

Austin Community College Compliance Certification Response  
Substantive Change Prospectus  
South Austin Campus

Financial statements indicate that Austin Community College is solvent and that the college experienced no significant fluctuations in revenue or expenses since FY 2003 [\[1, 2, 3\]](#). During the past three years, revenues have increased, on average, by 11.4%, while expenses have increased, on average by 8% per year since FY 2003.

Unrestricted assets have been relatively stable and have averaged \$4 million or 7% of total net assets over the past three years. The year to year change in unrestricted assets has ranged from a high of 16% to 11%, the change experienced in 2005 over the 2004 amount.

ACC receives its funds from three primary sources: state funding, property taxes, and student tuition and fees. Federal grants account for a small percentage of revenue, and those funds can be used for specific purposes only, as defined in the grant guidelines.

Revenues from property taxes have increased over the past few years due to a graduated increase in both the ad valorem tax rate (assessed by ACC's Board of Trustees) and an increase in the assessed value of properties in the district (set independently of the ACC Board), while state appropriations have been reduced due to decreased state funding of employee benefits. Tuition rates, which are also set by the college's Board of Trustees, have increased since FY 2003. In FY 2006, in-district rates remained at the FY 2005 level, while out-of-district and out-

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of-state rates increased by 5.2% and 2.7%, respectively. State appropriations have been declining since 2002 as a percent of total revenue. Property tax and tuition rate increases have partially absorbed the impact made by state reductions.

Finally, the college has been, and continues to be, in compliance with Board Policy G-6 as revised May 3, 2004 [\[4\]](#). The policy requires maintenance throughout the fiscal year of unallocated cash levels of at least 8% of budgeted total annual expenses, plus the amount of accounts payable. The college's cash flows have consistently been sufficient relative to meeting its financial obligations when they come due.