on during six days of budget retreats. Twenty-five budget reduction strategies, focusing also on student success, were identified and implemented to address over \$20 million in budget pressure.

The San Antonio Business Journal selected the Alamo Colleges' Port of San Antonio Project as the Best Land Deal for its "2012 Best in Commercial Real Estate" edition. The project involved renovation of a 40,000 square foot building situated on over 29 acres that was previously part of Kelly AFB. It now houses the Alamo Colleges' Workforce Development Center of Excellence adjacent to the Southwest Campus of St. Philip's College. This creative transaction yielded over 29 acres to Alamo Colleges to be paid for primarily by credits earned through workforce development training for targeted aerospace tenants and Port San Antonio suppliers and vendors.

The Government Finance Officers Association of the U.S. and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Alamo Colleges for its comprehensive annual financial report for the fiscal year ended August 31, 2011. This was the third consecutive year that the District has achieved this prestigious award. In order to be



awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The staff thanks the members of the Board of Trustees for their support and guidance in conducting the financial operations of Alamo Colleges in a highly responsible manner. The timely preparation of this financial report was made possible by the continued dedication and service of the staff of Alamo Colleges.

Diane E. Snyder
Digitally signed by Diane E. Snyder
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 Chancellor for Finance and Administration,
 email=snyderd12@alamo.edu, c=US
 Date: 2012.12.18 13:58:57 -0600'
 Diane E. Snyder, CPA, M.S.
 Vice Chancellor
 Finance and Administration

Pamela Ansboury
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 Date: 2012.12.18 12:40:18 -0600'
 Pamela K. Ansboury, CPA, M.Ed
 Associate Vice Chancellor
 Finance and Fiscal Services

ALAMO COMMUNITY COLLEGE DISTRICT

ORGANIZATIONAL DATA August 31, 2012

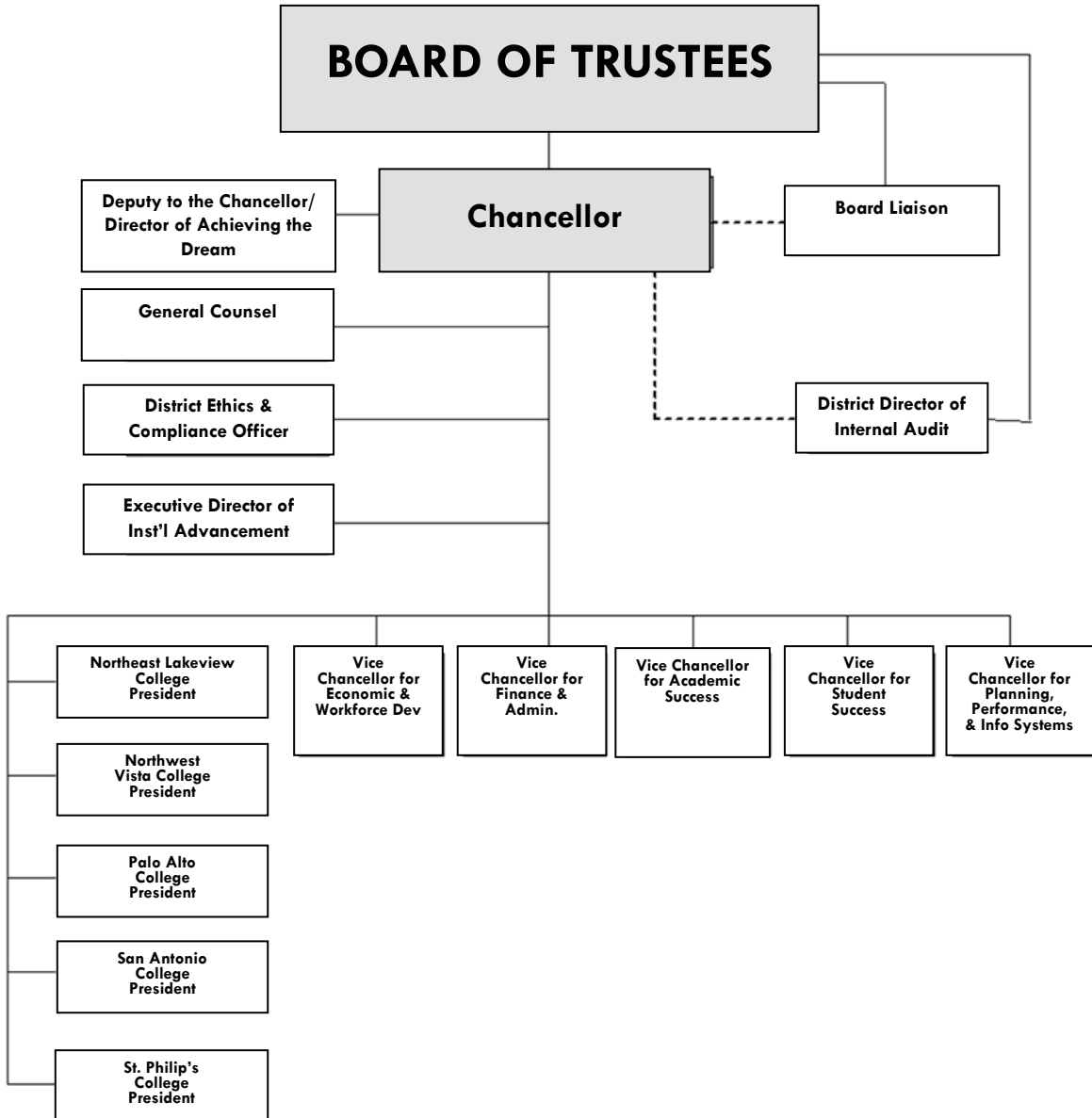
ELECTED OFFICIALS

| Member | Position | City, State | Term Expires |
|---------------------|---------------------|-----------------------|---------------------|
| James A. Rindfuss | Chairperson | Universal City, Texas | 2014 |
| Marcelo S. Casillas | Vice-Chairperson | San Antonio, Texas | 2014 |
| Anna U. Bustamante | Secretary | San Antonio, Texas | 2016 |
| Dr. Yvonne Katz | Assistant Secretary | San Antonio, Texas | 2018 |
| Gary Beitzel | Member of the Board | San Antonio, Texas | 2014 |
| Denver McClendon | Member of the Board | San Antonio, Texas | 2016 |
| Joe Alderete, Jr. | Member of the Board | San Antonio, Texas | 2016 |
| Dr. Gene Sprague | Member of the Board | Helotes, Texas | 2018 |
| Roberto Zárate | Member of the Board | San Antonio, Texas | 2018 |

ADMINISTRATIVE OFFICIALS

| | |
|-----------------------------------|---|
| Dr. Bruce H. Leslie | Chancellor |
| Diane E. Snyder, CPA, M.S. | Vice Chancellor for Finance and Administration |
| Dr. Federico Zaragoza | Vice Chancellor of Economic and Workforce Development |
| Ross Laughead | General Counsel |
| Dr. Thomas S. Cleary | Vice Chancellor for Planning, Performance & Info. Systems |
| Dr. Jo Carol Fabianke - Interim | Vice Chancellor for Academic Success |
| Dr. Adelina Silva | Vice Chancellor for Student Success |
| Jim Eskin | Executive Director of Institutional Advancement |
| Dr. Eric Reno | President, Northeast Lakeview College |
| Dr. Jackie Claunch | President, Northwest Vista College |
| Dr. Ana Guzman | President, Palo Alto College |
| Dr. Adena Loston | President, St. Philip's College |
| Dr. Robert Zeigler | President, San Antonio College |
| Pamela Ansboury, CPA, M.Ed | Associate Vice Chancellor for Finance and Fiscal Services |
| Ann DeBarros, CPA, MBA | District Comptroller |
| Patricia M. Major, CPA, CIA, CGAP | District Director of Internal Audit |

ALAMO COMMUNITY COLLEGE DISTRICT



ALAMO COMMUNITY COLLEGE DISTRICT

VISION

The Alamo Colleges will be the best in the nation in Student Success and Performance Excellence.

MISSION

Empowering our diverse communities for success.

VALUES

The members of Alamo Colleges are committed to building individual and collective character through the following set of shared values in order to fulfill our vision and mission.

INTEGRITY: We act ethically, building a culture of trust and respect.

COMMUNICATION: We engage in open and transparent communication, information sharing, and collaboration.

COMMUNITY: We collaborate through a culture of learning and service, where unity in diversity occurs with mutual respect, cooperation, and accessibility.

ACADEMIC FREEDOM: We value creativity, growth, and transformation through vigorous inquiry and a free exchange of ideas.

ACCOUNTABILITY AND INNOVATION: We accept responsibility for our actions and strive for continuous learning and improvement through a safe and secure environment in order to achieve our vision.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Alamo Community College District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Financial Section



ALAMO
COLLEGES

Report of Independent Auditors

The Board of Trustees
Alamo Community College District

We have audited the accompanying financial statements of Alamo Community College District, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College and Northwest Vista College (collectively, the District), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements, as listed in the Financial Section of the table of contents. These financial statements are the responsibility of the District's management. 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 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 of material misstatement. We were not engaged to perform an audit of the District's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of August 31, 2012, and the respective changes in financial position and its cash flows thereof for the year then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States require that Management's Discussion and Analysis on pages 13 through 23 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, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Other Information-By Location and Statistical Supplement, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Ernst & Young LLP

December 18, 2012

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis is included to provide a narrative introduction, overview and analysis of the financial position and changes in financial position of the Alamo Community College District (Alamo Colleges or District) for the fiscal year ended August 31, 2012. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial statements and notes.

The District's financial report includes three basic financial statements: the Statements of Net Assets provide a summary of assets, liabilities and net assets as of August 31, 2012; the Statements of Revenues, Expenses and Changes in Net Assets provide a summary of operations for the fiscal year; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the fiscal year. Highlighted information from each basic financial statement is presented below.

- Total assets increased \$17.1 million and total liabilities increased \$5.2 million.
- The District's net assets at August 31, 2012 were \$286.0 million reflecting a \$11.9 million increase from prior year.
- The District's operating loss was \$273.3 million.
- Cash and Cash Equivalents decreased \$41.2 million during the year ended August 31, 2012.
- The bond rating for the District's general obligation bonds is Aaa by Moody's Investor Services, the highest rating possible, and is AA+ by Standard & Poor's.

Financial statements for the District's component unit, Alamo Community College District Foundation, Inc. (the Foundation), are issued independent of the District since the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access, are not significant to the District (Notes 1 and 20).

During fiscal year 2012, Alamo Colleges formed the ACCD Public Finance Corporation (the PFC) for the sole purpose of assisting Alamo Colleges in financing or in acquisition of public facilities. The PFC was incorporated on September 23, 2011 as a public non-profit corporation under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended. The PFC is reported as a blended component unit in the financial statements of Alamo Colleges, and its activities are blended with the activities of the District. (Note 1)

Statements of Net Assets

The Statements of Net Assets represent the District's financial position at the end of the fiscal year and include all assets and liabilities of the District. Net Assets is the difference between assets and liabilities and serves as a general indicator of financial stability.

Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include restricted cash and cash equivalents, capital assets, investments and other assets not classified as current. Noncurrent liabilities include bonds and tax notes payable and other long-term commitments.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

A Condensed Schedule of Net Assets is presented below. Total assets increased 1.8% or \$17.1 million during fiscal year 2012. The increase is primarily due to an approximate \$8 million increase in net capital assets and a \$11.9 million net increase in overall net assets due to excess revenues over expenses. During fiscal year 2012 the Board of Trustees approved the liquidation of the unrestricted board designated endowment investments. The funds created a revolving capital project account to be used to internally finance approved capital projects. Annual internal repayments will be made through the operating budget, which will replenish the fund for future needs. (Note 4).

During fiscal year 2012 total liabilities increased 0.7% or \$5.2 million and during fiscal year 2011 increased by 3.6% or \$24.1 million. Noncurrent liabilities consist primarily of bonds payable and decreased \$5.5 million during fiscal year 2012. The net change was due to debt service payments, as well as recognition of \$6.7 million in deferred charges on bond refundings. Current liabilities increased \$10.7 million during 2012 primarily related to increases in general accounts payable, deferred tuition and fee revenues offset by reductions in salaries and benefits payable.

The District's net assets at August 31, 2012 were \$286.0 million compared to \$274.1 million at August 31, 2011. This increase of \$11.9 million in excess revenues over expenses primarily relates to an increase of \$17.9 million in unrestricted operations offset by a decrease in net assets related to investment in capital of \$7.9 million.

Condensed Schedule of Net Assets (in millions)

| | Fiscal Year | | | Change | |
|---|-------------|----------|----------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2011 to 2012 | 2010 to 2011 |
| Assets | | | | | |
| Cash and cash equivalents | \$ 39.3 | \$ 80.5 | \$ 89.6 | \$ (41.2) | \$ (9.1) |
| Accounts and notes receivable, net | 17.2 | 20.7 | 18.5 | (3.5) | 2.2 |
| Investments | 175.6 | 113.0 | 80.5 | 62.6 | 32.5 |
| Endowment investments | - | 11.1 | 10.3 | (11.1) | 0.8 |
| Deferred charges and other | 8.6 | 6.6 | 6.7 | 2.0 | (0.1) |
| Capital assets | 974.4 | 937.6 | 914.2 | 36.8 | 23.4 |
| Accumulated depreciation | (229.7) | (201.2) | (172.4) | (28.5) | (28.8) |
| Total Assets | 985.4 | 968.3 | 947.4 | 17.1 | 20.9 |
| Liabilities | | | | | |
| Current liabilities | 84.9 | 74.2 | 87.3 | 10.7 | (13.1) |
| Noncurrent liabilities | 614.5 | 620.0 | 582.8 | (5.5) | 37.2 |
| Total liabilities | 699.4 | 694.2 | 670.1 | 5.2 | 24.1 |
| Net assets | | | | | |
| Invested in capital assets, net of related debt | 171.1 | 179.0 | 182.6 | (7.9) | (3.6) |
| Restricted (Expendable) | 13.0 | 11.4 | 11.2 | 1.6 | 0.2 |
| Unrestricted | 101.9 | 83.7 | 83.5 | 18.2 | 0.2 |
| Total net assets | \$ 286.0 | \$ 274.1 | \$ 277.3 | \$ 11.9 | \$ (3.2) |

Statements of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets present the District's results of operations for the fiscal year. Operating revenues are generated from the services provided to students and other customers of the District. Operating expenses include those costs incurred in the production of goods and services which result in operating revenues, as well as depreciation and amortization. All other activity is classified as non-operating revenues, expenses, gains and losses. Since a large portion of the revenue stream including ad valorem property taxes, state appropriations, and all federal financial aid grants are classified as non-operating revenues, Texas

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

public community colleges will generally reflect an operating loss with the increase or decrease in net assets reflective of all activity.

Total revenues and total expenses should be considered in assessing the change in the District's financial position. When total revenues exceed total expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Assets and notes to the financial statements.

A summarized comparison of the District's revenues, expenses and changes in net assets for the years ended August 31, 2012, 2011, and 2010 is presented below in table and chart form.

Condensed Schedule of Revenues, Expenses and Changes in Net Assets (in millions)

| | Fiscal Year | | | Change | |
|---|-------------|----------|----------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2011 to 2012 | 2010 to 2011 |
| Operating revenues and expenses: | | | | | |
| Operating revenues (see detail below) | \$ 96.9 | \$ 81.4 | \$ 91.9 | \$ 15.5 | \$ (10.5) |
| Operating expenses (see detail below) | 370.2 | 401.8 | 400.0 | (31.6) | 1.8 |
| Operating Loss | (273.3) | (320.4) | (308.1) | 47.1 | (12.3) |
| Non-operating revenues (expenses): | | | | | |
| State appropriations | 77.8 | 85.9 | 90.1 | (8.1) | (4.2) |
| Ad valorem taxes | 139.2 | 136.7 | 133.6 | 2.5 | 3.1 |
| Federal and State grants, non-operating | 100.0 | 122.4 | 120.1 | (22.4) | 2.3 |
| Investment income | 1.9 | 1.6 | 1.4 | 0.3 | 0.2 |
| Interest on capital related debt | (27.5) | (27.4) | (28.0) | (0.1) | 0.6 |
| Other non-operating revenues (expenses) | (6.2) | (2.0) | (5.7) | (4.2) | 3.7 |
| Total non-operating revenues, net | 285.2 | 317.2 | 311.5 | (32.0) | 5.7 |
| Capital contributions/additions to | | | | | |
| Permanent endowments | - | - | - | - | - |
| Increase (decrease) in net assets | 11.9 | (3.2) | 3.4 | 15.1 | (6.7) |
| Net assets - beginning of year | 274.1 | 277.3 | 273.9 | (3.2) | 3.5 |
| Net assets - end of year | \$ 286.0 | \$ 274.1 | \$ 277.3 | \$ 11.9 | \$ (3.2) |

Operating Revenues (in millions)

| | 2012 | | 2011 | | 2010 | | Change | |
|---------------------------------|---------|------------|---------|------------|---------|------------|--------------|--------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total | 2011 to 2012 | 2010 to 2011 |
| Net tuition and fees | \$ 59.7 | 61.6% | \$ 48.9 | 60.1% | \$ 58.9 | 64.1% | \$ 10.8 | \$ (10.0) |
| Grants and contracts | 30.4 | 31.4% | 26.6 | 32.7% | 27.2 | 29.6% | 3.8 | (0.6) |
| Auxiliary enterprises | 4.3 | 4.4% | 4.2 | 5.2% | 4.5 | 4.9% | 0.1 | (0.3) |
| Other operating revenues | 2.5 | 2.6% | 1.7 | 2.0% | 1.3 | 1.4% | 0.8 | 0.4 |
| Total operating revenues | \$ 96.9 | 100.0% | \$ 81.4 | 100.0% | \$ 91.9 | 100.0% | \$ 15.5 | \$ (10.5) |

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

As shown above, the percentage makeup of the components of total operating revenues remained relatively consistent over the last three fiscal years. For 2012, net tuition and fees increased \$10.8 million primarily due to a slight increase in gross tuition and fees of \$1.1 million and a decrease in waivers and financial aid (tuition discount) of \$9.7 million.

State appropriations, a component of non-operating revenues, declined in fiscal years 2012 and 2011 due to the Texas Legislature's decision to adjust funding based on contact hour reimbursement and to lower the funding for state paid group health insurance, as well as state paid retirement benefits. State appropriations declined \$8.1 million or about 10% in fiscal year 2012 and \$4.2 million or 5% in fiscal year 2011. The decrease in non-operating revenues for federal and state grants of \$22.4 million was due to more stringent federal eligibility requirements for federal Pell awards.

Components of Net Tuition and Fees (in millions)

| | 2012 | | 2011 | | 2010 | |
|---|----------|------------|----------|------------|----------|------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Tuition | \$ 89.2 | 75.4% | \$ 87.4 | 74.5% | \$ 85.1 | 73.1% |
| CE and contract training | 4.5 | 3.8% | 4.5 | 3.9% | 8.0 | 6.8% |
| Fees | 24.6 | 20.8% | 25.3 | 21.6% | 23.5 | 20.1% |
| Total tuition and fees | \$ 118.3 | 100.0% | \$ 117.2 | 100.0% | \$ 116.6 | 100.0% |
| <u>Waivers and financial aid as a % of total tuition and fees:</u> | | | | | | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Waivers and financial aid | \$ 58.6 | 49.5% | \$ 68.3 | 58.3% | \$ 57.7 | 49.5% |

The primary component of operating revenue is net tuition and fees. A table showing the components of net tuition and fees is presented above. For financial statement presentation, total tuition and fees is presented net of waivers and financial aid applicable to tuition and fees, referred to as discounts, as well as bad debt expense. The table indicates the source of tuition and fees, as well as discounts. For 2012, tuition represents over 75% of the total tuition and fee revenue, with fees contributing approximately 21%, and the remaining approximate 4% being continuing education (CE) and contract training.

As noted earlier, overall net tuition and fees increased \$10.8 million or 22% over 2011. Since there was no tuition rate increase for In District Resident tuition, the slight increase in gross tuition and fees of \$1.1 million or 1% over the 2011 balance was primarily due to a mid-year tuition rate increase to Out of District Resident and Non-resident students. Annual student credit hours, a determining factor of tuition revenue remained relatively flat at \$1.1 million for both 2011 and 2012. The total number of students attending, (including exempt and dual credit students), remained stable - 63,341 for fall 2010 and 63,641 for fall 2011.

The treatment of Federal Pell paid to students represents a tuition discount (financial aid) if the Federal Pell pays tuition and fees on the individual student's account and scholarships if it pays other charges. Overall combined federal and state student aid decreased \$22.4 million in 2012 due to tightening of federal financial aid regulations. This contributed largely to the \$9.7 million reduction in the category waivers and financial aid or tuition discounts. The discount rate decreased from 58.3% in 2011 to 49.5% in 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

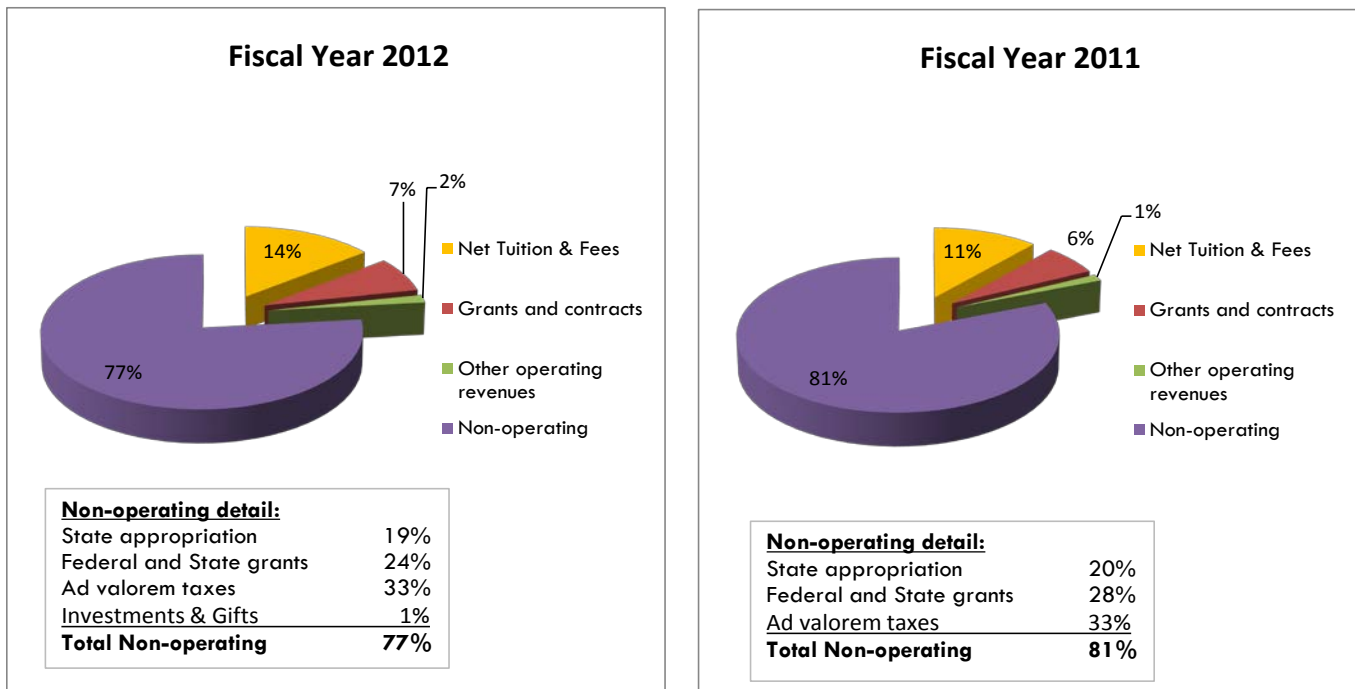
Management's Discussion and Analysis (Unaudited)

The bad debt expense is an addition to the allowance for loss which represents a reserve for the future, grouped with tuition revenues as required by the Texas Higher Education Coordinating Board. A nominal bad debt expense was recorded for 2012.

Below is a chart of the major sources of revenue for fiscal years 2012 and 2011, comparing both operating and non-operating revenues. The non-operating revenues comprise the largest portion of total revenues at 77% for 2012 and 81% for 2011. The primary components of non-operating revenues remain as state appropriations, federal and state financial aid grants and ad valorem taxes. The chart reflects a decrease in the level of federal and state grants as a component of total non-operating revenues, as previously discussed.

Total non-operating revenue as a percent of total revenue decreased from 81% in 2011 to 77% in 2012. This decrease is related to the reduction of federal and state grants as per financial aid discussed above, as well as the reduction of \$8.1 million in overall state appropriations. The percentage components of operating revenues reflected little change.

Revenue Components – Operating and Non-operating



Operating expenses are presented below for three years in both a natural and a functional classification. Salaries remained relatively flat from fiscal year 2010 to 2011 and decreased \$20.8 million or 11.5% from fiscal 2011 to 2012. The fiscal year 2012 decrease was mainly due to a full-year effect of the early retirement incentive program implemented in 2011, combined with decreased faculty salaries as a result of actively managing class size. For 2011 there were 2,656 full and part time faculty positions and for 2012 there were 2,319. The salary decrease in 2012 is also reflected by the \$15.8 million decrease in instructional expenses, a general functional expense category containing most faculty salaries.

For 2011 compared to 2012, scholarship expenses decreased \$12.7 million from \$78.5 to \$65.8 million, respectively. There was only a slight increase from 2010 to 2011. The decrease was due to changes in federal and state student aid as previously discussed.

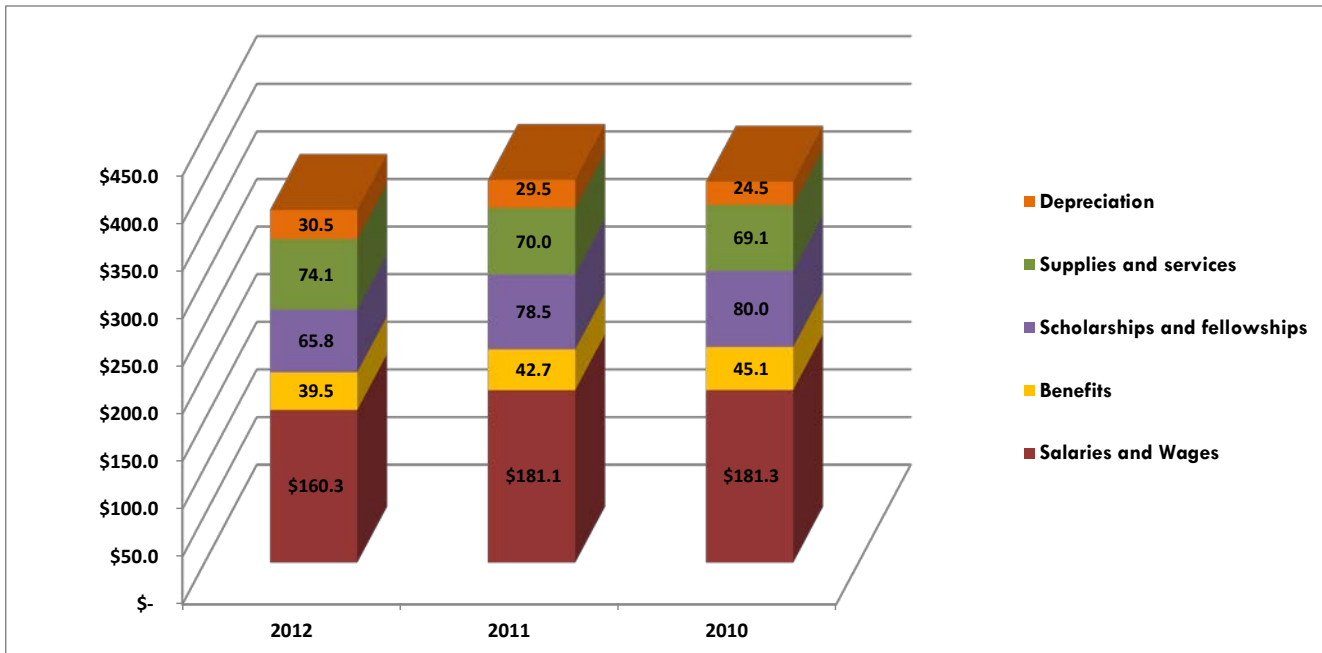
ALAMO COMMUNITY COLLEGE DISTRICT

**Management's Discussion and Analysis
(Unaudited)**

**Operating Expenses in Natural Classification
(in millions)**

| | Fiscal Year | | | Change | |
|---------------------------------|-----------------|-----------------|-----------------|------------------|---------------|
| | 2012 | 2011 | 2010 | 2011 to 2012 | 2010 to 2011 |
| Salaries and Wages | \$ 160.3 | \$ 181.1 | \$ 181.3 | \$ (20.8) | \$ (0.2) |
| Benefits | 39.5 | 42.7 | 45.1 | (3.2) | (2.4) |
| Scholarships and fellowships | 65.8 | 78.5 | 80.0 | (12.7) | (1.5) |
| Supplies and services | 74.1 | 70.0 | 69.1 | 4.1 | 0.9 |
| Depreciation | 30.5 | 29.5 | 24.5 | 1.0 | 5.0 |
| Total operating expenses | \$ 370.2 | \$ 401.8 | \$ 400.0 | \$ (31.6) | \$ 1.8 |

**Operating Expenses in Natural Classification
(in millions of dollars)**



As previously mentioned, after a slight decrease in fiscal year 2011, salaries and wages and related benefits decreased \$24.0 million in fiscal year 2012 due to full effect of retirement incentive program and class size adjustments.

Scholarship expense represents the amount disbursed to a student after a scholarship award is credited to the student's account for payment of tuition and fees. Scholarship expense was relatively flat between 2010 and 2011. Scholarship expense decreased for fiscal year 2012 as the number of recipients decreased due to more stringent federal eligibility requirements for federal Pell awards. All other operating expenses remained relatively flat, except for depreciation expense that increased \$5.0 million in fiscal year 2011 due to the increase of capital assets.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Operating Expenses in Functional Classification (in millions)

| | Fiscal Year | | | Change | |
|--|-------------|----------|----------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2011 to 2012 | 2010 to 2011 |
| Instruction | \$ 128.5 | \$ 144.3 | \$ 145.1 | \$ (15.8) | \$ (0.8) |
| Public service | 0.3 | 0.3 | 0.3 | (0.0) | (0.0) |
| Academic support | 26.2 | 28.1 | 27.5 | (1.9) | 0.6 |
| Student services | 29.1 | 31.0 | 33.6 | (1.9) | (2.6) |
| Institutional support | 53.5 | 54.7 | 55.5 | (1.2) | (0.8) |
| Operation and maintenance of plant | 34.9 | 33.3 | 31.8 | 1.6 | 1.4 |
| Depreciation | 30.5 | 29.5 | 24.5 | 1.0 | 5.0 |
| Scholarships and fellowships | 65.8 | 78.4 | 80.0 | (12.6) | (1.5) |
| Total educational and general expenses | 368.8 | 399.6 | 398.4 | (30.8) | 1.2 |
| Auxiliary enterprise | 1.4 | 2.2 | 1.6 | (0.8) | 0.6 |
| Total operating expenses | \$ 370.2 | \$ 401.8 | \$ 400.0 | \$ (31.6) | \$ 1.8 |

Factors influencing operating expenses grouped by functional classification include the following:

- Instruction includes expenses for all activities that are a part of the instruction program, such as faculty salaries and benefits. Instruction expenses decreased \$15.8 in fiscal year 2012 and \$0.8 million in fiscal year 2011. The full effect of retirement costs and increases in class size primarily account for the \$15.8 decrease in costs for 2012.
- For fiscal year 2012, scholarships and fellowships decreased \$12.6 million as explained above, after a slight decrease of \$1.5 million in fiscal year 2011.

The District's largest operating expense is salaries, wages and benefits. Other significant expense categories include technology and utility costs. As the District continues to experience financial pressure from declining State of Texas appropriations and tax revenues, expense controls are in place as developed by Board members, administrators, faculty, staff and students across the institution. Cost savings strategic initiatives continue to be developed and implemented. Proactive management is in place for controlling the level of temporary staff and agency personnel, increasing class size, and controlling overtime and hiring. Outsourcing strategies implemented continue to hold down workforce related expenses. Non-workforce expenses such as furniture and equipment purchases and costs related to marketing, printing, paper and utilities are also being closely managed. The District implemented *Alamo Ideas*, a plan that rewards employees for contributing cost savings ideas.

Statements of Cash Flows

The Statements of Cash Flows provide information about the sources of cash and the uses of cash in the operations and activities of the District. The Statements of Cash Flows help users determine the entity's ability to meet its obligations as they come due and the impact of external financing. The Statements summarize cash inflows and outflows by operating activities, non-capital financing activities, capital financing activities and investing activities. The Statements of Cash Flows indicated an overall decrease in cash and cash equivalents of \$41.2 million at August 31, 2012 and an overall decrease in cash and cash equivalents of \$9.1 million at August 31, 2011. The primary use of cash in operations is in payment of salaries, wages and benefits, followed by payments to suppliers for goods and services, then payments for scholarships and fellowships. Sources of cash from non-capital financing activities are primarily

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

from non-operating federal and state revenue, ad valorem taxes and state appropriations. The \$41.2 million decrease in cash and cash equivalents in fiscal year 2012 is related to increased purchases of investments to generate interest income. Excess operating cash earned \$1.9 million in fiscal year 2012 and \$2.1 million in fiscal year 2011. Financing activities include payment of debt, both principal and interest, as well as capital asset acquisitions and construction. During 2012 the District had two major refundings of outstanding bonds, further discussed below in the *Debt* section.

Capital Assets

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. The District had \$744.6 million and \$736.4 million invested in capital assets net of accumulated depreciation and amortization at August 31, 2012 and 2011, respectively. Depreciation and amortization expenses totaled \$30.5 in fiscal year 2012 and \$29.5 million in fiscal year 2011. (Note 5) A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End (in millions)

| | Fiscal Year | | | Change | |
|---|-------------|----------|----------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2011 to 2012 | 2010 to 2011 |
| Land | \$ 54.6 | \$ 54.6 | \$ 54.6 | \$ - | \$ - |
| Facility and land improvements | 62.9 | 67.7 | 66.1 | (4.8) | 1.6 |
| Buildings, work in progress, and works of art | 612.5 | 597.3 | 604.6 | 15.2 | (7.3) |
| Furniture and equipment | 11.2 | 13.1 | 12.3 | (1.9) | 0.8 |
| Software | 0.5 | 0.6 | 1.0 | (0.1) | (0.4) |
| Library materials | 2.9 | 3.1 | 3.2 | (0.2) | (0.1) |
| Total capital assets, net of accumulated depreciation | \$ 744.6 | \$ 736.4 | \$ 741.8 | \$ 8.2 | \$ (5.4) |

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The table below lists assets subject to depreciation and the percentage depreciated to August 31, 2012 and 2011.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

Depreciable Capital Assets and Accumulated Depreciation Percentages (in millions)

| | Fiscal Year 2012 | | | Fiscal Year 2011 | | |
|--------------------------------|-----------------------|-----------------------------|------------------|-----------------------|-----------------------------|------------------|
| | Capitalized Amount | Accumulated Depreciation | % Depreciated | Capitalized Amount | Accumulated Depreciation | % Depreciated |
| Facility and land improvements | \$ 109.2 | \$ 46.2 | 42.4% | \$ 107.8 | \$ 40.1 | 37.2% |
| Buildings | 728.6 | 143.9 | 19.8% | 701.6 | 124.4 | 17.7% |
| Furniture and equipment | 35.1 | 23.9 | 68.0% | 34.5 | 21.5 | 62.2% |
| Software | 3.0 | 2.6 | 87.0% | 2.9 | 2.3 | 78.7% |
| Library materials | 16.1 | 13.2 | 82.2% | 16.0 | 12.9 | 80.7% |
| TOTAL | \$ 892.0 | \$ 229.8 | 25.8% | \$ 862.8 | \$ 201.2 | 23.3% |

Major capital additions and renovations completed or in progress during fiscal years 2012 and 2011 include the following:

| Fiscal Year 2012 | Amount (in Millions) |
|---|-------------------------|
| San Antonio College - FBI Firing Range | \$ 1.4 |
| San Antonio College - Modular Building Foundation | 0.6 |
| St. Philip's College - Science Building Renovation | 10.4 |
| Southwest Campus Seco Solar Project | 1.2 |
| Southwest Campus Workforce Center | 0.4 |
| Palo Alto College - Applied Science Building Renovation (Nueces Hall) | 4.1 |
| Palo Alto College - Medina Hall Renovation | 1.4 |
| Palo Alto College - Gutierrez Learning Labs Renovation | 1.7 |
| Palo Alto College - Math and Science Building Renovation (Frio Hall) | 4.4 |
| Palo Alto College - Palomino Center Renovation | 0.3 |
| Palo Alto College - Site Drainage Improvements | 0.5 |
| Northeast Lakeview College - Wellness Center | 0.4 |
| Fiscal Year 2011 | Amount (in Millions) |
| San Antonio College - Moody Renovation | \$ 2.0 |
| San Antonio College - FRA Firing Range | 1.0 |
| St. Philips College - Sutton Learning Center Renovation | 3.0 |
| Southwest Campus Center - Solar Panel ARRA Grant | 2.0 |
| Palo Alto College - Applied Science Building Renovation | 3.8 |
| Palo Alto College - Math & Science Building Renovation | 4.1 |
| Northwest Vista College - Manzanillo Renovation | 1.5 |
| Northwest Vista College - Mountain Laurel Renovation | 2.0 |
| Northwest Vista College - Landscape Irrigation Improvements | 1.1 |
| Northwest Vista College - Fitness Trail | 0.5 |
| Northwest Vista College - North Loop Rd. Extension | 1.1 |
| Northeast Lakeview College - Outdoor Amphitheater | 0.4 |
| Northeast Lakeview College - Canopies and Trellis Structure | 1.3 |

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

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

The District has entered into several contracts for construction and various other renovation projects financed by bond proceeds. As of August 31, 2012 and 2011, the District was committed for approximately \$46.0 million and \$11.0 million, respectively. For additional information concerning the District's capital assets, see Note 5 to the basic financial statements.

Debt

The District had \$613.9 million and \$622.0 million in outstanding debt at August 31, 2012 and 2011, respectively, before premiums and discounts. Outstanding debt decreased by \$8.1 million and increased by \$32.8 million in fiscal years 2012 and 2011, respectively. The table below summarizes these amounts by type of debt instrument. See also Note 8 to the basic financial statements for additional information.

Outstanding Debt at Fiscal Year End
(in millions)

| | Fiscal Year | | | Change | |
|--------------------------|-------------|----------|----------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2011 to 2012 | 2010 to 2011 |
| General obligation bonds | \$ 392.0 | \$ 404.1 | \$ 411.7 | \$ (12.1) | \$ (7.6) |
| Revenue bonds | 78.1 | 65.9 | 69.5 | 12.2 | (3.6) |
| Tax notes | 143.8 | 152.0 | 108.0 | (8.2) | 44.0 |
| Total Outstanding Debt | \$ 613.9 | \$ 622.0 | \$ 589.2 | \$ (8.1) | \$ 32.8 |

The \$8.1 million reduction is due to scheduled payments and two major refundings. In March 2012, the District issued Revenue Financing System Senior Lien Revenue and Refunding Bonds Series 2012A and Taxable Series 2012B in the amounts of \$55,800,000 and \$22,295,000, respectively. These bonds refunded all of the then outstanding Combined Fee Revenue Bonds (Series 2001, 2003, 2004, 2005, 2007 and 2007A) to generate savings, update and modernize pledged revenue requirements and obtain \$15,800,000 in additional funds for construction projects.

In June 2012, the District issued \$74,110,000 Limited Tax Refunding Bonds, Series 2012. Proceeds from the sale refunded \$61,350,000 of the Series 2007 and \$16,595,000 of the Series 2007A Limited Tax Bonds to generate savings. Series 2012 Limited Tax Refunding Bonds were issued at an average coupon of 4.39%; the average coupon of the refunded bonds was 4.60%. The District's total debt service payments over the next 27 years will be reduced by \$11,573,285 to produce an economic gain with a net present value savings of \$6,409,669.

During fiscal year 2011, although tax notes were reduced by \$10.9 million, an additional \$54.8 million in tax notes were approved by the Board of Trustees and issued for building renovations across the District. The new tax note is the primary cause for the net increase of \$44.0 million for fiscal year 2011.

ALAMO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis (Unaudited)

The District's general obligation debt is payable from the proceeds of a continuing, direct ad valorem tax levied against all taxable property within the taxing district. Revenue bonds are special obligations of the District that are payable solely from and will be equally and ratably secured by an irrevocable first lien on pledged revenues. The pledged revenues include, but are not limited to, tuition, pledged auxiliary revenue and investment income.

The bond ratings for the District's general obligation bonds was Aaa by Moody's Investor Services, the highest rating possible, and was AA+ by Standard & Poor's. More detailed information about the District's noncurrent liabilities is presented in Notes 6, 7 and 8 to the basic financial statements.

Factors Having Probable Future Financial Significance

The District's economic condition is influenced by the economic positions of the State of Texas, County of Bexar and surrounding counties and the City of San Antonio. The Federal Reserve Bank of Dallas reports that the Texas economy continues to expand with employment growing at a 3.1% annual rate as of September 2012 ranking second among the Texas major metropolitan areas. Based on the unemployment rate, San Antonio fares better than the nation or Texas with the unemployment rate for September 2012 being 6% for San Antonio, 6.8% for Texas and 7.8% for the nation.

Companies that are expanding or relocating operations still consider Texas, and San Antonio, to hold greater opportunities compared with other parts of the country. While many U.S. cities continue to experience declines in their specialized core industries, San Antonio and Texas have a brighter economic outlook with its stable, diversified economic base that serves to avoid wide swings in the business cycle.

In December 2011, San Antonio was ranked by the Milken Institute as being the nation's Best-Performing City. The Milken Institute ranks cities based on growth in jobs, wages and salaries, and technology output with all factors weighed over a five-year span. San Antonio's ranking was in part due to the earlier military base realignment, drilling in the Eagle Ford Shale and the growth of health care. The realignment helped to insulate San Antonio from the worst of the recession bringing thousands of jobs and billions of dollars in construction to the city. Drilling permits in the Eagle Ford were 26 in 2008 and were 2,991 in November 2012 based on Texas Railroad Commission data. San Antonio's Federal Reserve senior economist, Keith Phillips, indicates the challenge for San Antonio and Texas will be to sustain the growth and continue to diversify the economy. He believes the best way to diversify the economy is to have strong educational systems and that education spawns business.

The level of state appropriations Texas community colleges historically received directly enables the low tuition rates community colleges provide. Over time the state has decreased appropriations to 49% of contact hour reimbursable rates - contact hours are a direct driver of instruction costs. The Texas Legislature will continue to greatly impact community college services if it does not return to contact hour reimbursement, does not reimburse for past contact hour growth, continues to cut appropriations each biennium and does not fully fund its liability for qualified employee retirement match and employee health insurance. In the long term, without the state's full support, Texas community colleges will be forced to adjust the level of services to students and possibly significantly raise tuition and ad valorem tax rates.

In the future Alamo Colleges will continue to face a growing challenge to fund anticipated increases in demands for services provided by community colleges. The Alamo Colleges' leadership acted swiftly to strategically reduce overall expenses and capitalize on favorable economic conditions by aggressively providing workforce development programs. It will continue to monitor resources carefully, continue to bring the message to the Texas Legislature that budget cuts to community colleges harm students and the workforce needs of the state. The leadership of Alamo Colleges will also continue to preserve its primary mission of empowering its diverse communities for success. The District's outlook for the foreseeable future is positive as a result of its strategic leadership, fiscal management and stable local economy.

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 1**

**Statements of Net Assets
August 31, 2012 and 2011**

| | 2012 | 2011 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 18,989,924 | \$ 15,531,295 |
| Restricted cash and cash equivalents | - | 999,004 |
| Investments | 88,540,576 | 72,143,918 |
| Accounts receivable and notes receivable, net of allowance | 17,232,255 | 20,681,112 |
| Other assets | 404,358 | 462,578 |
| Total current assets | 125,167,113 | 109,817,907 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | 20,330,137 | 63,984,287 |
| Endowment investments | - | 11,092,426 |
| Restricted short-term investments | 52,694,252 | - |
| Long-term investments - Operating | 34,381,093 | 40,878,903 |
| Other assets | 8,196,043 | 6,179,323 |
| Capital assets (net) | 744,641,352 | 736,389,433 |
| Total noncurrent assets | 860,242,877 | 858,524,372 |
| TOTAL ASSETS | 985,409,990 | 968,342,279 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 20,010,125 | 18,537,147 |
| Funds held for others | 630,355 | 650,892 |
| Deferred revenues | 41,247,008 | 33,762,488 |
| Current portion of bonds and tax notes | 23,057,141 | 21,309,583 |
| Total current liabilities | 84,944,629 | 74,260,110 |
| Noncurrent liabilities | 614,489,135 | 619,999,914 |
| TOTAL LIABILITIES | 699,433,764 | 694,260,024 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 171,100,350 | 179,049,528 |
| Restricted for: | | |
| Expendable | | |
| Student aid | 4,701,676 | 4,223,246 |
| Instructional programs | 1,074,473 | 1,074,830 |
| Debt service | 7,187,173 | 6,041,389 |
| Unrestricted | 101,912,554 | 83,693,262 |
| TOTAL NET ASSETS (Schedule D) | \$ 285,976,226 | \$ 274,082,255 |

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 2**

**Statements of Revenues, Expenses, and Changes in Net Assets
For Years Ended August 31, 2012 and 2011**

| | 2012 | 2011 |
|--|----------------|----------------|
| OPERATING REVENUES: | | |
| Tuition and fees (net of discounts of \$58,573,116 and \$68,334,353, respectively) | \$ 59,696,566 | \$ 48,916,644 |
| Federal grants and contracts | 20,097,631 | 18,364,222 |
| State grants and contracts | 7,061,166 | 5,863,417 |
| Local grants and contracts | 1,991,496 | 1,107,534 |
| Non-governmental grants and contracts | 1,267,044 | 1,287,850 |
| Auxiliary enterprises | 4,327,418 | 4,193,831 |
| Other operating revenues | 2,499,053 | 1,624,197 |
| Total operating revenues (Schedule A) | 96,940,374 | 81,357,695 |
| OPERATING EXPENSES: | | |
| Instruction | 128,485,874 | 144,316,720 |
| Public service | 349,160 | 291,066 |
| Academic support | 26,178,736 | 28,083,045 |
| Student services | 29,090,290 | 31,004,145 |
| Institutional support | 53,487,482 | 54,684,308 |
| Operation and maintenance of plant | 34,891,262 | 33,258,631 |
| Scholarships and fellowships | 65,811,277 | 78,446,887 |
| Auxiliary enterprises | 1,439,831 | 2,213,641 |
| Depreciation and amortization | 30,484,741 | 29,519,656 |
| Total operating expenses (Schedule B) | 370,218,653 | 401,818,099 |
| Operating loss | (273,278,279) | (320,460,404) |
| NON-OPERATING REVENUES/(EXPENSES): | | |
| State appropriations | 77,777,498 | 85,942,117 |
| Ad valorem taxes | | |
| Taxes for maintenance and operations | 95,326,911 | 93,559,514 |
| Taxes for general obligation bonds | 43,833,032 | 43,153,029 |
| Federal grants, non-operating | 96,450,672 | 118,192,829 |
| State grants, non-operating | 3,548,506 | 4,213,854 |
| Gifts | 745,956 | 476,222 |
| Investment income | 1,858,325 | 1,566,098 |
| Interest on capital related debt | (27,451,534) | (27,407,637) |
| Other non-operating revenues/(expenses) | (6,966,116) | (2,533,215) |
| Net non-operating revenues (Schedule C) | 285,123,250 | 317,162,811 |
| Income (loss) before other revenues (expenses) | 11,844,971 | (3,297,593) |
| OTHER REVENUES AND EXPENSES: | | |
| Capital grants and gifts | 49,000 | 49,000 |
| Total other revenues and expenses | 49,000 | 49,000 |
| Increase (decrease) in net assets | 11,893,971 | (3,248,593) |
| NET ASSETS: | | |
| Net assets - beginning of year | 274,082,255 | 277,330,848 |
| Net assets - end of year | \$ 285,976,226 | \$ 274,082,255 |

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3**

**Statements of Cash Flows
For Years Ended August 31, 2012 and 2011**

| | 2012 | 2011 |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from students and other customers | \$ 66,933,138 | \$ 53,501,854 |
| Receipts from grants and contracts | 34,789,698 | 24,814,263 |
| Collection of loans to students | 12,579 | 72,247 |
| Other receipts | 1,538,496 | 2,264,122 |
| Payments to or on behalf of employees | (193,053,356) | (206,981,972) |
| Payments to suppliers for goods and services | (77,726,332) | (73,846,176) |
| Payments for scholarships and fellowships | (65,811,277) | (78,446,887) |
| Payment for loans to students | <u>(43,016)</u> | <u>(65,781)</u> |
| Net cash provided (used) by operating activities | <u>(233,360,070)</u> | <u>(278,688,330)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Receipts from state appropriations | 68,335,274 | 68,514,375 |
| Receipts from ad valorem taxes | 95,235,301 | 94,251,092 |
| Receipts from non-operating federal and state revenue | 104,663,975 | 118,344,943 |
| Receipts (payments) from gifts and grants (other than capital) | 745,956 | 476,222 |
| Receipts (payments) to student organizations and other agency transactions | <u>(20,537)</u> | <u>57,007</u> |
| Net cash provided (used) by noncapital financing activities | <u>268,959,969</u> | <u>281,643,639</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | |
| Proceeds on issuance of capital debt | 162,026,427 | 60,554,021 |
| Bond issuance costs | (6,517,967) | (554,021) |
| Receipts from ad valorem taxes for debt service | 43,785,462 | 43,384,280 |
| Receipts from capital grant contracts, grants and gifts | 49,000 | 49,000 |
| Payments for capital assets acquisition and construction of capital assets | (38,264,450) | (34,656,383) |
| Payments on capital debt - principal | (160,250,000) | (22,023,778) |
| Payments on capital debt - interest | <u>(27,991,482)</u> | <u>(27,674,764)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(27,163,010)</u> | <u>19,078,355</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales and maturities of investments | 261,961,326 | 242,209,397 |
| Interest on investments | 1,869,260 | 2,073,372 |
| Purchase of investments | <u>(313,462,000)</u> | <u>(275,431,320)</u> |
| Net cash provided (used) by investing activities | <u>(49,631,414)</u> | <u>(31,148,551)</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(41,194,525)</u> | <u>(9,114,887)</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>80,514,586</u> | <u>89,629,472</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 39,320,061</u> | <u>\$ 80,514,586</u> |

(continued)

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

**ALAMO COMMUNITY COLLEGE DISTRICT
EXHIBIT 3**

**Statements of Cash Flows
For Years Ended August 31, 2012 and 2011
(Continued)**

| RECONCILIATION OF NET OPERATING LOSS TO NET CASH | <u>2012</u> | <u>2011</u> |
|---|-------------------------|-------------------------|
| USED BY OPERATING ACTIVITIES: | | |
| Operating loss | \$ (273,278,279) | \$ (320,460,404) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation expense | 30,484,741 | 29,519,656 |
| Allowance for doubtful accounts | 1,109,734 | 5,096,617 |
| Non-cash state appropriations - on-behalf payments | 9,442,224 | 17,427,742 |
| Changes in assets and liabilities: | | |
| Receivables (net) | (2,166,992) | (4,628,157) |
| Other assets | (372,405) | 116,528 |
| Accounts payable | (7,487,866) | 643,703 |
| Deferred revenue | 7,378,216 | (1,033,744) |
| Compensable absences | 2,027,843 | (5,710,169) |
| Workers' compensation accrual | - | (116,027) |
| Utility escrow | (466,849) | 449,459 |
| Loans to students | (30,437) | 6,466 |
| Net cash used by operating activities | <u>\$ (233,360,070)</u> | <u>\$ (278,688,330)</u> |

SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:

| | | |
|---|--------------------|---------------------|
| Increase (decrease) in fair value of investments | <u>\$ 532,095</u> | <u>\$ (596,282)</u> |
| Gifts of depreciable and non-depreciable assets | <u>\$ 5,091</u> | <u>\$ 137,140</u> |
| Decrease in rebatable arbitrage liability | <u>\$ (26,750)</u> | <u>\$ (434,755)</u> |
| Amortization of premium on bonds | <u>\$ 858,925</u> | <u>\$ 600,936</u> |
| Amortization of prepaid debt issuance costs | <u>\$ 259,573</u> | <u>\$ 382,208</u> |
| Amortization of deferred charges on bond refundings | <u>\$ 161,665</u> | <u>\$ 154,174</u> |

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

1. REPORTING ENTITY

The Alamo Community College District (Alamo Colleges or District) was established in 1945 in accordance with the laws of the State of Texas. It serves the educational needs of Bexar County and surrounding communities through its colleges and educational centers. The District operates five colleges including San Antonio College, St. Philip's College, Palo Alto College, Northwest Vista College and Northeast Lakeview College.

The District is considered to be a special-purpose primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the District 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.

ACCD Public Facility Corporation - Blended Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units-an amendment of GASB Statement No. 14*, the District's management determined that although the ACCD Public Facility Corporation (the PFC) is legally separate from the District, for financial statement purposes the PFC should be blended as a component unit of the District as if it were part of the District due to its sole purpose to assist the District in financing or in the acquisition of public facilities. Financial information for the PFC may be obtained from the District's Finance and Fiscal Services office.

The PFC was incorporated on September 23, 2011 as a public non-profit corporation formed under the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended; is also a public corporation within the meaning of the U.S. Treasury Department, rulings of the Internal Revenue Service per sections 103 and 141 of the IRS Code of 1986, as amended.

The PFC is governed by a nine-member Board of Directors that is the same nine-member Board of Trustees of the District. The PFC was formed exclusively for the purpose of assisting the District in financing, refinancing, or providing public facilities. With the Board of Trustees' approval, the PFC may finance the acquisition of District obligations; provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities of the District; issue bonds as permitted by the Act; and perform other such activities on behalf of the District as provided in the Certificate of Formation. The PFC does not have authority to levy taxes.

Alamo Community College District Foundation, Inc.

The Alamo Community College District Foundation, Inc. (the Foundation) is a separate nonprofit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the District. The Foundation is a legally separate entity which utilizes District financial resources for its operation. The District does not appoint any of the Foundation's board members. The financial information of the Foundation is not included in these financial statements in accordance with GASB Statement No. 39, as a component unit because the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access, are not significant to the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* for fiscal year 2012. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 unless they conflict with or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tuition Discounting

Texas Public Education Grants

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

Title IV Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass-through to students. These funds are received by the District and recorded as revenue. When a student uses the award for tuition and fees, the amount is recorded as tuition discount. When the award is used for purposes other than tuition and fees, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these funds are used for tuition and fees, the awards are recorded as tuition discount. When these awards are used for purposes other than tuition and fees, the amounts are recorded as scholarship expense.

Basis of Accounting

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the GASB and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The financial statements of the District have been prepared on the accrual basis, whereby all revenues are recorded when earned, and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

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 District's Board of Trustees adopts the annual budget, which is prepared on the accrual basis of accounting for operating funds and available resources for construction and renewal funds. Copies of the approved budget and subsequent amendments must be filed with the THECB, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of operating cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Public funds investment pools (TexPool) are considered to be cash and cash equivalents.

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents reserved for payment of restricted current liabilities are included as current assets. Cash and cash equivalents and investments that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Assets. This category includes unexpended cash balances restricted by donors or other outside agencies for specific purposes; gifts whose donors have placed limitations on their use; grants from private or governmental sources; bond proceeds; and other sponsored funds.

Other Current Assets

Included in this category are prepaid expenses and inventories.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are recorded at the invoiced amounts. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses and is determined based on historical collectability. Account balances are written-off against the allowance when it is probable the receivable will not be recovered.

Investments

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments include investments with original maturities greater than one year at the time of purchase. The District intends to hold these investments until maturity.

Unamortized Debt Issuance Costs

Unamortized debt issuance costs are amortized over the life of the related bond issue using the straight-line method.

Capital Assets

Assets meeting the applicable capitalization threshold with useful lives extending beyond one year are recorded at cost on the date of acquisition. Donated capital assets are stated at estimated fair market value at the date of donation. Improvements which significantly add value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs are charged to operating expense in the year the expense is incurred.

The straight-line method is used for depreciating the assets over their useful lives. Depreciation begins in the following year after capitalization except for equipment, which is prorated in the first year the asset was placed in service. The table below lists the capitalization thresholds and useful lives for each asset category:

| Class of Asset | Capitalization Threshold | Useful Life (Years) | Salvage Value |
|--|-----------------------------|---------------------------------|------------------|
| Land | \$ 5,000 | Not Depreciated | - |
| Land improvements (except tennis courts) | 100,000 | 20 | - |
| Tennis courts | 10,000 | 7 | - |
| Buildings | 100,000 | 40 | 10% |
| Building improvements | 100,000 | 20 | - |
| Portable buildings | 10,000 | 10 | 10% |
| Machinery and equipment | 5,000 | 5-10 | - |
| Infrastructure | 100,000 | 20 | 10% |
| Software | 5,000 | 5 | - |
| Library books | All | 15 | - |
| Works of art/historical treasures | 5,000 | Not Depreciated | - |
| Leasehold improvements | 10,000 | Life of Lease or useful life | - |
| Technology systems | \$ 50,000 | 5 | - |

Capitalization of Interest Cost

The District applies the provisions of Statement of Financial Accounting Standards No. 34, *Capitalization of Interest Costs* (FAS 34), and Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Costs in Situations Involving Certain Tax-exempt Borrowings and Certain Gifts and Grants* (FAS 62), an amendment of FASB Statement No. 34, which requires the District to capitalize the interest and fees on new construction.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These standards require that the interest cost offset by interest earnings on the related construction proceeds be capitalized as a part of each new construction project unless the net effect is considered immaterial. Accordingly, no interest cost has been capitalized, as the interest earned has approximately equaled the interest cost to the District.

Compensable Absences

It is the District's policy to accrue employee vacation pay as earned. Sick leave is not accrued, as a terminated employee is not paid for accumulated sick leave. See Notes 6 and 12 for additional information.

Self-Insurance

The District is self-insured for a portion of workers' compensation losses. A liability has been recorded for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the fiscal year including incurred but not reported claims. See Note 16 for additional information.

Revenue Recognition and Deferred Revenues

Tuition and fee revenues are recorded when earned. Unrestricted fall tuition, fees, and other revenues received related to the period after each fiscal year have been deferred. Restricted revenues for the fall are recognized in the year when the expenses have occurred, and all obligations have been fulfilled for the recording of those expenses. Unrestricted deferred charges, such as tuition exemptions, have been netted against deferred revenues. Restricted charges where all obligations have been fulfilled are treated as expenses in the period incurred.

Operating and Non-operating Revenues

The District distinguishes operating and non-operating revenues. The District reports as a Business-Type Activity (BTA) and as a single, proprietary fund. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are student tuition and fees net of scholarship discounts and allowances; federal operating non-Title IV grants; state, local and private grants and contracts; auxiliary enterprises and other revenues of a similar nature.

The major non-operating revenues are state appropriations, property tax collections, federal non-operating Title IV grants, investment income and gifts.

Operating and Non-operating Expenses

Operating expenses include the cost of providing instruction, student services and support, administrative expenses, and depreciation and amortization on capital assets. Expenses related to non-operating federal revenues are reported as operating expenses, either as tuition discounts (if applied to tuition) or as scholarship expenses. The auxiliary operations for campus bookstores and food service are not performed by the District.

The major non-operating expenses are interest on capital related debt and capital expenses associated with bond proceeds which fall below the District's capitalization thresholds.

Restricted Resources

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

Net Assets

Invested in Capital Assets, Net of Related Debt

This category represents the District's total investment in capital assets, net of related outstanding debt and accumulated depreciation and amortization related to those capital assets.

Restricted Net Assets, Expendable

These are net assets which the District is legally or contractually obligated to spend in accordance with external restrictions.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted Net Assets

Unrestricted net assets are resources that are not subject to any external restrictions and may be used at the discretion of the governing board for any lawful purpose of the District.

Estimates

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

Reclassifications

Certain amounts presented in the prior year were reclassified in order to be consistent with the current year's presentation. Accounts receivable and notes receivable were combined and a part of operating state grant revenues related to student aid, was reclassified to non-operating revenues.

3. AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Sec. 2256, Texas Government Code, the "Act") as amended. This policy is reviewed and approved by the Board annually. Investment of non-endowment funds are required to be in compliance with the Act. Investments include (1) obligations of the U.S. government or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, (5) commercial paper rated at least A-1/P-1, and (6) other instruments and obligations authorized by statute.

The District's investment policy also provides for the investment of its endowment funds in compliance with the Uniform Prudent Management of Institutional Funds Act (Texas Property Code Chapter 163). Eligible investments per the policy include (1) preferred and common stocks, (2) bonds and debentures of corporations or other institutions in an asset allocation approved by the Board of Trustees. These investments may be held separately or within a comingled institutional mutual fund, so long as it complies with the Investment Company Act of 1940.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of the District's deposits at August 31, 2012 and 2011 was \$6,508,216 and \$3,154,890, respectively. Total bank balances at August 31, 2012 and 2011 equaled \$10,272,229 and \$12,878,888, respectively. The FDIC insures all of the District's noninterest-bearing bank deposits. Interest-bearing deposits in excess of \$250,000 are collateralized at minimally 105% in U.S. Treasuries and Government Securities.

Cash and cash equivalents as reported on Exhibit 1, Statements of Net Assets, consisted of the following at August 31, 2012 and 2011:

| | <u>2012</u> | <u>2011</u> |
|---------------------------------|----------------------|----------------------|
| Bank deposits: Demand deposits | \$ 3,238,348 | \$ 2,130,406 |
| Money market | 3,269,868 | 1,024,484 |
| Total bank deposits | <u>6,508,216</u> | <u>3,154,890</u> |
| TexPool deposits | 32,756,325 | 77,321,596 |
| Petty cash on hand | 55,520 | 38,100 |
| Total cash and cash equivalents | <u>\$ 39,320,061</u> | <u>\$ 80,514,586</u> |

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexPool is managed according to requirements of the Public Funds Investment Act and TexPool Investment Policy. Investments are stated at amortized cost, which in most cases approximates market values of securities. TexPool seeks to maintain a stable \$1.00 net asset value; however, this is not guaranteed or insured by the State of Texas.

The fair value of investments as of August 31, 2012, and 2011, is disclosed below. Fair values of U.S. Government Securities have been calculated using values published by Bloomberg, L.P. Endowment fair values have been provided by the District's endowment's custodial bank, U.S. Bank, N.A.

Investments as reported on Exhibit 1, Statements of Net Assets, consisted of the following types of securities at August 31, 2012 and 2011:

| <u>Type of Security</u> | <u>2012</u> | <u>2011</u> |
|------------------------------|-----------------------|-----------------------|
| U.S. government securities: | | |
| FHLB Coupon Notes | \$ 10,006,000 | \$ 7,003,600 |
| FNMA Coupon Notes | 12,546,000 | 8,015,700 |
| FHLMC Coupon Notes | 18,249,396 | 20,015,900 |
| FFCB Coupon Notes | 23,624,650 | 10,109,690 |
| U.S. Treasury | 10,078,500 | 3,012,600 |
| Commercial Paper | 101,111,375 | 64,865,331 |
| Endowment funds: | | |
| Corporate stock-common | - | 6,878,178 |
| Bonds/Cash & Cash Equivalent | - | 4,214,248 |
| Total | <u>\$ 175,615,921</u> | <u>\$ 124,115,247</u> |

Reconciliation of Deposits and Investments between Note 4 and Exhibit 1, Statement of Net Assets for August 31, 2012 and 2011 is as follows:

| | <u>2012</u> | <u>2011</u> |
|---|-----------------------|-----------------------|
| Total cash and cash equivalents | \$ 39,320,061 | \$ 80,514,586 |
| Total investments | 175,615,921 | 124,115,247 |
| Total | <u>\$ 214,935,982</u> | <u>\$ 204,629,833</u> |
| Per Exhibit I: | | |
| Cash and cash equivalents | \$ 18,989,924 | \$ 15,531,295 |
| Restricted cash and cash equivalents - Current | - | 999,004 |
| Investments - Current | 88,540,576 | 72,143,918 |
| Restricted cash and cash equivalents - Noncurrent | 20,330,137 | 63,984,287 |
| Endowment investments | - | 11,092,426 |
| Restricted short-term investments | 52,694,252 | - |
| Long-term investments - Operating | 34,381,093 | 40,878,903 |
| Total | <u>\$ 214,935,982</u> | <u>\$ 204,629,833</u> |

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk of changes in the market rate of interest that could adversely affect the value of an investment. In addition to statutory limitations on the types of investments, the District’s investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of various fund types. The District actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts, and liquidity needs of the participating funds. The District further limits interest rate risk by laddering maturities.

The District has selected the weighted average maturity (WAM) as the primary method for reporting interest rate risk. The WAM method expresses investment time horizons, the time when investments become due and payable, in terms of years, weighted to reflect the dollar size of individual investments within an investment type. The overall portfolio weighted average maturity is derived by dollar-weighting the WAM for all investments.

The District had the following investments and maturities at August 31, 2012 and 2011:

| Investment Type | 2012 | | 2011 | |
|--|----------------|--|----------------|--|
| | Fair Value | Weighted Average Maturity (Years) | Fair Value | Weighted Average Maturity (Years) |
| FHLB | \$ 10,006,000 | 0.548 | \$ 7,003,600 | 0.178 |
| FNMA | 12,546,000 | 1.097 | 8,015,700 | 1.855 |
| FHLMC | 18,249,396 | 1.515 | 20,015,900 | 1.989 |
| FFCB | 23,624,650 | 1.122 | 10,109,690 | 1.492 |
| U.S. Treasury | 10,078,500 | 0.798 | 3,012,600 | 0.833 |
| Commercial paper | 101,111,375 | 0.223 | 64,865,330 | 0.185 |
| TexPool | 32,756,325 | 0.003 | 77,321,596 | 0.003 |
| Total | \$ 208,372,246 | | \$ 190,344,416 | |
| Portfolio weighted average maturity at August 31 | | 0.499 | | 0.451 |

Credit Risk – In accordance with state law and the District’s investment policy, investments in the investment pools are limited to AAA or AAAM by at least one nationally recognized rating agency. At August 31, 2012, TexPool was rated AAAM. All other credit standards are governed by the District’s investment policy, which is in compliance with state statutes for credit standards.

Concentration of Credit Risk – The District’s endowment investment policy limits investments in that portfolio to no more than 25% of any one industry, no more than 5% in any one corporation, and no more than 2% of any one corporation’s outstanding stock. Endowment investments were within limitations set by District policy.

Safekeeping - The District’s internally managed investments are held in safekeeping at its custodian bank, Bank of America, N.A., as required by policy and state statute. The District’s endowment investments are held in custody at U.S. Bank, N.A.

The District is required to disclose investments in any investment type that represents 5% or more of the investments. At August 31, 2012, the District had invested its non-endowment funds in TexPool (15.8%), in Commercial Paper (48.5%), in FHLMC Coupon Notes (8.7%), in FFCB Coupon Notes (11.3%), and in FNMA Coupon Notes (6%).. At August 31, 2011, the District had invested its non-endowment funds in TexPool (40.6%), in Commercial Paper (34.1%), in FHLMC Coupon Notes, (10.5%), and in FFCB Coupon Notes (5.3%).

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The District's endowment investments were \$0 and \$11,092,426 as of August 31, 2012 and 2011, respectively. At their meeting on July 24, 2012, the Board of Trustees voted to convert the endowment to a revolving capital project account, which will be used to internally finance approved capital projects. Internal repayments will be made from annual payments through the operating budget, which will replenish the account for future needs. On August 27, 2012, \$12,021,317 was transferred from U.S. Bank, N.A. the custodian of the endowment, to a designated account at TexPool.

5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2012 was as follows:

| | Balance 9/1/2011 | Increases | Decreases | Balance 8/31/2012 |
|--|----------------------|----------------------|----------------------|-----------------------|
| <u>Not Depreciated:</u> | | | | |
| Land | \$ 54,624,153 | \$ - | \$ - | \$ 54,624,153 |
| Works of art | 169,971 | - | - | 169,971 |
| Construction in progress | 19,950,096 | 24,301,691 | 16,653,934 | 27,597,853 |
| Subtotal | <u>74,744,220</u> | <u>24,301,691</u> | <u>16,653,934</u> | <u>82,391,977</u> |
| <u>Subject to Depreciation:</u> | | | | |
| Buildings and building improvements | 701,632,305 | 27,126,899 | 117,478 | 728,641,726 |
| Other real estate improvements | 107,771,761 | 1,380,213 | - | 109,151,974 |
| Total buildings and other real estate improvements | <u>809,404,066</u> | <u>28,507,112</u> | <u>117,478</u> | <u>837,793,700</u> |
| Software | 2,894,741 | 155,970 | - | 3,050,711 |
| Furniture, machinery, and equipment | 34,526,826 | 2,379,533 | 1,827,771 | 35,078,588 |
| Library books | 15,991,931 | 175,482 | 68,919 | 16,098,494 |
| Total buildings and other capital assets | <u>862,817,564</u> | <u>31,218,097</u> | <u>2,014,168</u> | <u>892,021,493</u> |
| <u>Accumulated Depreciation:</u> | | | | |
| Buildings and building improvements | 124,432,727 | 19,487,318 | 6,652 | 143,913,393 |
| Other real estate improvements | 40,091,777 | 6,135,294 | - | 46,227,071 |
| Total buildings and other real estate improvements | <u>164,524,504</u> | <u>25,622,612</u> | <u>6,652</u> | <u>190,140,464</u> |
| Software | 2,277,419 | 263,636 | - | 2,541,055 |
| Furniture, machinery, and equipment | 21,459,401 | 4,209,688 | 1,809,404 | 23,859,685 |
| Library books | 12,911,027 | 388,805 | 68,918 | 13,230,914 |
| Total accumulated depreciation | <u>201,172,351</u> | <u>30,484,741</u> | <u>1,884,974</u> | <u>229,772,118</u> |
| Net capital assets | <u>\$736,389,433</u> | <u>\$ 25,035,047</u> | <u>\$ 16,783,128</u> | <u>\$ 744,641,352</u> |

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

5. CAPITAL ASSETS (Continued)

Capital assets activity for the year ended August 31, 2011 was as follows:

| | Balance 9/1/2010 | Increases | Decreases | Balance 8/31/2011 |
|--|----------------------|----------------------|----------------------|-----------------------|
| <u>Not Depreciated:</u> | | | | |
| Land | \$ 54,624,153 | \$ - | \$ - | \$ 54,624,153 |
| Works of art | - | 169,971 | - | 169,971 |
| Construction in progress | 20,126,966 | 18,534,679 | 18,711,549 | 19,950,096 |
| Subtotal | <u>74,751,119</u> | <u>18,704,650</u> | <u>18,711,549</u> | <u>74,744,220</u> |
| <u>Subject to Depreciation:</u> | | | | |
| Buildings and building improvements | 690,282,411 | 11,349,894 | - | 701,632,305 |
| Other real estate improvements | 100,410,106 | 7,361,655 | - | 107,771,761 |
| Total buildings and other real estate improvements | <u>790,692,517</u> | <u>18,711,549</u> | <u>-</u> | <u>809,404,066</u> |
| Software | 2,778,609 | 116,132 | - | 2,894,741 |
| Furniture, machinery, and equipment | 30,123,612 | 5,355,473 | 952,258 | 34,526,827 |
| Library books | 15,895,297 | 162,098 | 65,465 | 15,991,930 |
| Total buildings and other capital assets | <u>839,490,035</u> | <u>24,345,252</u> | <u>1,017,723</u> | <u>862,817,564</u> |
| <u>Accumulated Depreciation:</u> | | | | |
| Buildings and building improvements | 105,724,135 | 18,708,592 | - | 124,432,727 |
| Other real estate improvements | 34,299,226 | 5,792,551 | - | 40,091,777 |
| Total buildings and other real estate improvements | <u>140,023,361</u> | <u>24,501,143</u> | <u>-</u> | <u>164,524,504</u> |
| Software | 1,981,768 | 295,651 | - | 2,277,419 |
| Furniture, machinery, and equipment | 17,821,965 | 4,357,214 | 719,778 | 21,459,401 |
| Library books | 12,610,844 | 365,648 | 65,465 | 12,911,027 |
| Total accumulated depreciation | <u>172,437,938</u> | <u>29,519,656</u> | <u>785,243</u> | <u>201,172,351</u> |
| Net capital assets | <u>\$741,803,216</u> | <u>\$ 13,530,246</u> | <u>\$ 18,944,029</u> | <u>\$ 736,389,433</u> |

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

6. NONCURRENT LIABILITIES

As of August 31, 2012, noncurrent liabilities are \$614,489,135 with activity for the fiscal year is as follows:

| | Total Liabilities | | | | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | Balance | | | Balance | |
| | 09/01/11 | Additions | Reductions | 08/31/12 | Current Portion |
| Bonds and Tax Notes Payable | | | | | |
| General obligation bonds | \$ 404,120,000 | \$ 74,110,000 | \$ 86,185,000 | \$ 392,045,000 | \$ 8,625,000 |
| Revenue bonds | 65,935,000 | 78,095,000 | 65,935,000 | 78,095,000 | 4,410,000 |
| Tax notes | 151,955,000 | - | 8,130,000 | 143,825,000 | 8,495,000 |
| Premium on bonds payable | 16,236,426 | 9,679,992 | 858,925 | 25,057,493 | 1,180,590 |
| Discount on bonds payable | (141,435) | - | (141,435) | - | - |
| Deferred charges on refundings | (1,579,174) | (6,737,177) | (161,665) | (8,154,686) | (413,174) |
| Subtotal | <u>636,525,817</u> | <u>155,147,815</u> | <u>160,805,825</u> | <u>630,867,807</u> | <u>22,297,416</u> |
| Compensable absences | 3,136,828 | 2,606,820 | 578,977 | 5,164,671 | 653,421 |
| Deferred revenues | 1,328,800 | - | 106,304 | 1,222,496 | 106,304 |
| Arbitrage liability | 318,052 | - | 26,750 | 291,302 | - |
| Total Noncurrent Liabilities | <u>\$ 641,309,497</u> | <u>\$ 157,754,635</u> | <u>\$ 161,517,856</u> | <u>\$ 637,546,276</u> | <u>\$ 23,057,141</u> |

As of August 31, 2011, noncurrent liabilities are \$619,999,914 with activity for the fiscal year is as follows:

| | Total Liabilities | | | | |
|--------------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| | Balance | | | Balance | |
| | 09/01/10 | Additions | Reductions | 08/31/11 | Current Portion |
| Bonds and Tax Notes Payable | | | | | |
| General obligation bonds | \$ 411,718,778 | \$ - | \$ 7,598,778 | \$ 404,120,000 | \$ 8,240,000 |
| Revenue bonds | 69,495,000 | - | 3,560,000 | 65,935,000 | 3,715,000 |
| Tax notes | 108,025,000 | 54,795,000 | 10,865,000 | 151,955,000 | 8,130,000 |
| Premium on bonds payable | 11,078,341 | 5,759,021 | 600,936 | 16,236,426 | 758,579 |
| Discount on bonds payable | (151,021) | - | (9,586) | (141,435) | (9,586) |
| Deferred charges on refundings | (1,733,348) | - | (154,174) | (1,579,174) | (154,174) |
| Subtotal | <u>598,432,750</u> | <u>60,554,021</u> | <u>22,460,954</u> | <u>636,525,817</u> | <u>20,679,819</u> |
| Compensable absences | 8,846,997 | 2,284,904 | 7,995,073 | 3,136,828 | 629,764 |
| Deferred revenues | 1,328,800 | - | - | 1,328,800 | - |
| Arbitrage liability | 752,807 | - | 434,755 | 318,052 | - |
| Total Noncurrent Liabilities | <u>\$ 609,361,354</u> | <u>\$ 62,838,925</u> | <u>\$ 30,890,782</u> | <u>\$ 641,309,497</u> | <u>\$ 21,309,583</u> |

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

7. DEBT AND LEASE OBLIGATIONS

Debt service requirements at August 31, 2012 were as follows (amounts in 000's):

| For the Year Ended August 31, | General Obligation Bonds | | Revenue Bonds | | Maintenance Tax Notes | | TOTAL BONDS | |
|-------------------------------|--------------------------|-------------------|------------------|------------------|-----------------------|------------------|-------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | \$ 8,625 | \$ 18,286 | \$ 4,410 | \$ 2,742 | \$ 8,495 | \$ 6,673 | \$ 21,530 | \$ 27,701 |
| 2014 | 9,050 | 17,863 | 5,055 | 2,448 | 8,860 | 6,307 | 22,965 | 26,618 |
| 2015 | 9,500 | 17,420 | 4,655 | 2,409 | 9,235 | 5,924 | 23,390 | 25,753 |
| 2016 | 9,955 | 16,961 | 4,720 | 2,356 | 9,620 | 5,545 | 24,295 | 24,862 |
| 2017 | 10,490 | 16,428 | 4,780 | 2,288 | 7,245 | 5,190 | 22,515 | 23,906 |
| 2018-2022 | 60,735 | 73,861 | 25,515 | 9,208 | 39,925 | 20,422 | 126,175 | 103,491 |
| 2023-2027 | 76,830 | 57,756 | 18,660 | 3,386 | 48,425 | 8,992 | 143,915 | 70,134 |
| 2028-2032 | 96,330 | 38,255 | 6,125 | 1,238 | 12,020 | 1,240 | 114,475 | 40,733 |
| 2033-2037 | 110,530 | 14,191 | 4,175 | 402 | 0 | 0 | 114,705 | 14,593 |
| TOTAL | \$ 392,045 | \$ 271,021 | \$ 78,095 | \$ 26,477 | \$ 143,825 | \$ 60,293 | \$ 613,965 | \$ 357,791 |

Debt service requirements at August 31, 2011 were as follows (amounts in 000's):

| For the Year Ended August 31, | General Obligation Bonds | | Revenue Bonds | | Maintenance Tax Notes | | TOTAL BONDS | |
|-------------------------------|--------------------------|-------------------|------------------|------------------|-----------------------|------------------|-------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$ 8,240 | \$ 19,001 | \$ 3,715 | \$ 2,943 | \$ 8,130 | \$ 7,031 | \$ 20,085 | \$ 28,975 |
| 2013 | 8,625 | 18,606 | 3,885 | 2,773 | 8,495 | 6,673 | 21,005 | 28,051 |
| 2014 | 9,050 | 18,183 | 4,075 | 2,594 | 8,860 | 6,307 | 21,985 | 27,085 |
| 2015 | 9,500 | 17,740 | 3,820 | 2,416 | 9,235 | 5,924 | 22,555 | 26,081 |
| 2016 | 9,955 | 17,281 | 4,005 | 2,237 | 9,620 | 5,545 | 23,580 | 25,063 |
| 2017-2021 | 45,160 | 63,802 | 17,800 | 6,989 | 30,005 | 18,652 | 92,965 | 89,443 |
| 2022-2026 | 70,045 | 66,132 | 23,185 | 3,827 | 46,460 | 13,862 | 139,690 | 83,821 |
| 2027-2031 | 88,050 | 48,145 | 4,780 | 658 | 27,915 | 3,249 | 120,745 | 52,051 |
| 2032-2036 | 110,250 | 25,931 | 670 | 34 | 3,235 | 81 | 114,155 | 26,046 |
| 2037-2038 | 45,245 | 2,939 | 0 | 0 | 0 | 0 | 45,245 | 2,939 |
| TOTAL | \$ 404,120 | \$ 297,760 | \$ 65,935 | \$ 24,472 | \$ 151,955 | \$ 67,323 | \$ 622,010 | \$ 389,555 |

Rental payments of \$1,171,000 and \$940,000 under equipment operating leases and rental agreements were included in operating expenses for the years ended August 31, 2012 and 2011, respectively. Rental payments of \$1,065,000 relate to copiers and rental payments of \$106,000 relate to offsite classroom usage. The term of the rental agreements are less than or equal to one year.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

8. BONDS AND TAX NOTES PAYABLE

Bonds and tax notes payable for the year ended August 31, 2012 and 2011 were as follows:

| Series | Instrument Type and Purpose | Amount Issued and Authorized | Interest Rates | Balance August 31, 2012 | Balance August 31, 2011 |
|---|---|------------------------------|------------------|-------------------------|-------------------------|
| General Obligation Bonds (Repayment source - Ad valorem taxes) | | | | | |
| 2006 | Construct, renovate, acquire and equip new and existing facilities. Issued April 20, 2006. | \$ 60,710,000 | 4.0% - 5.0% | \$ 41,260,000 | \$ 42,210,000 |
| 2006A | Construct, renovate, acquire and equip new and existing facilities. Issued September 14, 2006. | 49,580,000 | 4.0% - 5.0% | 48,520,000 | 49,580,000 |
| 2007 | Construct, renovate, acquire and equip new and existing facilities. Issued April 5, 2007. | 271,085,000 | 4.0% - 5.625% | 190,430,000 | 256,920,000 |
| 2007A | Construct, renovate, acquire and equip new and existing facilities. Issued August 21, 2007. | 63,490,000 | 4.25% - 5.5% | 37,725,000 | 55,410,000 |
| 2012 | Refund certain of the District's outstanding Limited Bonds Series 2007 and 2007A. Issued July 12, 2012 | 74,110,000 | 3.5% - 5.0% | 74,110,000 | - |
| SubTotal - General Obligation Bonds | | | | \$ 392,045,000 | \$ 404,120,000 |
| Maintenance Tax Notes (Repayment source - Ad valorem taxes) | | | | | |
| 2005 | Purchase equipment, vehicles and renovate various facilities. Issued September 20, 2005. | \$ 7,450,000 | 3.625% - 4.0% | \$ 1,700,000 | \$ 2,000,000 |
| 2006 | Purchase equipment, vehicles and renovate various facilities. Issued April 20, 2006 | 30,435,000 | 4.0% - 5.0% | 24,470,000 | 25,690,000 |
| 2007 | Purchase equipment, vehicles and renovate various facilities. Issued September 18, 2007. | 81,110,000 | 4.0% - 5.25% | 66,500,000 | 69,470,000 |
| 2011 | Renovate and repair existing District facilities. Issued August 5, 2011 | 54,795,000 | 2.0% - 5.0% | 51,155,000 | 54,795,000 |
| SubTotal - Maintenance Tax Notes | | | | \$ 143,825,000 | \$ 151,955,000 |
| Revenue Financing System/Combined Fee Revenue Bonds (Repayment source - Pledged revenues*) | | | | | |
| 2001 | Refund prior bond series; and to construct, renovate, and equip academic buildings and acquire sites. Issued September 19, 2001. | \$ 53,615,000 | 3.5% - 5.375% | \$ - | \$ 24,170,000 |
| 2003 | Refund prior bond series; and to construct, renovate, and equip academic buildings and acquire sites. Issued September 23, 2003. | 10,655,000 | 2.0% - 4.25% | - | 3,525,000 |
| 2004 | Purchase land and to acquire, construct, improve, enlarge, and equip District facilities. Issued August 11, 2004. | 7,235,000 | 2.0% - 5.0% | - | 6,105,000 |
| 2005 | Purchase land and to acquire, construct, improve, enlarge, and equip District facilities. Issued September 20, 2005. | 2,435,000 | 3.6% - 4.0% | - | 1,645,000 |
| 2007 | Refund prior bond series; and to construct, renovate, and equip academic buildings and acquire sites. Issued March 8, 2007. Matures November 1, 2025. | 27,175,000 | 4.0% - 4.375% | - | 25,880,000 |
| 2007A | Purchase land and to acquire, construct, improve, enlarge, and equip District facilities. Issued September 18, 2007. | 5,150,000 | 4.0% - 5.0% | - | 4,610,000 |
| 2012A | Refund certain of the District's outstanding Combined Fee Revenue bonds and to construct a parking facility. Issued March 22, 2012. | 55,800,000 | 1.625% - 5.25% | 55,800,000 | - |
| 2012B | (Taxable issue). Refund remainder of the District's outstanding Combined Fee Revenue bonds. Issued March 22, 2012. | 22,295,000 | 0.418% - 1.8444% | 22,295,000 | - |
| SubTotal - Combined Fee Revenue Bonds | | | | \$ 78,095,000 | \$ 65,935,000 |
| Total Bonds | | | | \$ 613,965,000 | \$ 622,010,000 |

*Pledged revenues is all revenues to the extent they may be pledged as security for debt obligations pursuant to applicable Texas law.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

8. BONDS AND TAX NOTES PAYABLE (Continued)

Bonds payable are due in annual installments varying from \$20,400 to \$19,903,500 with interest rates from 0.418% to 5.625%, with the final installment due in fiscal year 2037.

The District refunded certain outstanding bonds in the fiscal year ending August 31, 2012.

In March 2012, the District issued Revenue Financing System Senior Lien Revenue and Refunding Bonds Series 2012A and Taxable Series 2012B (collectively, the Combined Series) in the amounts of \$55,800,000 and \$22,295,000 respectively. These bonds refunded all of the then outstanding Combined Fee Revenue Bonds (Series 2001, 2003, 2004, 2005, 2007 and 2007A) and provided additional funds for construction projects. The District placed the proceeds of the new bonds into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded series bonds. As a result, the refunded bonds are considered defeased, and the liability for these bonds has been removed from the District's Statements of Net Assets. The District's total debt service payments will be reduced by \$3,189,705 to produce an economic gain with a net present value savings of \$2,752,276. Series 2012A bonds maturing on or after November 1, 2023 are subject to redemption at the option of the District on November 1, 2022. Taxable Series 2012B bonds are not subject to early redemption.

In June 2012, the District issued \$74,110,000 Limited Tax Refunding Bonds, Series 2012. Proceeds from the sale partially refunded \$61,350,000 of the Series 2007 and \$16,595,000 of the Series 2007A Limited Tax Bonds. The District placed the proceeds of the new bonds into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded series bonds. As a result, the refunded bonds are considered defeased, and the liability for these bonds has been removed from the District's Statements of Net Assets. The District's total debt service payments will be reduced by \$11,573,285 to produce an economic gain with a net present value savings of \$6,409,669. The bonds maturing on or after August 15, 2023 are subject to redemption at the option of the District on August 15, 2022.

For the year ended August 31, 2012, the revenue pledged as security for revenue bond debt service includes tuition and general fee revenue, \$35.8 million, investment income, \$0.5 million, and auxiliary revenue, \$3.8 million. For the year ended August 31, 2011, the revenue pledged as security for revenue bond debt service includes a portion of tuition and general fee revenue, \$35.4 million, investment income, \$0.5 million, and auxiliary revenue, \$3.7 million.

The Tax Reform Act of 1986 enacted Section 148(f) of the Internal Revenue Code relating to arbitrage rebate requirements. This section generally provides that in order for interest on any issue of obligations to be excluded from gross income (i.e. tax-exempt) the issuer must rebate to the United States the sum of (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

The U.S. Department of Treasury temporary regulations and the District's bond covenants require the District to calculate annually, on the anniversary date of each bond issue subject to rebate, the arbitrage rebate amount. The due date of the rebate is five years from the date of issue. The amount reserved for arbitrage rebate is reflected as part of noncurrent liabilities in the amount of \$291,302 and \$318,052 as of August 31, 2012, and 2011 respectively.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

9. DEFEASANCE OF DEBT

The District had \$39,765,000 of defeased bonds outstanding at August 31, 2012 and \$17,900,000 as of August 31, 2011.

10. EMPLOYEES' RETIREMENT PLANS

The State of Texas has joint contributory retirement plans for almost all of its employees. The District requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Faculty, administrators, counselors and librarians may enroll in either the TRS or the ORP. Secretarial, clerical and professional employees are limited to participation in the TRS. Employees who are eligible to participate in the ORP have ninety days from the date of their employment to select the optional retirement program. Employees who previously had the opportunity to participate in the ORP but declined, must remain with the TRS for the duration of their employment in the Texas education system.

Teacher Retirement System of Texas

Plan Description: The District contributes to the TRS, a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems, colleges, universities and the State. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us , under the TRS Publications heading.

Funding Policy: Contribution requirements are not actuarially determined, but are established and amended by the Texas legislature. The state funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.40% for fiscal years 2012, 2011 and 2010 and a state contribution rate of 6.00% for fiscal year 2012 and 6.644% for 2011 and 6.40% for 2010. In certain instances the District is required to make all or a portion of the state's 6.00% contribution for fiscal year 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

10. EMPLOYEES' RETIREMENT PLANS (Continued)

Optional Retirement Plan (ORP)

Plan Description: The State has also established an optional retirement program for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the 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. The percentages of participant salaries currently contributed by the State are 6.00% for fiscal year 2012 and 6.40% for fiscal years 2011 and 2010 and each participant contributes 6.65% for fiscal year 2012, 2011 and 2010. In certain instances the District is required to make all or a portion of the state's 6.00% contribution for fiscal years 2012.

The retirement expense for both plans to the State of Texas for the District was approximately \$6,200,000, \$7,300,000 and \$8,600,000 for the fiscal years ended August 31, 2012, 2011 and 2010, respectively. This amount represents the portion of expended appropriations made by the State legislature on behalf of the District. The related retirement expense for the District was approximately \$868,000 and \$1,800,000 for the years ended August 31, 2012 and 2011, respectively, and represents the total required contributions for each year.

The total payroll for all District employees was approximately \$160,300,000, \$181,100,000 and \$181,300,000 for fiscal years 2012, 2011 and 2010, respectively. The total payroll of employees covered by the TRS was approximately \$92,700,000, \$99,100,000 and \$99,400,000 and the total payroll of employees covered by the Optional Retirement Program was approximately \$39,400,000, \$45,300,000 and \$50,400,000 for fiscal years 2012, 2011 and 2010, respectively.

11. DEFERRED COMPENSATION PROGRAM

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

A total of approximately \$2,700,000 was contributed by 410 District employees under the Internal Revenue Code Section 403(b) Tax Sheltered Annuity program and 127 participants contributed a total of approximately \$451,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2012.

A total of approximately \$4,400,000 was contributed by 461 District employees under the Section 403(b) Tax Sheltered Annuity program and 117 participants contributed a total of approximately \$959,000 to a Section 457 Deferred Compensation Plan in the fiscal year ended August 31, 2011.

The District does not contribute to either plan. The deferred compensation program is not included in the basic financial statements because the program assets are assets of the plan participants and not of the District.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

12. COMPENSABLE ABSENCES

The District's full-time employees earn 8 hours of sick leave per month. Administrators earn 14 hours of annual leave per month and other full-time employees earn from 6.66 to 12 hours of annual leave per month depending on their length of employment with the District. Sick leave balances may accumulate with no maximum, and is forfeited at the time of separation.

Employees who successfully complete the ninety-day initial employment period and terminate their employment are entitled to payment for accumulated annual leave up to the maximum allowed. The District's policy is that an employee may carry accrued annual leave forward from one fiscal year to another with a maximum of 288 hours for employees with 16 years or more of service and 336 hours for administrators.

The District recognizes the accrued liability for annual leave as a noncurrent liability in the Statements of Net Assets (see Note 6). The District's reporting of accrued liabilities for compensable absences is in accordance with GASB Statement No. 16, *Accounting for Compensable Absences*. The current portion of the vacation leave liability is that which is projected to be paid during the next fiscal year and is based on a five-year average. The total accrued at August 31, 2012 and August 31, 2011 for annual leave was approximately \$5,200,000 and \$3,100,000, respectively.

13. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2012 and 2011 were as follows:

| | 2012 | 2011 |
|----------------------------------|----------------------|----------------------|
| Tuition and fees receivable | \$ 11,904,139 | \$ 7,069,890 |
| Taxes receivable | 6,518,849 | 6,801,982 |
| Contracts and grants receivable | 8,163,961 | 17,201,119 |
| Interest receivable | 103,302 | 114,237 |
| Notes receivable | 234,826 | 204,389 |
| Other receivables | 2,818,729 | 1,885,961 |
| Subtotal | <u>\$ 29,743,806</u> | <u>\$ 33,277,578</u> |
| Allowance for doubtful accounts: | | |
| Tuition and fees receivable | 6,946,462 | 6,687,579 |
| Taxes receivable | 4,985,324 | 5,407,636 |
| Notes receivable | 157,918 | 157,918 |
| Other receivables | 421,847 | 343,333 |
| Total accounts receivables | <u>\$ 17,232,255</u> | <u>\$ 20,681,112</u> |

Other receivables represent amounts due from external entities, employees and students, including returned checks receivable, travel advances, and other miscellaneous receivables.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

13. DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES (Continued)

Accounts payables and accrued liabilities at August 31, 2012 and 2011 were as follows:

| | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|
| Accounts payable to vendors | \$ 8,092,712 | \$ 6,294,657 |
| Accrued liabilities: | | |
| Salaries and benefits | 5,281,778 | 7,464,260 |
| Construction retainage | 3,325,689 | 899,174 |
| Bond interest | 2,078,382 | 2,180,643 |
| Worker's compensation claims | 769,553 | 769,553 |
| Other | 462,011 | 928,860 |
| Total accounts payables and accrued liabilities | <u>\$ 20,010,125</u> | <u>\$ 18,537,147</u> |

14. FUNDS HELD FOR OTHERS

The District began participation in the Federal Direct Loan Program in fiscal year 2010. The District holds unapplied federal direct loan program funds, funds for certain students as well as student and staff organizations. These amounts are reflected in the Statements of Net Assets as funds held for others in the amount of \$630,355 as of August 31, 2012 and \$650,892 as of August 31, 2011.

15. CONTRACT AND GRANT AWARDS

Contract and grant revenue for which funds have been expended is included in the Statements of Revenues, Expenses and Changes in Net Assets. Contract and grant awards for which funds have been expended but not yet collected are included in Accounts Receivable in Exhibit 1, Statements of Net Assets. Contract and grant awards for which funds have been received but not yet expended are included in Deferred Revenue in the Statements of Net Assets. Contract and grant awards that are not yet funded and for which the District has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years ended August 31, 2012 and 2011 for which no expenses have been incurred totaled \$33,100,000 and \$31,600,000, respectively.

16. SELF-INSURED AND RISK MANAGEMENT PLANS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District fully insures its buildings, structures, contents and equipment with the purchase of commercial insurance.

Effective February 1, 1991, the District began its Workers' Compensation Self-Insurance Fund (the Fund) administered by a third party administrator. Through the Fund, the District self-insures workers' compensation claims up to \$350,000 per occurrence. Individual losses of over \$350,000 are covered by a specific excess insurance policy up to the maximum statutory benefit per occurrence. Additionally, approximately \$2,900,000 of net assets has been designated by the District to cover losses in excess of those covered by insurance and the Fund. The Fund pays the premium for the specific excess insurance policy and assumes all workers' compensation claims and expenses not covered by the policy. The District transfers the workers' compensation standard premium calculated for the District into the Fund.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

16. SELF-INSURED AND RISK MANAGEMENT PLANS (continued)

Claims and administrative expenses are paid from the Fund and the balance is reserved toward future claims. The accrued liability in the Fund presented below represents a provision for unpaid expected claims of approximately \$770,000 at August 31, 2012 and 2011 and is recorded in accounts payable and accrued liabilities in the accompanying statements of net assets. These liabilities are generally based on actual valuation and the present value of unpaid expected claims. The discount rate used to calculate the present value of liabilities was 4% for August 31, 2012 and 2011.

| Fiscal Year | Beginning of Year Liability | Additions | Deductions | End of Year Liability |
|-------------|--------------------------------|-----------|-------------|--------------------------|
| 2012 | \$ 769,553 | 982,746 | (982,746) | \$ 769,553 |
| 2011 | \$ 885,580 | 1,153,108 | (1,269,135) | \$ 769,553 |

17. HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Texas pays certain health care and life insurance benefits for certain retired District employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the District. The District also provides some additional life insurance for retirees. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year.

The state recognizes the cost of providing these benefits for active employees and retirees by expending the annual insurance premiums. The state's contribution per eligible fulltime employee or retiree was between \$385 and \$1,276 per month for the year ended August 31, 2012 and totaled approximately \$7,800,000 and \$11,900,000 for the years ended August 31, 2012 and 2011, respectively. The state's cost of providing these benefits for 939 District retirees was approximately \$4,700,000 and for 2,469 active employees was approximately \$3,100,000 for the year ended August 31, 2012. The state's cost of providing these benefits for 835 District retirees was approximately \$3,600,000 and for 2,629 active employees was approximately \$8,300,000 for the year ended August 31, 2011.

Contributions by the State of Texas on behalf of the District's employees for group insurance benefits are recorded as state appropriations. In Fiscal Year 2012 and Fiscal year 2011, these funds did not flow through the District's accounts. An equal amount has been recognized in the appropriate functional expense categories.

The following information is provided to comply with the requirements of the GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*.

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

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

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

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

17. HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of Trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB Statement 45.

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

The District's contributions to SRHP for the years ended August 31, 2012, 2011, and 2010 were \$242,217, \$178,772 and \$144,841, respectively, which equaled the required contributions each year.

18. AD VALOREM TAX

The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business property located in the District.

General information follows for the years ended August 31, 2012 and 2011:

| | 2012 ⁽¹⁾ | 2011 |
|--|--------------------------|--------------------------|
| Assessed valuation of the District | \$ 110,073,622,522 | \$ 109,551,409,631 |
| Less : Exemptions | (10,136,852,914) | (9,850,838,178) |
| Tax Incremental Financings | (187,360,493) | (424,772,655) |
| Net assessed valuation of the District | <u>\$ 99,749,409,115</u> | <u>\$ 99,275,798,798</u> |

(1) Based on most recent Supplement to the Certified Total (ARB Approved 2011 supplement 107)

The authorized and assessed property tax rates for the year ended August 31, 2012 and 2011 are as follows:

| | 2012 | | | 2011 | | |
|---|--------------------|---------------|---------------|--------------------|---------------|---------------|
| | Current Operations | Debt Service | Total | Current Operations | Debt Service | Total |
| Tax rate per \$100 valuation authorized | | | \$ 0.25000000 | | | \$ 0.25000000 |
| Tax rate per \$100 valuation assessed | \$ 0.09687300 | \$ 0.04475000 | \$ 0.14162300 | \$ 0.09687300 | \$ 0.04475000 | \$ 0.14162300 |

Taxes levied for the years ended August 31, 2012 and 2011 are \$138,594,895 and \$137,908,286 respectively. State law automatically places a tax lien on all taxable property on January 1 of each year to secure payment. Taxes are due on October 1 of each year and are delinquent if not paid before February 1 of the year following the year in which imposed, and are subject to penalties and interest.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

18. AD VALOREM TAX (continued)

The tax collection detail at August 31, 2012 and 2011 are as follows:

| | 2012 | | | 2011 | | |
|----------------------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | Current Operations | Debt Service | Total | Current Operations | Debt Service | Total |
| Current taxes | \$ 92,994,286 | \$ 42,958,252 | \$ 135,952,538 | \$ 92,170,767 | \$ 42,578,269 | \$ 134,749,036 |
| Tax increment financings payment | (157,003) | - | (157,003) | (342,902) | - | (342,902) |
| Delinquent taxes collected | 1,010,165 | 460,410 | 1,470,575 | 977,610 | 446,883 | 1,424,493 |
| Penalties and interest | 1,305,856 | 351,415 | 1,657,271 | 1,435,893 | 390,575 | 1,826,468 |
| Total | \$ 95,153,304 | \$ 43,770,077 | \$ 138,923,381 | \$ 94,241,368 | \$ 43,415,726 | \$ 137,657,095 |

Tax collections for the years ended August 31, 2012 and 2011 were 98.32% and 98.08%, respectively, of the current year's tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

19. INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The District had no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

20. RELATED PARTIES

The Alamo Community College District Foundation, Inc. (the Foundation) is organized under the Texas Non-Profit Corporation Act and is a tax-exempt institution under Section 501(c)(3) of the Internal Revenue Code. It has a year-end of December 31. Its purpose is to maintain, develop, increase and extend the facilities and services of the District and to provide broader educational service opportunities to its students, staff and faculty. The Foundation Board is separate from that of the District. The District neither appoints a voting majority nor does it fund or have the obligation to pay debt related to the Foundation. The Foundation solicits donations and acts as a coordinator of gifts made by other parties.

The purpose of the Foundation is to support funding initiatives of the District, including remitting proceeds of funding initiatives of the District. The Foundation remitted gifts of approximately \$1,253,000 and \$1,200,000 to the District during the years ended August 31, 2012 and 2011, respectively which is recorded in institutional support in the accompanying statement of revenues, expenses, and change in net assets. At December 31, 2011 and 2010, the Foundation had no amounts due to the District for restricted funds received during the years then ended which had not been remitted as of December 31, 2011 and 2010. Complete financial statements of the Foundation can be obtained from the administrative office of the Alamo Community College District.

The majority of the Foundation's operating and fundraising expenses are paid for by the District. No accruals have been made in the Foundation's financial statements to provide for these revenues and expenses for the years ended December 31, 2011 and 2010.

The District has determined that as of August 31, 2012 the Foundation did not meet the criteria to be considered a component unit.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

21. OTHER OPERATING REVENUES

Other operating revenues (Exhibit 2 and Schedule A) include rental income, printing commissions, paper recycling revenue, Virtual College of Texas provider fees, revenue from various fund raising activities, and other revenues not applicable to any other revenue category.

22. COMMITMENTS AND CONTINGENCIES

As of August 31, 2012, various lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

The District has entered into several contracts for construction and various other renovation projects. As of August 31, 2012, and 2011, the District was committed for approximately \$46,000,000 and \$11,000,000, respectively.

The Texas Constitution provides in article 16, section 67(b)(3) that the State of Texas must contribute *not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system*, referring to the State's Teacher Retirement System (TRS) including the related faculty and administrator Optional Retirement Program (ORP). During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted general revenue appropriation for each year of the biennium state budget. There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the State biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district. The District calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of District employees is approximately \$3.1 million.

The San Antonio River Authority (SARA) entered into two contracts with Alamo Colleges.

- The *Interlocal Agreement for Wastewater Treatment System Services Between Alamo Community College District and The San Antonio River Authority* dated September 29, 2010 provides that SARA will construct, equip and operate a wastewater treatment plant and related facilities located on property owned by Alamo Colleges in southwest Bexar County at the First Responders Academy of Alamo Colleges. Alamo Colleges agreed to purchase treated wastewater based on monthly sewer rates in an amount sufficient to cover SARA's operations and maintenance of the First Responders Wastewater Project (Project) and to pay an amount sufficient to cover the annual debt service requirement on bonds issued in part by SARA to cover the Project. The Project is not expected to be in operation until mid-2013 at which time any associated liability will be reflected in the books of Alamo Colleges. SARA's associated bond proceeds related to the Project is approximately \$1 million.
- The *Effluent Agreement Between San Antonio River Authority and Alamo Community College District* dated May 19, 2010 provides that SARA will make available to Alamo Colleges wastewater produced from its Salatrillo Wastewater Treatment Plant for non-potable commercial purposes and will construct, equip, operate and finance certain capital improvements to transport such treated wastewater to certain delivery points determined by Alamo Colleges. Alamo Colleges agreed to purchase the treated wastewater and pay an annual amount sufficient to cover SARA's costs of operation and maintenance of the capital improvements and sufficient to pay debt service of bonds issued in part by SARA to cover the capital improvements. The capital improvements are not expected to be complete until 2014 at which time any associated liability will be reflected in the books of Alamo Colleges. SARA's associated bond proceeds related to this project is approximately \$2.2 million.

ALAMO COMMUNITY COLLEGE DISTRICT

Notes to Financial Statements

22. COMMITMENTS AND CONTINGENCIES (Continued)

The District participates in a City of San Antonio (City) sponsored Tax Increment Reinvestment Zone (TIRZ) known as the Verano TIRZ and has approved the use of 50 percent of its future tax increment revenue to the related Tax Incentive Fund (TIF) up to \$15 million with participation to begin October 1, 2018 or when the TIRZ District incremental tax reaches \$3,000,000 and will continue until \$15,000,000 is received from the District. The TIRZ includes an area of rural undeveloped land located just south of Palo Alto College that is expected to be developed. Subject to participation in the TIRZ, the District purchased 373 acres of land adjacent to Palo Alto College from the City for \$1, conveyed on May 6, 2011. Further, Alamo Colleges agreed to reconstruct Villaret Road for \$15,000,000 and if the road is not complete within 10 years from conveyance, the District will owe \$2,500,000 million plus 2% interest to the City. Alamo Colleges may be reimbursed up to \$5,000,000 from the TIF at a rate of \$1,000,000 per year beginning in 2018 if the road improvements are completed by October 1, 2018.

23. SUBSEQUENT EVENTS

The Board of Trustees in May 2012 approved a cash defeasance of certain maturities of the Series 2007 Maintenance Tax Notes in the principal amount of \$1,595,000. The notice to bond holders was sent in September 2012, with the call date in October 2012. Anticipated net present value savings will be \$1,138,748.

Subsequent to August 31, 2012 Alamo Colleges executed a promissory note in the amount of \$5,126,608 secured by a first lien on 29.51 acres deeded by the Port Authority of San Antonio to Alamo Colleges. The note is repayable in Workforce Development Credits—credits earned for workforce development and/or education programs and training for targeted aerospace tenants and their Port San Antonio located suppliers and vendors more specifically defined in the note. No interest will accrue on any portion of the principal amount amortized by Workforce Development Credits. An amount for infrastructure construction, maintenance and repair will be paid for the full term of the note and any extended term. The infrastructure charge for the initial year is \$100,000 with cash payment due every six months in arrears. The infrastructure charge is subject to adjustment annually by the increase in the Consumer Price Index (Houston-Galveston-Brazoria).



ALAMO
COLLEGES

Supplementary Information



ALAMO
COLLEGES

ALAMO COMMUNITY COLLEGE DISTRICT

Schedule A Schedule of Operating Revenues For the Year Ended August 31, 2012 With Memorandum Totals for the Year Ended August 31, 2011

| | Unrestricted | Restricted | Total Educational Activities | Auxiliary Enterprises | FY12 Total | FY11 Total |
|--|-----------------------|------------------------|------------------------------------|--------------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | | |
| Tuition | | | | | | |
| State Funded Courses | | | | | | |
| In District Resident Tuition | \$ 59,372,829 | \$ - | \$ 59,372,829 | \$ - | \$ 59,372,829 | \$ 61,421,061 |
| Out of District Resident Tuition | 19,314,424 | - | 19,314,424 | - | 19,314,424 | 16,012,029 |
| Non-Resident Tuition | 6,910,733 | - | 6,910,733 | - | 6,910,733 | 6,688,652 |
| TPEG - Credit Set Aside * | 3,576,084 | - | 3,576,084 | - | 3,576,084 | 3,255,927 |
| State-Funded Continuing Education | 2,291,428 | - | 2,291,428 | - | 2,291,428 | 1,294,654 |
| TPEG - Non-Credit Set Aside * | 435,241 | - | 435,241 | - | 435,241 | 591,859 |
| Non-State Funded Continuing Education | 1,802,547 | - | 1,802,547 | - | 1,802,547 | 2,660,074 |
| Total Tuition | 93,703,286 | - | 93,703,286 | - | 93,703,286 | 91,924,256 |
| Fees | | | | | | |
| General Fee | 18,336,611 | - | 18,336,611 | - | 18,336,611 | 19,093,164 |
| Other | 6,229,785 | - | 6,229,785 | - | 6,229,785 | 6,233,577 |
| Total Fees | 24,566,396 | - | 24,566,396 | - | 24,566,396 | 25,326,741 |
| Total Tuition and Fees | 118,269,682 | - | 118,269,682 | - | 118,269,682 | 117,250,997 |
| Allowances and Discounts | | | | | | |
| Institutional Allowances and Scholarships | (2,054,200) | - | (2,054,200) | - | (2,054,200) | (5,192,256) |
| Remissions and Exemptions - State | (3,158,219) | - | (3,158,219) | - | (3,158,219) | (1,974,411) |
| Remissions and Exemptions - Local - Dual Credit | (12,713,047) | - | (12,713,047) | - | (12,713,047) | (11,328,005) |
| Federal Grants to Students | - | (36,621,409) | (36,621,409) | - | (36,621,409) | (44,735,007) |
| TPEG Awards | - | (1,034,808) | (1,034,808) | - | (1,034,808) | (1,311,924) |
| State Grants to Students | - | (2,960,170) | (2,960,170) | - | (2,960,170) | (3,695,448) |
| Other Local Awards | - | (31,263) | (31,263) | - | (31,263) | (97,302) |
| Total Sch Allowances and Discounts | (17,925,466) | (40,647,650) | (58,573,116) | - | (58,573,116) | (68,334,353) |
| Total Net Tuition and Fees | 100,344,216 | (40,647,650) | 59,696,566 | - | 59,696,566 | 48,916,644 |
| Other Operating Revenues | | | | | | |
| Federal Grants and Contracts | 1,007,781 | 19,089,850 | 20,097,631 | - | 20,097,631 | 18,364,222 |
| State Grants and Contracts | - | 7,061,166 | 7,061,166 | - | 7,061,166 | 5,863,417 |
| Local Grants and Contracts | 1,373,379 | 618,117 | 1,991,496 | - | 1,991,496 | 1,107,534 |
| Non-Governmental Grants and Contracts | - | 1,267,044 | 1,267,044 | - | 1,267,044 | 1,287,850 |
| Other Operating Revenues | 2,418,653 | 80,400 | 2,499,053 | - | 2,499,053 | 1,624,197 |
| Total Other Operating Revenues | 4,799,813 | 28,116,577 | 32,916,390 | - | 32,916,390 | 28,247,220 |
| Sales and Services of Auxiliary Enterprises | | | | | | |
| Bookstore Commission | - | - | - | 1,019,375 | 1,019,375 | 1,230,775 |
| Palo Alto College Natatorium | - | - | - | 374,292 | 374,292 | 337,901 |
| Day Care Centers | - | - | - | 851,124 | 851,124 | 867,879 |
| Vending Machines/Copiers | - | - | - | 340,476 | 340,476 | 363,403 |
| Parking Permits & Fines | - | - | - | 1,609,921 | 1,609,921 | 1,155,023 |
| Other | - | - | - | 132,230 | 132,230 | 238,850 |
| Total Sales and Services of Auxiliary Enterprises | - | - | - | 4,327,418 | 4,327,418 | 4,193,831 |
| Total Operating Revenues | \$ 105,144,029 | \$ (12,531,073) | \$ 92,612,956 | \$ 4,327,418 | \$ 96,940,374 | \$ 81,357,695 |
| | | | | (Exhibit 2) | (Exhibit 2) | |

*In accordance with Education Code 56.033, \$4,011,325 and \$3,847,786 for the years August 31, 2012 and 2011, respectively, of tuition was set aside for the Texas Public Education Grant.

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule B
Schedule of Operating Expenses by Object
For the Year Ended August 31, 2012
With Memorandum Totals for the Year Ended August 31, 2011**

| | Operating Expenses | | | | FY12 Total | FY11 Total |
|--|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | Salaries and Wages | Benefits | | Other Expenses | | |
| | | State | Local | | | |
| Unrestricted - Educational Activities | | | | | | |
| Instruction | \$ 86,361,221 | - | \$ 12,918,160 | \$ 11,055,794 | \$ 110,335,175 | \$ 120,535,284 |
| Public Service | 184,665 | - | 32,390 | 38,688 | 255,743 | 248,671 |
| Academic Support | 12,976,863 | - | 2,340,294 | 5,221,054 | 20,538,211 | 23,703,603 |
| Student Services | 16,835,868 | - | 3,070,626 | 4,576,125 | 24,482,619 | 25,066,155 |
| Institutional Support | 27,028,060 | - | 4,364,381 | 17,154,886 | 48,547,327 | 46,715,394 |
| Operation and Maintenance of Plant | 7,767,463 | - | 3,040,338 | 24,001,452 | 34,809,253 | 33,057,379 |
| Scholarships and Fellowships | - | - | - | 299,917 | 299,917 | 882,407 |
| Total Unrestricted Educational Activities | 151,154,140 | - | 25,766,189 | 62,347,916 | 239,268,245 | 250,208,893 |
| Restricted - Educational Activities | | | | | | |
| Instruction | 4,786,093 | 6,714,439 | 1,160,444 | 5,489,723 | 18,150,699 | 23,781,436 |
| Public Service | 55,541 | 18,025 | 11,608 | 8,243 | 93,417 | 42,395 |
| Academic Support | 739,764 | 1,232,726 | 167,300 | 3,500,735 | 5,640,525 | 4,379,442 |
| Student Services | 1,935,257 | 1,622,192 | 162,627 | 887,595 | 4,607,671 | 5,937,990 |
| Institutional Support | 763,366 | 2,185,313 | 177,941 | 1,813,535 | 4,940,155 | 7,968,914 |
| Operation and Maintenance of Plant | - | - | - | 82,009 | 82,009 | 201,252 |
| Scholarships and Fellowships | - | - | - | 65,511,360 | 65,511,360 | 77,564,480 |
| Total Restricted Educational Activities | 8,280,021 | 11,772,695 | 1,679,920 | 77,293,200 | 99,025,836 | 119,875,909 |
| Total Educational Activities | 159,434,161 | 11,772,695 | 27,446,109 | 139,641,116 | 338,294,081 | 370,084,802 |
| Auxiliary Enterprises - Unrestricted | 860,001 | - | 296,034 | 278,445 | 1,434,480 | 1,612,915 |
| Auxiliary Enterprises - Restricted | 207 | - | 16 | 5,128 | 5,351 | 600,726 |
| Depreciation Expense - Buildings | | | | 25,622,612 | 25,622,612 | 24,501,143 |
| Depreciation Expense - Equipment | | | | 4,862,129 | 4,862,129 | 5,018,513 |
| Total Operating Expenses | \$ 160,294,369 | \$ 11,772,695 | \$ 27,742,159 | \$ 170,409,430 | \$ 370,218,653 | \$ 401,818,099 |
| | | | | | (Exhibit 2) | (Exhibit 2) |

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule C
Schedule of Non-Operating Revenues and Expenses
For the Year Ended August 31, 2012
With Memorandum Totals for the Year Ended August 31, 2011**

| | Unrestricted | Restricted | Total Educational Activities | Auxiliary Enterprises | FY12 Total | FY11 Total |
|--------------------------------------|-----------------------|-----------------------|------------------------------------|--------------------------|-----------------------|-----------------------|
| NON-OPERATING REVENUES: | | | | | | |
| State Appropriations | | | | | | |
| Education and General State Support | \$ 66,004,803 | \$ - | \$ 66,004,803 | \$ - | \$ 66,004,803 | \$ 65,658,472 |
| State Group Insurance | - | 7,811,768 | 7,811,768 | | 7,811,768 | 11,893,840 |
| State Retirement Match | - | 3,960,927 | 3,960,927 | | 3,960,927 | 8,389,805 |
| Ad Valorem Taxes | | | | | | |
| Taxes for Maintenance and Operations | 95,326,911 | - | 95,326,911 | | 95,326,911 | 93,559,514 |
| Taxes for Debt Service | - | 43,833,032 | 43,833,032 | | 43,833,032 | 43,153,029 |
| Federal Revenue, non-operating | - | 96,450,672 | 96,450,672 | | 96,450,672 | 118,192,829 |
| State Revenue, non-operating | | 3,548,506 | 3,548,506 | | 3,548,506 | 4,213,854 |
| Gifts | 12,860 | 733,096 | 745,956 | | 745,956 | 476,222 |
| Investment Income | 1,554,431 | 303,894 | 1,858,325 | | 1,858,325 | 1,566,098 |
| Total Non-Operating Revenues | <u>162,899,005</u> | <u>156,641,895</u> | <u>319,540,900</u> | | <u>319,540,900</u> | <u>347,103,663</u> |
| NON-OPERATING EXPENSES: | | | | | | |
| Interest on Capital Related Debt | - | (27,451,534) | (27,451,534) | | (27,451,534) | (27,407,637) |
| Loss on Disposal of Capital Assets | (4,863) | (124,331) | (129,194) | | (129,194) | (232,481) |
| Arbitrage Rebate Expense | - | (26,750) | (26,750) | | (26,750) | 105,170 |
| Other Non-Operating Expenses | - | (6,810,172) | (6,810,172) | | (6,810,172) | (2,405,904) |
| Total Non-Operating Expenses | <u>(4,863)</u> | <u>(34,412,787)</u> | <u>(34,417,650)</u> | | <u>(34,417,650)</u> | <u>(29,940,852)</u> |
| Net Non-Operating Revenues | <u>\$ 162,894,142</u> | <u>\$ 122,229,108</u> | <u>\$ 285,123,250</u> | <u>\$ -</u> | <u>\$ 285,123,250</u> | <u>\$ 317,162,811</u> |
| | | | | | (Exhibit 2) | (Exhibit 2) |

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule D
Schedule of Net Assets by Source and Availability
For the Year Ended August 31, 2012
With Memorandum Totals for the Year Ended August 31, 2011**

| | Detail by Source | | | | | Available for Current Operations | |
|---------------------------------------|------------------|---------------|----------------|---|----------------|----------------------------------|----------------|
| | Unrestricted | Restricted | | Capital Assets Net of Depreciation & Related Debt | Total | Yes | No |
| | | Expendable | Non-Expendable | | | | |
| Current: | | | | | | | |
| Unrestricted | \$ 74,247,596 | \$ - | \$ - | \$ - | \$ 74,247,596 | \$ 74,247,596 | \$ - |
| Board-Designated | 2,864,743 | - | - | - | 2,864,743 | - | 2,864,743 |
| Restricted | - | 5,776,149 | - | - | 5,776,149 | - | 5,776,149 |
| Auxiliary Enterprises | 5,897,271 | - | - | - | 5,897,271 | 5,897,271 | - |
| Loan | 203,981 | - | - | - | 203,981 | - | 203,981 |
| Plant: | | | | | | | |
| Unexpended | 15,359,548 | - | - | - | 15,359,548 | - | 15,359,548 |
| Renewals | 3,339,415 | - | - | - | 3,339,415 | - | 3,339,415 |
| Debt Service | - | 7,187,173 | - | - | 7,187,173 | - | 7,187,173 |
| Investment in Plant | - | - | - | 171,100,350 | 171,100,350 | - | 171,100,350 |
| Total Net Assets, August 31, 2012 | \$ 101,912,554 | \$ 12,963,322 | \$ - | \$ 171,100,350 | \$ 285,976,226 | \$ 80,144,867 | \$ 205,831,359 |
| | | | | | (Exhibit 1) | | |
| Total Net Assets, August 31, 2011 | 83,693,262 | 11,339,465 | - | 179,049,528 | 274,082,255 | \$ 64,184,794 | \$ 209,897,461 |
| | | | | | (Exhibit 1) | | |
| Net Increase (Decrease) in Net Assets | \$ 18,219,292 | \$ 1,623,857 | \$ - | \$ (7,949,178) | \$ 11,893,971 | \$ 15,960,073 | \$ (4,066,102) |
| | | | | | (Exhibit 2) | | |

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule E
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012**

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass Through Grantor's Number | Expenditures and Pass through Disbursements |
|---|----------------------------|--------------------------------------|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Direct Programs: | | | |
| Hispanic Serving Institutions Education Grants | 10.223 | | 52,276 |
| Pass-Through from: | | | |
| Texas State University | | | |
| Hispanic Serving Institutions Education Grants | 10.223 | #1640.2 | 62,141 |
| Hispanic Serving Institutions Education Grants | 10.223 | #1640.3A | <u>76,035</u> |
| | | | 138,176 |
| Texas Department of Agriculture | | | |
| Child and Adult Care Food Program | 10.558 | | <u>42,583</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>\$ 233,035</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Direct Program: | | | |
| Hispanic-Serving Institutions Assisting Communities | 14.514 | | <u>23,610</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>\$ 23,610</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| Direct Program: | | | |
| Community Based Job Training Grants | 17.269 | | 395,382 |
| WIA Cluster | | | |
| Pass-Through from: | | | |
| Texas Workforce Commission | | | |
| Pass-Through from: | | | |
| Austin Community College | | | |
| WIA Youth Activities | 17.259 | | (2,387) |
| Pass-Through from: | | | |
| Texas Workforce Commission | | | |
| ARRA-WIA Dislocated Workers | 17.260 | 2011ATP000 | (1,057) |
| WIA Dislocated Workers Formula Grants | 17.278 | 2011WSW000 | <u>278,584</u> |
| | | | <u>275,140</u> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>\$ 670,522</u> |
| U.S. DEPARTMENT OF STATE | | | |
| Pass-Through from: | | | |
| CIED, Georgetown University | | | |
| Professional and Cultural Exchange Programs-Citizen Exchanges | 19.415 | ACCD-RX2050-932-12-E | 23,684 |
| Professional and Cultural Exchange Programs-Citizen Exchanges | 19.415 | ACCD-RX2050-932-12-G | <u>25,003</u> |
| | | | 48,687 |
| Academic Exchange Programs-English Language Programs | 19.421 | ACCD-RX2050-933-10-A | 25,125 |
| Academic Exchange Programs-English Language Programs | 19.421 | ACCD-RX2050-958-12-A | <u>5,520</u> |
| | | | <u>30,645</u> |
| TOTAL U.S. DEPARTMENT OF STATE | | | <u>\$ 79,332</u> |
| NATIONAL AERONAUTICAL AND SPACE ADMINISTRATION | | | |
| Pass-Through from: | | | |
| The University of Texas at San Antonio | | | |
| Aerospace Education Services Program | 43.001 | 1200-615AC | <u>45,194</u> |
| TOTAL NATIONAL AERONAUTICAL AND SPACE ADMINISTRATION | | | <u>\$ 45,194</u> |

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule E
Schedule of Expenditures of Federal Awards – (Continued)
For the Year Ended August 31, 2012**

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass Through Grantor's Number | Expenditures and Pass through Disbursements |
|--|---------------------------|----------------------------------|--|
| NATIONAL SCIENCE FOUNDATION | | | |
| Direct Programs: | | | |
| Education and Human Resources | 47.076 | | 586,199 |
| Pass-Throughs from: | | | |
| Wright State University | | | |
| Education and Human Resources | 47.076 | DUE-0817332 | 17,893 |
| The University of Texas at El Paso | | | |
| Education and Human Resources | 47.076 | 26-1007-27-30 | 21,126 |
| TOTAL NATIONAL SCIENCE FOUNDATION | | | \$ 625,218 |
| U.S. DEPARTMENT OF ENERGY | | | |
| Pass-Throughs from: | | | |
| Houston Community College | | | |
| Renewable Energy Research and Development | 81.087 | | 2,235 |
| Texas Comptroller | | | |
| ARRA-State Energy Program | 81.041 | CS-0154 | 87,311 |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | \$ 89,546 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Student Financial Aid Cluster: | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | 2,380,779 |
| Federal Work-Study Program | 84.033 | | 1,381,333 |
| Federal Pell Grant Program | 84.063 | | 93,078,358 |
| Academic Competitiveness Grants (10-11) | 84.375 | | (32,009) |
| Federal Direct Student Loans (10-11) | 84.268 | | (498) |
| Federal Direct Student Loans (11-12) | 84.268 | | 28,941,310 |
| Federal Direct Student Loans (12-13) | 84.268 | | 5,245,126 |
| Total Student Financial Aid Cluster | | | 130,994,399 |
| TRIO Cluster: | | | |
| TRIO_Student Support Services Program | 84.042 | | 228,514 |
| TRIO_Upward Bound | 84.047 | | 784,955 |
| Total Trio Cluster | | | 1,013,469 |
| Higher Education_Institutional Aid Program | 84.031 | | 12,507,714 |
| Women's Educational Equity Program | 84.083 | | 81,917 |
| Fund for Improvement of Postsecondary Education | 84.116 | | 67,965 |
| Minority Science and Engineering Improvement | 84.120 | | 97,422 |
| Child Care Access Means Parents in School | 84.335 | | 487,603 |
| Total Direct Programs | | | 145,250,489 |
| Pass-Throughs from: | | | |
| Texas Higher Education Coordinating Board | | | |
| Career and Technical Education-Basic Grants to States (10-11) | 84.048 | 114201 | (21,242) |
| Career and Technical Education-Basic Grants to States (11-12) | 84.048 | 06612 | 2,097,492 |
| Total Career and Technical Education-Basic Grants to States | | | 2,076,250 |
| Leveraging Educational Assistance Partnership (10-11) | 84.069 | | (300) |
| Supplemental Leveraging Educational Assistance Partnership (10-11) | 84.069 | | (300) |
| Total Leveraging | | | (600) |
| Del Mar College | | | |
| Career and Technical Education-Basic Grants to States | 84.048 | THECB PROJECT #111206 | 6,000 |
| Total Pass-Throughs | | | 2,081,650 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | \$ 147,332,139 |

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule E
Schedule of Expenditures of Federal Awards – (Continued)
For the Year Ended August 31, 2012**

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass Through Grantor's Number | Expenditures and Pass through Disbursements |
|--|----------------------------|--------------------------------------|--|
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | |
| Direct Programs: | | | |
| Affordable Care Act (ACA) Health Profession Opportunity Grants | 93.093 | | 534,233 |
| Nursing Workforce Diversity | 93.178 | | <u>209,540</u> |
| | | | 743,773 |
| Pass-Throughs from: | | | |
| The University of Texas at Austin | | | |
| Consolidated Knowledge Development and Application Program | 93.230 | UTA03-100 | 12,206 |
| Texas Workforce Commission | | | |
| Temporary Assistance for Needy Families | 93.558 | 2012TAN003 | <u>29,040</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | \$ <u>785,019</u> |
| CORPORATION FOR NATIONAL & COMMUNITY SERVICE | | | |
| Pass-Through from: | | | |
| Public Allies | | | |
| ARRA-AmeriCorps State and National | 94.006 | OP021-94.006-12-PASA | <u>87,005</u> |
| TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | \$ <u>87,005</u> |
| AGENCY FOR INTERNATIONAL DEVELOPMENT | | | |
| Pass-Through from: | | | |
| CIED, Georgetown University | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | ACCD-RX2050-705-11-L-12 | 279,574 |
| USAID Foreign Assistance for Programs Overseas | 98.001 | ACCD-RX2050-705-12-A | 59,464 |
| USAID Foreign Assistance for Programs Overseas | 98.001 | ACCD-RX2050-705-10-L-1 | 74,639 |
| USAID Foreign Assistance for Programs Overseas | 98.001 | ACCD-RX2050-705-11-K-6 | <u>109,481</u> |
| | | | 523,158 |
| Pass-Through from: | | | |
| American Council on Education (ACE)/Higher Education for Development (HED) | | | |
| USAID Development Partnerships for University Cooperation and Development | 98.012 | HED001-9730-MEX-11-01 | <u>187,380</u> |
| TOTAL AGENCY FOR INTERNATIONAL DEVELOPMENT | | | \$ <u>710,538</u> |
| Total Federal Financial Assistance | | | \$ <u>150,681,158</u> |

See Independent Auditor's Report and accompanying notes to Schedule of Expenditures of Federal Awards.

ALAMO COMMUNITY COLLEGE DISTRICT
Schedule E
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012

1. Federal Assistance Reconciliation

| | |
|---|----------------|
| Other Operating Revenues - federal grants and contracts-per Schedule A | \$ 20,097,631 |
| Add: Non-Operating Revenues - federal revenue, non - operating - per Schedule C | 96,450,672 |
| Total Federal Revenues per Schedule A and C | 116,548,303 |
| Reconciling Item: | |
| Add: Federal Direct Student Loans | 34,185,938 |
| Less: Federal contracts (Note 3 below) | (53,083) |
| Total Federal Expenditures per Schedule of Expenditures of Federal Awards | \$ 150,681,158 |

2. Significant accounting policies used in preparing the schedule

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

3. Expenditures not subject to federal single audit

Alamo Community College District received subcontracts from Kentucky Community and Technical College \$ 53,083 and from the National Center of Excellence-Automotive Manufacturing Technical Ed Collaborative for the Advanced Technical Education Program funded by the National Science Foundation. Also, a subcontract was received from Mayatech Corporation for the Minority Serving Institution Initiative funded by the Department of Health & Human Services.

4. Amounts passed-through by the Alamo Community College District

The following amounts were passed through to the listed subrecipients by the District.

| | |
|--|------------|
| U.S. Department of Agriculture | |
| Passed through the Hispanic Serving Institutions Education Grants (CFDA 10.223) to: | |
| University of Incarnate Word | \$ 20,043 |
| U.S. Department of Education | |
| Passed through the Higher Education_Institutional Aid (CFDA 84.031) to: | |
| Alamo Community College District Foundation | 100,000 |
| Passed through the Fund for the Improvement of Postsecondary Education (CFDA 84.116) to: | |
| Pima County Community College District | 3,714 |
| Total | \$ 123,758 |

5. Noncash Awards

There were no federal noncash awards received in fiscal 2012.

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule F
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012**

| Grantor/Program Title | Pass-Through Grantor's Number | Expenditures |
|---|----------------------------------|---------------------|
| COMPTROLLER OF PUBLIC ACCOUNTS | | |
| Jet Launchpad Fund | 3595-13 | \$ (4,134) |
| Jet Launchpad Fund | CMD10-4777-1CH | 27,200 |
| Total Comptroller of Public Accounts | | \$ 23,066 |
| TEXAS HIGHER EDUCATION COORDINATING BOARD | | |
| Direct Programs: | | |
| Adult Basic Education Innovation Grant | 06990 | \$ 293,654 |
| Adult Basic Education Innovation Grant | 02771 | 282,641 |
| Total Adult Basic Education Innovation Grant | | <u>576,295</u> |
| Developmental Education Demonstration Project | 02771 | 578,299 |
| Evaluation of College Readiness Assignments Field Test | 06081 | 117,333 |
| Intensive Summer Programs Category C | 1421-01 | 2,545 |
| Pathways | 02624 | 17,219 |
| Professional Nursing Shortage Reduction Program | | 509,575 |
| Professional Nursing Shortage Reduction Program (10-11) | | <u>(362,960)</u> |
| Total Professional Nursing Shortage Reduction Program | | 146,615 |
| T STEM Challenge Scholarship Program | 9257 | 110,000 |
| Texas Grant Initial | | 1,695,617 |
| Texas Grant Renewal | | <u>1,131,515</u> |
| Total Texas Grant Initial and Renewal Program | | 2,827,132 |
| TEOG Initial | | 432,381 |
| TEOG Renewal | | <u>288,993</u> |
| Total TEOG initial and Renewal Program | | 721,374 |
| Workstudy Student Mentorship Program | 07076 | 7,621 |
| Total Direct | | 5,104,433 |
| Pass-Through from: | | |
| El Paso Community College | | |
| Community College Developmental Education Initiative | | 4,028 |
| UT Health Science Center of San Antonio | | |
| Minority Health Research and Education (Senderos Project) | | 3,762 |
| Total Pass-Through | | 7,790 |
| Total Texas Higher Education Coordinating Board | | \$ 5,112,223 |

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule F
Schedule of Expenditures of State Awards – (Continued)
For the Year Ended August 31, 2012**

| <u>Grantor/Program Title</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures</u> |
|--|--|------------------------------------|
| TEXAS WORKFORCE COMMISSION | | |
| Direct Programs: | | |
| Apprenticeship Training Program | 2012ATP000 | \$ 3,120 |
| Skills Development Fund | 2010SSD000 | 291 |
| Skills Development Fund | 2010SDF002 | 3,370,928 |
| Skills Development Fund | 2010SDF001 | 886,987 |
| Skills Development Fund | 2010SDF000 | 1,106,849 |
| Skills Development Fund | 2012SDF001 | <u>12,476</u> |
| Total Skills Development Fund | | 5,377,531 |
| Pass-Through from: | | |
| Austin Community College | | |
| Skills Development Funding | | 61,724 |
| Texas State Technical College | | |
| Skills Development Funding | | 32,008 |
| Total Skills Development Funding | | 5,471,263 |
| Total Texas Workforce Commission | | \$ 5,474,383 |
| Total State of Texas Financial Assistance | | <u><u>\$ 10,609,672</u></u> |

See Independent Auditor's Report and accompanying notes to Schedule of Expenditures of State Awards.

ALAMO COMMUNITY COLLEGE DISTRICT

**Schedule F
Notes to Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012**

1. State Assistance Reconciliation

| | |
|---|----------------------|
| Other operating revenues - state grants and contracts per Schedule A | \$ 7,061,166 |
| Non-operating revenues - state revenue, non-operating per Schedule C | 3,548,506 |
| | <u>\$ 10,609,672</u> |
| Total state expenditures per Schedule of Expenditures of State Awards | <u>\$ 10,609,672</u> |

2. Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis. See Notes to the financial statements for the Alamo Community College District Summary of Significant Accounting Policies. These expenditures are reported on the Alamo Community College District fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

3. Noncash Awards

There were no state noncash awards received in fiscal year 2012.

**Other Information – By Location
(Unaudited)**

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Operating Revenues by Location
For the Year Ended August 31, 2012
(Unaudited)

| | DIST SVCS | SAC | SPC | PAC | NVC | NLC | TOTAL |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Tuition | | | | | | | |
| State Funded Courses | | | | | | | |
| In District Resident Tuition | \$ - | \$ 21,794,546 | \$ 10,134,696 | \$ 7,575,213 | \$ 15,600,590 | \$ 4,267,784 | \$ 59,372,829 |
| Out of District Resident Tuition | | 5,091,438 | 4,551,507 | 3,374,502 | 3,283,542 | 3,013,435 | 19,314,424 |
| Non-Resident Tuition | | 3,403,195 | 923,215 | 624,889 | 1,632,623 | 326,811 | 6,910,733 |
| TPEG - Credit Set Aside | | 1,456,950 | 652,349 | 549,940 | 916,845 | - | 3,576,084 |
| State-Funded Continuing Education | | 752,481 | 751,687 | 555,688 | 174,369 | 57,203 | 2,291,428 |
| TPEG - Non-Credit Set Aside | | 109,696 | 122,116 | 86,667 | 41,543 | 75,219 | 435,241 |
| Non-State Funded Continuing Education | 347,769 | 307,521 | 773,790 | 252,174 | 113,103 | 8,190 | 1,802,547 |
| Total Tuition | 347,769 | 32,915,827 | 17,909,360 | 13,019,073 | 21,762,615 | 7,748,642 | 93,703,286 |
| Fees | | | | | | | |
| General Fee | | 5,821,266 | 2,981,413 | 2,391,808 | 5,034,829 | 2,107,295 | 18,336,611 |
| Other | 777,485 | 1,257,631 | 1,314,683 | 949,788 | 736,581 | 1,193,617 | 6,229,785 |
| Total Fees | 777,485 | 7,078,897 | 4,296,096 | 3,341,596 | 5,771,410 | 3,300,912 | 24,566,396 |
| Total Tuition and Fees | 1,125,254 | 39,994,724 | 22,205,456 | 16,360,669 | 27,534,025 | 11,049,554 | 118,269,682 |
| Allowances and Discounts | | | | | | | |
| Institutional Allowances and Scholarships | (989,113) | (304,976) | (149,500) | (309,573) | (301,032) | (6) | (2,054,200) |
| Remissions and Exemptions - State | | (1,349,688) | (591,849) | (613,892) | (591,532) | (11,258) | (3,158,219) |
| Remissions and Exemptions - Local - Dual Credit | | (3,634,691) | (3,561,642) | (2,289,085) | (3,220,666) | (6,963) | (12,713,047) |
| Federal Grants to Students | (286,294.00) | (15,287,773.00) | (7,016,053.00) | (5,437,355.00) | (8,593,934.00) | | (36,621,409) |
| TPEG Awards | - | (435,162.00) | (199,962.00) | (154,751.00) | (244,933.00) | | (1,034,808) |
| State Grants to Students | (1,633,015.00) | (558,101.00) | (256,454.00) | (198,470.00) | (314,130.00) | | (2,960,170) |
| Other Local Awards | (250.00) | (20,399.00) | - | (10,614.00) | - | | (31,263) |
| Total Sch Allowances and Discounts | (2,908,672) | (21,590,790) | (11,775,460) | (9,013,740) | (13,266,227) | (18,227) | (58,573,116) |
| Total Net Tuition and Fees | (1,783,418) | 18,403,934 | 10,429,996 | 7,346,929 | 14,267,798 | 11,031,327 | 59,696,566 |
| Other Operating Revenues | | | | | | | |
| Federal Grants and Contracts | 2,902,821 | 2,598,153 | 11,559,770 | 2,195,650 | 820,472 | 20,765 | 20,097,631 |
| State Grants and Contracts | 6,870,302 | 536,775 | (348,456) | 2,545 | - | - | 7,061,166 |
| Local Grants and Contracts | 1,470,594 | 405,036 | 115,866 | - | - | - | 1,991,496 |
| Non-Governmental Grants and Contracts | 1,646 | 1,174,185 | 67,222 | 23,991 | | | 1,267,044 |
| Other Operating Revenues | 1,824,722 | 218,028 | 141,091 | 178,439 | 110,782 | 25,991 | 2,499,053 |
| Total Other Operating Revenues | 13,070,085 | 4,932,177 | 11,535,493 | 2,400,625 | 931,254 | 46,756 | 32,916,390 |
| Sales and Services of Auxiliary Enterprises | | | | | | | |
| Bookstore Commission | | 284,324 | 178,640 | 178,284 | 235,476 | 142,651 | 1,019,375 |
| Palo Alto College Natatorium | | | | 374,292 | | | 374,292 |
| Day Care Centers | | 296,124 | 254,580 | 300,420 | | | 851,124 |
| Vending Machines/Copiers | 7,859 | 121,360 | 75,916 | 35,416 | 80,766 | 19,159 | 340,476 |
| Parking Permits & Fines | 14,173 | 527,365 | 235,179 | 190,635 | 451,036 | 191,533 | 1,609,921 |
| Other | 491 | 59,104 | 1,874 | 33,082 | 37,679 | - | 132,230 |
| Total Sales and Services of Auxiliary Enterprises | 22,523 | 1,288,277 | 746,189 | 1,112,129 | 804,957 | 353,343 | 4,327,418 |
| Total Operating Revenues | \$ 11,309,190 | \$ 24,624,388 | \$ 22,711,678 | \$ 10,859,683 | \$ 16,004,009 | \$ 11,431,426 | \$ 96,940,374 |

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Operating Expenses by Location
For the Year Ended August 31, 2012
(Unaudited)

| | DIST SVCS | SAC | SPC | PAC | NVC | NLC | TOTAL |
|-------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Educational Activities | | | | | | | |
| Instruction | \$ 5,715,785 | \$ 47,070,559 | \$ 27,986,352 | \$ 16,645,787 | \$ 22,504,837 | \$ 8,562,554 | \$ 128,485,874 |
| Public Service | 1,246 | 238,475 | 109,439 | - | - | - | 349,160 |
| Academic Support | 9,289 | 5,764,305 | 8,418,894 | 3,355,997 | 6,387,402 | 2,224,135 | 26,160,022 |
| Student Services | 4,925,879 | 9,059,614 | 4,415,792 | 4,429,009 | 4,726,884 | 1,551,826 | 29,109,004 |
| Institutional Support | 31,221,761 | 8,933,349 | 4,651,147 | 2,775,483 | 3,788,234 | 2,117,508 | 53,487,482 |
| Operation and Maintenance of Plant | 7,038,006 | 8,114,990 | 7,392,948 | 4,542,310 | 4,008,717 | 3,794,291 | 34,891,262 |
| Scholarships and Fellowships | 892,091 | 25,882,514 | 13,141,018 | 10,795,166 | 15,092,432 | 8,056 | 65,811,277 |
| Total Educational Activities | 49,804,057 | 105,063,806 | 66,115,590 | 42,543,752 | 56,508,506 | 18,258,370 | 338,294,081 |
| Auxiliary Enterprises | | | | | | | |
| Auxiliary Enterprises | 1,476 | 236,065 | 126,196 | 1,069,635 | 783 | 5,676 | 1,439,831 |
| Depreciation Expense - Building | 1,360,135 | 6,345,217 | 6,249,145 | 3,856,638 | 4,211,902 | 3,599,575 | 25,622,612 |
| Depreciation Expense - Equipment | 1,611,482 | 971,495 | 1,498,699 | 352,268 | 289,853 | 138,332 | 4,862,129 |
| Total Operating Expense | \$ 52,777,150 | \$ 112,616,583 | \$ 73,989,630 | \$ 47,822,293 | \$ 61,011,044 | \$ 22,001,953 | \$ 370,218,653 |

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Non-Operating Revenues and Expenses by Location
For the Year Ended August 31, 2012
(Unaudited)

| | DIST SVCS | SAC | SPC | PAC | NVC | NLC | TOTAL |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| NON-OPERATING REVENUES: | | | | | | | |
| State Appropriations | | | | | | | |
| Education and General State Support | \$ - | 23,346,992 | 13,657,457 | 8,820,584 | 15,099,169 | 5,080,601 | \$ 66,004,803 |
| State Group Insurance | 892,813 | 2,673,039 | 1,440,638 | 994,599 | 1,284,298 | 526,381 | 7,811,768 |
| State Retirement Match | 484,951 | 1,474,641 | 733,890 | 509,103 | 539,665 | 218,677 | 3,960,927 |
| Ad Valorem Taxes | | | | | | | - |
| Taxes for Maintenance and Operations | 29,659,795 | 21,680,162 | 20,658,908 | 11,154,913 | 5,742,681 | 6,430,452 | 95,326,911 |
| Taxes for Debt Service | 18,085,495 | 5,984,390 | 5,096,903 | 3,944,582 | 5,227,945 | 5,493,717 | 43,833,032 |
| Federal Revenue, non-operating | | 39,956,419.00 | 18,753,809.00 | 15,444,498.00 | 22,295,946.00 | | 96,450,672 |
| State Revenue, non-operating | | 669,295.00 | 770,740.00 | 811,580.00 | 1,296,891.00 | | 3,548,506 |
| Gifts | 449,743 | 96,193 | 46,021 | 82,054 | 70,250 | 1,695 | 745,956 |
| Investment Income | 1,857,434 | 601 | - | - | - | 290 | 1,858,325 |
| Total Non-Operating Revenues | 51,430,231 | 95,881,732 | 61,158,366 | 41,761,913 | 51,556,845 | 17,751,813 | 319,540,900 |
| NON-OPERATING EXPENSES: | | | | | | | |
| Interest on Capital Related Debt | (1,703,997) | (5,984,390) | (5,096,903) | (3,944,582) | (5,227,945) | (5,493,717) | (27,451,534) |
| Loss on Disposal of Capital Assets | (34,922) | - | - | (4,453) | (6,574) | (83,245) | (129,194) |
| Arbitrage Rebate Expense | (26,750) | - | - | - | - | - | (26,750) |
| Other Non-Operating Expenses | (6,810,172) | | | | | | (6,810,172) |
| Total Non-Operating Expenses | (8,575,841) | (5,984,390) | (5,096,903) | (3,949,035) | (5,234,519) | (5,576,962) | (34,417,650) |
| Net Non-Operating Revenues | \$ 42,854,390 | \$ 89,897,342 | \$ 56,061,463 | \$ 37,812,878 | \$ 46,322,326 | \$ 12,174,851 | \$ 285,123,250 |

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Capital Assets by Asset Types
For the Year Ended August 31, 2012
(Unaudited)

| | Balance 9/1/2011 | Additions | Deletions | Balance 8/31/2012 |
|---|-----------------------|----------------------|----------------------|-----------------------|
| <i>Land:</i> | | | | |
| San Antonio College | \$ 14,878,517 | \$ - | \$ - | \$ 14,878,517 |
| St. Philip's College | 5,995,285 | | | 5,995,285 |
| Palo Alto College | 1,759,561 | | | 1,759,561 |
| Northwest Vista College | 1,717,000 | | | 1,717,000 |
| Northeast Lakeview College | 7,060,135 | | | 7,060,135 |
| North Central Campus | 12,943,381 | | | 12,943,381 |
| District Offices | 10,270,274 | | | 10,270,274 |
| Total grounds | 54,624,153 | - | - | 54,624,153 |
| <i>Buildings:</i> | | | | |
| San Antonio College | 179,698,725 | 1,680,534 | | 181,379,259 |
| St. Philip's College | 157,931,321 | 12,431,461 | | 170,362,782 |
| Palo Alto College | 108,232,369 | 12,433,401 | | 120,665,770 |
| Northwest Vista College | 116,774,035 | 148,422 | | 116,922,457 |
| Northeast Lakeview College | 131,525,148 | 433,081 | 87,167 | 131,871,062 |
| District Offices | 7,470,707 | | 30,311 | 7,440,396 |
| Total buildings | 701,632,305 | 27,126,899 | 117,478 | 728,641,726 |
| <i>Facility and land improvements:</i> | | | | |
| San Antonio College | 21,824,354 | 716,208 | | 22,540,562 |
| St. Philip's College | 19,955,218 | | | 19,955,218 |
| Palo Alto College | 16,168,335 | 545,304 | | 16,713,639 |
| Northwest Vista College | 29,535,707 | | | 29,535,707 |
| Northeast Lakeview College | 13,684,793 | | | 13,684,793 |
| North Central Campus | 195,720 | | | 195,720 |
| District Offices | 6,407,634 | 118,701 | | 6,526,335 |
| Total facility and land improvements | 107,771,761 | 1,380,213 | - | 109,151,974 |
| <i>Equipment:</i> | | | | |
| San Antonio College | 6,352,689 | 381,383 | 253,308 | 6,480,764 |
| St. Philip's College | 11,236,185 | 499,613 | 338,902 | 11,396,896 |
| Palo Alto College | 1,952,113 | 141,320 | 155,326 | 1,938,107 |
| Northwest Vista College | 1,828,251 | 178,767 | 423,138 | 1,583,880 |
| Northeast Lakeview College | 643,492 | 114,033 | 17,679 | 739,846 |
| District Offices | 12,514,096 | 1,064,417 | 639,418 | 12,939,095 |
| Total equipment | 34,526,826 | 2,379,533 | 1,827,771 | 35,078,588 |
| <i>Software:</i> | | | | |
| San Antonio College | 53,827 | 7,500 | | 61,327 |
| St. Philip's College | 8,319 | | | 8,319 |
| Palo Alto College | 9,408 | | | 9,408 |
| District Wide | 2,823,187 | 148,470 | | 2,971,657 |
| Total software | 2,894,741 | 155,970 | - | 3,050,711 |
| <i>Library books:</i> | | | | |
| San Antonio College | 6,225,775 | 21,537 | 23,275.00 | 6,224,037 |
| St. Philip's College | 4,732,444 | 8,516 | | 4,740,960 |
| Palo Alto College | 3,884,669 | 40,102 | 34,510 | 3,890,261 |
| Northwest Vista College | 785,587 | 42,826 | 11,134 | 817,279 |
| Northeast Lakeview College | 363,456 | 62,501 | | 425,957 |
| Total library books | 15,991,931 | 175,482 | 68,919 | 16,098,494 |
| <i>Works of art:</i> | | | | |
| San Antonio College | 88,000 | | | 88,000 |
| St. Philip's College | 63,000 | | | 63,000 |
| Palo Alto College | 18,971 | | | 18,971 |
| | 169,971 | - | - | 169,971 |
| <i>Construction in Progress</i> | | | | |
| San Antonio College | 1,766,659 | 9,523,459 | 1,766,660 | 9,523,458 |
| St. Philip's College | 4,426,765 | 9,060,892 | 1,447,301 | 12,040,356 |
| Palo Alto College | 9,457,984 | 2,943,544 | 9,369,962 | 3,031,566 |
| Northwest Vista College | 407,337 | 2,128,421 | 178,660 | 2,357,098 |
| Northeast Lakeview College | 48,588 | 214,896 | 48,588 | 214,896 |
| North Central Campus | 766,764 | - | 766,764 | - |
| District Offices | 3,075,999 | 430,479 | 3,075,999 | 430,479 |
| | 19,950,096 | 24,301,691 | 16,653,934 | 27,597,853 |
| Grand total | \$ 937,561,784 | \$ 55,519,788 | \$ 18,668,102 | \$ 974,413,470 |

ALAMO COMMUNITY COLLEGE DISTRICT
San Antonio, Texas
Schedule of Capital Assets by Location
For the Year Ended August 31, 2012
(Unaudited)

| | Balance 9/1/2011 | Additions | Deletions | Balance 8/31/2012 |
|--------------------------------------|-----------------------|----------------------|----------------------|-----------------------|
| <i>San Antonio College:</i> | | | | |
| Land | \$ 14,878,517 | \$ - | \$ - | \$ 14,878,517 |
| Buildings | 179,698,725 | 1,680,534 | - | 181,379,259 |
| Facility and land improvements | 21,824,354 | 716,208 | - | 22,540,562 |
| Equipment | 6,352,689 | 381,383 | 253,308 | 6,480,764 |
| Software | 53,827 | 7,500 | - | 61,327 |
| Library books | 6,225,775 | 21,537 | 23,275 | 6,224,037 |
| Works of art | 88,000 | - | - | 88,000 |
| Construction in Progress | 1,766,659 | 9,523,459 | 1,766,660 | 9,523,458 |
| Total San Antonio College | 230,888,546 | 12,330,621 | 2,043,243 | 241,175,924 |
| <i>St. Philip's College:</i> | | | | |
| Land | 5,995,285 | - | - | 5,995,285 |
| Buildings | 157,931,321 | 12,431,461 | - | 170,362,782 |
| Facility and land improvements | 19,955,218 | - | - | 19,955,218 |
| Equipment | 11,236,185 | 499,613 | 338,902 | 11,396,896 |
| Software | 8,319 | - | - | 8,319 |
| Library books | 4,732,444 | 8,516 | - | 4,740,960 |
| Works of art | 63,000 | - | - | 63,000 |
| Construction in Progress | 4,426,765 | 9,060,892 | 1,447,301 | 12,040,356 |
| Total St. Philip's College | 204,348,537 | 22,000,482 | 1,786,203 | 224,562,816 |
| <i>Palo Alto College:</i> | | | | |
| Land | 1,759,561 | - | - | 1,759,561 |
| Buildings | 108,232,369 | 12,433,401 | - | 120,665,770 |
| Facility and land improvements | 16,168,335 | 545,304 | - | 16,713,639 |
| Equipment | 1,952,113 | 141,320 | 155,326 | 1,938,107 |
| Software | 9,408 | - | - | 9,408 |
| Library books | 3,884,669 | 40,102 | 34,510 | 3,890,261 |
| Works of art | 18,971 | - | - | 18,971 |
| Construction in Progress | 9,457,984 | 2,943,544 | 9,369,962 | 3,031,566 |
| Total Palo Alto College | 141,483,410 | 16,103,671 | 9,559,798 | 148,027,283 |
| <i>Northwest Vista College:</i> | | | | |
| Land | 1,717,000 | - | - | 1,717,000 |
| Buildings | 116,774,035 | 148,422 | - | 116,922,457 |
| Facility and land improvements | 29,535,707 | - | - | 29,535,707 |
| Equipment | 1,828,251 | 178,767 | 423,138 | 1,583,880 |
| Library books | 785,587 | 42,826 | 11,134 | 817,279 |
| Construction in Progress | 407,337 | 2,128,421 | 178,660 | 2,357,098 |
| Total Northwest Vista College | 151,047,917 | 2,498,436 | 612,932 | 152,933,421 |
| <i>Northeast Lakeview College:</i> | | | | |
| Land | 7,060,135 | - | - | 7,060,135 |
| Buildings | 131,525,148 | 433,081 | 87,167 | 131,871,062 |
| Facility and land improvements | 13,684,793 | - | - | 13,684,793 |
| Equipment | 643,492 | 114,033 | 17,679 | 739,846 |
| Library books | 363,456 | 62,501 | - | 425,957 |
| Construction in Progress | 48,588 | 214,896 | 48,588 | 214,896 |
| Total Northeast Campus | 153,325,612 | 824,511 | 153,434 | 153,996,689 |
| <i>North Central Campus:</i> | | | | |
| Land | 12,943,381 | - | - | 12,943,381 |
| Facility and land improvements | 195,720 | - | - | 195,720 |
| Construction in Progress | 766,764 | - | 766,764 | - |
| Total North Central Campus | 13,905,865 | - | 766,764 | 13,139,101 |
| <i>District Offices:</i> | | | | |
| Land | 10,270,274 | - | - | 10,270,274 |
| Buildings | 7,470,707 | - | 30,311 | 7,440,396 |
| Facility and land improvements | 6,407,634 | 118,701 | - | 6,526,335 |
| Equipment | 12,514,096 | 1,064,417 | 639,418 | 12,939,095 |
| Software | 2,823,187 | 148,470 | - | 2,971,657 |
| Construction in Progress | 3,075,999 | 430,479 | 3,075,999 | 430,479 |
| Total District Offices | 42,561,897 | 1,762,067 | 3,745,728 | 40,578,236 |
| Grand Total | \$ 937,561,784 | \$ 55,519,788 | \$ 18,668,102 | \$ 974,413,470 |



ALAMO
COLLEGES

**Statistical Supplement
(Unaudited)**



ALAMO
COLLEGES

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Section Introduction

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources – tuition and fees, state appropriations, and ad valorem taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the system's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.



ALAMO COMMUNITY COLLEGE DISTRICT

**Statistical Supplement 1
Net Assets by Component
Fiscal Years 2003 to 2012
(Unaudited)
(in thousands)**

| | For the Fiscal Year Ended August 31, | | | | | | | | | |
|---|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Invested in capital assets, net of related debt | \$ 171,100 | \$ 179,050 | \$ 182,572 | \$ 181,568 | \$ 172,395 | \$ 155,641 | \$ 124,927 | \$ 119,012 | \$ 135,668 | \$ 115,217 |
| Restricted - Nonexpendable | - | - | - | - | 1,299 | 1,298 | 1,298 | 1,277 | 1,270 | 1,308 |
| Restricted - Expendable | 12,963 | 11,339 | 11,212 | 10,256 | 13,185 | 7,050 | 8,466 | 6,970 | 6,209 | 10,296 |
| Unrestricted | 101,913 | 83,693 | 83,547 | 82,033 | 91,556 | 82,283 | 66,114 | 58,647 | 45,309 | 50,507 |
| Total | \$ 285,976 | \$ 274,082 | \$ 277,331 | \$ 273,857 | \$ 278,435 | \$ 246,272 | \$ 200,805 | \$ 185,906 | \$ 188,456 | \$ 177,328 |
| Net assets beginning of the year | 274,082 | 277,331 | 273,857 | 278,435 | 246,272 | 200,805 | 185,906 | 188,456 | 177,328 | 172,506 |
| Increase (Decrease) in net assets | \$ 11,894 | \$ (3,249) | \$ 3,474 | \$ (4,578) | \$ 32,163 | \$ 45,467 | \$ 14,899 | \$ (2,550) | \$ 11,128 | \$ 4,822 |

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 2 Revenues by Source Fiscal Years 2003 to 2012 (Unaudited) (in thousands)

For the Years Ended August 31,

| | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|---------------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| Tuition and fees (net of discounts) | \$ 59,697 | 14.3% | \$ 48,917 | 11.4% | \$ 58,892 | 13.5% | \$ 51,115 | 12.9% | \$ 52,797 | 14.1% | \$ 49,198 | 14.4% | \$ 45,344 | 15.6% | \$ 43,235 | 15.8% | \$ 37,483 | 14.5% | \$ 31,581 | 13.3% |
| Governmental grants and contracts | | | | | | | | | | | | | | | | | | | | |
| Federal grants and contracts | 20,098 | 4.8% | 18,364 | 4.3% | 21,369 | 4.9% | 17,250 | 4.4% | 14,206 | 3.8% | 14,032 | 4.1% | 13,514 | 4.7% | 13,603 | 5.0% | 14,270 | 5.5% | 11,464 | 4.8% |
| State grants and contracts | 7,061 | 1.7% | 5,863 | 1.4% | 2,758 | 0.6% | 3,022 | 0.8% | 3,155 | 0.8% | 3,169 | 0.9% | 3,382 | 1.2% | 5,085 | 1.9% | 765 | 0.3% | 1,697 | 0.7% |
| Local grants and contracts | 1,991 | 0.5% | 1,108 | 0.3% | 1,438 | 0.3% | 1,007 | 0.3% | 1,117 | 0.3% | 897 | 0.3% | 663 | 0.2% | 613 | 0.2% | 518 | 0.2% | 761 | 0.3% |
| Non-governmental grants and contracts | 1,267 | 0.3% | 1,288 | 0.3% | 1,656 | 0.4% | 2,221 | 0.6% | 483 | 0.1% | 787 | 0.2% | 636 | 0.2% | 629 | 0.2% | 297 | 0.1% | 119 | 0.0% |
| Investment income | - | 0.0% | - | 0.0% | 4 | 0.0% | 19 | 0.0% | 158 | 0.0% | 184 | 0.1% | 159 | 0.1% | 119 | 0.0% | 91 | 0.0% | 93 | 0.0% |
| Auxiliary enterprises | 4,327 | 1.0% | 4,194 | 1.0% | 4,523 | 1.0% | 4,265 | 1.1% | 4,236 | 1.1% | 3,754 | 1.1% | 3,622 | 1.2% | 3,750 | 1.4% | 3,306 | 1.3% | 2,654 | 1.1% |
| Other operating revenue | 2,499 | 0.6% | 1,624 | 0.4% | 1,282 | 0.3% | 2,325 | 0.6% | 2,496 | 0.7% | 2,167 | 0.6% | 2,050 | 0.7% | 1,683 | 0.6% | 1,210 | 0.5% | 1,162 | 0.5% |
| Total operating revenues | 96,940 | 23.2% | 81,358 | 19.1% | 91,922 | 21.0% | 81,224 | 20.7% | 78,648 | 20.9% | 74,188 | 21.7% | 69,370 | 23.9% | 68,717 | 25.1% | 57,940 | 22.4% | 49,531 | 20.7% |
| State appropriation | 77,777 | 18.7% | 85,942 | 20.1% | 90,135 | 20.6% | 87,947 | 22.2% | 87,318 | 23.4% | 83,500 | 24.5% | 82,245 | 28.3% | 72,740 | 26.6% | 72,230 | 28.0% | 72,719 | 30.5% |
| Ad valorem taxes | 139,160 | 33.4% | 136,712 | 31.7% | 133,601 | 30.7% | 131,818 | 33.1% | 118,441 | 31.9% | 103,779 | 30.5% | 72,885 | 25.3% | 67,508 | 24.7% | 63,910 | 24.8% | 59,351 | 25.2% |
| Federal revenue, non-operating | 96,451 | 23.2% | 118,193 | 27.6% | 113,380 | 25.9% | 82,534 | 20.9% | 62,542 | 16.7% | 56,703 | 16.6% | 55,548 | 19.1% | 58,290 | 21.3% | 57,811 | 22.4% | 49,402 | 20.7% |
| State revenue, non-operating | 3,549 | 0.9% | 4,214 | 1.0% | 6,746 | 1.5% | 5,075 | 1.3% | 4,041 | 1.1% | 2,752 | 0.8% | 2,994 | 1.0% | 2,249 | 0.8% | 2,018 | 0.8% | 2,701 | 1.1% |
| Gifts | 746 | 0.2% | 476 | 0.1% | 96 | 0.0% | 601 | 0.2% | 141 | 0.0% | 581 | 0.2% | 549 | 0.2% | 651 | 0.2% | 1,382 | 0.5% | 925 | 0.4% |
| Investment income | 1,858 | 0.4% | 1,566 | 0.4% | 1,439 | 0.3% | 6,293 | 1.6% | 22,533 | 6.0% | 19,613 | 5.7% | 6,520 | 2.2% | 3,558 | 1.3% | 2,836 | 1.1% | 2,707 | 1.1% |
| Other non-operating revenues | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | 48 | 0.0% | 4 | 0.0% | 50 | 0.0% | 50 | 0.0% | 761 | 0.3% |
| Total non-operating revenues | 319,541 | 76.8% | 347,103 | 80.9% | 345,397 | 79.0% | 314,268 | 79.3% | 295,016 | 79.1% | 266,976 | 78.3% | 220,745 | 76.1% | 205,046 | 74.9% | 200,237 | 77.6% | 188,566 | 79.3% |
| Total revenues | \$ 416,481 | 100.0% | \$ 428,461 | 100.0% | \$ 437,319 | 100.0% | \$ 395,492 | 100.0% | \$ 373,664 | 100.0% | \$ 341,164 | 100.0% | \$ 290,115 | 100.0% | \$ 273,763 | 100.0% | \$ 258,177 | 100.0% | \$ 238,097 | 100.0% |

Following the GASB implementation guide, starting with fiscal year 2010, non-operating revenues related to financial aid are reported as non-operating revenues, and prior years' amounts have been reclassified in order to be consistent with the current year's presentation.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 3 Program Expenses by Function Fiscal Years 2003 to 2012 (Unaudited) (in thousands)

| | For the Year Ended August 31, | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|-------------------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
| Instruction | \$ 128,486 | 31.8% | \$ 144,317 | 33.4% | \$ 145,086 | 33.4% | \$ 130,794 | 32.8% | \$ 122,966 | 35.9% | \$ 116,588 | 39.4% | \$ 113,581 | 41.4% | \$ 110,408 | 41.9% | \$ 100,607 | 40.7% | \$ 96,872 | 41.4% |
| Public service | 349 | 0.1% | 291 | 0.1% | 300 | 0.1% | 609 | 0.2% | 591 | 0.2% | 891 | 0.3% | 1,129 | 0.4% | 2,178 | 0.8% | 3,411 | 1.4% | 3,623 | 1.5% |
| Academic support | 26,179 | 6.5% | 28,083 | 6.5% | 27,529 | 6.3% | 25,131 | 6.3% | 21,931 | 6.4% | 19,693 | 6.7% | 18,315 | 6.7% | 22,105 | 8.4% | 19,163 | 7.8% | 18,403 | 7.9% |
| Student services | 29,090 | 7.2% | 31,004 | 7.2% | 33,631 | 7.8% | 32,012 | 8.0% | 31,937 | 9.3% | 30,326 | 10.2% | 27,498 | 10.0% | 24,108 | 9.1% | 24,033 | 9.7% | 22,385 | 9.6% |
| Institutional support | 53,487 | 13.2% | 54,684 | 12.7% | 55,463 | 12.8% | 54,951 | 13.8% | 46,671 | 13.6% | 40,131 | 13.6% | 39,034 | 14.2% | 33,692 | 12.8% | 28,239 | 11.4% | 25,979 | 11.1% |
| Operation and maintenance of plant | 34,891 | 8.6% | 33,259 | 7.7% | 31,847 | 7.3% | 29,807 | 7.5% | 20,381 | 6.0% | 19,485 | 6.6% | 18,986 | 6.9% | 17,910 | 6.8% | 18,109 | 7.3% | 17,070 | 7.3% |
| Scholarships and fellowships | 65,811 | 16.3% | 78,447 | 18.2% | 79,979 | 18.4% | 58,582 | 14.7% | 43,887 | 12.8% | 37,913 | 12.8% | 37,593 | 13.7% | 36,688 | 13.9% | 39,439 | 16.0% | 35,726 | 15.3% |
| Auxiliary enterprises | 1,440 | 0.4% | 2,214 | 0.5% | 1,645 | 0.4% | 2,449 | 0.6% | 2,312 | 0.7% | 2,161 | 0.7% | 1,863 | 0.7% | 1,978 | 0.8% | 1,834 | 0.7% | 1,687 | 0.7% |
| Depreciation | 30,486 | 7.5% | 29,520 | 6.8% | 24,550 | 5.7% | 17,044 | 4.3% | 11,072 | 3.2% | 10,601 | 3.6% | 9,779 | 3.6% | 8,827 | 3.3% | 7,073 | 2.9% | 7,026 | 3.0% |
| Total operating expenses | 370,219 | 91.6% | 401,819 | 93.1% | 400,030 | 92.2% | 351,379 | 88.2% | 301,748 | 88.1% | 277,789 | 93.9% | 267,778 | 97.6% | 257,894 | 97.8% | 241,908 | 97.9% | 228,771 | 97.8% |
| Interest on capital related debt | 27,452 | 6.8% | 27,408 | 6.3% | 28,084 | 6.5% | 28,842 | 7.2% | 29,551 | 8.6% | 14,993 | 5.1% | 6,656 | 2.4% | 4,686 | 1.8% | 4,308 | 1.7% | 4,410 | 1.9% |
| Other non-operating expenses | 6,836 | 1.6% | 2,300 | 0.5% | 5,118 | 1.1% | 18,541 | 4.6% | 10,333 | 3.2% | 2,773 | 0.8% | - | 0.0% | - | 0.0% | - | 0.1% | - | 0.0% |
| Loss on disposal of fixed assets | 129 | 0.0% | 232 | 0.1% | 662 | 0.2% | 35 | 0.0% | 419 | 0.1% | 499 | 0.2% | 66 | 0.0% | 1,143 | 0.4% | 834 | 0.3% | 787 | 0.3% |
| Total non-operating expenses | 34,417 | 8.4% | 29,940 | 6.9% | 33,864 | 7.8% | 47,418 | 11.8% | 40,303 | 11.9% | 18,265 | 6.1% | 6,722 | 2.4% | 5,829 | 2.2% | 5,142 | 2.1% | 5,197 | 2.2% |
| Total expenses | \$ 404,636 | 100.0% | \$ 431,759 | 100.0% | \$ 433,894 | 100.0% | \$ 398,797 | 100.0% | \$ 342,051 | 100.0% | \$ 296,054 | 100.0% | \$ 274,500 | 100.0% | \$ 263,723 | 100.0% | \$ 247,050 | 100.0% | \$ 233,968 | 100.0% |

Following the GASB implementation guide, starting with fiscal year 2010, non-operating revenues related to financial aid are reported as non-operating revenues, and prior years' amounts have been reclassified in order to be consistent with the current year's presentation.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 4 Tuition and Fees Last Ten Academic Years (Unaudited)

Resident: Fees based on 12 Semester Credit Hours (SCH)

| Academic Year (Fall) | Registration Fee (per student) | In-District Tuition | Out-of-District Tuition | Student Activity Fees | General Fee | Library Fee (per student) | Lab Fee | Student Insurance | Cost for 12 SCH In-District | Cost for 12 SCH Out-of-District | Increase from Prior Year In-District | Increase from Prior Year Out-of-District |
|----------------------|--------------------------------|---------------------|-------------------------|-----------------------|-------------|---------------------------|---------|-------------------|-----------------------------|---------------------------------|--------------------------------------|--|
| Fall 2011 | \$ - | \$ 56.00 | \$ 112.00 | \$ 12.00 | \$ 135.00 | \$ - | \$ - | \$ - | \$ 819.00 | \$ 1,491.00 | 4.87% | 4.78% |
| Fall 2010 | \$ - | \$ 53.50 | \$ 107.00 | \$ 12.00 | \$ 127.00 | \$ - | \$ - | \$ - | \$ 781.00 | \$ 1,423.00 | 0.00% | 3.04% |
| Fall 2009 | - | 53.50 | 103.50 | 12.00 | 127.00 | - | - | - | 781.00 | 1,381.00 | 9.23% | 8.48% |
| Fall 2008 | - | 51.00 | 95.00 | 12.00 | 121.00 | - | - | - | 745.00 | 1,273.00 | 4.20% | 2.41% |
| Fall 2007 | 13.00 | 44.00 | 88.00 | 12.00 | 121.00 | 13.00 | 24.00 | 4.00 | 715.00 | 1,243.00 | 4.69% | 4.72% |
| Fall 2006 | 12.00 | 42.00 | 84.00 | 12.00 | 115.00 | 12.00 | 24.00 | 4.00 | 683.00 | 1,187.00 | 6.72% | 5.98% |
| Fall 2005 | 11.00 | 40.00 | 80.00 | - | 110.00 | 11.00 | 24.00 | 4.00 | 640.00 | 1,120.00 | 5.09% | 5.16% |
| Fall 2004 | 10.00 | 38.00 | 76.00 | - | 105.00 | 10.00 | 24.00 | 4.00 | 609.00 | 1,065.00 | 10.13% | 9.46% |
| Fall 2003 | 10.00 | 35.00 | 70.00 | - | 85.00 | 10.00 | 24.00 | 4.00 | 553.00 | 973.00 | 12.17% | 21.78% |
| Fall 2002 | 10.00 | 30.00 | 55.50 | - | 85.00 | 10.00 | 24.00 | 4.00 | 493.00 | 799.00 | 0.00% | 0.00% |

Non Resident: Fees based on 12 Semester Credit Hours (SCH)

| Academic Year (Fall) | Registration Fee (per student) | Non-Resident Tuition Out-of-State | Student Activity Fees | General Fee | Library Fee (per student) | Lab Fee | Student Insurance | Cost for 12 SCH Out-of-State | Increase from Prior Year Out-of-State |
|----------------------|--------------------------------|-----------------------------------|-----------------------|-------------|---------------------------|---------|-------------------|------------------------------|---------------------------------------|
| Fall 2011 | \$ - | \$ 224.00 | \$ 12.00 | \$ 135.00 | \$ - | \$ - | \$ - | \$ 2,835.00 | 4.73% |
| Fall 2010 | \$ - | \$ 214.00 | \$ 12.00 | \$ 127.00 | \$ - | \$ - | \$ - | \$ 2,707.00 | 5.13% |
| Fall 2009 | - | 203.00 | 12.00 | 127.00 | - | - | - | 2,575.00 | 10.56% |
| Fall 2008 | - | 183.00 | 12.00 | 121.00 | - | - | - | 2,329.00 | -1.36% |
| Fall 2007 | 13.00 | 176.00 | 12.00 | 121.00 | 13.00 | 24.00 | 66.00 | 2,361.00 | 4.61% |
| Fall 2006 | 12.00 | 168.00 | 12.00 | 115.00 | 12.00 | 24.00 | 66.00 | 2,257.00 | 5.37% |
| Fall 2005 | 11.00 | 160.00 | - | 110.00 | 11.00 | 24.00 | 66.00 | 2,142.00 | 5.31% |
| Fall 2004 | 10.00 | 152.00 | - | 105.00 | 10.00 | 24.00 | 61.00 | 2,034.00 | 8.77% |
| Fall 2003 | 10.00 | 140.00 | - | 85.00 | 10.00 | 24.00 | 61.00 | 1,870.00 | 25.34% |
| Fall 2002 | 10.00 | 108.50 | - | 85.00 | 10.00 | 24.00 | 61.00 | 1,492.00 | 0.00% |

Beginning with the Fall of 2008, **ONLY** tuition, general fee and student activity fee are charged.

Lab fees ranged from \$2.00 to \$24.00 until Fall 2008

ALAMO COMMUNITY COLLEGE DISTRICT

**Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Assessed Valuation of Property | Less: Exemptions | Taxable Assessed Value (TAV) | Ratio of Taxable Assessed Value to Assessed Value | Maintenance & Operations | Debt Service | Total |
|-------------|--------------------------------------|---------------------|------------------------------------|--|--------------------------------|-----------------|---------|
| 2011-12 | \$ 109,886,262,029 | \$ 10,136,852,914 | \$ 99,749,409,115 | 90.78% | 0.09687 | 0.04475 | 0.14162 |
| 2010-11 | 109,126,636,976 | 9,850,838,178 | 99,275,798,798 | 90.97% | 0.09687 | 0.04475 | 0.14162 |
| 2009-10 | 110,259,418,727 | 9,570,660,304 | 100,688,758,423 | 91.32% | 0.09110 | 0.04475 | 0.13585 |
| 2008-09 | 108,103,964,593 | 8,679,501,416 | 99,424,463,177 | 91.97% | 0.09110 | 0.04475 | 0.13585 |
| 2007-08 | 97,076,127,829 | 7,007,075,783 | 90,069,052,046 | 92.78% | 0.08980 | 0.04475 | 0.13455 |
| 2006-07 | 82,475,118,571 | 5,436,124,534 | 77,038,994,037 | 93.41% | 0.09230 | 0.04475 | 0.13705 |
| 2005-06 | 71,820,993,201 | 4,472,598,640 | 67,348,394,561 | 93.77% | 0.09230 | 0.01475 | 0.10705 |
| 2004-05 | 65,421,529,792 | 3,100,303,029 | 62,321,226,763 | 95.26% | 0.09230 | 0.01475 | 0.10705 |
| 2003-04 | 62,268,015,195 | 3,136,421,298 | 59,131,593,897 | 94.96% | 0.09230 | 0.01475 | 0.10705 |
| 2002-03 | 57,333,889,663 | 2,666,692,078 | 54,667,197,585 | 95.35% | 0.09230 | 0.01480 | 0.10710 |

Source: Bexar County Appraisal District, most recent Certified Supplement for the relevant Tax Year.

TAV is Assessed Value less Exemptions and Tax Incremental Financings.

ALAMO COMMUNITY COLLEGE DISTRICT

**Statistical Supplement 6
State Appropriations per FTSE and Contact Hours
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Appropriation per FTSE | | | Appropriation per Contact Hour | | | |
|-------------|------------------------|----------|------------------------------|--------------------------------|------------------------|-------------------------|---------------------------------|
| | State Appropriation | FTSE (a) | State Appropriation per FTSE | Academic Contact Hours | Voc/Tech Contact Hours | Total Contact Hours (b) | State Appropriation per Contact |
| 2011-12 | \$ 66,004,803 | 39,131 | \$ 1,687 | 18,457,248 | 4,625,147 | 23,082,395 | \$ 2.86 |
| 2010-11 | 65,658,472 | 39,162 | 1,677 | 18,279,984 | 4,782,252 | 23,062,236 | 2.85 |
| 2009-10 | 69,233,873 | 41,077 | 1,685 | 18,845,612 | 5,065,508 | 23,911,120 | 2.90 |
| 2008-09 | 67,846,696 | 36,254 | 1,871 | 16,578,880 | 4,564,484 | 21,143,364 | 3.21 |
| 2007-08 | 67,846,696 | 34,173 | 1,985 | 15,499,262 | 4,479,415 | 19,978,677 | 3.40 |
| 2006-07 | 65,409,379 | 33,531 | 1,957 | 15,057,632 | 4,567,944 | 19,625,576 | 3.33 |
| 2005-06 | 65,746,811 | 33,249 | 1,977 | 14,771,648 | 4,760,436 | 19,532,084 | 3.37 |
| 2004-05 | 58,069,378 | 33,951 | 1,751 | 15,035,056 | 4,941,776 | 19,976,832 | 2.91 |
| 2003-04 | 58,070,337 | 32,889 | 1,766 | 14,986,560 | 4,093,900 | 19,080,460 | 3.04 |
| 2002-03 | 55,994,039 | 32,282 | 1,735 | 14,228,315 | 3,937,977 | 18,166,292 | 3.08 |

Notes: FTSE (Full-time Student Equivalent):

Semester credit hours divided by 30 plus non-semester (continuing education) credit hours divided by 900

Excludes contributions by the State of Texas on behalf of the District's employees for the optional retirement program, Teacher Retirement System and group insurance benefits

(a) Source: THECB - Funded only

(b) Source: THECB - Funded only (including reimbursable CE)

FY 2011-12 - FTSE and Contact Hours are preliminary as Summer 2012 is not certified.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 7 Principal Taxpayers Last Ten Fiscal Years (Unaudited)

| Tax Payer | Type of Business | Taxable Assessed Value (TAV) (\$000 omitted) | | | | | | | | | |
|--|------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006* | 2005 | 2004* | 2003 |
| HEB Grocery Company LP | Groceries | \$ 1,025,290 | \$ 968,937 | \$ 957,372 | \$ 915,618 | \$ 860,947 | \$ 835,417 | \$ 734,917 | \$ 684,385 | \$ 649,249 | \$ 610,809 |
| Toyota Motor Mfg Texas Inc. | Automotive Manuf. | 523,666 | 542,971 | 447,437 | 541,478 | - | 636,047 | 182,767 | - | - | - |
| VHS San Antonio Prtners LP (Baptist Hospitals) | Healthcare | 359,878 | 404,509 | 375,935 | 375,477 | 390,814 | 295,830 | 251,811 | 184,637 | 173,023 | - |
| Methodist Healthcare Systems SA | Healthcare | 532,699 | 518,606 | 455,263 | 451,594 | 470,840 | 239,580 | 220,975 | 209,712 | 194,114 | 168,580 |
| AT&T (Southwestern Bell) | Telecommunications | 391,280 | 412,841 | 423,199 | 408,853 | 496,917 | 546,653 | 568,534 | 524,283 | 515,151 | 631,726 |
| USAA | Insurance | 323,095 | 339,064 | 336,394 | 343,721 | 346,117 | 338,676 | 334,521 | 307,044 | 319,746 | 331,742 |
| Frost National Bank | Financial | - | - | - | 209,948 | 186,581 | - | 174,828 | 165,252 | 154,656 | - |
| Marriott Hotel Properties | Hospitality | - | - | - | 171,581 | 188,615 | - | - | - | 125,113 | 127,537 |
| Microsoft Corporation | Technology | 340,011 | 343,633 | 334,968 | - | - | - | - | - | - | - |
| SA Real Estate LLLP | Real Estate | 224,013 | 264,078 | 266,758 | - | - | - | - | - | - | - |
| La Cantera Retail LTD Partnership | Retail | 221,968 | 212,394 | 238,190 | 263,640 | - | - | - | - | - | - |
| Frankel Family Trust | Commercial Real Estate | - | - | - | 199,812 | - | - | - | - | - | - |
| Wal-Mart Stores, Inc. | Retail | 400,886 | 396,639 | 384,171 | - | 371,620 | 355,246 | 340,767 | 327,050 | 301,334 | 219,386 |
| VLSI Technologies, Inc. (Philips) | Semiconductor Manuf. | - | - | - | - | - | - | - | - | - | 37,420 |
| Time Warner Cable San Antonio LP (Paragon) | Cable Company | - | - | - | - | - | 185,569 | 178,019 | 177,002 | 162,962 | 151,811 |
| Alamo Stonecrest Holdings | Retail | - | - | - | - | - | - | - | 144,910 | - | - |
| Inland Western San Antonio Academy LP | Retail | - | - | - | - | - | - | - | 143,372 | - | - |
| Melvin Simon Properties | Real Estate | - | - | - | - | - | - | - | - | 140,294 | 117,245 |
| North Star Mall, Inc. | Retail | - | - | - | - | - | - | - | - | - | 109,891 |
| New River Center Mall LP | Retail | - | - | - | - | - | 209,062 | 178,977 | - | - | - |
| MBS-Colonnade Ltd | Real Estate | - | - | - | - | 215,664 | 223,505 | - | - | - | - |
| Total Taxable Assessed Value | | \$ 4,342,786 | \$ 4,403,671 | \$ 4,219,687 | \$ 3,881,722 | \$ 3,722,249 | \$ 3,865,585 | \$ 3,166,116 | \$ 2,867,647 | \$ 2,735,642 | \$ 2,506,147 |
| Total Taxable Assessed Value | | \$99,749,409 | \$ 99,275,859 | \$100,688,758 | \$ 99,836,254 | \$ 90,069,052 | \$ 77,038,994 | \$ 67,348,395 | \$ 62,321,227 | \$ 59,131,594 | \$ 54,667,198 |

| Tax Payer | Type of Business | % of Taxable Assessed Value (TAV) | | | | | | | | | |
|--|------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006* | 2005 | 2004* | 2003 |
| HEB Grocery Company LP | Groceries | 1.03% | 0.98% | 0.96% | 0.92% | 0.86% | 0.84% | 0.74% | 0.69% | 0.65% | 0.61% |
| Toyota Motor Mfg Texas Inc. | Automotive Manuf. | 0.52% | 0.55% | 0.45% | 0.54% | 0.00% | 0.64% | 0.18% | 0.00% | 0.00% | 0.00% |
| VHS San Antonio Prtners LP (Baptist Hospitals) | Healthcare | 0.36% | 0.41% | 0.38% | 0.38% | 0.39% | 0.30% | 0.25% | 0.19% | 0.17% | 0.00% |
| Methodist Healthcare Systems SA | Healthcare | 0.53% | 0.52% | 0.46% | 0.45% | 0.47% | 0.24% | 0.22% | 0.21% | 0.19% | 0.17% |
| AT&T | Telecommunications | 0.39% | 0.42% | 0.42% | 0.41% | 0.50% | 0.55% | 0.57% | 0.53% | 0.52% | 0.63% |
| USAA | Insurance | 0.32% | 0.34% | 0.34% | 0.34% | 0.35% | 0.34% | 0.34% | 0.31% | 0.32% | 0.33% |
| Frost National Bank | Financial | 0.00% | 0.00% | 0.00% | 0.21% | 0.19% | 0.00% | 0.18% | 0.17% | 0.16% | 0.00% |
| Marriott Hotel Properties | Hospitality | 0.00% | 0.00% | 0.00% | 0.17% | 0.19% | 0.00% | 0.00% | 0.00% | 0.13% | 0.13% |
| Microsoft Corporation | Technology | 0.34% | 0.35% | 0.34% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| SA Real Estate LLLP | Real Estate | 0.22% | 0.27% | 0.27% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| La Cantera Retail LTD Partnership | Retail | 0.22% | 0.21% | 0.24% | 0.26% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Frankel Family Trust | Commercial Real Estate | 0.00% | 0.00% | 0.00% | 0.20% | 0.19% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Wal-Mart Stores, Inc. | Retail | 0.40% | 0.40% | 0.39% | 0.00% | 0.37% | 0.36% | 0.34% | 0.33% | 0.30% | 0.22% |
| VLSI Technologies, Inc. (Philips) | Semiconductor Manuf. | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.04% |
| Time Warner Cable San Antonio LP (Paragon) | Cable Company | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.19% | 0.18% | 0.18% | 0.16% | 0.15% |
| Alamo Stonecrest Holdings | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.15% | 0.00% | 0.00% |
| Inland Western San Antonio Academy LP | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.14% | 0.00% | 0.00% |
| Melvin Simon Properties | Real Estate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.14% | 0.12% |
| North Star Mall, Inc. | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.11% |
| New River Center Mall LP | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.21% | 0.18% | 0.00% | 0.00% | 0.00% |
| MBS-Colonnade Ltd | Real Estate | 0.00% | 0.00% | 0.00% | 0.00% | 0.22% | 0.22% | 0.00% | 0.00% | 0.00% | 0.00% |
| | | 4.35% | 4.44% | 4.19% | 3.89% | 4.13% | 5.02% | 4.70% | 4.60% | 4.63% | 4.58% |

Source: Bexar County Appraisal District.

Taxable value is from most current Certified Supplement.

* ACCD data for Top Ten Taxpayers was not available, therefore Bexar County Top Ten Taxpayers was used

Fiscal Year corresponds to prior Tax Year.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 8 Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

| Fiscal Year Ended Aug 31 | Original Year Levy (a) | Cumulative Levy Adjustments | Adjusted Tax Levy (b) | Year of Original Levy (c) | % | Collections of Prior Levies (d) | Collections of Prior Levies (e) | Total Collections (c+d+e) | Cumulative Collections of Adjusted Levy |
|--------------------------|------------------------|-----------------------------|-----------------------|---------------------------|--------|---------------------------------|---------------------------------|---------------------------|---|
| 2012 | \$ 138,594,895 | \$ (509,701) | 138,085,195 | \$ 135,764,825 | 98.32% | \$ - | \$ - | 135,764,825 | 98.32% |
| 2011 | 137,908,286 | (1,276,708) | 136,631,577 | 134,739,175 | 98.61% | - | 801,661 | 135,540,836 | 99.20% |
| 2010 | 134,340,094 | (1,843,645) | 132,496,449 | 130,767,468 | 98.70% | 695,013 | 238,129 | 131,700,610 | 99.40% |
| 2009 | 132,171,475 | (1,578,797) | 130,592,678 | 128,946,515 | 98.74% | 981,361 | 119,251 | 130,047,127 | 99.58% |
| 2008 | 117,688,619 | (471,269) | 117,217,350 | 115,629,413 | 98.65% | 1,137,218 | 92,445 | 116,859,076 | 99.69% |
| 2007 | 102,947,673 | (398,530) | 102,549,143 | 101,029,924 | 98.52% | 1,189,378 | 57,388 | 102,276,690 | 99.73% |
| 2006 | 72,091,494 | (267,056) | 71,824,438 | 70,608,797 | 98.31% | 1,009,407 | 22,228 | 71,640,432 | 99.74% |
| 2005 | 66,714,921 | (375,770) | 66,339,151 | 65,139,162 | 98.19% | 1,016,842 | 16,414 | 66,172,418 | 99.75% |
| 2004 | 63,298,631 | (166,894) | 63,131,737 | 61,773,444 | 97.85% | 1,182,987 | 11,034 | 62,967,465 | 99.74% |
| 2003 | 58,548,368 | (246,512) | 58,301,856 | 57,047,655 | 97.85% | 1,093,963 | 4,403 | 58,146,021 | 99.73% |

a) As reported in notes to the financial statements for the year of the levy (Current Yr source: Report TC161)

b) As of August 31st of the current reporting year (Report TC161)

c) Property tax only - does not include penalties and interest as reported in notes to the financial statement (Current Yr source: Report TC168)

d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy (roll-forward balances from prior year)

e) Represents current year collections of prior years levies (Report TC168 YTD Paid)

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 9 Ratios of Outstanding Debt Last Ten Fiscal Years (Unaudited)

For the Year Ended August 31 (amounts expressed in thousands)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|
| General Bonded Debt | | | | | | | | | | |
| General obligation bonds | \$ 392,045 | \$ 404,120 | \$ 411,719 | \$ 419,299 | \$ 430,393 | \$ 435,819 | \$ 75,154 | \$ 19,604 | \$ 24,696 | \$ 31,756 |
| Tax Notes | 143,825 | 151,955 | 108,025 | 106,155 | 116,010 | 39,410 | 40,320 | 5,695 | 8,155 | - |
| Less: Funds restricted for debt service | 5,467 | 5,315 | 4,633 | 3,016 | 3,420 | 2,297 | 1,626 | 2,532 | 2,015 | 1,454 |
| Net general bonded debt | \$ 530,403 | \$ 550,760 | \$ 515,111 | \$ 522,438 | \$ 542,983 | \$ 472,932 | \$ 113,848 | \$ 22,767 | \$ 30,836 | \$ 30,302 |
| Other Debt | | | | | | | | | | |
| Revenue bonds | \$ 78,095 | \$ 65,935 | \$ 69,495 | \$ 72,900 | \$ 76,180 | \$ 74,270 | \$ 67,645 | \$ 67,625 | \$ 69,730 | \$ 62,017 |
| Notes Payable | - | - | - | 207 | 690 | 1,145 | 1,605 | 2,036 | 2,451 | 2,850 |
| Capital lease obligations | - | - | - | - | - | - | - | - | - | - |
| Total Outstanding Debt | \$ 608,498 | \$ 616,695 | \$ 584,606 | \$ 595,545 | \$ 619,853 | \$ 548,347 | \$ 183,098 | \$ 92,428 | \$ 103,017 | \$ 95,169 |
| General Bonded Debt Ratios | | | | | | | | | | |
| Per capita | \$ 302.03 | \$ 324.61 | \$ 300.40 | \$ 316.35 | \$ 334.91 | \$ 297.65 | \$ 73.41 | \$ 15.06 | \$ 20.73 | \$ 20.73 |
| Per FTSE | 13,555 | 14,064 | 12,540 | 14,410 | 15,889 | 14,104 | 3,424 | 671 | 938 | 939 |
| As a percentage of Taxable Assessed Value | 0.53% | 0.55% | 0.51% | 0.53% | 0.60% | 0.61% | 0.17% | 0.04% | 0.05% | 0.06% |
| Total Outstanding Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 346.49 | \$ 363.47 | \$ 340.92 | \$ 360.62 | \$ 382.32 | \$ 345.11 | \$ 118.06 | \$ 61.15 | \$ 69.26 | \$ 65.09 |
| Per FTSE | \$ 15,550 | \$ 15,747 | \$ 14,232 | \$ 16,427 | \$ 18,139 | \$ 16,353 | \$ 5,507 | \$ 2,722 | \$ 3,132 | \$ 2,948 |
| As a percentage of Taxable Assessed Value | 0.61% | 0.62% | 0.58% | 0.60% | 0.69% | 0.71% | 0.27% | 0.15% | 0.17% | 0.17% |

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time equivalent enrollment.
FTSE is calculated by Semester Credit hours divided by 30 plus non-semester (continuing education) hours divided by 900.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 10 Legal Debt Margin Information Last Ten Fiscal Years (Unaudited) (dollars in thousands)

General Obligation Bonds

| For the Year Ended August 31 | Net Taxable Assessed Value | Elected Tax Levy Limit for Debt Service | Less: Funds Restricted for Repayment of General Obligation Bonds | Total Net General Obligation Debt | Current Year Debt Service Requirements | Excess of Elected Limit for Debt Service over Current Requirements | Net Current Requirements as a % of Elected Limit | Elected Tax Limit | Elected Tax Limit: Maintenance and Operation | Elected Tax Limit: Debt Service |
|---------------------------------------|-------------------------------|---|--|--------------------------------------|--|---|---|----------------------|--|---------------------------------------|
| 2012 | \$ 99,749,409 | \$ 152,743 | \$ 5,467 | \$ 147,276 | \$ 25,745 | \$ 121,531 | 13.28% | 0.25000 | 0.09687 | 0.15313 |
| 2011 | 99,275,859 | 152,018 | 5,315 | 146,703 | 27,239 | 119,464 | 14.42% | 0.25000 | 0.09687 | 0.15313 |
| 2010 | 100,688,758 | 159,994 | 4,633 | 155,361 | 27,205 | 128,156 | 14.11% | 0.25000 | 0.09110 | 0.15890 |
| 2009 | 99,424,463 | 157,985 | 3,016 | 154,969 | 31,170 | 123,799 | 17.82% | 0.25000 | 0.09110 | 0.15890 |
| 2008 | 90,069,052 | 144,291 | 3,420 | 140,871 | 31,171 | 109,700 | 19.23% | 0.25000 | 0.08980 | 0.16020 |
| 2007 | 77,038,994 | 121,490 | 2,297 | 119,193 | 29,979 | 89,214 | 22.79% | 0.25000 | 0.09230 | 0.15770 |
| 2006 | 67,348,395 | 106,208 | 1,626 | 104,582 | 5,847 | 98,735 | 3.97% | 0.25000 | 0.09230 | 0.15770 |
| 2005 | 62,321,227 | 98,281 | 2,532 | 95,749 | 6,220 | 89,529 | 3.75% | 0.25000 | 0.09230 | 0.15770 |
| 2004 | 59,131,594 | 93,251 | 2,015 | 91,236 | 8,328 | 82,908 | 6.77% | 0.25000 | 0.09230 | 0.15770 |
| 2003 | 54,667,198 | 86,210 | 1,454 | 84,756 | 8,311 | 76,445 | 7.95% | 0.25000 | 0.09230 | 0.15770 |

Note: By local referendum held on September 30, 1952, the District is limited to a total tax rate not to exceed \$0.25 per \$100 taxable assessed valuation for maintenance and operation and debt services purposes. This tax rate is lower than the \$1.00 per \$100 taxable assessed valuation limitation (of which a maximum of \$0.50 may be utilized for debt service purposes) on ad valorem tax rates for community college districts imposed by Texas Education Code Section 130.122, as amended.

Net Taxable Assessed Value based on most recent Supplement to the Certified Total (ARB Approved 2011 Supplement 107).

ALAMO COMMUNITY COLLEGE DISTRICT

**Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)
(dollars in thousands)**

Revenue Bonds

| Fiscal Year Ended August 31 | Pledged Revenues (\$000 omitted) | | | | | Debt Service Requirements (\$000 omitted) | | | |
|--------------------------------|----------------------------------|----------------|----------------------|---------------------|-----------|---|----------|----------|-------------------|
| | Tuition | General Fee | Investment Income | Auxiliary Income | Total | Principal | Interest | Total | Coverage Ratio |
| 2012 | \$ 17,496 (1) | \$ 18,337 | \$ 465 | \$ 3,843 | \$ 40,141 | \$ 3,715 | \$ 1,513 | \$ 5,228 | 7.68 |
| 2011 | 16,262 (1) | 19,093 | 524 | 3,651 | 39,530 | 3,560 | 3,105 | 6,665 | 5.93 |
| 2010 | 18,407 (1) | 19,319 | 1,634 | 4,053 | 43,413 | 3,405 | 3,255 | 6,660 | 6.52 |
| 2009 | 14,294 (1) | 16,269 | 1,045 | 3,548 | 35,156 | 3,280 | 3,388 | 6,668 | 5.27 |
| 2008 | 14,315 (1) | 15,209 | 4,272 | 3,501 | 37,298 | 3,240 | 3,434 | 6,674 | 5.59 |
| 2007 | 12,783 (1) | 14,038 | 5,034 | 3,232 | 35,087 | 2,650 | 2,981 | 5,631 | 6.23 |
| 2006 | 11,790 (1) | 13,038 | 3,194 | 2,826 | 30,849 | 2,415 | 3,216 | 5,631 | 5.48 |
| 2005 | 11,532 (1) | 12,973 | 2,023 | 2,806 | 29,334 | 2,105 | 3,150 | 5,255 | 5.58 |
| 2004 | 10,482 (1) | 10,283 | 1,100 | 2,411 | 24,275 | 1,000 | 2,828 | 3,828 | 6.34 |
| 2003 | 9,419 (1) | 9,756 | 1,320 | 2,023 | 22,518 | 1,253 | 3,668 | 4,921 | 4.58 |

(1) During the 2003 Texas Legislative Session, the Texas Legislature enacted H.B. 1621 which, in part, amended Section 130.123 (e) of the Texas Education Code to permit the District to increase the pledge of its Tuition Fee portion of the Pledged Revenues from an amount not to exceed \$15.00 per student, for each regular semester and \$7.50 per student for each summer term, to an amount not exceeding 25 percent of the tuition charges collected from each enrolled student for each semester or term.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 12 Demographics and Economic Statistics—Taxing District Last Ten Fiscal Years (Unaudited)

| Calendar Year | District Population | District Personal Income (Thousands of Dollars) | District Personal Income Per Capita | District Annual Unemployment Rate |
|---------------|---------------------|--|--|--------------------------------------|
| 2011 | 1,756,153 | \$ 59,455,916 ** | \$ 34,496 ** | 7.6% |
| 2010 | 1,714,773 | 59,455,916 | 34,496 | 7.4% |
| 2009 | 1,685,628 | 56,413,739 | 33,467 | 6.7% |
| 2008 | 1,651,709 | 57,947,289 | 35,083 | 4.8% |
| 2007 | 1,615,210 | 55,567,978 | 34,972 | 4.2% |
| 2006 | 1,573,935 | 51,728,440 | 33,353 | 4.7% |
| 2005 | 1,529,270 | 47,759,064 | 31,597 | 5.1% |
| 2004 | 1,500,919 | 44,208,973 | 29,721 | 5.8% |
| 2003 | 1,469,623 | 41,735,151 | 28,546 | 6.2% |
| 2002 | 1,446,775 | 39,848,832 | 27,676 | 5.8% |
| 2001 | 1,419,020 | 39,240,215 | 27,741 | 4.7% |

Source: Texas Workforce Commission, LMI Tracer, Data Link as of 10/02/12, US Census Bureau State and County Facts

** Data are estimates; updated data from Texas Workforce Commission have not been published.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 13 Principal Employers (Unaudited)

| Largest Employers Employer | 2012 (1) | | 2011 (2) | | 2010 (3) | | 2009 (4) | | 2008 (5) | | 2007 (6) | | 2006 (7) | |
|-------------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | Number of Employees | % of Total Emplmnt | Number of Employees | % of Total Emplmnt | Number of Employees | % of Total Emplmnt | Number of Employees | % of Total Emplmnt | Number of Employees | % of Total Emplmnt | Number of Employees | % of Total Emplmnt | Number of Employees | % of Total Emplmnt |
| Lackland AFB | 37,097 | 3.6% | 37,097 | 4.0% | 28,100 | 3.1% | 28,100 | 2.8% | 33,893 | 4.0% | 23,227 | 2.8% | 35,700 | 4.6% |
| Fort Sam Houston - US Army | 32,000 | 3.1% | 32,000 | 3.4% | 30,793 | 3.4% | 30,793 | 3.1% | 15,200 | 1.8% | 11,735 | 1.4% | 26,100 | 3.4% |
| USAA | 15,000 | 1.5% | 14,832 | 1.6% | 14,852 | 1.6% | 14,852 | 1.5% | 14,852 | 1.7% | 14,258 | 1.7% | 14,955 | 1.9% |
| HEB Food Stores | 14,588 | 1.4% | 14,588 | 1.6% | 14,588 | 1.6% | 14,588 | 1.5% | 14,588 | 1.7% | 14,588 | 1.8% | 14,600 | 1.9% |
| Northside ISD | 12,751 | 1.2% | 13,300 | 1.4% | 12,597 | 1.4% | 12,597 | 1.3% | 12,810 | 1.5% | 12,701 | 1.5% | 10,000 | 1.3% |
| Randolph AFB | 11,068 | 1.1% | 11,068 | 1.2% | 10,700 | 1.2% | 10,700 | 1.0% | 10,733 | 1.3% | 7,506 | 0.9% | 10,733 | 1.4% |
| Northeast ISD | 10,522 | 1.0% | 10,522 | 1.1% | 10,223 | 1.1% | 10,223 | 1.0% | 8,360 | 1.0% | 7,557 | 0.9% | 7,847 | 1.0% |
| City of San Antonio | 9,145 | 0.9% | 9,145 | 0.9% | 9,000 | 1.0% | 10,687 | 1.0% | 9,830 | 1.1% | 11,239 | 1.3% | 9,813 | 1.3% |
| San Antonio ISD | 7,000 | 0.7% | 7,581 | 0.8% | 7,581 | 0.8% | 7,425 | 0.8% | 8,000 | 0.9% | | | 8,000 | 1.0% |
| Methodist Healthcare System | 7,747 | 0.8% | 7,500 | 0.8% | 7,013 | 0.8% | 7,391 | 0.8% | 7,013 | 0.8% | 6,520 | 0.8% | 7,200 | 0.9% |
| AT & T, Inc. | | | | | | | | | | | 5,611 | 0.7% | | |
| Total Employment | 156,918 | 15.3% | 157,633 | 16.8% | 145,447 | 16.0% | 147,356 | 14.8% | 135,279 | 15.8% | 114,942 | 13.8% | 144,948 | 18.7% |

(1) Source: San Antonio Economic Development Foundation Website 10/18/2012 <http://www.sanantoniodef.com/business-profile/major-employers>

(2) Source: San Antonio Economic Development Foundation Website 9/7/2011 <http://www.sanantoniodef.com/business-profile/major-employers>

(3) Source: San Antonio Economic Development Foundation Website 8/10/2010 <http://www.sanantoniodef.com/business-profile/major-employers>

(4) Source: San Antonio Economic Development Foundation, Northside ISD, Northeast ISD and by contact with institutional representatives as well as Texas Workforce Commission, Tracer 2 (labor Force - June 2009)

(5) Source: San Antonio Business Journal's 2008 Book of Lists and San Antonio Business Journal, May 16, 2008

(6) Source: City of San Antonio Planning Office

(7) Source: San Antonio Economic Development Foundation

Note:

Per GASB S44, this schedule should show the current year and the prior nine years. However, the information for prior periods is unavailable, therefore, this schedule is implemented prospectively.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 14 Faculty, Staff, and Administrators Statistics Last Ten Fiscal Years (Unaudited)

| | 2012 ** | 2011 ** | 2010 ** | 2009 + | 2008 + | 2007 + | 2006 + | 2005 + | 2004 + | 2003 + |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Faculty | | | | | | | | | | |
| Full-time | 837 | 946 | 960 | 1,049 | 1,024 | 1,052 | 992 | 992 | 964 | 961 |
| Part-time | 1,482 | 1,710 | 1,599 | 2,957 | 2,865 | 3,011 | 3,052 | 3,345 | 3,228 | 3,034 |
| Total | 2,319 | 2,656 | 2,559 | 4,006 | 3,889 | 4,063 | 4,044 | 4,337 | 4,192 | 3,995 |
| Percent | | | | | | | | | | |
| Full-time | 36.09% | 35.62% | 37.51% | 26.19% | 26.33% | 25.89% | 24.53% | 22.87% | 23.00% | 24.06% |
| Part-time | 63.91% | 64.38% | 62.49% | 73.81% | 73.67% | 74.11% | 75.47% | 77.13% | 77.00% | 75.94% |
| Staff and Administrators | | | | | | | | | | |
| Full-time | 1,532 | 1,710 | 1,721 | 1,823 | 1,763 | 1,814 | 1,720 | 1,620 | 1,568 | 1,516 |
| Part-time | 921 | 978 | 1,165 | 888 | 887 | 930 | 926 | 1,050 | 964 | 1,079 |
| Total | 2,453 | 2,688 | 2,886 | 2,711 | 2,650 | 2,744 | 2,646 | 2,670 | 2,532 | 2,595 |
| Percent | | | | | | | | | | |
| Full-time | 62.45% | 63.62% | 59.63% | 67.24% | 66.53% | 66.11% | 65.00% | 60.67% | 61.93% | 58.42% |
| Part-time | 37.55% | 36.38% | 40.37% | 32.76% | 33.47% | 33.89% | 35.00% | 39.33% | 38.07% | 41.58% |
| FTSE * | 39,131 | 39,162 | 41,077 | 36,254 | 34,173 | 33,531 | 33,249 | 33,951 | 32,889 | 32,282 |
| FTSE per full-time faculty | 46.8 | 41.4 | 42.8 | 34.6 | 33.4 | 31.9 | 33.5 | 34.2 | 34.1 | 33.6 |
| FTSE per full-time staff member | 25.5 | 22.9 | 23.9 | 19.9 | 19.4 | 18.5 | 19.3 | 21.0 | 21.0 | 21.3 |
| Average annual full-time faculty salary | \$ 64,987 | \$ 63,194 | \$ 65,181 | \$ 54,121 | \$ 52,939 | \$ 51,240 | \$ 50,142 | \$ 49,752 | \$ 48,415 | \$ 48,189 |

Faculty - FT (full-time) faculty teaching 12 or more semester hours
 Faculty - PT (part-time) faculty teaching less than 12 semester hours

* FTSE (full-time student equivalent) is defined as semester credit hours divided by 30 plus non-semester (continuing education) credit hours divided by 900.

** Unduplicated Headcount - Prepared by Human Resources Department

+ Prepared by ACCD Institutional Research and Effectiveness Services (IRES)

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 15 Enrollment Details Last Six Fiscal Years (Unaudited)

| Student Classification | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| 00 - 30 | 34,649 | 60.5% | 35,513 | 60.4% | 35,281 | 60.2% | 31,042 | 59.3% | 28,906 | 58.0% | 28,458 | 58.0% |
| 31 - 60 | 21,307 | 37.2% | 21,593 | 36.7% | 16,056 | 27.4% | 14,657 | 28.0% | 14,597 | 29.0% | 14,479 | 29.0% |
| Unclassified | - | 0.0% | - | 0.0% | 7,292 | 12.4% | 6,595 | 12.6% | 6,504 | 13.0% | 6,505 | 13.0% |
| >60 hours * | 1,330 | 2.3% | 1,691 | 2.9% | 9 | 0.0% | 12 | 0.0% | 22 | 0.0% | 46 | 0.0% |
| Total | 57,286 | 100.0% | 58,797 | 100.0% | 58,638 | 100.0% | 52,306 | 100.0% | 50,029 | 100.0% | 49,488 | 100.0% |

Source: THECB Prep Online

| Semester Hour Load | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Less Than 3 | 569 | 1.0% | 785 | 1.3% | 529 | 0.9% | 323 | 0.6% | 271 | 0.5% | 270 | 0.5% |
| 3 - 5 Semester Hours | 12,425 | 21.7% | 11,148 | 19.0% | 11,595 | 19.8% | 10,677 | 20.4% | 9,239 | 18.5% | 8,601 | 17.4% |
| 6 - 8 Semester Hours | 16,610 | 29.0% | 16,023 | 27.3% | 17,064 | 29.1% | 15,120 | 28.9% | 14,386 | 28.8% | 14,183 | 28.7% |
| 9 - 11 Semester Hours | 11,084 | 19.3% | 10,565 | 18.0% | 10,472 | 17.9% | 9,097 | 17.4% | 8,864 | 17.7% | 8,651 | 17.5% |
| 12 - 14 Semester Hours | 14,416 | 25.2% | 14,604 | 24.8% | 16,761 | 28.6% | 14,835 | 28.4% | 14,863 | 29.7% | 15,473 | 31.3% |
| 15 - 17 Semester Hours | 1,932 | 3.4% | 3,817 | 6.5% | 1,964 | 3.3% | 2,000 | 3.8% | 2,160 | 4.3% | 2,040 | 4.1% |
| 18 & Over Semester Hours | 250 | 0.4% | 1,855 | 3.2% | 253 | 0.4% | 254 | 0.5% | 246 | 0.5% | 270 | 0.5% |
| Total | 57,286 | 100.0% | 58,797 | 100.0% | 58,638 | 100.0% | 52,306 | 100.0% | 50,029 | 100.0% | 49,488 | 100.0% |

| | | | | | | |
|---------------------|---------|---------|---------|---------|---------|---------|
| Average Course Load | 8.2 hrs | 8.9 hrs | 8.5 hrs | 8.5 hrs | 8.7 hrs | 8.8 hrs |
|---------------------|---------|---------|---------|---------|---------|---------|

Source: CBM001

| Tuition Status | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | |
|---------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Texas Resident- In District | 47,567 | 83% | 49,261 | 84% | 48,787 | 83% | 43,116 | 82% | 41,741 | 83% | 41,628 | 84% |
| Texas Resident- Out of District | 7,631 | 13% | 7,515 | 13% | 7,939 | 14% | 7,295 | 14% | 6,544 | 13% | 6,431 | 13% |
| Non Resident Tuition | 1,312 | 2% | 1,284 | 2% | 1,096 | 2% | 1,137 | 2% | 1,013 | 2% | 811 | 2% |
| Tuition Exemption | - | 0% | 3 | 0% | 79 | 0% | 165 | 0% | 142 | 0% | 96 | 0% |
| Foreign | 776 | 1% | 734 | 1% | 737 | 1% | 593 | 1% | 589 | 1% | 522 | 1% |
| Total | 57,286 | 100% | 58,797 | 100% | 58,638 | 100% | 52,306 | 100% | 50,029 | 100% | 49,488 | 100% |

Source: CBM001

* Includes students w/60 or more hours who have obtained an Associate's or Bachelor's Degree.

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 16 Student Profile Last Six Fiscal Years (Unaudited)

| | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | |
|---------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Gender | | | | | | | | | | | | |
| Female | 32,844 | 57% | 33,670 | 57% | 33,607 | 57% | 30,386 | 58% | 29,341 | 59% | 29,350 | 59% |
| Male | 24,442 | 43% | 25,127 | 43% | 25,031 | 43% | 21,920 | 42% | 20,688 | 41% | 20,138 | 41% |
| Total | 57,286 | 100% | 58,797 | 100% | 58,638 | 100% | 52,306 | 100% | 50,029 | 100% | 49,488 | 100% |

| | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | |
|--|---------------|-------------|---------------|------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Ethnic Origin | | | | | | | | | | | | |
| Multi-Racial | 1,088 | 2% | 750 | 1% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| White | 18,423 | 32% | 20,349 | 35% | 23,327 | 40% | 20,202 | 39% | 19,753 | 39% | 19,725 | 40% |
| Hispanic | 31,712 | 55% | 30,371 | 52% | 28,943 | 49% | 26,357 | 50% | 24,956 | 50% | 24,585 | 50% |
| African-American | 3,757 | 7% | 3,860 | 7% | 4,147 | 7% | 3,717 | 7% | 3,453 | 7% | 3,352 | 7% |
| Asian | 1,429 | 2% | 1,457 | 2% | 1,621 | 3% | 1,414 | 3% | 1,314 | 3% | 1,248 | 3% |
| Foreign | 324 | 1% | 47 | 0% | 357 | 1% | 408 | 1% | 342 | 1% | 389 | 1% |
| Native American | 182 | 0% | 177 | 0% | 243 | 0% | 208 | 0% | 211 | 0% | 189 | 0% |
| Native Hawaiian/Other Pacific Islander | - | 0% | - | 0% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ethnic Origin/Race Unknown | 371 | 1% | 1,786 | 3% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total | 57,286 | 100% | 58,797 | 94% | 58,638 | 100% | 52,306 | 100% | 50,029 | 100% | 49,488 | 100% |

| | Fall 2011 | | Fall 2010 | | Fall 2009 | | Fall 2008 | | Fall 2007 | | Fall 2006 | |
|--------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Number | % | Number | % | Number | % | Number | % | Number | % | Number | % |
| Age | | | | | | | | | | | | |
| Under 18 | 9,451 | 16% | 9,079 | 15% | 8,584 | 15% | 7,398 | 14% | 6,278 | 13% | 5,323 | 11% |
| 18-21 | 21,472 | 37% | 22,219 | 38% | 22,330 | 38% | 20,514 | 39% | 19,539 | 39% | 19,348 | 39% |
| 22-24 | 7,639 | 13% | 7,735 | 13% | 8,114 | 14% | 7,257 | 14% | 7,338 | 15% | 7,246 | 15% |
| 25-35 | 12,165 | 21% | 13,044 | 22% | 12,931 | 22% | 11,300 | 22% | 11,068 | 22% | 11,482 | 23% |
| 36-50 | 5,433 | 9% | 5,618 | 10% | 5,668 | 10% | 4,934 | 9% | 4,901 | 10% | 5,131 | 10% |
| 51 and over | 1,126 | 2% | 1,102 | 2% | 1,011 | 2% | 903 | 2% | 905 | 2% | 956 | 2% |
| Unknown | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | 2 | 0% |
| Total | 57,286 | 100% | 58,797 | 100% | 58,638 | 100% | 52,306 | 100% | 50,029 | 100% | 49,488 | 100% |

| | | | | | | |
|-------------|------|------|------|------|------|------|
| Average Age | 24.2 | 24.3 | 24.3 | 24.2 | 24.4 | 24.8 |
|-------------|------|------|------|------|------|------|

Source: CBM001

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 17 Transfer Students to Senior Institutions 2010 Fall Students (Unaudited)

| Institutions Attended, Fall 2010 | Academic | Technical | Tech-Prep | Total | % Students |
|---|--------------|------------|------------|---------------|---------------|
| 1 The University of Texas at San Antonio | 3,938 | 406 | 85 | 4,429 | 43.8% |
| 2 Texas A&M University - San Antonio | 1,252 | 112 | 25 | 1,389 | 13.7% |
| 3 Texas State University | 1,050 | 105 | 31 | 1,186 | 11.7% |
| 4 Texas A&M University | 848 | 56 | 15 | 919 | 9.1% |
| 5 The University of Texas at Austin | 743 | 46 | 11 | 800 | 7.9% |
| 6 Texas Tech University | 322 | 30 | 2 | 354 | 3.5% |
| 7 Texas A&M University - Corpus Christi | 143 | 21 | 3 | 167 | 1.7% |
| 8 University of North Texas | 107 | 15 | 3 | 125 | 1.2% |
| 9 Angelo State University | 91 | 5 | 3 | 99 | 1.0% |
| 10 Texas A&M University - Kingsville | 68 | 4 | 2 | 74 | 0.7% |
| 11 University of Houston | 66 | 6 | 1 | 73 | 0.7% |
| 12 The University of Texas at Arlington | 51 | 14 | 3 | 68 | 0.7% |
| 13 Sam Houston State University | 60 | 3 | 3 | 66 | 0.7% |
| 14 Texas A&M University at Galveston | 30 | 3 | - | 33 | 0.3% |
| 15 Tarleton State University | 28 | 3 | - | 31 | 0.3% |
| 16 Stephen F. Austin State University | 24 | 6 | - | 30 | 0.3% |
| 17 The University of Texas - Pan American | 21 | 8 | 1 | 30 | 0.3% |
| 18 The University of Texas at Dallas | 26 | 3 | - | 29 | 0.3% |
| 19 Texas A&M International University | 24 | 4 | - | 28 | 0.3% |
| 20 The University of Texas at El Paso | 19 | 7 | - | 26 | 0.3% |
| 21 Prairie View A&M University | 15 | 5 | - | 20 | 0.2% |
| 22 Sul Ross State University | 17 | 1 | 1 | 19 | 0.2% |
| 23 Texas Woman's University | 16 | 1 | - | 17 | 0.2% |
| 24 West Texas A&M University | 14 | 2 | - | 16 | 0.2% |
| 25 University of Houston - Downtown | 11 | 1 | - | 12 | 0.1% |
| 26 Texas Southern University | 10 | 1 | - | 11 | 0.1% |
| 27 University of Houston at Victoria | 9 | 2 | - | 11 | 0.1% |
| 28 Texas A&M University - Commerce | 6 | 3 | - | 9 | 0.1% |
| 29 The University of Texas at Tyler | 7 | 2 | - | 9 | 0.1% |
| 30 Midwestern State University | 8 | - | - | 8 | 0.1% |
| 31 Lamar University | 7 | - | - | 7 | 0.1% |
| 32 The University of Texas at Brownsville | 3 | 3 | - | 6 | 0.1% |
| 33 The University of Texas of the Permian Basin | 5 | 1 | - | 6 | 0.1% |
| 34 Sul Ross State University - Rio Grande College | 3 | 2 | - | 5 | 0.0% |
| 35 University of Houston at Clear Lake | 4 | 1 | - | 5 | 0.0% |
| 36 University of North Texas at Dallas | 1 | - | - | 1 | 0.0% |
| 37 Texas A&M University - Central Texas | - | - | - | - | 0.0% |
| Total | 9,047 | 882 | 189 | 10,118 | 100.0% |

Source: THECB Report ASALFS Students Pursuing Additional Education, includes only public senior colleges in Texas - Fall 2010

ALAMO COMMUNITY COLLEGE DISTRICT

Statistical Supplement 18 Capital Asset Information Fiscal Years 2005 to 2012 (Unaudited)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------|--------|--------|--------|--------|-------|-------|-------|
| Academic Buildings | 109 | 125 | 121 | 120 | 91 | 88 | 70 | 69 |
| Square Footage (in thousands) | 2,478 | 2,551 | 2,659 | 2,769 | 2,571 | 2,132 | 2,132 | 2,100 |
| Libraries | 6 | 6 | 8 | 6 | 7 | 6 | 6 | 5 |
| Square Footage (in thousands) | 282 | 309 | 330 | 370 | 312 | 193 | 193 | 188 |
| Number of Volumes (in thousands) | 498 | 677 | 610 | 666 | 675 | 675 | 482 | 504 |
| Administrative and Support Buildings | 95 | 66 | 59 | 60 | 44 | 15 | 15 | 15 |
| Square Footage (in thousands) | 999 | 850 | 824 | 684 | 591 | 147 | 147 | 147 |
| Parking Garages | 1 | 1 | 1 | 1 | 1 | | | |
| Square Footage (in thousands) | 394 | 394 | 394 | 394 | 394 | | | |
| Dining Facilities | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 |
| Square Footage (in thousands) | 76 | 74 | 73 | 85 | 64 | 48 | 48 | 48 |
| Average Daily Customers | 3,405 | 3,210 | 3,114 | 2,193 | 2,193 | 2,259 | 2,395 | 2,722 |
| Athletic Facilities | 8 | 8 | 8 | 7 | 4 | 4 | 4 | 4 |
| Square Footage (in thousands) | 270 | 270 | 265 | 247 | 189 | 192 | 192 | 192 |
| Stadiums | 0 | 0 | 0 | | | | | |
| Gymnasium Buildings | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Fitness Centers | 8 | 7 | 6 | 5 | 4 | 4 | 4 | 4 |
| Tennis Courts | 18 | 18 | 18 | 18 | 14 | 8 | 8 | 8 |
| Swimming Pools | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Soccer Fields | 1 | 1 | 1 | | | | | |
| Fitness Trails | 2 | 2 | 2 | | | | | |
| Putting Green | 1 | 1 | 1 | | | | | |
| Rock Climbing Wall | 1 | 1 | 1 | | | | | |
| Ropes Course | 1 | | | | | | | |
| Plant Facilities | 33 | 25 | 21 | 20 | 10 | 4 | 4 | 4 |
| Square Footage (in thousands) | 110 | 108 | 104 | 101 | 88 | 38 | 38 | 38 |
| Transportation | | | | | | | | |
| Cars | 26 | 29 | 30 | 35 | 32 | 34 | 42 | 35 |
| Trucks/Vans | 87 | 82 | 90 | 76 | 64 | 68 | 85 | 59 |
| Buses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Electric Cars | 7 | 7 | 5 | | | | | |
| ADA Parking Spots | 501 | 489 | 479 | 464 | 401 | 317 | 317 | 301 |
| Non ADA Parking Spots | 15,167 | 14,716 | 14,309 | 14,015 | 13,697 | 8,944 | 8,944 | 8,694 |

Single Audit Section



ALAMO
COLLEGES

Report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*

Management and the Board of Trustees
Alamo Community College District

We have audited the financial statements of Alamo Community College District, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College and Northwest Vista College (collectively, the District) as of and for the year ended August 31, 2012, and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 18, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 18, 2012

Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133

Management and the Board of Trustees
Alamo Community College District

Compliance

We have audited Alamo Community College District's, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College, and Northwest Vista College (collectively, the District), compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 12-F01 through 12-F05.

Internal control over compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as Findings 12-F01 through 12-F05. 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 yet important enough to merit attention by those charged with governance.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 18, 2012

**Alamo Community College District
(Comprised of San Antonio College, St. Philip's College, Palo Alto College,
Northeast Lakeview College, and Northwest Vista College)**

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2012**

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse or disclaimer):

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards Section

Internal control over major programs:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 X Yes None reported

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

 X Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

47.076

Education and Human Resources

84.007, 84.033, 84.063, 84.268, 84.375

Student Financial Assistance Cluster

93.093

Affordable Care Act (ACA) Health Profession Opportunity Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$590,602

Auditee qualified as low-risk auditee?

 Yes X No

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No findings were noted.

Part III – Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 Section .510(a) (for example: material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

Finding 12-F01

| | |
|--|---|
| <u>Federal program information:</u> | <p><u>Federal awarding agencies:</u> National Science Foundation</p> <p><u>Federal Program:</u> Education and Human Resources, CFDA No.: 47.076</p> <p>Award year: 2011-2012</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>The NSF Scholarships in Science, Technology, Engineering, and Mathematics (S-STEM) program solicitation includes the following eligibility criteria for Scholarship Recipients:</p> <p>S-STEM scholarship recipients will be selected by the awardee institution, but must demonstrate financial need, defined for undergraduate students by the US Department of Education rules for need-based Federal financial aid.</p> |
| <u>Condition:</u> | Program Manager was not actively checking need requirement for renewal students receiving awards. |
| <u>Questioned costs:</u> | \$-0- |
| <u>Context:</u> | <p>Performed eligibility testing on a random sample of 25 students. For 21 of the 25 students noted that eligibility was appropriately determined. For four of the 25 students, all of which were renewing students from St. Philip's College, we noted that the students' financial need for 2011-2012 was not validated by the program manager prior to the issuance of the award.</p> <p>No questioned costs were noted as review of the four students' financial need for 2011-2012 was validated after the fact.</p> |
| <u>Effect:</u> | Alamo Colleges is not consistently in compliance with federal guidelines regarding grant eligibility requirements for renewal students. |
| <u>Cause:</u> | Alamo Colleges was not following procedures for these four renewal students. |
| <u>Recommendation:</u> | Alamo Colleges should establish procedures and internal controls to ensure the proper renewal procedures are performed around eligibility. |
| <u>Views of responsible officials and planned corrective actions:</u> | <p>Procedures and internal controls will be strengthened to ensure eligibility for renewal students is properly documented. Program managers will update a renewal student's file to determine unmet need and will develop separate documentation for each award.</p> <p>Implementation date: 2013 Responsible person: President of St. Philip's College</p> |

Finding 12-F02

| | |
|--|---|
| <u>Federal program information:</u> | <p><u>Federal Awarding Agency:</u> United States Department of Education</p> <p><u>Federal Program:</u> Student Financial Assistance (SFA) Cluster: Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>Eligibility – To be eligible for Title IV student assistance, a student must maintain good standing, or satisfactory progress (34 CFR sections 668.32, 690.75, 691.15, 675.9, 676.9, 674.9, 682.201, 685.200, 20 USC 1070h; 42 CFR section 57.306; 42 USC 293a (d) (2)), as defined by school's satisfactory academic progress policy. Alamo Community College District (Alamo Colleges) policy defines satisfactory academic progress as: (1) maintain a minimum 2.0 overall and per semester grade point average, (2) successfully complete 67% of all course work attempted, and (3) complete the program of study within 99 hours of attempted course work, including hours attempted at other colleges.</p> |
| <u>Condition:</u> | <p>Of the 40 students tested for the SFA Cluster, one student from San Antonio College did not meet the eligibility criteria of satisfactory progress because he had a 1.0 GPA and 19% course completion.</p> |
| <u>Questioned costs:</u> | <p>\$1,992 Direct Loans</p> |
| <u>Context:</u> | <p>Performed eligibility testing on a random sample of 40 students that received student financial assistance during the fiscal year ended August 31, 2012. For 39 of the 40 students, we noted that SFA eligibility was appropriately determined. We noted that one San Antonio College student had inadequate GPA and percentage of course completion and therefore was not eligible to receive Direct Loan assistance for Spring 2012 due to the impartial upload of student information from the District's old student information system upon conversion to the Banner student system in the fall of 2010.</p> |
| <u>Effect:</u> | <p>Student was awarded assistance that he was not eligible to receive under the program guidelines.</p> |
| <u>Cause:</u> | <p>The student's eligibility was assessed using an incomplete academic history. The student's academic history was incomplete due to partial academic history uploads as Alamo Colleges converted to a new student system (Banner) in the fall of 2010.</p> |
| <u>Recommendation:</u> | <p>Alamo Colleges should enhance procedures and internal control surrounding the assessment of students' satisfactory academic progress necessary for eligibility for federal student financial assistance.</p> |
| <u>Views of responsible officials and planned corrective actions:</u> | <p>Academic History is now complete for this student. The situation occurred due to timing of IT data conversion from an old student system to the new Banner student system. Due to the large amount of data, the historical academic information was converted over time in phases.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Student Success</p> |

Finding 12-F03

| | |
|--|---|
| <u>Federal program information:</u> | <p><u>Federal awarding agencies:</u> United States Department of Education</p> <p><u>Federal Program:</u> Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012, 2012-2013</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>Special Tests and Provisions - Return of Title IV Funds</p> <p>Applicable after a student begins attendance - Returns of Title IV funds are required to be deposited or transferred in the SFA account or electronic fund transfers initiated to the Department of Education (ED) or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (34 CFR Section 668.173(b)).</p> |
| <u>Condition:</u> | <p>The rules regarding return of Title IV funds rules were not timely applied; therefore, it could not be determined whether Alamo Colleges returned Title IV funds for students that withdrew after beginning attendance. Our testing of 40 refund calculations found that refunds required for two students were not calculated correctly or returned within 45 days after Alamo Colleges became aware that the student withdrew.</p> |
| <u>Questioned costs:</u> | <p>\$1,796</p> |
| <u>Context:</u> | <p>We tested 40 refund calculations from the total population of student financial assistance refunds for students that withdrew after the start of classes. We noted that 38 of the 40 refund calculations were performed within 45 days of Alamo Colleges becoming aware of the student's withdrawal. For 2 of the 40 refunds tested, we noted:</p> <ul style="list-style-type: none">• The refund required for one student (from Northwest Vista College) was not calculated and returned within 45 days after Alamo Colleges became aware that the student withdrew. Questioned costs: \$1,338• The refund required for one student (from San Antonio College) was calculated incorrectly due to the wrong term length used in the calculation. Alamo Colleges offers different term length courses and uses the last course the student was enrolled in to complete the refund calculation form. In this case, the student was last enrolled in the semester's long course rather than the Flex I course the refund was calculated on. Questioned costs: \$458. |
| <u>Effect:</u> | <p>Alamo Colleges is not consistently in compliance with federal guidelines regarding timing of return of Title IV funds.</p> |
| <u>Cause:</u> | <p>Alamo Colleges' personnel did not adhere to processes in place to timely communicate student withdrawals to the Student Financial Assistance Department.</p> |
| <u>Recommendation:</u> | <p>Establish better procedures to monitor the full transmission of all withdrawal students and to verify accuracy in the manual refund calculations.</p> |
| <u>Views of responsible officials and planned corrective actions:</u> | <p>Additional training will be held to stress the importance of timely calculation and return of funds, as well as identifying if the student is attending multiple terms before the calculation is performed. Desk audits will be conducted to make sure withdrawals are being recorded timely, and that proper policies and procedures are being followed. In a recent reorganization of the Student Financial Services area, additional staff was assigned to monitor and calculate return of Title IV funds.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Finance and Administration</p> |

Finding 12-Fo4

| | |
|--|---|
| <u>Federal program information:</u> | <p>Federal awarding agencies: United States Department of Education</p> <p>Federal Program: Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012, 2012-2013</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>Special Tests and Provisions – Enrollment Reporting</p> <p>Under the Federal Direct Loan program, schools must complete and return within 30 days of receipt the Student Status Confirmations Reports (SSCR) sent by the Department of Education (ED) or guaranty agency (OMB No. 1845-0035). The SSCR is transmitted electronically to the National Student Loan Data Services (NSLDS). Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (FFEL, 34 CFR Section 682.610; Direct Loan, 34 CFR Section 685.309)</p> |
| <u>Condition:</u> | <p>We selected 25 students that had applicable loans and had a change in status during the fiscal year ended August 31, 2012 and compared the dates of their change in status to the date their status change was transmitted to the NSLDS. For two of the 25 students (one student from San Antonio College and one from St. Philip’s College), their changes in status were not submitted to the NSLDS in the next scheduled SSCR or within 60 days after the student withdrew or graduated.</p> |
| <u>Questioned costs:</u> | <p>\$-0-</p> |
| <u>Context:</u> | <p>We selected 25 students with status changes during the year ended August 31, 2012. For two of the 25 students, status changes were processed later than 60 days after the student withdrew or graduated. For one of the two students, we noted that ACCD submitted the status change to the National Student Clearinghouse within 30 days, but the NSLDS did not receive notification from NSC until after the 60 day point (75 days).</p> |
| <u>Effect:</u> | <p>Students’ repayment of direct loans may be delayed beyond the required repayment timeline.</p> |
| <u>Cause:</u> | <p>In one instance, the National Student Clearinghouse did not timely report the student status change to NSLDS although ACCD had submitted the status change to the National Student Clearinghouse in 32 days. In the other instance, Alamo Colleges did not comply with procedures to submit enrollment changes timely.</p> |
| <u>Recommendation:</u> | <p>Alamo Colleges should enhance review procedures and internal controls around the review of the student status changes submission from NSC to NSLDS.</p> |
| <u>Views of responsible officials and planned corrective actions:</u> | <p>An enhanced review process will be developed to ensure complete student information is transmitted to NSLDS.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Student Success</p> |

Finding 12-F05

| | |
|--|--|
| <u>Federal program information:</u> | <p>Federal awarding agencies: United States Department of Education</p> <p>Federal Program: Federal Supplemental Educational Opportunity Grant (FSEOG), CFDA No.: 84.007 Federal Work-Study Program, CFDA No.: 84.033 Federal Pell Grant Program, CFDA No.: 84.063 Federal Direct Student Loans, CFDA No.: 84.268 Academic Competiveness Grant, CFDA No.: 84.375</p> <p>Award years: 2011-2012, 2012-2013</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>Special Tests and Provisions – Direct Loan Notification:</p> <p>Under the Federal Direct Loan program, the institution must notify the student or parent, in writing, of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. (34 CFR 682.604(c)).</p> <p>Institutions that implement an affirmative confirmation process (as described in 34 CFR Section 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan, FPL, FFEL funds, or TEACH Grants. Institutions that do not implement an affirmative confirmation process must notify a student no earlier than 30 days before, but no later than seven days after, crediting the student's account and must give the student 30 days (instead of 14) to cancel all or part of the loan.</p> |
| <u>Condition:</u> | <p>We selected 19 students that received federal direct loan disbursements for year ended August 31, 2012. Noted that for 17 of the 19 students, (7 from San Antonio College, 3 from St. Philip's College, 5 from Northwest Vista College and 2 from Palo Alto College) that received loan disbursements in Fall 2011 and Spring 2012, Alamo Colleges could not provide supporting documentation of the notice sent to the students that received the loan disbursements within 30 days of crediting the students' accounts in order to notify the students that they had 30 days to cancel all or part of the loan. Noted that Alamo Colleges did timely notify two of the 19 students of loan disbursements received in Summer 2012.</p> |
| <u>Questioned costs:</u> | <p>\$-0-</p> |
| <u>Context:</u> | <p>Selected 19 students that received direct loan disbursements during the year ended August 31, 2012. Alamo Colleges could not provide any documentation of the required notification to be sent to 17 of the 19 students within 30 days of the disbursement of direct loans awards. No known questioned costs were identified.</p> |
| <u>Effect:</u> | <p>Alamo Colleges is not consistently in compliance with federal guidelines regarding student notifications required for direct loan disbursements.</p> |
| <u>Cause:</u> | <p>Alamo Colleges did not send notifications of direct loan disbursements to students within 30 days of crediting the student's accounts with the loan proceeds.</p> |
| <u>Recommendation:</u> | <p>Alamo Colleges should establish procedures and internal controls surrounding the timely notification of loan disbursements to students receiving direct loans.</p> |
| <u>Views of responsible officials and planned corrective actions:</u> | <p>For Fall 2012, a notification system was in place to formally notify students by e-mail that direct loan funds will be or have been credited to their accounts and of their rights to rescind the loan either fully or partially. A log of communications is also being maintained as evidence for the notification.</p> <p>Implementation date: 2012 Responsible person: Vice Chancellor for Finance and Administration</p> |

ALAMO COMMUNITY COLLEGE DISTRICT

Summary Schedule of Prior Year Audit Findings - Federal Year Ended August 31, 2012

PART II – FINANCIAL STATEMENT FINDINGS SECTION

No findings were noted.

Part III—Federal Award Findings and Questioned Costs Section

Finding 11-01—Eligibility

One student's eligibility for Title IV student assistance was inaccurate due to timing of IT data conversion of the student's academic history from an old student system to the new Banner student system. Since all required data has been completely converted, this situation should not repeat.

Finding 11-02—Special Tests and Provisions—Verification

Selected information in Banner for two students did not agree to verification worksheets. During fiscal year 2012 the Vice Chancellor for Student Success directed enhancement of the document tracking procedures to ensure program integrity rules for verification are followed. Banner procedures and controls were reviewed and additional staff training was provided. In May 2012, the Board of Trustees approved outsourcing verification services.

Finding 11-03—Special Tests and Provisions—Return of Title IV Funds

Refunds required for five students were not calculated or returned within 45 days after Alamo Colleges became aware that the student withdrew. The Vice Chancellor for Student Success directed procedures requiring timely processing of student withdrawal records as submitted by faculty. The Student Financial Services department was given access to independently produce listings of withdrawn students for prompt action on return of Title IV funds.

Finding 11-04—Special Tests and Provisions—Enrollment Reporting

Student status changes were processed later than 60 days after the student withdrew or graduated for six students due to incorrect processing of the reports for student status submission. The Center for Student Information, under the direction of the Vice Chancellor for Student Success, now runs updated time status reports prior to each Clearinghouse enrollment transmission to ensure complete and correct status changes are reported for all students. This process is included in written documentation and incorporated in each semester's Clearinghouse refresher training.

Finding 11-05—Special Tests and Provisions—Direct Loan Notification

Supporting documentation was not available for 21 students showing notification within 30 days of crediting the students' accounts in order to notify the students that they had 30 days to cancel all or part of the direct loan. The Vice Chancellor for Student Success directed a notification system be developed and a communications log be maintained to formally notify students by email of their rights regarding direct loans. The notification system and communication log was implemented to impact fall 2012 students.

Finding 11-06—Period of Availability of Federal Funds

Certain expenditures for grants in the WIA Cluster were incurred after the grant funding period end dates and therefore did not relate to the grant period of availability. During 2012 the Vice Chancellor for Finance and Administration directed work to improve period of availability compliance. Processes related to pay authorizations were reviewed with the Human Resources Department, period of availability in the regulations was more thoroughly researched, Grant Accountants were further trained to review closed grants for inappropriate expenses and Grant Program Managers were instructed regarding period of availability relating to federal funds.

Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with Texas Single Audit Circular

Management and the Board of Trustees
Alamo Community College District

Compliance

We have audited the Alamo Community College District's, comprised of San Antonio College, St. Philip's College, Palo Alto College, Northeast Lakeview College, and Northwest Vista College (collectively, the District), compliance with the types of compliance requirements described in the Texas Governor's Office of Budget and Planning, *Uniform Grant Management Standards*, which includes the *State of Texas Single Audit Circular (Texas Single Audit Circular)* that could have a direct and material effect on each of the District's major state programs for the year ended August 31, 2012. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Texas Single Audit Circular*. Those standards and the *Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in Finding 12-S02 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs that are applicable to its Development Education Demonstration Project program. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with the Texas Single Audit Circular and which are described in the accompanying schedule of findings and questioned costs as Findings 12-S01 and 12-S03.

Internal control over compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 12-S02 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 12-S01 and 12-S03 to be significant deficiencies.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

December 18, 2012

**Alamo Community College District
(Comprised of San Antonio College, St. Philip's College, Palo Alto College,
Northeast Lakeview College, and Northwest Vista College)**

**Schedule of State of Texas Findings and Questioned Costs
Year Ended August 31, 2012**

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse or disclaimer):

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

 Yes X No

Significant deficiencies identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

State Awards Section

Internal control over major programs:

Material weakness identified?

 X Yes No

Significant deficiencies identified?

 X Yes None reported

Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Unqualified for all major programs except for
Developmental Education Demonstration Project which
was qualified

Any audit findings disclosed that are required to be reported in accordance with Part IV of the State of Texas Uniform Grant and Contract Standards Act of 1981?

 X Yes No

Identification of major state programs:

Award Number(s)

Name of State Program

06990, 02771

Adult Basic Education Innovation Grant

02771

Developmental Education Demonstration Project

none

Professional Nursing Shortage Reduction Program

none

Texas Grant Initial and Renewal

Dollar threshold used to distinguish between Type A and Type B programs:

\$318,290

Auditee qualified as low-risk auditee?

 X Yes No

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a State of Texas Single Audit.

No findings were noted.

Part III – State of Texas Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Section .510(a) of the State of Texas Uniform Grant Management Standards, Part IV (for example: material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving state awards that are material to a major program.

Finding 12-So1

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| <u>State program information:</u> | <p><u>State awarding agencies:</u> Texas Higher Education Coordinating Board</p> <p><u>State Programs:</u> Adult Basic Education Innovation Grant (ABE-IG) Award Numbers: 06990, 02771</p> <p>Award year: 2011-2012</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | Per the grant agreements, the awardee is required to submit quarterly program reports and annual financial expenditure reports to the Texas Higher Education Coordinating Board (THECB). Reports should agree to accounting records that support the audited financial statements and the Schedule of Expenditures of State Awards and should be accurate and complete. |
| <u>Condition:</u> | The reports submitted to the THECB for the ABE-IG program during the year did not have supporting documentation maintained for the actual expenditures incurred to date. |
| <u>Questioned costs:</u> | \$-0- |
| <u>Context:</u> | For the reports submitted to THECB during the year ended August 31, 2012, the District did not retain supporting documentation of the amounts reported as expended. The District reported anticipated expenditures based on instructions from the THECB, but retained no documentation supporting the amounts reported. The THECB accepted reports prepared and filed as per their instructions. |
| <u>Effect:</u> | Alamo Colleges is not consistently in compliance with state guidelines regarding grant reporting. |
| <u>Cause:</u> | Alamo Colleges' reporting procedures were not followed for these reports. |
| <u>Recommendation:</u> | Alamo Colleges should establish procedures and internal controls to ensure supporting documentation for program reports is maintained. |
| <u>Views of responsible officials and planned corrective actions:</u> | While Alamo Colleges followed the methodology and directions provided by THECB for program reports filed to present projected expenditures, additional training will be provided to grant program managers to require that adequate documentation be maintained that supports program expenditure reports. Implementation date: 2013 Responsible person: Vice Chancellor for Economic and Workforce Development |

Part III – State of Texas Award Findings and Questioned Costs Section (continued)

Finding 12-So2

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| <u>State program information:</u> | <p><u>State awarding agencies:</u> Texas Higher Education Coordinating Board</p> <p><u>State Program:</u> Development Education Demonstration Project (DEDP) Award No: 02771</p> <p>Award year: 2011-2012</p> |
| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>The DEDP and ABE-IG programs were applied for by the District under two separate Requests for Applications but were approved by THECB through one Subrecipient Agreement in the combined amount of \$1,550,000 (\$1,050,000 DEDP and \$500,000 ABE-IG) under P-16 Initiatives – Developmental and Adult Basic Education. According to the Request for Applications for both the DEDP and the ABE-IG grants, sections 9.1.12 and 11.1.8, respectively:</p> <ul style="list-style-type: none"> All awarded applicants must assign a project director at a minimum of 50% time to coordinate all aspects of the project (i.e. reporting, dissemination, DEDP/ABE-IG Advisory Committee activities, faculty development activities, etc.). Applicants are encouraged to employ a full-time project director to oversee all project activities. However, a minimum of 50% time is required for the project director position. The Applicant may allocate up to 5% of the total grant award toward the salary for this position. <p>Alamo Colleges assigned 5% of the total award of \$1,550,000 (\$77,500) to fund the DEDP program director and funded the ABE program director's salary with District (non-grant) funds as a cost-share expenditure.</p> |
| <u>Condition:</u> | Alamo Colleges submitted 100% of the DEDP's program director's salary expenditures as grant expenditures. This amount exceeded 5% of the total award of \$1,550,000 by \$59,167. |
| <u>Questioned costs:</u> | \$59,167 |
| <u>Context:</u> | For DEDP, the director charged 100% of her time to the DEDP grant working in various roles and capacities for the grant. The amount expended for her salary during the grant's two-year period of eligibility (\$136,667) exceeded the allowable 5% of the awarded amount of \$77,500. As the 5% maximum was exceeded in FY12, the questioned costs were incurred in FY12. |
| <u>Effect:</u> | Alamo Colleges was not in compliance with grant requirements regarding maximum program director expenditures allowed for the DEDP program. |
| <u>Cause:</u> | Alamo Colleges charged in excess of the maximum allowable expenditures for program director for the DEDP program. |
| <u>Recommendation:</u> | Alamo Colleges should establish procedures and internal controls to ensure compliance with grant requirements related to allowable costs and program budgets. |
| <u>Views of responsible officials and planned corrective actions:</u> | <p>Alamo Colleges will enhance existing procedures and internal controls to require written grantor approval for contract changes or interpretations and significant budget amendments prior to implementing such changes. Alamo Colleges concurs with the THECB's conclusion that the 5% cap for the director position was exceeded and will return the questioned costs.</p> <p>The nature of the Director's role changed during the grant period as Alamo Colleges moved to implement its organizational philosophy requiring consistency between student success initiatives at each college. The project also successfully surpassed project requirements by developing the project through implementation. Alamo Colleges presented additional information to the THECB supporting the changes.</p> <p>Implementation date: 2013 Responsible person: Vice Chancellor for Academic Affairs</p> |

Part III – State of Texas Award Findings and Questioned Costs Section (continued)

Finding 12-S03

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| <u>State program information:</u> | <p><u>State awarding agencies:</u> Texas Higher Education Coordinating Board</p> <p><u>State Programs:</u> Development Education Demonstration Project (DEDP) Award No: 02771 Nursing Shortage Reduction Program (NSRP) Award Numbers: none</p> <p>Award year: 2011-2012</p> |
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| <u>Criteria or specific requirement (including statutory, regulatory or other citation):</u> | <p>Expenditure Testing- Allowable Costs/Cost Principles</p> <p>According to the State of Texas Uniform Grant Management Standards, Attachment B, Section 11h:</p> <p>Charges to Federal or state awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity. Where employees are expected to work solely on a single Federal or state award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first- hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that meet the following standards:</p> <ul style="list-style-type: none"> (a) They must reflect an after-the-fact distribution of the actual activity of each employee, (b) They must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee and the supervisory official having first- hand knowledge of the work performed by the employee. The employee's signature is not required in the event the employee cannot be reached due to termination of employment, lack of forwarding address, death or other documented reason. |
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| <u>Condition:</u> | <p>For DEDP, six payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p> <p>For NSRP, 21 payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p> |
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| <u>Questioned costs:</u> | \$-0- |
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| <u>Context:</u> | <p>For DEDP, of the 13 payroll related expenditures tested, six payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p> <p>For NSRP, of the 24 payroll related expenditures tested, 21 payroll related expenditures were not supported by timely certifications prepared every semester or at least every six months as required by State of Texas Uniform Grant Management Standards.</p> |
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| <u>Effect:</u> | Alamo Colleges is not consistently in compliance with state guidelines regarding the certification requirements related to grant payroll related expenditures. |
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| <u>Cause:</u> | Alamo Colleges' grant payroll related expenditures procedures were not followed for these expenditures. |
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Part III – State of Texas Award Findings and Questioned Costs Section (continued)

Recommendation:

Alamo Colleges should establish procedures and internal controls to ensure that certifications are prepared timely for all grant payroll-related expenditures.

Views of responsible officials
and planned corrective actions:

While certifications were completed by grant employees, they were not completed timely. Additional training will be provided to grant program personnel covering the requirement that payroll expenditures be supported by grant employee certification every semester or at least every six months as required by the State of Texas Uniform Grant Management Standards. In addition, certifications will be monitored more closely to ensure the certifications are being performed timely and accurately.

Implementation date: 2013

Responsible person: Vice Chancellor for Economic and Workforce Development and President of San Antonio College

ALAMO COMMUNITY COLLEGE DISTRICT

**Summary Schedule of Prior Year Audit Findings - State
Year Ended August 31, 2012**

Part IV – State Award Findings and Questioned Costs Section

No findings were noted.



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