

**CENTRAL TEXAS COLLEGE DISTRICT**

**ANNUAL FINANCIAL REPORT**

**August 31, 2012**

**CENTRAL TEXAS COLLEGE DISTRICT**  
**August 31, 2012**

**ORGANIZATIONAL DATA**

Organizational Data	1
Independent Auditors Report on the Financial Statements and Supplemental Information	2
Management Discussion and Analysis	4

**FINANCIAL STATEMENTS**

Exhibits	
1 - Statement of Net Assets	14
1-A - Statement of Financial Position (discretely presented component unit)	15
2 - Statement of Revenues, Expenses and Changes in Net Assets	16
2-A - Statement of Activities (discretely presented component unit)	17
3 - Statement of Cash Flows	18
Notes to the Basic Financial Statements	19

**SUPPLEMENTAL SCHEDULES**

Schedules	
A Schedule of Operating Revenues	38
B Schedule of Operating Expenses by Object	39
C Schedule of Non-Operating Revenues and Expenses	40
D Schedule of Net Assets by Source and Availability	41
E Schedule of Expenditures of Federal Awards	42
F Schedule of Expenditures of State Awards	44

**AUDITORS' REPORT ON CONTROLS AND COMPLIANCE**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46
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# CENTRAL TEXAS COLLEGE DISTRICT

## Table of Contents, Continued

Independent Auditors' Report 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 and the State of Texas Single Audit Circular	48
--	----

Schedule of Findings and Questioned Costs	50
---	----

### **ADDITIONAL INFORMATION (UNAUDITED)**

#### Schedules

G	Consolidating Statement of Revenues, Expenses and Changes in Net Assets (Unaudited)	53
G-1	Consolidating Statement of Revenues, Expenses and Changes In Net Assets Texas Campuses (Unaudited)	54
G-2	Consolidating Statement of Revenues, Expenses and Changes In Net Assets Continental and International Campuses (Unaudited)	55

**CENTRAL TEXAS COLLEGE DISTRICT**

**ORGANIZATIONAL DATA  
for the Fiscal Year 2012**

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**Board of Trustees**

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<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Mari M. Meyer, Chair	Harker Heights, TX	May, 2013
Elwood H. Shemwell, Vice Chair	Copperas Cove, TX	May, 2013
Charles Rex Weaver, Treasurer	Killeen, TX	May, 2017
Jimmy Towers, Secretary	Killeen, TX	May, 2013
Don R. Armstrong, Member	Killeen, TX	May, 2017
William L. Shine, Member	Harker Heights, TX	May, 2015
Dr. Scott Isdale, Member	Belton, TX	May, 2015

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**Key Officers**

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Thomas D. Klincar, D.A.	Chancellor
Al Erdman	Deputy Chancellor, Resource Management
Jim Yeonopolus	Deputy Chancellor, Continental & International Campus Operations
John Hunt	Deputy Chancellor, Distance Learning & Texas Campus Operations
Dana Watson, Ph.D.	Deputy Chancellor, Educational Programs & Support Services
Bob Liberty	Comptroller



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CERTIFIED PUBLIC ACCOUNTANTS

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American Institute & Texas Society of  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTAL INFORMATION**

Board of Trustees  
Central Texas College District  
Killeen, Texas

We have audited the accompanying financial statements of Central Texas College District (the College), as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

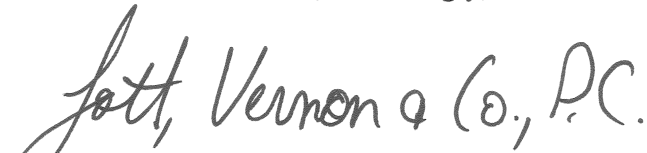
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Texas College District as of August 31, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 taken as a whole. The supplemental schedules (schedules A through D), as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards (schedule E) and schedule of expenditures of state awards (schedule F) are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular, and are also not a required part of the financial statements. The supplemental schedules, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplemental schedules (G, G-1, G-2) marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Temple, Texas  
November 28, 2012

**Central Texas College District  
Annual Financial Report  
Management's Discussion and Analysis  
For the Year Ended August 31, 2012**

This section of the Central Texas College District (the College) annual financial report presents a discussion and analysis of the financial performance of the College during the fiscal year ended August 31, 2012. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting change and current known facts. For management's discussion and analysis, we have presented the previous year's financial information in order to provide a comparison. The financial statements, footnotes and this discussion are the responsibility of management.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". Three primary statements are required: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows.

Financial statements for the College's component unit, the Central Texas College Foundation (the Foundation) are issued independent to those of the College but are presented with the College's basic financial statements.

One of the most important questions asked about the College's finances is whether or not the College's financial position has improved as a result of the year's activities. The key to understanding this question is the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College's net assets are one indicator of its financial health. Over time, increases or decreases in net assets are one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Net Assets includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating.

## **CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and non-capital financing and investing activities.

Required supplementary audited financial information is presented in Schedules A through F. Each of these schedules presents in detail information from the basic financial statements.

Schedules G, G-1 and G-2 are provided to reflect the campus organizational structure of the College. These schedules are not required by GASB and are not audited.

### **FINANCIAL AND ENROLLMENT HIGHLIGHTS**

- Cash and Investments increased approximately \$18 million during the year.
- The College's total assets increased approximately \$17.5 million or 7% during the fiscal year while total liabilities increased approximately \$200 thousand or 1%. This resulted in an increase to net assets of approximately \$17 million or 9%.
- The College continues to perform well in the area of federal contracts. The option years of several contracts were exercised during the fiscal year.
- Distance Education tuition and fees represent \$20 million or 36% of total tuition and fees. Operating revenues clearly reflect military and distance learning initiatives.
- Local ad valorem tax revenues increased slightly as a result of continued construction in the college district.
- The College Board of Trustees maintained the local ad valorem tax rate for maintenance and operation at \$.1409/100 in 2012. The College's tax rate has decreased or remained constant for more than the last two decades.

### **Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net assets - the difference between assets and liabilities - are one way to measure the financial health of the college.



**CENTRAL TEXAS COLLEGE DISTRICT**

## Management's Discussion and Analysis

For the Year Ended August 31, 2012

(In Millions)

	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2010</u>
Current assets:				
Cash and short-term investments	\$ 121.8	\$ 108.8	11.9	\$ 99.6
Receivables	18.5	18.4	.5	20.3
Inventory, prepaid expenses and other	<u>3.7</u>	<u>3.8</u>	<u>(2.6)</u>	<u>3.3</u>
Total current assets	144.0	131.0	9.9	123.2
Non-current assets:				
Restricted Cash	.1	1.4	(92.9)	.8
Long-term investments	14.2	8.0	77.5	7.5
Capital assets, net of depreciation	<u>95.7</u>	<u>96.1</u>	<u>(.4)</u>	<u>86.8</u>
Total non-current assets	<u>110.0</u>	<u>105.5</u>	<u>4.3</u>	<u>95.1</u>
Total assets	<u>254.0</u>	<u>236.5</u>	<u>7.4</u>	<u>218.3</u>
Current liabilities:				
Accounts payable and accrued liabilities	19.3	18.4	4.9	15.5
Deferred revenue	16.1	16.8	(4.2)	15.5
Long-term liabilities - current portion	<u>.3</u>	<u>.3</u>	<u>-</u>	<u>.3</u>
Total current liabilities	35.7	35.5	.6	31.3
Non-current liabilities:				
Long-term liabilities	<u>1.3</u>	<u>1.4</u>	<u>(7.1)</u>	<u>1.4</u>
Total liabilities	37.0	36.9	.3	32.7
Net assets				
Invested in capital assets, net of related debt	95.7	96.0	(.3)	86.8
Restricted	.8	.7	14.3	.7
Unrestricted	<u>120.5</u>	<u>102.9</u>	<u>17.1</u>	<u>98.1</u>
Total net assets	<u>217.0</u>	<u>199.6</u>	<u>8.7</u>	<u>185.6</u>
Total liabilities and net assets	\$ <u>254.0</u>	\$ <u>236.5</u>	<u>7.4</u>	<u>218.3</u>

Cash and investments increased significantly during the fiscal year due to increased revenues over expenditures. The college continues to enforce strict budgetary controls over all expenditures.

## **CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

Federal, state and local statutes require certain net assets be restricted for future use. Other net assets are unrestricted; however, a majority of these net assets have been designated or reserved for specific purposes such as: working capital for instructional programs, future construction projects and reserves for insurance and post retirement benefits.

### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The Statement of Revenues, Expenses and Changes in Net Assets present the operating results of the college, as well as the non-operating revenues and expenses. Annual ad valorem tax revenues, while budgeted for operations, are considered non-operating revenues in GASB 34-35. Additionally, State appropriations, which previously have been classified as operating revenues, were reclassified as non-operating revenues in accordance with directives from the Texas Higher Education Coordinating Board (THECB). This reclassification is designed to align Texas Community College's financial presentation with that of other States.

	(In Millions)			
	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2010</u>
Operating revenue:				
Net tuition and fees	\$ 55.5	\$ 55.2	.5	\$ 50.7
Federal Funds	28.7	28.4	1.1	32.9
Grants and Contracts	2.8	2.6	7.7	2.2
Auxiliary Funds	10.6	10.2	3.9	10.5
Other	<u>1.6</u>	<u>1.8</u>	<u>(11.1)</u>	<u>1.8</u>
Total	99.2	98.2	1.0	98.1
Operating expenses	<u>144.6</u>	<u>148.2</u>	<u>(2.4)</u>	<u>142.7</u>
Net operating loss	<u>(45.4)</u>	<u>(50.0)</u>	<u>(9.2)</u>	<u>(44.6)</u>
Non-operating revenues (expenses)				
State Appropriations	22.7	24.3	(6.6)	24.6
Local ad valorem taxes	11.3	11.0	2.7	10.8
Federal Revenue, Non Operating	28.2	28.3	(.4)	24.2
Investment income	.7	.6	16.7	.7
Other revenues and expenses	<u>(.1)</u>	<u>(.2)</u>	<u>50.0</u>	<u>(.4)</u>
Total	<u>62.8</u>	<u>64.0</u>	<u>(1.9)</u>	<u>59.9</u>
Increase in net assets	17.4	14.0	24.3	15.3
Net assets - Beginning of year	<u>199.6</u>	<u>185.6</u>	<u>7.5</u>	<u>170.3</u>
Net assets - End of year	\$ <u>217.0</u>	\$ <u>199.6</u>	<u>8.7</u>	\$ <u>185.6</u>

**CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

**OPERATING EXPENSES (by functional classification)**

(In Millions)

	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2010</u>
Instruction	\$ 53.1	\$ 58.6	(9.4)	\$ 59.1
Public service	1.4	1.3	7.7	1.5
Academic support	9.0	9.0	-	8.9
Student services	12.3	11.1	10.8	11.5
Institutional support	18.1	18.2	(.5)	16.9
Operation and maintenance of plant	7.5	7.3	2.7	9.4
Depreciation	3.5	3.4	2.9	3.2
Scholarships and related expenses	30.0	29.9	.3	22.5
Auxiliary activities	<u>9.7</u>	<u>9.4</u>	<u>3.2</u>	<u>9.7</u>
Total Expenses	\$144.6	\$148.2	(2.4)	\$ 142.7

**OPERATING EXPENSES (by natural classification)**

(In Millions)

	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2010</u>
Salaries and wages	\$ 65.5	\$ 65.2	.5	\$ 66.7
State Benefits	2.8	4.4	(36.4)	4.4
Local Benefits	12.8	12.2	4.9	11.0
Scholarships and related expenses	29.9	29.9	-	22.5
Supplies and related expenses	30.1	33.1	(9.1)	34.9
Depreciation	<u>3.5</u>	<u>3.4</u>	<u>2.9</u>	<u>3.2</u>
	\$ 144.6	\$148.2	(2.4)	\$ 142.7

## **CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

Salaries and wages, which clearly represent the largest operating expense, remained fairly consistent with the previous fiscal year. The decrease in state benefits is due to the decrease in state appropriations for both insurance and retirement for state eligible employees. The college's burden for health insurance and retirement for state eligible employees continues to skyrocket as state funding continues to fall short of actual expenditures. Supplies and related expenses decreased primarily due to the termination of an agreement with a third party provider for educational services at one of our Continental locations.

### **STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the college's ability to generate net cash flows, its ability to meet its obligations as they come due and its need for external financing.

(In Millions)

	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2010</u>
Cash provided by (used in):				
Operating activities	\$(41.3)	\$(39.2)	5.4	\$ (38.5)
Non-capital financing activities	61.5	61.7	(.3)	50.9
Capital and related financing activities	(3.1)	(12.8)	(75.8)	(13.4)
Investing activities	<u>(14.4)</u>	<u>.2</u>	<u>7300.0</u>	<u>15.5</u>
Net increase (decrease) in cash	2.7	9.9	(72.7)	14.5
Cash - beginning of year	<u>102.3</u>	<u>92.4</u>	<u>10.7</u>	<u>77.9</u>
Cash - end of year	\$105.0	\$102.3	2.6	\$ 92.4

Cash flows from operating activities represents the difference in the incoming and outgoing cash for all educational operations while cash flows from non-capital financing activities represents the collections from local ad valorem taxes, State appropriations and federal, non operating revenue.

Cash flows from capital and related financing activities represent's the cash paid to contractors during the year for construction projects and for the purchase of other capital assets. The decrease in cash used was due to no additional buildings being constructed during the fiscal year only renovations to existing buildings. This is a large departure from the previous fiscal year when two new buildings were under construction.

## **CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

Cash flows for investing activities increased significantly during the year compared to the previous year. This was a result of increasing the college's positions in bonds during the year versus shifting from bonds to certificates of deposits as was done in the previous year. This was done to due to increased rates on bonds and for diversification in investment types.

### **THE YEAR IN REVIEW**

The College's overall financial position is very strong, finishing the year with far and away the best performance in the history of the College. This is attributed to the thousands of employees who work not only on our Texas campuses but at every one of the over 140 locations across the United States and worldwide, where Central Texas College operates in a variety of challenging and potentially dangerous environments.

During the year facilities at the Texas campus expanded again with Texas Agricultural and Mechanical University— Central Texas (TAMU-CT) vacating Building 136. College facilities' staff began renovating the building and moving eight departments from the core of campus to new surroundings, allowing more room for support and instructional departments, as well as the reclamation and addition of 10 new classrooms. Renovation of the Student Center was also initiated, again using College facilities' staff, to expand dramatically the Culinary Arts program, provide larger and more visible space for the Student Lounge, and provide room for much needed growth for Academic Studio.

Along with the expansion in Texas campus facilities, enrollment remained strong, despite an increase in tuition rates. This increase was used to offset yet another reduction in state funding, the final year of the current biennium.

In March and April 2012, our faculty and staff participated in a nationwide survey conducted by The Chronicle for Higher Education as part of their 2012 Great Colleges to Work For program. For the third straight year, Central Texas College was recognized on the Honor Roll for job satisfaction/support, facilities, pride and professional development. Truly, the most critical component of CTC's success is its people, and they agree that CTC is a great place to work.

## **CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

### **LOOKING AHEAD**

CTC's ability to remain competitive in rapidly changing traditional and military education markets is key to remaining a leader in both arenas. Competition for students will continue to be a major challenge, especially for military students. No other single college or university, for-profit or non-profit, can offer the face-to-face educational experience that CTC can offer worldwide. Likewise, our on line programs continue to grow, allowing students to learn at their own pace.

At our Texas campus, facilities will be critical to CTC's success. Ground was broken in October for a new Facilities Management Complex to replace a 38 year old building that was originally sized to support a much smaller operation than we possess today. In Spring 2013, we will begin design for a new Student Success/One-Stop Building that will, for the first time in the history of the College, bring student registration, advising/counseling, testing and cashiering functions together under one roof.

At our worldwide campuses, the challenges and opportunities will be many in the upcoming year. A new worldwide Memorandum of Understanding is anticipated in January 2013. One of the more challenging requirements will require us to be licensed by the state government in which educational services are provided.

Another challenge facing CTC is the reduction in available funding for Voluntary Education by each of the branches of service. We will have to examine carefully our projected revenue and expenses at every site and our contracts for the Navy, Pacific Far East and Europe. Currently the contract that supports the educational and educational support services in Europe and sites downrange will end in July 2013, and currently there is no new solicitation for bid. While we anticipate one will be forthcoming, we must prepare backup plans in case none is issued. Additionally, the European Campus headquarters must relocate within this time frame as the base we are currently on will be closing. The contracts for Navy and Pacific Far East will both end in 22 months, and we're hearing that available funding for these programs will be reduced. All indications lead us to believe there will be a Voluntary Education program for the service members but at a drastically reduced funding level.

New initiatives will benefit all operations. In Fall 2012, a marketing and branding study was initiated with Richards/Carlberg that will result in a new logo for the college as well as a dramatic new marketing campaign to solidify CTC's local and worldwide presence. A strategic planning contract was also signed with MGT of America to define and build consensus on College direction and strategy. This effort will kick off in the Fall and wind up in Spring 2013.

Of course, as always, we will be faced with continuing challenges in the area of state funding. While the Legislative Budget Board has asked for a sizable increase in the next biennium, that

**CENTRAL TEXAS COLLEGE DISTRICT**

Management's Discussion and Analysis

For the Year Ended August 31, 2012

request has yet to go through the full state budget process and will, most likely, be reduced yet again. As we evaluate our options, our focus will continue to be providing an affordable, accessible, quality education for our students, no matter where they are: here in Texas, across the United States, or around the world.

## **FINANCIAL STATEMENTS**



**CENTRAL TEXAS COLLEGE DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2012 and AUGUST 31, 2011**

**Exhibit 1**

<b>ASSETS</b>	<b>FISCAL YEAR</b>		<b>FISCAL YEAR</b>	
	<b>2012</b>		<b>2011</b>	
<b>Current Assets</b>				
Cash and Cash Equivalents	\$	104,900,141	\$	100,864,699
Short Term Investments		16,971,648		7,975,171
Accounts Receivable (net)		18,479,687		18,377,414
Inventories		3,059,706		2,985,085
Prepaid Expenses		626,206		795,357
<b>Total Current Assets</b>		<u>144,037,388</u>		<u>130,997,726</u>
<b>Noncurrent Assets</b>				
Restricted Cash and Cash Equivalents		119,378		1,400,849
Other Long-Term Investments		14,126,100		7,996,500
Notes Receivable		30,900		22,478
Capital Assets (net) (See Note 6)		95,723,859		96,075,921
<b>Total Noncurrent Assets</b>		<u>110,000,237</u>		<u>105,495,748</u>
<b>Total Assets</b>		<u>254,037,625</u>		<u>236,493,474</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable		3,567,088		4,436,226
Accrued Liabilities		15,150,637		13,383,684
Accrued Compensable Absenses-Current Portion		322,840		340,081
Funds Held for Others		621,877		531,473
Deferred Revenues		16,086,004		16,800,777
<b>Total Current Liabilities</b>		<u>35,748,446</u>		<u>35,492,241</u>
<b>Noncurrent Liabilities</b>				
Accrued Compensable Absenses		1,291,360		1,360,325
<b>Total Noncurrent Liabilities</b>		<u>1,291,360</u>		<u>1,360,325</u>
<b>Total Liabilities</b>		<u>37,039,806</u>		<u>36,852,566</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt		95,723,859		96,075,921
Restricted for:				
Scholarships and Grants		810,169		676,122
Unrestricted		120,463,791		102,888,865
<b>Total Net Assets (Schedule D)</b>		<u>216,997,819</u>		<u>199,640,908</u>
<b>Total Liabilities and Net Assets</b>	\$	<u>254,037,625</u>	\$	<u>236,493,474</u>

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

**CENTRAL TEXAS COLLEGE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2012**

**Exhibit 1 - A**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>Assets</b>				
Cash & Cash Equivalents	\$ 35,231	\$ 77,196	\$ 26,845	\$ 139,272
Investments		720,567	3,762,036	4,482,603
CSV - Life Insurance		91,583		91,583
<b>Total Assets</b>	<u>35,231</u>	<u>889,346</u>	<u>3,788,881</u>	<u>4,713,458</u>
<b>Liabilities</b>				
Accounts Payable		14,600	101,270	115,870
<b>Total Liabilities</b>		<u>14,600</u>	<u>101,270</u>	<u>115,870</u>
<b>Net Assets</b>				
Unrestricted	35,231			35,231
Temporarily Restricted		874,746		874,746
Permanently Restricted			3,687,611	3,687,611
<b>Total Net Assets</b>	<u>35,231</u>	<u>874,746</u>	<u>3,687,611</u>	<u>4,597,588</u>
<b>Total Liabilities and Net Assets</b>	\$ <u>35,231</u>	\$ <u>889,346</u>	\$ <u>3,788,881</u>	\$ <u>4,713,458</u>

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

**CENTRAL TEXAS COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Years Ended August 31, 2012 and August 31, 2011**

**Exhibit 2**

	<u>FISCAL YEAR 2012</u>	<u>FISCAL YEAR 2011</u>
<b>Operating Revenues</b>		
Tuition and Fees (net of discounts of \$7,964,558 and \$8,146,833, respectively)	\$ 55,520,591	\$ 55,219,698
Federal Grants and Contracts	28,685,699	28,434,525
State Grants and Contracts	713,525	855,888
Non-Governmental Grants and Contracts	2,092,748	1,739,084
Sales of Services of Educational Activities	402,556	556,531
Auxiliary Enterprises ( net of discounts)	10,596,580	10,219,284
General Operating Revenues	<u>1,177,559</u>	<u>1,211,988</u>
<b>Total Operating Revenues (Schedule A)</b>	<u>99,189,258</u>	<u>98,236,998</u>
<b>Operating Expenses</b>		
Instruction	53,066,577	58,545,396
Public Service	1,421,069	1,315,390
Academic Support	8,966,668	8,988,451
Student Services	12,363,879	11,130,144
Institutional Support	18,097,470	18,233,169
Operation and Maintenance of Plant	7,501,308	7,279,584
Scholarships and Fellowships	30,034,335	29,886,446
Auxiliary Enterprises	9,679,263	9,365,013
Depreciation	<u>3,468,399</u>	<u>3,432,376</u>
<b>Total Operating Expenses (Schedule B)</b>	<u>144,598,968</u>	<u>148,175,969</u>
<b>Operating Loss</b>	<u>(45,409,710)</u>	<u>(49,938,971)</u>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriations	22,687,206	24,277,218
Maintenance Ad Valorem Taxes	11,314,027	10,954,001
Federal Revenue, Non Operating	28,224,998	28,317,388
Investment Income	705,522	582,191
Interest on Capital Related Debt		
Other Non-Operating Revenues (Expenses)	<u>(165,132)</u>	<u>(198,067)</u>
<b>Net Non-Operating Revenues (Schedule C)</b>	<u>62,766,621</u>	<u>63,932,731</u>
<b>Increase in Net Assets</b>	<u>17,356,911</u>	<u>13,993,760</u>
<b>Net Assets</b>		
Net Assets - Beginning of Year	199,640,908	185,647,148
<b>Net Assets - End of Year</b>	<u>\$ 216,997,819</u>	<u>\$ 199,640,908</u>

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

**CENTRAL TEXAS COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2012**

**Exhibit 2-A**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Revenues, Gains and Other Support				
Contributions	\$ 40,659	\$ 489,425	\$ 98,315	\$ 628,399
Donated Administrative Support	192,631			192,631
Interest Income		2,706	62,832	65,538
Unrealized/Realized Gains(Loss) on Investment		3,005	245,896	248,901
Other Income		3,844	8,226	12,070
Total Revenues, Gains, Other Support	<u>233,290</u>	<u>498,980</u>	<u>415,269</u>	<u>1,147,539</u>
Expenses				
Program				
Scholarships Awarded		60,734	101,570	162,304
Support				
College Support		95,362		95,362
Fund Raising	21,727		600	22,327
Donated Administrative Support	192,631			192,631
Total Expenses	<u>214,358</u>	<u>156,096</u>	<u>102,170</u>	<u>472,624</u>
Changes in Net Assets	18,932	342,884	313,099	674,915
Net Assets at Beginning of Period	69,461	478,700	3,374,512	3,922,673
Transfers	<u>(53,162)</u>	<u>53,162</u>		
Net Assets at End of Period	\$ <u>35,231</u>	\$ <u>874,746</u>	\$ <u>3,687,611</u>	\$ <u>4,597,588</u>

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

**CENTRAL TEXAS COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
Years Ended August 31, 2012 and August 31, 2011**

**Exhibit 3**

	<b>Fiscal Year 2012</b>	<b>Fiscal Year 2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 52,207,630	\$ 54,014,310
Receipts from grants and contracts	32,231,854	35,139,186
Payments to suppliers for goods and services	(30,133,129)	(32,136,492)
Payments to or on behalf of employees	(78,996,161)	(79,236,288)
Payments for scholarships and fellowships	(29,954,603)	(29,814,844)
Payments for loans issued to students	(41,804)	(37,328)
Receipts from collection of loans to students	34,118	34,550
Other receipts (payments)	13,422,230	12,743,752
Net cash (used) by operating activities	<u>(41,229,865)</u>	<u>(39,293,154)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	21,981,312	23,125,852
Receipts from Ad valorem taxes	11,314,027	10,954,001
Receipts from non operating federal revenue	28,300,117	27,299,371
Payments for collection of taxes	(164,115)	(173,782)
Receipts from student organizations and other agency transactions	16,238,508	11,272,098
Payments to student organizations and other agency transactions	(16,148,105)	(10,781,589)
Other receipts (payments)	328	917
Net cash provided (used ) by non-capital financing activities	<u>61,522,072</u>	<u>61,696,868</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from the sale of capital assets	146,859	237,718
Purchases of capital assets	(3,264,540)	(12,993,186)
Net cash provided (used) by capital and related financing activities	<u>(3,117,681)</u>	<u>(12,755,468)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	33,750,194	39,494,556
Receipts from interest on investments	705,522	582,191
Purchases of investments	(48,876,271)	(39,858,777)
Net cash provided (used) by investing activities	<u>(14,420,555)</u>	<u>217,970</u>
Increase (decrease) in cash and cash equivalents	<u>2,753,971</u>	<u>9,866,216</u>
Cash and cash equivalents-September 1	102,265,548	92,399,332
Cash and cash equivalents-August 31	<u>\$ 105,019,519</u>	<u>\$ 102,265,548</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (45,409,710)	\$ (49,938,971)
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation expense	3,468,399	3,432,376
Payments made directly by state for benefits	705,894	1,151,366
Changes in assets and liabilities		
Receivables (net)	(177,392)	2,931,705
Inventories	(74,621)	(13,319)
Prepaid expenses	169,152	(490,655)
Accounts payable	(869,137)	443,530
Accrued liabilities	1,766,953	1,909,485
Compensated absences	(86,207)	(22,760)
Deferred revenues	(714,773)	1,307,977
Other Assets	(8,423)	(3,888)
Net cash provided (used) by operating activities	<u>\$ (41,229,865)</u>	<u>\$ (39,293,154)</u>

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

**CENTRAL TEXAS COLLEGE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2012**

**1. Reporting Entity**

The Central Texas College District (CTCD) was established in July, 1965, in accordance with the laws of the State of Texas, to serve the educational needs of the public and the surrounding communities. CTCD is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While CTCD 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.

**Institutions:**

At August 31, 2012, CTCD is composed of two institutions and is organized by campuses.

**Central Texas College** - (CTC) - is a two-year community college accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) to offer associate degrees and certificates of completion. CTC offers instructional programs that include traditional university parallel courses, online courses and degrees, one-year and two-year occupational education and technology programs, general education courses, dual credit programs with area high schools, developmental (remedial) studies, non-credit continuing education courses, literacy education, and workforce development training. In addition, CTC provides comprehensive student developmental services that assist students in defining goals, identifying abilities and interests, and the selection of an appropriate course of study to prepare for the future.

**American Preparatory Institute** - (API) - is accredited by the Commission on Secondary Schools of the Southern Association of Colleges and Schools to provide pre-secondary and secondary education as well as high school diplomas. API provides a complete curriculum development support staff to provide and maintain materials in basic skills, high school diploma and related programs. It provides the opportunity for adults; both civilian and military, beyond normal public school age to earn a high school diploma from a state and regionally accredited institution. Other API programs include a basic skills education program, pre-college/post high school refresher courses, and special courses.

### **Texas Campuses:**

**The Texas Campuses** include the "Central Campus" at Killeen, Texas, the "Fort Hood/Service Area Campus" on the Fort Hood Reservation and the Service Area which includes an eleven county area as defined by the Texas Higher Education Coordinating Board. Administrative services, student services and other types of activities associated with a more traditional junior college campus as well as distance learning are all part of the Texas Campuses. These include a testing center, career guidance, counseling and registration centers, and the primary library facility.

The Fort Hood/Service Area Campus headquarters is located in facilities on the Fort Hood military installation. Registration, counseling and guidance, and associated types of activities are provided. In addition to serving students who live in rural and isolated small farming communities, the Service Area student population includes men and women who are incarcerated at the Texas Department of Criminal Justice - Institutional Division in Gatesville and San Saba.

The Fort Hood/Service Area Campus assists students in the transition from: high school to college, high school to technical vocational skills training and high school to gainful employment. In addition, programs in computer literacy and upgrading of basic skills are also provided.

The Texas Campuses conduct programs which are eligible for state funding.

### **Continental and International Campuses:**

**The Navy Campus** provides an educational program which includes a full range of academic support courses, technical/vocational education courses and specialized courses of training and instruction as requested by the U.S. Navy.

Programs and services provided by this campus include ships of the Atlantic and Pacific fleets wherever they are located in the performance of their mission, selected ashore ports and other designated Navy stations. In addition, this campus supervises all federal and state prison programs outside the State of Texas.

**The Continental Campus** provides an educational program which includes a full range of academic support courses, technical/vocational educational courses, specialized courses of training and instruction as requested by U.S. Army, Navy, Air Force, and Marine Corps installations, including non-credit vocational/technical education and Military Occupational Specialty (MOS) and MOS-Related programs and associated support activities. The geographic area in which services are provided by this campus includes all U.S. military installations in the Continental United States including Alaska and Hawaii. In addition, this campus administers college leadership courses to Air Force Reserve personnel at all locations throughout the United States.

**The Europe Campus** has its headquarters on a U.S. Army military installation in Mannheim, Germany. The Europe Campus provides an educational program which includes a full range of academic support courses, technical/vocational educational courses, specialized courses of training and instruction, MOS and MOS-related programs, and associated support activities. The geographic area in which services are provided by this campus presently includes U.S. military installations in Germany, Italy, Greece, Turkey, United Kingdom, Iceland, Azores, Spain, Belgium, the Sinai, Bosnia, Afghanistan, Djibouti, Egypt, Kosovo, Kuwait, Saudi Arabia, Uzbekistan, Iraq and Qatar.

**The Pacific Far East Campus** has its headquarters on a U.S. Air Force installation in Yokota, Japan. The Pacific Far East Campus provides an educational program which includes functional skills, technical/vocational education courses, specialized courses of training and instruction as requested by the U.S. Navy, U.S. Marine Corps Pacific, U.S. Forces Korea, Eighth U.S. Army, and Pacific Air Force, including non-credit technical/vocational education. The geographic area served by this campus includes U.S. military installations in Japan, Korea, Okinawa, Diego Garcia and Guam.

Collectively, the Navy, Continental, Europe and Pacific Far East Campuses comprise the Continental and International Campuses of CTCD. Programs and services are provided on a contractual basis or by memorandum of understanding.

## **2. Summary of Significant Accounting Policies**

### **Reporting Guidelines**

The significant accounting policies followed by CTCD 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*. CTCD applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. CTCD has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. CTCD is reported as a special purpose government engaged in business-type activities.

### **Tuition Discounting**

#### **Texas Public Education Grants**

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.



#### Title IV, Higher Education Act Program Funds

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

#### Other Tuition Discounts

CTCD awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

#### **Basis of Accounting**

The financial statements of CTCD 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 budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library and Governor's Office of Budget and Planning by December 1.

#### **Cash and Cash Equivalents**

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

#### **Investments**

In accordance with GASB Statement No 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 have an original maturity of greater than one year at the time of purchase.

#### **Inventories**

Inventories consist of consumable office supplies, physical plant supplies and bookstore stock. Inventories are valued by the first in, first out method and are charged to expense as consumed.

## **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, CTCD's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovations of \$100,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

## **Deferred Revenue**

Tuition and fees of \$16,086,004 and \$16,800,777 have been reported as deferred revenues at August 31, 2012 and August 31, 2011 respectively.

## **Related Intra-District Transactions**

In order to provide effective and efficient operation and management of the various operating units and campuses of CTCD, policy, executive direction, and administrative control functions are performed by the Central Texas College Systems. Each campus shares the cost of operation of this administrative function.

Similarly, each Continental and International Campus shares the administrative costs associated with the operation of a specific educational program at that campus.

## **Contractual Services**

Substantially all training programs and other services under contractual agreements with various U.S. military and other organizations are accounted for as operating revenues. All such activity conducted by CTCD is paid on a reimbursement basis in that CTCD presents claims for payment after services have been provided. Most of these contracts include separate funding of indirect costs.

Expenditures made under certain contractual arrangements are accounted for as operating expenses. Excess revenues or expenditures from such activities, indirect cost recoveries, and any receivables related to services which have been provided as of the net asset date are included in operations.

### **Reclassifications**

Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's financial statements.

### **Estimates**

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

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

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of food service is not performed by the College.

### **3. Authorized Investments**

The Central Texas College District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The Board of Trustees of Central Texas College District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the College District are in compliance with the Trustees' investment policies. In addition, there were no instances of non-compliance with regards to the Public Funds Investment Act.

### **4. Deposits and Investments**

Cash and Deposits included and reported on Exhibit 1, Statement of Net Assets; consist of the items reported below:

## Cash and Deposits

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Bank Deposits		
Demand Deposits	\$ <u>6,068,955</u>	\$ <u>1,562,131</u>
	6,068,955	1,562,131
Cash and Cash Equivalents		
Petty Cash on Hand	22,645	25,420
Certificates of Deposit	58,500,000	58,051,362
Tex Pool	26,004,407	26,718,936
Tex Star	3,202,032	2,698,805
Texas Term	11,159,040	13,147,794
Corporate Stock	<u>62,440</u>	<u>61,100</u>
	98,950,564	100,703,417
Total Cash and Deposits	<u>\$105,019,519</u>	<u>\$102,265,548</u>

## Reconciliation of Deposits and Investments to Exhibit 1

	<u>Market Value</u> <u>August 31, 2012</u>	<u>Market Value</u> <u>August 31, 2011</u>
U.S. Government Securities	\$ 14,126,100	\$ 7,996,500
Commercial Paper	<u>16,971,648</u>	<u>7,975,171</u>
Totals	31,097,748	15,971,671
Total Cash and Deposits	105,019,519	102,265,548
Total Investments	<u>31,097,748</u>	<u>15,971,671</u>
Total Deposits and Investments	<u>136,117,267</u>	<u>118,237,219</u>
Cash and Cash Equivalents (Exhibit 1)	104,900,141	100,864,699
Restricted Cash (Exhibit 1)	119,378	1,400,849
Investments (Exhibit 1)	<u>31,097,748</u>	<u>5,971,671</u>
Total Deposits and Investments	<u>\$136,117,267</u>	<u>\$ 118,237,219</u>

### Reconciliation of Deposits and Investments to Exhibit 1-A

	Market Value <u>August 31, 2012</u>	Market Value <u>August 31, 2011</u>
Uncategorized Investments		
Common Fund - Bond Fund	\$ 1,145,964	\$ 1,046,211
Common Fund - Equity Fund	2,392,944	2,029,657
Common Fund - Fixed Income	654,408	520,568
Common Fund - Real Estate Securities Fund	<u>289,287</u>	<u>241,757</u>
Totals	4,482,603	3,838,193
Total Cash and Deposits	139,272	271,795
Total Investments	<u>4,482,603</u>	<u>3,838,193</u>
Total Deposits and Investments	<u>4,621,875</u>	<u>4,109,988</u>
Cash and Cash Equivalents (Exhibit 1-A)	139,272	271,795
Investments (Exhibit 1- A)	<u>4,482,603</u>	<u>3,838,193</u>
Total Deposits and Investments	\$ <u>4,621,875</u>	\$ <u>4,109,988</u>

As of August 31, 2012 CTCD had the following investments and maturities:

	Investment Maturities (in Years)			
	Fair Value	Less than 1	1 to 2	2 to 3
U.S. Government Securities	\$ 14,126,100	\$	\$ 7,119,500	\$ 7,006,600
Commercial Paper	<u>16,971,648</u>	<u>16,971,648</u>		
Total Fair Value	<u>\$ 31,097,748</u>	<u>\$ 16,971,648</u>	<u>\$ 7,119,500</u>	<u>\$ 7,006,600</u>

**Interest Rate Risk** In accordance with state law and CTCD policy, CTCD does not purchase any investments with maturities greater than 10 years.

**Credit Risk** In accordance with state law and CTCD's investment policy investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

**Concentration of Credit Risk** CTCD does not place a limit on the amount that may be invested in any one issuer. More than 5% of CTCD's investments are in FCAR Owner Trust Commercial Paper (29%), Toyota Motor Credit Commercial Paper (26%), FHLB (20%) and

FNMA (23%).

## 5. Derivatives

None

## 6. Capital Assets

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

	<u>Balance as of</u> <u>September 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of</u> <u>August 31, 2012</u>
<u>Not Depreciated:</u>				
Land	\$ 896,168			896,168
Construction in Progress	<u>25,193,246</u>	<u>761,492</u>	<u>24,904,313</u>	<u>1,050,425</u>
Subtotal	<u>26,089,414</u>	<u>761,492</u>	<u>24,904,313</u>	<u>1,946,593</u>
<u>Buildings and Other</u>				
<u>Capital Assets:</u>				
Buildings	89,367,106	26,515,213		115,882,319
Land Improvements	<u>9,636,104</u>	_____	_____	<u>9,636,104</u>
Total Buildings and Other				
Real Estate Improvements	99,003,210	26,515,213		125,518,423
Library Books	2,255,537	74,265	143,653	2,186,149
Furniture, Machinery, Vehicles, & Other Equipment	9,149,816	251,687	117,533	9,283,970
Telecommunications & Peripheral Equipment	<u>8,557,928</u>	<u>566,196</u>	<u>334,893</u>	<u>8,789,231</u>
Total Buildings and Other Capital Assets	<u>118,966,491</u>	<u>27,407,361</u>	<u>596,079</u>	<u>145,777,773</u>
<u>Accumulated Depreciation:</u>				
Buildings	(30,818,573)	(1,651,135)		(32,469,708)
Land Improvements	<u>( 3,709,005)</u>	<u>( 425,335)</u>	_____	<u>( 4,134,340)</u>
Total Buildings and Other				
Real Estate Improvements	(34,527,578)	(2,076,470)		(36,604,048)
Library Books	( 2,012,745)	( 47,665)		( 2,060,410)
Furniture, Machinery, Vehicles & Other Equipment	( 5,866,250)	( 650,633)	112,983	(6,403,900)
Telecommunications & Peripheral Equipment	<u>( 6,573,411)</u>	<u>( 693,631)</u>	<u>334,893</u>	<u>( 6,932,149)</u>
Total Accumulated Depr	<u>(48,979,984)</u>	<u>(3,468,399)</u>	<u>447,876</u>	<u>(52,000,507)</u>
Net Capital Assets	\$ <u>96,075,921</u>	<u>24,700,454</u>	<u>(25,052,516 )</u>	<u>95,723,859</u>

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

	<u>Balance as of</u> <u>September 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as of</u> <u>August 31, 2011</u>
<u>Not Depreciated:</u>				
Land	\$ 896,168			896,168
Construction in Progress	<u>14,489,472</u>	<u>11,204,660</u>	<u>500,886</u>	<u>25,193,246</u>
Subtotal	<u>15,385,640</u>	<u>11,204,660</u>	<u>500,886</u>	<u>26,089,414</u>
<u>Buildings and Other</u>				
<u>Capital Assets:</u>				
Buildings	89,210,588	156,518		89,367,106
Land Improvements	<u>9,126,010</u>	<u>510,094</u>		<u>9,636,104</u>
Total Buildings and Other				
Real Estate Improvements	98,336,598	666,612		99,003,210
Library Books	2,380,540	62,820	187,823	2,255,537
Furniture, Machinery, Vehicles, & Other Equipment	8,732,364	818,635	401,183	9,149,816
Telecommunications & Peripheral Equipment	<u>8,082,055</u>	<u>741,344</u>	<u>265,471</u>	<u>8,557,928</u>
Total Buildings and Other Capital Assets	<u>117,531,557</u>	<u>2,289,411</u>	<u>854,477</u>	<u>118,966,491</u>
<u>Accumulated Depreciation:</u>				
Buildings	(29,210,600)	(1,608,493)	520	(30,818,573)
Land Improvements	<u>( 3,290,047)</u>	<u>( 418,958)</u>		<u>( 3,709,005)</u>
Total Buildings and Other				
Real Estate Improvements	(32,500,647)	(2,027,451)	520	(34,527,578)
Library Books	( 1,953,163)	( 59,582)		( 2,012,745)
Furniture, Machinery, Vehicles & Other Equipment	( 5,567,548)	( 624,269)	325,567	(5,866,250)
Telecommunications & Peripheral Equipment	<u>( 6,117,808)</u>	<u>( 721,074)</u>	<u>265,471</u>	<u>( 6,573,411)</u>
Total Accumulated Depr	<u>(46,139,166)</u>	<u>(3,432,376)</u>	<u>591,558</u>	<u>(48,979,984)</u>
Net Capital Assets	\$ <u>86,778,031</u>	<u>10,061,695</u>	<u>( 763,805 )</u>	<u>96,075,921</u>

## 7. Long-term Liabilities

Long-term liability activity for the year ended August 31, 2012 was as follows:

	<u>Balance</u> <u>September 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31, 2012</u>	<u>Current</u>
Accrued compensable absences	<u>1,700,406</u>	<u>45,755</u>	<u>131,961</u>	<u>1,614,200</u>	<u>322,840</u>
Total Long-term liabilities	\$ <u>1,700,406</u>	<u>45,755</u>	<u>131,961</u>	<u>1,614,200</u>	<u>322,840</u>

Long-term liability activity for the year ended August 31, 2011 was as follows:

	<u>Balance</u> <u>September 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31, 2011</u>	<u>Current</u>
Accrued compensable absences	<u>1,723,166</u>	<u>71,066</u>	<u>93,826</u>	<u>1,700,406</u>	<u>340,081</u>
Total Long-term liabilities	\$ <u>1,723,166</u>	<u>71,066</u>	<u>93,826</u>	<u>1,700,406</u>	<u>340,081</u>

**8. Debt and Lease Obligations**

None.

**9. Bonds Payable**

None.

**10. Advance Refunding Bonds**

None.

**11. Defeased Bonds Outstanding**

None.

**12. Short - Term Debt**

None.

**13. Employees' Retirement Plan**

The State of Texas has joint contributory retirement plans for almost all of its employees.

**Teacher Retirement System of Texas**

*Plan Description.* The CTCD contributes to the Teacher Retirement System of Texas (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 of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state 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](http://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 state 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% 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 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 6.4% for fiscal years 2012 and 2011 and a state contribution rate of 6% for fiscal year 2012 and 6.664% for fiscal year 2011. In certain instances the reporting district is required to make all or a portion of the state's 6% contribution for fiscal year 2012 and 6.664% for fiscal year 2011.

### **Optional Retirement Plan**

*Plan Description.* Participation in the ORP is in lieu of participation in the TRS. The ORP 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 percentage of participant salaries currently contributed by the state and each participant are 6 and 6.65%, respectively. CTCD contributes 2.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the CTCD was \$1,189,506 and \$1,692,648 for the fiscal years ended August 31, 2012 and August 31, 2011 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of CTCD.

The total payroll for all College employees was \$65,504,449 and \$65,203,914 for fiscal years 2012 and 2011, respectively. The total payroll of employees covered by the Teacher Retirement System was \$38,113,509 and \$37,416,047 and the total compensation of employees covered by the Optional Retirement System was \$8,866,046 and \$9,484,396 for fiscal years 2012 and 2011, respectively.

Additionally, substantially all employees of CTCD participate in a defined contribution pension program which is subject to the provisions of the Employment Retirement Income Security Act of 1974, as amended. Participating employees are required to contribute 6% of covered compensation, while CTCD contributes 7%. Total employer contributions made by CTCD during the years ending August 31, 2012 and 2011 were \$2,593,113 and \$2,690,605 respectively.

In July 1991, CTCD implemented a supplemental retirement program to comply with the Omnibus Budget Reconciliation Act of 1990. All part-time employees are required to contribute 3.75% of covered compensation while CTCD contributes 3.75%. Total employer contributions made by CTCD during the year ending August 31, 2012 and 2011, were \$505,418 and \$516,152 respectively.

#### **14. Deferred Compensation Program**

College 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. As of August 31, 2012, the CTCD had no employees participating in the program and no payroll deductions had been invested in approved plans.

#### **15. Compensable Absences**

Full-time employees earn annual leave from .83 to 2.08 days per month depending on the number of years employed with the CTCD. CTCD's policy is that an employee may carry their accrued leave forward from one fiscal year to another fiscal year with a maximum number of days up to 50 for those employees with 20 or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. CTCD recognized the accrued liability for the unpaid annual leave in the amounts of \$1,614,200 and \$1,700,406 for fiscal year 2012 and fiscal year 2011. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work from illness. Employees are not entitled to payment for accumulated sick leave upon termination. CTCD's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave is minimal.

#### **16. Pending Lawsuits and Claims**

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

CTCD's contracts with the U.S. Government are subject to examination by the Defense Contract Auditing Agency. Management believes that adjustments, if any, resulting from such examination will have no significant impact on the financial condition or results of operations.

## 17. Disaggregation of Receivables, Payables and Other Operating Revenues Balances

### Receivables

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

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Student Receivables	\$ 10,229,311	\$ 8,866,669
Taxes Receivable	335,853	387,421
Federal Receivables	9,983,581	11,838,405
Accounts Receivable	1,374,769	1,321,028
Interest Receivable	<u>431,037</u>	<u>388,934</u>
Subtotal	<u>22,354,551</u>	<u>22,802,457</u>
Allowance for Doubtful Accounts	<u>(3,874,864)</u>	<u>(4,425,043)</u>
<b>TOTAL RECEIVABLES</b>	<b>\$ <u>18,479,687</u></b>	<b>\$ <u>18,377,414</u></b>

### Payables

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

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Vendors Payable	\$ 3,567,088	\$ 4,436,226
Salaries & Benefits Payable	<u>15,150,637</u>	<u>13,383,684</u>
<b>TOTAL PAYABLES</b>	<b>\$ <u>18,717,725</u></b>	<b>\$ <u>17,819,910</u></b>

## 18. Funds Held in Trust by Others

There are no balances or transactions of funds held in trust by others on behalf of CTCD.

## 19. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2012 and 2011

for which monies have not been received nor funds expended total \$46,313,550 and \$44,091,847. Of these amounts, \$45,460,166, and \$43,460,958 were from Federal Contract and Grant Awards, and \$853,384 and \$630,889 were from State Contract and Grant Awards.

**20. Self Insured Plans**

CTCD does not currently maintain self-insured arrangements. First dollar worker’s compensation insurance coverage is carried for all College operations. Employee health and medical malpractice plans are funded. Coverage for unemployment compensation is maintained through the State of Texas as well as numerous other states in which the College contracts education. Accrued liabilities are generally based on actuarial valuation, and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations.

**21. Post Retirement Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. 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 by expending the annual insurance premiums. The state's contribution per full-time active and retired employee was \$438.30 per month for the year ended August 31, 2012 (\$413.26 per month for Fiscal Year 2011) and totaled \$1,577,202 for Fiscal Year 2012 (\$2,691,815 for the year ended 2011). The cost to the state of providing those benefits for 188 retirees in the year ended August 31, 2012 was \$1,156,864 (retiree benefits for 172 retirees cost \$937,117 in Fiscal Year 2011). For 394 active employees, the cost of providing benefits was \$420,338 for the Year ended August 31, 2012 (active employee benefits for 400 employees cost \$1,754,698 for the Year ended August 31, 2011). The cost to the CTCD of providing life insurance benefits for 593 active employees was \$76,306 and for 313 retirees was \$250,541 for the Fiscal year ended August 31, 2012 (\$79,380 for 600 active employees and \$226,087 for 302 retirees in Fiscal year 2011).

**22. Ad Valorem Taxes**

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

At August 31:

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Assessed Valuation of the District:	\$8,873,644,040	\$8,633,926,409
Less: Exemptions	<u>931,888,724</u>	<u>890,845,217</u>
Net Assessed Valuation of the District	\$7,941,755,316	\$7,743,081,192

	FY 2012			FY 2011		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per \$100 valuation (Maximum per enabling legislation)	.25	.25	.50	.25	.25	.50
Assessed Tax Rate per \$100 valuation	.1409	-0-	.1409	.1409	-0-	.1409

Taxes levied for the year ended August 31, 2012 and 2011 are \$11,189,933 and \$10,910,001 respectively, (which includes any penalty and interest assessed if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed.

Taxes Collected	FY 2012			FY 2011		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	\$11,113,484		\$11,113,484	\$10,782,234		\$10,782,234
Delinquent Taxes Collected	121,525		121,525	88,835		88,835
Penalties and Interest Collected	79,018		79,018	82,932		82,932
Total Collections	\$ 11,314,027		\$11,314,027	\$10,954,001		\$10,954,001

Tax collections for the year ended August 31, 2012 and 2011 were 99.3% and 98.8%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or general obligation debt service.

### 23. Branch Campus Maintenance Tax

N/A

### 24. Income Taxes

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

## **25. Component Units**

### Central Texas College Foundation - Discrete Component Unit

Central Texas College Foundation (the Foundation) was established as a separate nonprofit organization in 1992, to raise funds to provide student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement No 39, Determining Whether Certain Organizations are Component Units, the Foundation is a component unit of CTCD because CTCD provides financial support to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the benefit of CTCD.

Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents). Complete financial statements of the Central Texas College Foundation can be obtained from the administrative office of the Foundation.

## **26. Related Parties (Not a Component Unit)**

The CTC Employee's Pension Plan and Trust provided certain services on behalf of the CTCD during the year ended August 31, 2012. The Employee's Pension Plan and Trust serves as fiduciary for the CTCD's defined contribution pension programs. During the fiscal year, the CTCD furnished certain services such as office space, utilities and staff assistance to the Trust for which the Trust reimbursed the CTCD at cost for these services which totaled \$153,378 and \$148,829 during the years ended August 31, 2012 and 2011. There was a receivable from the trust which totaled \$99,017 and \$59,949 for fiscal years ended August 31, 2012 and 2011.

## **27. Subsequent Events**

None.

## **28. Postemployment Benefits Other than Pensions**

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

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

Funding Policy. Section 1551.055 of chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established

and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

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

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

The college's contributions to SRHP for the years ended August 31, 2012, 2011, and 2010, were \$808,008, \$819,035, and \$702,412, respectively, which equaled the required contributions each year.

## **SUPPLEMENTAL SCHEDULES**



CENTRAL TEXAS COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES

For the Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL EDUCATIONAL ACTIVITIES</u>	<u>AUXILIARY ENTERPRISES</u>	<u>FY 2012 TOTAL</u>	<u>FY 2011 TOTAL</u>
<b>Tuition</b>						
State Funded Courses :						
In-District Resident Tuition	\$ 9,675,184	\$	\$ 9,675,184	\$	\$ 9,675,184	\$ 10,656,812
Out-of-District Tuition	2,707,881		2,707,881		2,707,881	3,946,967
Non-resident Tuition	26,305,126		26,305,126		26,305,126	24,865,895
TPEG (set aside) *	1,090,339		1,090,339		1,090,339	1,010,524
Continuing Education	91,682		91,682		91,682	55,415
Non-State Funded :						
Continuing Education	15,209		15,209		15,209	16,855
C & I and API Operations	21,325,783		21,325,783		21,325,783	20,586,396
<b>Total Tuition</b>	<u>61,211,204</u>		<u>61,211,204</u>		<u>61,211,204</u>	<u>61,138,864</u>
<b>Fees</b>						
Laboratory Fees	5,281		5,281		5,281	12,648
Other Fees	2,268,664		2,268,664		2,268,664	2,215,039
<b>Total Fees</b>	<u>2,273,945</u>		<u>2,273,945</u>		<u>2,273,945</u>	<u>2,227,687</u>
<b>Scholarship allowances and discounts</b>						
Remissions and Exemptions-State	(462,853)		(462,853)		(462,853)	(416,149)
Title IV Federal Grants	(7,256,445)		(7,256,445)		(7,256,445)	(7,507,957)
TPEG awards	(241,743)		(241,743)		(241,743)	(222,053)
Other State Grants	(3,517)		(3,517)		(3,517)	(694)
<b>Total Scholarship Allowances</b>	<u>(7,964,558)</u>		<u>(7,964,558)</u>		<u>(7,964,558)</u>	<u>(8,146,853)</u>
<b>Total Net Tuition and Fees</b>	<u>55,520,591</u>		<u>55,520,591</u>		<u>55,520,591</u>	<u>55,219,698</u>
<b>Additional Operating Revenues</b>						
Federal Grants and Contracts	26,932,658	1,753,041	28,685,699		28,685,699	28,434,525
State Grants and Contracts	104,590	608,935	713,525		713,525	855,888
Nongovernmental grants and contracts	1,447,573	645,175	2,092,748		2,092,748	1,739,084
Sales and services of educational activities	402,556		402,556		402,556	556,531
General operating revenues	1,177,559		1,177,559		1,177,559	1,211,988
<b>Total Additional Operating Revenue</b>	<u>30,064,936</u>	<u>3,007,151</u>	<u>33,072,087</u>		<u>33,072,087</u>	<u>32,798,016</u>
<b>Auxiliary Enterprises</b>						
Bookstore				13,205,901	13,205,901	11,872,356
Less Discounts				(3,410,825)	(3,410,825)	(2,627,434)
Student Housing				738,791	738,791	807,873
Less Discounts				(95,613)	(95,613)	(101,628)
Planetarium				158,326	158,326	268,117
<b>Total Net Auxiliary Enterprises</b>				<u>10,596,580</u>	<u>10,596,580</u>	<u>10,219,284</u>
<b>Total Operating Revenues</b>	<u>\$ 85,585,527</u>	<u>\$ 3,007,151</u>	<u>\$ 88,592,678</u>	<u>\$ 10,596,580</u>	<u>\$ 99,189,258</u> (Exhibit 2)	<u>\$ 98,236,998</u> (Exhibit 2)

\* In accordance with Education Code 56.033, \$1,090,339 and \$1,010,524 for years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

CENTRAL TEXAS COLLEGE DISTRICT  
 SCHEDULE OF OPERATING EXPENSES BY OBJECT  
 Year Ended August 31, 2012 (with Memorandum Totals for the Year Ended August 31, 2011)

Schedule B

	Operating Expenses			Fiscal Year 2012	Fiscal Year 2011	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 38,077,086	\$	\$ 5,320,334	\$ 8,257,658	\$ 51,655,078	\$ 56,024,689
Public Service	532,342		173,286	715,441	1,421,069	1,315,390
Academic Support	5,592,034		1,329,066	1,916,780	8,837,880	8,671,948
Student Services	7,924,785		1,679,058	831,256	10,435,099	9,892,584
Institutional Support	8,921,465		3,060,569	4,572,210	16,554,244	17,047,068
Operation and Maintenance of Plant	2,729,277		868,013	3,904,018	7,501,308	7,279,584
<b>Total Unrestricted Educational Activities</b>	<u>63,776,989</u>		<u>12,430,326</u>	<u>20,197,363</u>	<u>96,404,678</u>	<u>100,231,263</u>
<b>Restricted-Educational Activities</b>						
Instruction	291,493	804,922	58,328	256,756	1,411,499	2,520,707
Public Service						
Academic Support		128,788			128,788	316,503
Student Services	503,723	289,772	82,356	1,052,929	1,928,780	1,237,560
Institutional Support		1,543,226			1,543,226	1,186,101
Operation and Maintenance of Plant						
Scholarships and Fellowships	84,501		1,231	29,948,603	30,034,335	29,886,446
<b>Total Restricted Educational Activities</b>	<u>879,717</u>	<u>2,766,708</u>	<u>141,915</u>	<u>31,258,288</u>	<u>35,046,628</u>	<u>35,147,317</u>
<b>Total Educational Activities</b>	<u>64,656,706</u>	<u>2,766,708</u>	<u>12,572,241</u>	<u>51,455,651</u>	<u>131,451,306</u>	<u>135,378,580</u>
<b>Auxiliary Enterprises</b>	847,743		215,658	8,615,862	9,679,263	9,365,013
<b>Depreciation Expense-Buildings and other real estate improvements</b>				2,124,135	2,124,135	2,087,033
<b>Depreciation Expense-Equipment and furniture</b>				1,344,264	1,344,264	1,345,343
<b>Total Operating Expenses</b>	<u>\$ 65,504,449</u>	<u>\$ 2,766,708</u>	<u>\$ 12,787,899</u>	<u>\$ 63,539,912</u>	<u>\$ 144,598,968</u>	<u>\$ 148,175,969</u>
				(Exhibit 2)	(Exhibit 2)	(Exhibit 2)

**CENTRAL TEXAS COLLEGE DISTRICT**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
**Year Ended August 31, 2012 (with Memorandum Totals for the Year Ended August 31, 2011)**

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>FY 2012 Total</u>	<u>FY 2011 Total</u>
<b>NON-OPERATING REVENUES</b>					
State Appropriations					
Education and general state support	\$ 19,832,232	\$	\$	\$ 19,832,232	\$ 19,594,210
Dramatic enrollment growth					55,012
State group insurance		1,577,202		1,577,202	2,691,815
State retirement matching		1,189,506		1,189,506	1,692,648
Professional nursing shortage reduction		88,266		88,266	243,533
Total state appropriations	<u>19,832,232</u>	<u>2,854,974</u>	<u></u>	<u>22,687,206</u>	<u>24,277,218</u>
Maintenance ad valorem taxes	11,314,027			11,314,027	10,954,001
Federal revenue, non operating		28,224,998		28,224,998	28,317,388
Gain on disposal of capital assets	3,205			3,205	4,740
Investment income	705,522			705,522	582,191
Other	<u>328</u>	<u></u>	<u></u>	<u>328</u>	<u>917</u>
<b>Total non-operating revenues</b>	<b>31,855,314</b>	<b>31,079,972</b>		<b>62,935,286</b>	<b>64,136,455</b>
<b>NON-OPERATING EXPENSES</b>					
Loss on disposal of capital assets	4,550			4,550	29,942
Other	<u>164,115</u>	<u></u>	<u></u>	<u>164,115</u>	<u>173,782</u>
<b>Total non-operating expenses</b>	<b>168,665</b>			<b>168,665</b>	<b>203,724</b>
<b>Net non-operating revenues</b>	<b>\$ <u>31,686,649</u></b>	<b>\$ <u>31,079,972</u></b>	<b>\$ <u></u></b>	<b>\$ <u>62,766,621</u></b>	<b>\$ <u>63,932,731</u></b>
				<b>(Exhibit 2)</b>	<b>(Exhibit 2)</b>

CENTRAL TEXAS COLLEGE DISTRICT  
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY  
 Year Ended August 31, 2012 (with Memorandum Totals for the Year Ended August 31, 2011)

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
<b>Current</b>							
Unrestricted	\$ 34,294,436	\$	\$	\$	\$ 34,294,436	\$ 34,294,436	\$
Board Designated	86,163,700				86,163,700	86,163,700	
Restricted		810,169			810,169	810,169	
<b>Loan</b>	5,655				5,655		5,655
<b>Plant</b>							
Investment in Plant				95,723,859	95,723,859		95,723,859
<b>Total Net Assets, August 31, 2012</b>	120,463,791	810,169		95,723,859	216,997,819	121,268,305	95,729,514
					(Exhibit 1)		
<b>Total Net Assets, August 31, 2011</b>	102,888,865	676,122		96,075,921	199,640,908	103,559,332	96,081,576
					(Exhibit 1)		
<b>Net Increase (Decrease) in Net Assets</b>	\$ 17,574,926	\$ 134,047	\$	\$ (352,062)	\$ 17,356,911	\$ 17,708,973	\$ (352,062)
					(Exhibit 2)		

CENTRAL TEXAS 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
<b>U.S. DEPARTMENT OF LABOR:</b>			
Texas Workforce Commission WIA Dislocated Worker Formula Grants	17.278		969,564
Total U.S. Department of Labor			<u>969,564</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
Direct Programs:			
Student Financial Aid Cluster			
Supplemental Educational Opportunity Grant Program	84.007		118,581
Federal College Work-study Program	84.033		78,399
Federal Pell Grant Program	84.063		28,186,590
Direct Loans	84.268		12,291,501
Subtotal Student Financial Aid Cluster			<u>40,675,071</u>
Gear UP Program	84.334A		21,522
Pass-Through From:			
Texas Education Agency			
Adult Education	84.002A	341000108	233,266
Adult Education-Correctional	84.002A	341000208	32,723
Subtotal CFDA			<u>265,989</u>
Texas Higher Education Coordinating Board:			
Carl D. Perkins Funds-Basic	84.048	104208	435,505
College Access Challenge Grant	84.378	1152	112,826
Total U.S. Department of Education			<u>41,510,913</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance to Needy Families	93.558	336250108	72,856
Total U. S. Department of Health and Human Services			<u>72,856</u>
<b>Total Federal Financial Assistance</b>			\$ <u><u>42,553,333</u></u>

Notes to Schedule on Following Page

**CENTRAL TEXAS COLLEGE DISTRICT**  
**SCHEDULE E (Continued)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2012**

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue-per Schedule A	\$	28,685,699
Add Non Operating Federal Revenue from Schedule C		28,224,998
Add Direct Loans		12,291,501
Less Expenditures Not Subject to Federal Single Audit		<u>(26,648,865)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u><u>42,553,333</u></u>

Note 2: Significant accounting policies used in preparing the schedule.

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

Note 3: Expenditures not subject to federal single audit.

CTCD receives amounts under contractual agreements with various U.S. military and other organizations for training programs and other services provided that are not subject to OMB-133 audits and therefore are not included in the above Federal schedule.

Note 4: Student Loans Processed and Administrative Costs Recovered - Not Included in Schedule

None

Note 5: Nonmonetary federal assistance received

None

Note 6: Amounts passed through by the College

None

CENTRAL TEXAS COLLEGE DISTRICT

Schedule F

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended August 31, 2012

Grantor Agency Program Title	Grant Contract Number	Expenditures
Texas Education Agency Adult Education Basic Program	301000108	\$ 59,976
Texas Higher Education Coordinating Board Early High School Graduation (HB 1479)		12,131
Complete College American		37,547
College Work-Study Program		4,202
Texas Grant Program		133,400
Texas Equal Opportunity Grant		106,785
AVID Texas Post Secondary Project		4,144
Work-Study for AVID Tutors		37,640
Work-Study Student Mentorship Program		33,124
Top 10% Scholarship		28,000
El Paso Community College Community College Development Education Incentive Program		25,474
<b>Total State Financial Assistance</b>		<b>\$ <u>482,423</u></b>
<hr/> Note 1: State Assistance Reconciliation <hr/>		
State Revenues - State Financial Assistance Per Schedule of expenditures of state awards		\$ 482,423
State Financial Assistance Tuition and fees included in Schedule A		231,102
Total State Revenues per Schedule A		<b>\$ <u>713,525</u></b>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

---

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the Central Texas College's significant accounting policies. These expenditures are reported on Central Texas College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

**AUDITORS' REPORTS ON  
CONTROL AND COMPLIANCE**





**LOTT, VERNON & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Central Texas College District  
Killeen, Texas

We have audited the financial statements of Central Texas College District (the “College”), as of and for the years ended August 31, 2012 and 2011, and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), 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*.

This report is intended solely for the information and use of the Audit Committee, Board of Trustees, management 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.



Temple, Texas  
November 28, 2012



**LOTT, VERNON & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT 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 AND  
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees  
Central Texas College District  
Killeen, Texas

Members of the Board:

Compliance

We have audited the Central Texas College District's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2012. The College's major federal and 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 federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, Central Texas College 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 and state programs for the year ended August 31, 2012.

**INDEPENDENT AUDITOR'S REPORT 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 AND  
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)**

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or 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 OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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.

This report is intended solely for the information and use of the Audit Committee, Board of Trustees, management 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.



Temple, Texas  
November 28, 2012

**CENTRAL TEXAS COLLEGE DISTRICT**

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

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

**Federal and State Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditor's report issued on compliance for major programs	Unqualified
--	-------------

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 or the State of Texas Uniform Grant Management Standards?	None
---	------

Identification of major programs:

<u>Federal Programs</u>	<u>State Programs</u>
Student Financial Assistance Cluster:	Texas Grant Program
- Federal Supplemental Educational Opportunity Grants      84.007	
- Federal Work-study Program      84.033	
- Federal Pell Grant Program      84.063	
- Federal Direct Student Loans      84.268	

WIA Dislocated Worker Formula Grants	
	17.278

**CENTRAL TEXAS COLLEGE DISTRICT**

**Schedule of Findings and Questioned Costs (Continued)  
August 31, 2012**

Dollar threshold considered between Type A and Type B federal programs	\$300,000
--	-----------

Dollar threshold considered between Type A and Type B state programs	\$300,000
--	-----------

Auditee qualified as low-risk auditee for federal single audit?	Yes
---	-----

Auditee qualified as a low-risk auditee for state single audit?	Yes
---	-----

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

III. Findings and Questioned Costs for Federal and State Awards

None

**ADDITIONAL INFORMATION  
(UNAUDITED)**

**CENTRAL TEXAS COLLEGE DISTRICT**

**SCHEDULE G**

**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (UNAUDITED)**

**For the Period Ended August 31, 2012**

	TEXAS CAMPUSES	AMERICAN PREPARATORY & INSTITUTE	CONTINENTAL INTERNATIONAL CAMPUSES	TOTAL
<b>REVENUES</b>				
<b>Operating Revenues</b>				
Tuition and Fees	\$ 34,070,050	22,415	21,428,126	55,520,591
Federal Grants and Contracts	8,220,195		20,465,504	28,685,699
State Grants and Contracts	713,525			713,525
Non-Governmental and Contracts	2,092,748			2,092,748
Sales and Services of Educational Activities		402,556		402,556
Sales & Services of Auxiliary Enterprises	8,672,114		1,924,466	10,596,580
Miscellaneous Income	1,056,860	181	120,518	1,177,559
<b>Total Operating Revenues</b>	<b>54,825,492</b>	<b>425,152</b>	<b>43,938,614</b>	<b>99,189,258</b>
<b>EXPENSES</b>				
<b>Operating Expenses</b>				
Instruction	33,323,772	125,490	19,617,315	53,066,577
Public Services	1,421,069			1,421,069
Academic Support	3,598,905	176,429	5,191,334	8,966,668
Student Services	9,104,125		3,259,754	12,363,879
Institutional Support	15,405,029	538,060	2,154,381	18,097,470
Operation and Maintenance of Plant	7,085,571		415,737	7,501,308
Scholarships and Fellowships	30,034,335			30,034,335
Auxiliary Enterprises	7,432,407		2,246,856	9,679,263
Depreciation	3,437,486		30,913	3,468,399
<b>Total Operating Expenses</b>	<b>110,842,699</b>	<b>839,979</b>	<b>32,916,290</b>	<b>144,598,968</b>
<b>Operating Income(Loss)</b>	<b>(56,017,207)</b>	<b>(414,827)</b>	<b>11,022,324</b>	<b>(45,409,710)</b>
<b>Non-Operating Revenues (Expenses)</b>				
State Appropriations-General Revenue	22,687,206			22,687,206
Taxes for Maintenance and Operations	11,314,027			11,314,027
Federal Revenue, Non Operating	28,224,998			28,224,998
Investment Income	705,367		155	705,522
Other Non-Operating	(165,132)			(165,132)
<b>Net Non-Operating Revenue</b>	<b>62,766,466</b>		<b>155</b>	<b>62,766,621</b>
<b>Other Revenues, Expenses, Gains (Losses)</b>				
Allocation of Distance Learning	(3,407,994)		3,407,994	
Allocation of Systems	3,690,278	(8,819)	(3,681,459)	
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 7,031,543</b>	<b>(423,646)</b>	<b>10,749,014</b>	<b>17,356,911</b>



**CENTRAL TEXAS COLLEGE DISTRICT**  
**SCHEDULE G-1**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (UNAUDITED)**  
**TEXAS CAMPUSES**  
**For the Period Ended August 31, 2012**

	<b>CENTRAL</b>	<b>FT. HOOD/SAC</b>	<b>DIST ED</b>	<b>SYSTEMS</b>	<b>KNCT</b>	<b>AUXILIARY</b>	<b>TOTAL</b>
<b>REVENUES</b>							
<b>Operating Revenues</b>							
Tuition and Fees	\$ 10,349,604	3,677,130	20,036,166	6,855		295	34,070,050
Federal Grants and Contracts	1,426,807	4,607,232	1,340,464		845,692		8,220,195
State Grants and Contracts	633,096	80,429					713,525
Non-Governmental and Contracts	883,373		349,528	1,111,170	5,000	93,205	2,092,748
Sales & Services of Auxiliary Enterprises			150	122,696	878,136	8,322,586	8,672,114
Miscellaneous Income	46,616	6,000				3,262	1,056,860
<b>Total Operating Revenues</b>	<b>13,339,496</b>	<b>8,370,791</b>	<b>21,726,308</b>	<b>1,240,721</b>	<b>1,728,828</b>	<b>8,419,348</b>	<b>54,825,492</b>
<b>EXPENSES</b>							
<b>Operating Expenses</b>							
Instruction	18,531,587	7,133,664	7,658,521				33,323,772
Public Services					1,421,069		1,421,069
Academic Support	1,621,482	897,408	489,736	590,279			3,598,905
Student Services	4,083,683	741,605	1,157,649	3,121,188			9,104,125
Institutional Support	5,397,506	195,822	2,327,678	7,475,828	2,992	5,203	15,405,029
Operation and Maintenance of Plant	7,043,838	41,733					7,085,571
Scholarships and Fellowships	30,034,335					7,364,060	30,034,335
Auxiliary Enterprises			68,347				7,432,407
Depreciation	1,734,591	136,924	7,409	708,975	374,797	474,790	3,437,486
<b>Total Operating Expenses</b>	<b>68,447,022</b>	<b>9,147,156</b>	<b>11,709,340</b>	<b>11,896,270</b>	<b>1,798,858</b>	<b>7,844,053</b>	<b>110,842,699</b>
<b>Operating Income(Loss)</b>	<b>(55,107,526)</b>	<b>(776,365)</b>	<b>10,016,968</b>	<b>(10,655,549)</b>	<b>(70,030)</b>	<b>575,295</b>	<b>(56,017,207)</b>
<b>Non-Operating Revenues (Expenses)</b>							
State Appropriations-General Revenue	15,103,003	7,036,441	214,111	333,651			22,687,206
Taxes for Maintenance and Operations	11,314,027						11,314,027
Federal Revenue, Non Operating	28,224,998						28,224,998
Investment Income	3,705			701,662			705,367
Other Non-Operating	(168,337)			3,205			(165,132)
<b>Net Non-Operating Revenue</b>	<b>54,477,396</b>	<b>7,036,441</b>	<b>214,111</b>	<b>1,038,518</b>			<b>62,766,466</b>
<b>Other Revenues, Expenses, Gains (Losses)</b>							
Allocation of Distance Education	3,582,763	1,747,689	(8,738,446)				(3,407,994)
Allocation of Systems	(3,097,128)	(995,695)	(1,492,633)	9,641,223	(133,438)	(232,051)	3,690,278
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (144,495)</b>	<b>7,012,070</b>	<b>24,192</b>	<b>(203,468)</b>	<b>343,244</b>	<b>7,031,543</b>	<b>7,031,543</b>

CENTRAL TEXAS COLLEGE DISTRICT  
SCHEDULE G-2

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (UNAUDITED)  
CONTINENTAL & INTERNATIONAL CAMPUSES  
For the Period Ended August 31, 2012

	EUROPE CAMPUS	PACIFIC FAR EAST CAMPUS	CONTINENTAL CAMPUS	NAVY CAMPUS	TOTAL CONTINENTAL & INTERNATIONAL
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees	\$ 5,753,541	4,573,082	10,470,432	631,071	21,428,126
Federal Grants and Contracts	11,419,772	91,976	410,874	8,542,882	20,465,504
Sales & Services of Auxiliary Enterprises	73,498	320,506	441,882	1,088,580	1,924,466
Miscellaneous Income	973	8,801	22,241	88,503	120,518
Total Operating Revenues	17,247,784	4,994,365	11,345,429	10,351,036	43,938,614
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
Instruction	8,974,385	1,132,540	3,246,548	6,263,842	19,617,315
Academic Support	1,048,676	1,082,202	2,064,727	995,729	5,191,334
Student Services	1,749,384	650,560	676,843	182,967	3,259,754
Institutional Support	1,202,209	342,318	273,329	336,525	2,154,381
Operation and Maintenance of Plant	174,359	111,027	44,441	85,910	415,737
Auxiliary Enterprises	162,646	566,666	337,792	1,179,752	2,246,856
Depreciation	16,675	125	8,719	5,394	30,913
Total Operating Expenses	13,328,334	3,885,438	6,652,399	9,050,119	32,916,290
Operating Income(Loss)	3,919,450	1,108,927	4,693,030	1,300,917	11,022,324
<b>Non-Operating Revenues (Expenses)</b>					
Investment Income		145	10		155
Other Non-Operating					
Net Non-Operating Revenue		145	10		155
<b>Other Revenues, Expenses, Gains (Losses)</b>					
Allocation of Distance Education	1,223,382	87,385	2,009,842	87,385	3,407,994
Allocation of Systems	(817,285)	(605,742)	(1,650,116)	(608,316)	(3,681,459)
Increase (Decrease) in Net Assets	\$ 4,325,547	590,715	5,052,766	779,986	10,749,014