



## **AGENDAS**

### **BOARD OF TRUSTEES COMMITTEE MEETINGS**

**December 10, 2015**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas 77002**



## MEMORANDUM

**TO:** HCC Board of Trustees  
**FROM:** Board Services  
**DATE:** December 10, 2015  
**RE:** Meetings for December 2015

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Dear Trustees:

Please note that the following meetings are scheduled for December 2015 at the HCC Admin. Building, 3100 Main, 2<sup>nd</sup> Floor Auditorium, Houston, Texas 77002:

### **Thursday, December 10, 2015**

- **Strategic Planning Committee –1:00 p.m.**  
*(Members: Trustee Capo-Committee Chair, Trustee Sane and Trustee Glaser; Alternate Member-Trustee Tamez)*
- **Audit Committee – 2:00 p.m.**  
*(Members: Trustee Glaser-Committee Chair, Trustee Oliver and Trustee Wilson; Alternate Member-Trustee Tamez)*
- **Academic Affairs/Student Services Committee –2:30 p.m.**  
*(Members: Trustee Loreda-Committee Chair, Trustee Tamez and Trustee Wilson; Alternate Member-Trustee Capo)*
- **Public Facility Corporation Board of Directors Meeting –3:00 p.m.**
- **Committee of the Whole Meeting - 3:15 p.m.**  
*(Quorum of the Full Board Required)*

### **Thursday, December 17, 2015**

- **Regular Board Meeting –4:00 p.m.**  
*(Quorum of the Full Board Required)*



# AGENDA

## STRATEGIC PLANNING COMMITTEE OF THE BOARD OF TRUSTEES

### **Committee Members**

*Trustee Zeph Capo, Chair*

*Trustee Neeta Sane*

*Trustee Robert Glaser*

### **Alternate Member**

*Trustee Adriana Tamez*

**December 10, 2015**

**1:00 p.m.**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas 77002**

**NOTICE OF MEETING  
OF THE BOARD OF TRUSTEES**

**HOUSTON COMMUNITY COLLEGE**

**STRATEGIC PLANNING COMMITTEE**

**December 10, 2015**

Notice is hereby given that a Meeting of the Strategic Planning Committee of the Board of Trustees of Houston Community College will be held on Thursday, tenth (10<sup>th</sup>) day of December, 2015 at 1:00 p.m., or after, and from day to day as required, at the HCC Administration Building, 3100 Main, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

**I. Call to Order**

**II. Topics for Discussion and/or Action:**

A. HCC Strategic Plan 2016-2019.

**III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

**A. Legal Matters**

1. Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

**B. Personnel Matters**

1. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or charges against the chancellor, employees or board members, unless the officer, employee, or board member who is the subject of the deliberation or hearing requests a public hearing.

**C. Real Estate Matters**

1. Deliberate the purchase, exchange, lease, or value of real property for

Houston Community College  
Strategic Planning Committee – December 10, 2015

Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

**IV. Additional Closed or Executive Session Authority**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 – For the purpose of a private consultation with the Board’s attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney’s duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 – For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 – For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 – For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 – To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.

Section 551.082 – For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Houston Community College  
Strategic Planning Committee – December 10, 2015

Section 551.084 – For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

**V. Reconvene in Open Meeting**

**VI. Adjournment**

**Certificate of Posting or Giving of Notice**

On this \_\_\_\_\_<sup>7<sup>th</sup></sup>\_\_\_\_\_ day of \_\_\_\_\_ December \_\_\_\_\_, 2015, at or before 1:00 p.m., this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; and (2) the Houston Community College website, [www.hccs.edu](http://www.hccs.edu).

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Rose Sarzoza-Pena  
Manager, Board Services

The Houston Community College Board of Trustees (the "Board") will not consider or act upon any item before this committee. This meeting is not a Regular Meeting of the Board but because a quorum of the Board may attend, the meeting of this committee is also being posted as a Meeting of the Board.

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Strategic Planning Committee*

ITEM NO.	ITEM TITLE	PRESENTER
<b>A</b>	HCC Strategic Plan 2016-2019	Dr. Cesar Maldonado Dr. Edmund Herod

## RECOMMENDATION

Approve HCC Strategic Plan 2016-2019.

## COMPELLING REASON/RATIONALE

The HCC Strategic Plan establishes the broad direction for the College and our pathway to future success and excellence. It is based upon HCC's Values, Mission, and Vision and ensures that all employees and other stakeholders work towards common goals. The Strategic Plan is a living document which provides for greater adaptability, connectivity, and focus throughout the institution.

## DESCRIPTION OR BACKGROUND

The proposed strategic plan was developed through an organic and inclusive process which provided opportunities for input from the College's internal and external communities. As such, it represents the work of community and business leaders, as well as HCC faculty, staff, and students.

Contributions to the Plan were obtained through a variety of means including the Transformation Team, the Strategic Planning Advisory Council, the Strategic Planning Work Groups, electronic surveys to our internal and external communities, and participant comments provided during the Chancellor's Listening Tour.

Based upon the input received, the Plan embodies the intent of all the contributors and represents our best understanding of what HCC should be doing to ensure the future success of our students and our institution.

## FISCAL IMPACT

n/a

## LEGAL REQUIREMENT

n/a

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Strategic Plan

Attachment Title(s): **Imagine HCC 2019: Strategic Plan 2016-2019**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100







# ACHIEVING THE VISION: STRATEGIC PLAN

# ACHIEVING THE VISION

**We imagine the future of HCC through the eyes of our students, our faculty, our community and our Board of Trustees.**

Since 2014, beginning with input from the Board and supported by vast research inside and outside HCC, we have begun to create the strategic pathway to achieve the bold, Board-approved Vision.

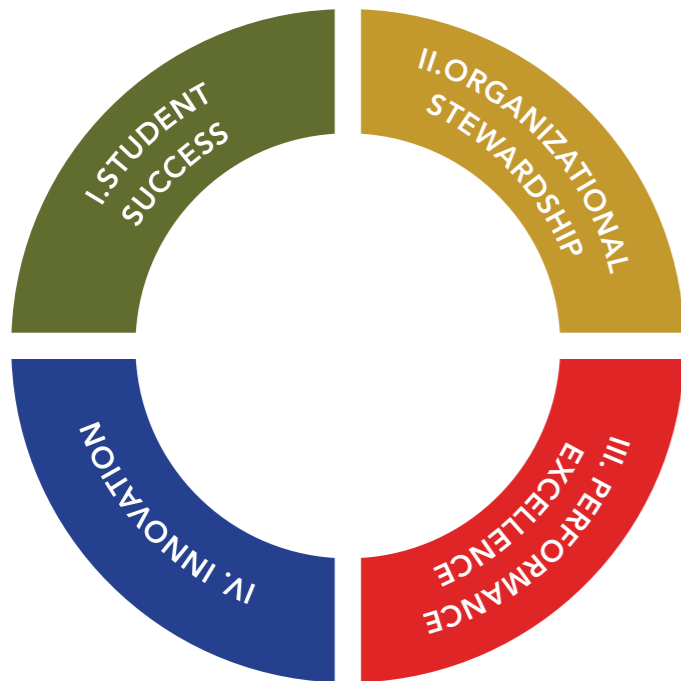
**We call our strategic pathway — IMAGINE 2019**

It is a plan that describes how we will achieve the Board-approved Vision. It also will bring to light the outcomes of a fully-aligned College.

# IMAGINE AN ALIGNED INSTITUTION TOTALLY FOCUSED...ON STUDENT SUCCESS

## IMAGINE 2019

**STRATEGIC PLAN**  
(VISION & 4 STRATEGY PILLARS)



**TRANSFORMATION**



**HCC WAY**  
(VALUES & BEHAVIORS)



# FOUNDATION FOR THE VISION

Through online surveys, in-person interviews, internal workgroups, community outreach efforts, college listening tours and executive team meetings, a diverse group of thousands of perspectives and ideas were captured.

- 9 Trustees
- 13 Executive Team Members
- 63 Whole System Planning Participants
- 4,275 Students
- 3,262 Faculty/Staff
- 751 Community Members

**The result is a bold plan of action for achieving HCC's vision.**

# EXCELLENCE DRIVEN INSIDE AND OUT

To achieve the Vision, we assembled a team of community leaders to help inform the pathway to Imagine 2019. Engaging an organic and highly inclusive process, we developed a Strategic Planning Advisory Council (SPAC) comprised of community and business leaders to drive the planning process. An internal work group composed of HCC stakeholders built on the SPAC's outcomes and yielded a thorough and inclusive work process.

- Ad Hoc Committee of the Board of Trustees
- External Stakeholders:



- HCC Faculty Senate
- HCC United Student Council
- HCC Chancellor's Cabinet

# STRATEGIC PLANNING ADVISORY COUNCIL AND INTERNAL WORK GROUPS

The Strategic Planning Advisory Council, in conjunction with the strategic planning workgroups comprised of faculty and student leaders, deans and directors, education support staff and key administrators, has invested hundreds of hours in developing the plan. Each group convened 3 times.

External Meetings - **471 unique objectives captured**

Transcribed tape hours - **22 hours**

Internal Survey Responses - **850 responses**

External Survey Responses (including students) - **906 responses**

Number of open comments from Survey - **1,667 comments**

Chancellor Listening Tours - **6 colleges, 350 attendees, 180 comment cards collected**

# KEY FINDINGS SUPPORTING THE VISION

(INTERNAL SURVEY RESPONSES)

HCC SHOULD:	Number of Respondents	Percentage Rating This Item Extremely Important or Very Important
Insure Quality Instructional Programs And Courses	817	96%
Increase Student Retention and Persistence Rates	771	94%
Create Opportunities to Gain Knowledge, Skills, and Credentials in High Demand Fields	793	93%
Improve the Student Experience at HCC	776	91%
Improve the Effectiveness of our Administrative Services	777	91%

# STRATEGIC PLANNING COMPONENTS

The strategic plan is made up of a number of individual components, beginning with the organization's mission. These building blocks come together to create a holistic picture of how HCC will navigate change in the future.

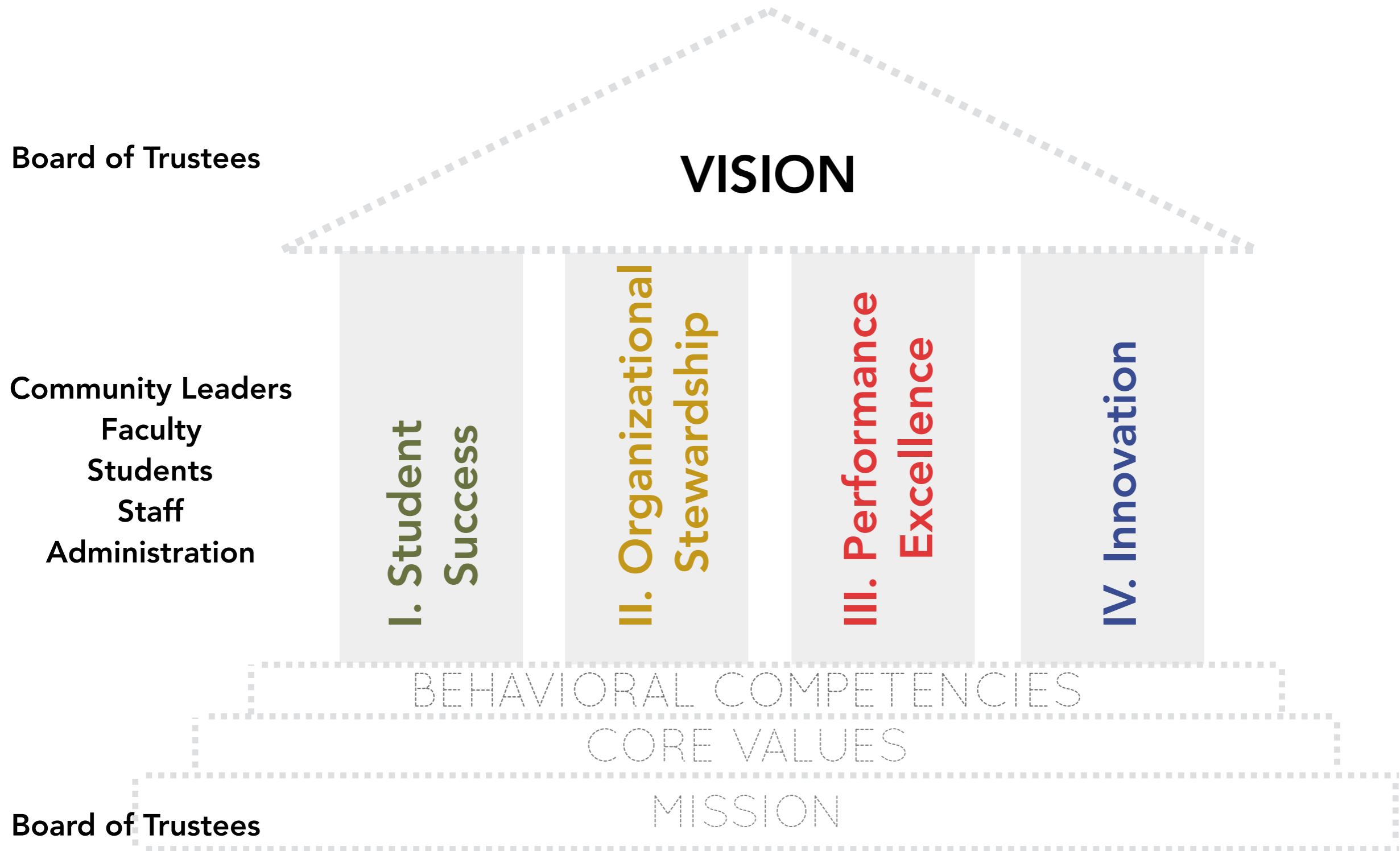
The Strategic Planning process begins with the Vision. The Vision defines the desired future state of HCC and serves as the guiding image of success.

Next, HCC's Core Values and Behavioral Competencies serve as the cultural core of the institution. They define the "HCC Way" of doing things and the expectation the institution has set for all faculty and staff.

Then come our Pillars of Success. These pillars are the 4 distinct areas that will guide HCC's strategic efforts and they serve to reinforce the institution's vision. Operationally, each pillar is made up of strategic priorities and initiatives that articulate how we will execute our strategy. These pillars also offer a framework of accountability for leaders to measure progress and ensure alignment across the organization through performance goals.



# BUILDING THE STRATEGY:



# OUR MISSION

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

# VISION ADOPTED DECEMBER 11, 2014

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs.

We will be responsive to community needs and drive economic development in the communities we serve.

# OUR CULTURAL CORE - THE HCC WAY

Our Core Values, Core Behaviors and Leadership Behaviors serve as the “cultural core” of HCC and articulate the desired culture that HCC will promote and strengthen in the years to come. In short, this defines the “HCC Way” of doing things and the expectation the institution has set for all faculty, staff and administrators.

## Our Core Values

- Academic Standards
- Collaboration
- Student Success
- Educated Workforce
- Culture of Trust
- Innovation
- Passion
- Accountability
- Student Commitment
- Consistency

## Core Behaviors

- Delivering High Quality work
- Accepting Responsibility
- Serving Our Stakeholders
- Supporting Organizational Goals
- Driving Continuous Improvement
- Acting with Integrity
- Thinking Critically
- Managing Change
- Communicating Effectively

## Leadership Behaviors

- Acting as a Champion for Change
- Thinking Entrepreneurially
- Leveraging Opportunities
- Setting a Strategic Vision
- Attracting & Developing Talent
- Inspiring & Motivating Others
- Acting Strategically
- Demonstrating Beliefs & Principles
- Managing Resources

# DEFINING THE STRATEGIC PILLARS

## **I. STUDENT SUCCESS**

Our commitment to creating an environment in which students achieve their desired goals that lead to their success in both educational and occupational pursuits

## **II. ORGANIZATIONAL STEWARDSHIP**

Actions which preserve and protect the use of our shared resources, of transparency in decision-making, and creating processes that manage, allocate and monitor resources crucial to the college's mission

## **III. PERFORMANCE EXCELLENCE**

Integrated approaches that result in the delivery of ever-improving value to customers and stakeholders

## **IV. INNOVATION**

In a changing world, innovation is leadership in the creation of new ideas, methods, processes, technologies, or products to address the challenges and opportunities associated with that change

# STRATEGIC PILLARS

## I. STUDENT SUCCESS

- A. Improve student preparedness, readiness and alignment
- B. Improve the student experience
- C. Increase student completion
- D. Ensure that instructional programs prepare students for success in current and future working environments

## II. ORGANIZATIONAL STEWARDSHIP

- A. Ensure that the strategic plan serves as the basis for funding
- B. Improve and streamline business transactions and processes
- C. Increase diversity, inclusion and engagement throughout the institution

## III. PERFORMANCE EXCELLENCE

- A. Focus on one HCC and consistency of quality experience across the campuses, departments, and facilities
- B. Foster an environment within the institution as a compelling place to work and learn
- C. Employ analytic measures to assess and guide performance excellence

## IV. INNOVATION

- A. Build a culture that champions collaboration, creativity, and innovation
- B. Increase innovation in teaching and learning
- C. Expand the use of technology throughout the institution

# I. STUDENT SUCCESS

## **A. Improve student preparedness, readiness and alignment**

1. Integrate 21st century skill sets as content across curriculum
2. Strengthen outreach and collaborative efforts with local ISDs
3. Focus on preparation and transition-to-college programs for adult learners

## **B. Improve the student experience**

1. Develop and implement an exemplary customer service model
2. Create an effective student orientation program which introduces career exploration and selection
3. Develop a success model using data to identify student needs

## **C. Increase student completion**

1. Use data to ensure courses and schedules match student needs
2. Provide continuous guidance and feedback to students to facilitate completion
3. Provide greater resources and access to supplemental learning

## **D. Ensure that instructional programs prepare students for success in current and future working environments**

1. Expand partnerships with business, industry, and other higher education institutions
2. Align COEs with business and industry needs
3. Establish career centers with COE's and campuses

# II. ORGANIZATIONAL STEWARDSHIP

## **A. Ensure that the strategic plan serves as the basis for funding**

1. Adopt a future-oriented perspective towards budgeting, program development, and college operations
2. Align the budget and the budget development process with strategic priorities
3. Pursue opportunities for revenue generation throughout the institution

## **B. Improve and streamline business transactions and processes**

1. Conduct a system-wide analysis of processes and procedures
2. Develop and implement consistent quality standards for operational units providing services to employees or students
3. Create and sustain viable communication and feedback loops for stakeholders

## **C. Increase diversity, inclusion and engagement throughout the institution**

1. Develop new programs and metrics to advance diversity, global awareness, and multiculturalism
2. Attract and retain students and employees who embody the diversity of our communities
3. Create opportunities for engagement and networking throughout the college



# III. PERFORMANCE EXCELLENCE

## **A. Focus on one HCC and consistency of quality experience across the campuses, departments, and facilities**

1. Develop unified policy, procedures and operations manual
2. Review position, descriptions and staffing allocations to enhance institutional effectiveness
3. Use our cultural values to define "The HCC Way"

## **B. Foster an environment within the institution as a compelling place to work and learn**

1. Ensure the integration of our College's values into the training and education of students and employees
2. Ensure the campus environment maximizes opportunities for learning and engagement
3. Develop programs, benefits, and recognitions which attract and retain the best talent for the institution

## **C. Employ analytic measures to assess and guide performance excellence**

1. Develop objective performance measures for performance evaluation of operational units and employees
2. Identify and pursue key awards and recognition as pathways to excellence
3. Establish a business review cycle that also includes a robust change management process

# IV. INNOVATION

## **A. Build a culture that champions collaboration, creativity, and innovation**

1. Foster employee engagement and collaboration across the institution to maximize utilization of resources
2. Instill an entrepreneurial/creativity mindset in employees and students
3. Provide opportunities and training to encourage the pursuit of creativity and innovation

## **B. Increase innovation in teaching and learning**

1. Provide more faculty development opportunities based upon current teaching and learning research
2. Develop and provide access to high quality shared instructional resources
3. Provide systemic competency-based learning and assessment opportunities

## **C. Expand the use of technology throughout the institution**

1. Develop and model best practices in instructional technology
2. Form cross-functional teams to evaluate technologies for potential adoption
3. Design a user-friendly, interactive website

# IMAGINE 2019

## VISION

Houston Community College will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

Board

The Transformation Guiding Group

(G65)

Strategic Planning Advisory Council

Strategic Planning Work Groups

Online Survey

Listening Tour

### I. STUDENT SUCCESS

- A. Improve student preparedness, readiness and alignment
- B. Improve the student experience
- C. Increase student completion
- D. Ensure that instructional programs prepare students for success in current and future working environments

### II. ORGANIZATIONAL STEWARDSHIP

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G-65

### BEHAVIORAL COMPETENCIES

- |             |                                   |                                   |  |                   |                                   |                                  |                                      |
|-------------|-----------------------------------|-----------------------------------|--|-------------------|-----------------------------------|----------------------------------|--------------------------------------|
| <b>CORE</b> | · Delivering High Quality of work | · Supporting Organizational Goals | · Thinking Critically                          | <b>LEADERSHIP</b> | · Acting as a Champion for Change | · Setting a Strategic Vision     | · Acting Strategically               |
|             | · Accepting Responsibility        | · Driving Continuous Improvement  | · Managing Change - Adapting to Support Change |                   | · Thinking Entrepreneurially      | · Attracting & Developing Talent | · Demonstrating Beliefs & Principles |
|             | · Serving Our Stakeholders        | · Acting with Integrity           | · Communicating Effectively                    |                   | · Leveraging Opportunities        | · Inspiring & Motivating Others  | · Managing Resources                 |

### CORE VALUES

- |                      |                      |                      |               |
|----------------------|----------------------|----------------------|---------------|
| · Academic Standards | · Educated Workforce | · Passion            | · Consistency |
| · Collaboration      | · Culture of Trust   | · Accountability     |               |
| · Student Success    | · Innovation         | · Student Commitment |               |

Board

### MISSION

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

# PERFORMANCE GOALS ALIGNMENT

PERFORMANCE GOALS	STRATEGIC PILLARS			
	I. Student Success	II. Organizational Stewardship	III. Performance Excellence	IV. Innovation
1. Participation	●	●	◐	●
2. Success	●	◐	●	●
3. Fiscal & Facilities	◐	●	◐	◐
4. External Relations	●	◐	●	◐
5. Governance & Board Relations	◐	●	●	●

Symbol Key	
●	◐
Significant	Moderate



## **AGENDA**

### **AUDIT COMMITTEE OF THE BOARD OF TRUSTEES**

#### **Committee Members**

*Trustee Robert Glaser, Chair*  
*Trustee Christopher W. Oliver*  
*Trustee Dave Wilson*

#### **Alternate Member**

*Trustee Adriana Tamez*

**December 10, 2015**

**2:00 p.m.**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas 77002**

**NOTICE OF MEETING  
OF THE BOARD OF TRUSTEES**

**HOUSTON COMMUNITY COLLEGE**

**AUDIT COMMITTEE**

**December 10, 2015**

Notice is hereby given that a Meeting of the Audit Committee of the Board of Trustees of Houston Community College will be held on Thursday, tenth (10<sup>th</sup>) day of December, 2015 at 2:00 p.m., or after, and from day to day as required, at the HCC Administration Building, 3100 Main, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

**I. Call to Order**

**II. Topics for Discussion and/or Action:**

A. Annual Financial Report for the Fiscal Year Ended August 31, 2015.

**III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

**A. Legal Matters**

1. Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

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1. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or charges against the chancellor, employees or board members, unless the officer, employee, or board member who is the subject of the deliberation or hearing requests a public hearing.

Houston Community College  
Audit Committee – December 10, 2015

**C. Real Estate Matters**

1. Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

**IV. Additional Closed or Executive Session Authority**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 – For the purpose of a private consultation with the Board’s attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney’s duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 – For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

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Section 551.074 – For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

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Houston Community College  
Audit Committee – December 10, 2015

charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 – For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

**V. Reconvene in Open Meeting**

**VI. Adjournment**

**Certificate of Posting or Giving of Notice**

On this 7<sup>th</sup> day of December, 2015, at or before 2:00 p.m., this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; and (2) the Houston Community College website, [www.hccs.edu](http://www.hccs.edu).

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Rose Sarzoza-Pena  
Manager, Board Services



# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Audit*

ITEM NO.	ITEM TITLE	PRESENTER
<b>A</b>	<b>Annual Financial Report for the Fiscal Year Ended August 31, 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora Grant Thornton LLP</b>

## RECOMMENDATION

Approve the audited Annual Financial Report for the fiscal year ended August 31, 2015 as prepared by the auditing firm of Grant Thornton, LLP.

## COMPELLING REASON/RATIONALE

Grant Thornton LLP audited the financial statements of HCCS in accordance with U.S. general accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## DESCRIPTION OR BACKGROUND

The audit of compliance for federal and state programs followed standards of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Single Audit Circular. Tests of the accounting records of the System and other procedures considered necessary in order to express an opinion and render the required reports were performed. The approval of the audited financial report by the Board of Trustees is recommended prior to the public distribution of the annual financial report.

## FISCAL IMPACT

Funding for the audit was included in the FY2016 budget.

## LEGAL REQUIREMENT

Section 51.005 Reports, Higher Education, Texas Educational Code, and Section 2101.011, Texas Government Code require that the governing board furnish the required number of copies of the audited annual financial report to the governor, comptroller of public accounts, state auditor, Texas Higher Education Coordinating Board, Legislative Budget Board and various other state, federal, and bond agencies by January 1 of each year.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Annual Financial Report**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

**HOUSTON COMMUNITY COLLEGE SYSTEM**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

HOUSTON COMMUNITY COLLEGE SYSTEM

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HOUSTON COMMUNITY COLLEGE SYSTEM

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HOUSTON COMMUNITY COLLEGE SYSTEM  
 ORGANIZATIONAL DATA  
 FOR THE YEAR ENDED AUGUST 31, 2015

**BOARD OF TRUSTEES**

OFFICERS OF THE BOARD OF TRUSTEES

Zeph Capo	Chair
Robert Glaser	Vice Chair
Dr. Adriana Tamez	Secretary

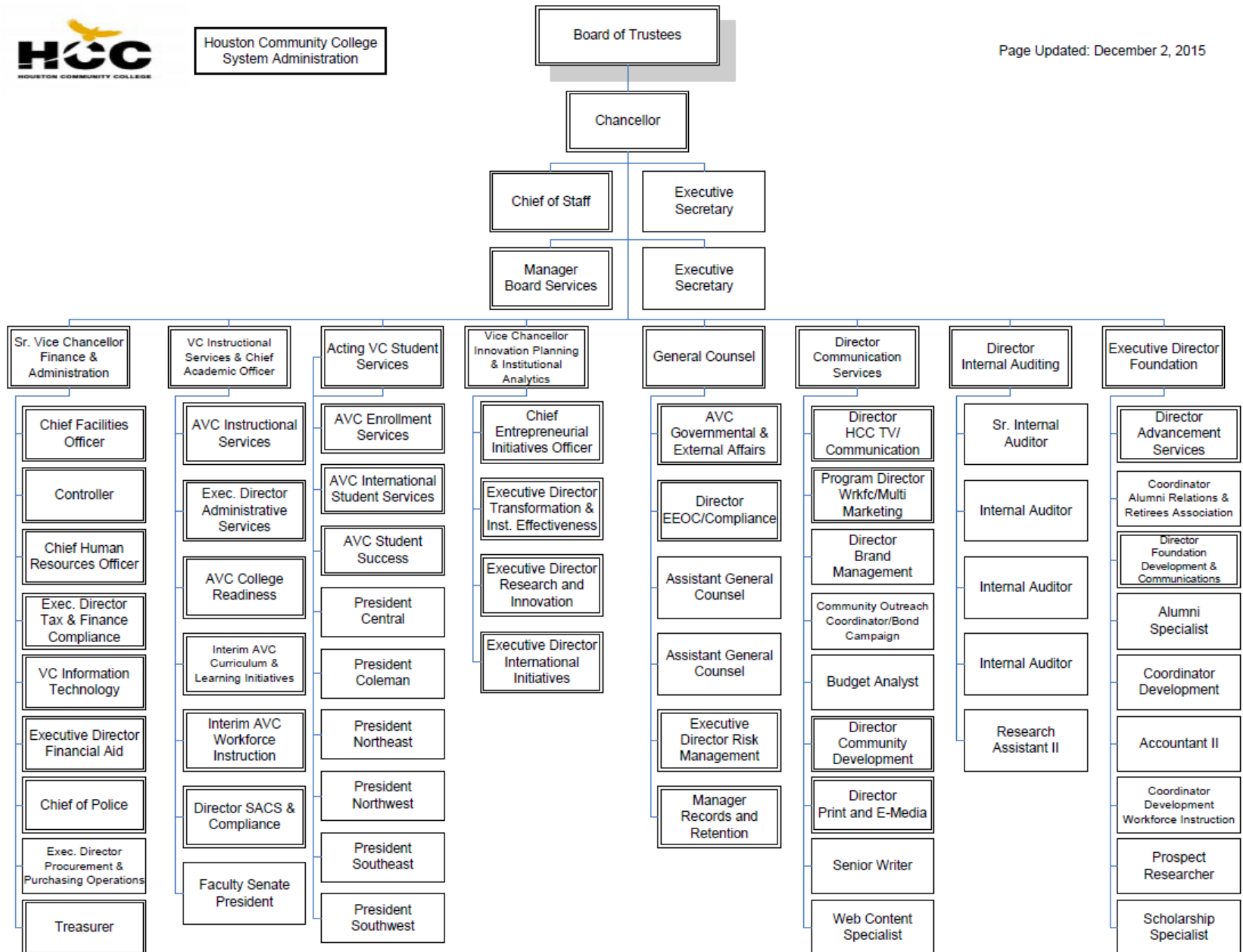
MEMBERS OF THE BOARD OF TRUSTEES

Term Expires  
December 31,

Sandie Mullins	Houston, Texas	2015
Eva L. Loredo	Houston, Texas	2015
Dr. Adriana Tamez, <i>Secretary</i>	Houston, Texas	2015
Dr. Carolyn Evans-Shabazz	Houston, Texas	2017
Christopher W. Oliver	Houston, Texas	2017
Robert Glaser, <i>Vice Chair</i>	Houston, Texas	2017
Neeta Sane	Houston, Texas	2019
Zeph Capo, <i>Chair</i>	Houston, Texas	2019
David Wilson	Houston, Texas	2019

PRINCIPAL ADMINISTRATIVE OFFICERS

Cesar Maldonado, Ph.D., P.E.	Chancellor
Teri Zamora, MACC	Sr. Vice Chancellor, Finance & Administration
Kimberly Beatty, Ph.D.	Vice Chancellor, Instructional Services & Chief Academic Officer
William Carter, Ph.D.	Vice Chancellor, Information Technology
Janet May, M.A.	Chief Human Resources Officer
Rudy Soliz, Ed.D.	Acting President, Southeast College
William Harmon, Ph.D.	President, Central College
Philip Nicotera, MD	President, Coleman College
Margaret Ford Fisher, Ed.D.	President, Northeast College
Zachary Hodges, Ed.D.	President, Northwest College
Orfelina Garza, Ph.D.	President, Southwest College
Charles Smith, P.E.	Chief Facilities Officer
Irene Porcarello, Ed.D.	Acting Vice Chancellor, Student Services
Karla Bender, Ed.D.	Controller
Ronald Defalco, CPA	Treasurer





3100 Main Street • Houston, Texas 77002 • 713.718.2000

December 10, 2015

Honorable Chairman, Board of Trustees and Chancellor  
The Citizens of the Houston Community College System

Dear Board Members and Chancellor:

The Comprehensive Annual Financial Report of the Houston Community College System (HCCS) for the fiscal year ended August 31, 2015, is hereby submitted. This is management's report of the financial position and results of operations to the Board of Trustees, taxpayers, Texas Higher Education Coordinating Board, grantor agencies, employees and other interested parties. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with HCCS.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) and comply with Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Financial Statements are provided in the financial section and are considered essential for fair and adequate disclosure of all information presented in this financial report. The notes include the Summary of Significant Accounting Policies, Authorized Investments and other necessary disclosures of important matters relating to the financial position of HCCS. Notes are meant to supplement the information in the financial statements and should be read in conjunction with them.

HCCS is reporting as a special purpose government engaged solely in business-type activity (BTA). This presentation of financial reporting combines all fund groups into a single column and resembles the format of the corporate presentation, thus complying with GASB Statements 34 and 35.

To the best of our knowledge and belief, the basic financial statements referred to above present fairly, in all material respects, the financial position of HCCS and the results of its operations and cash flows as of August 31, 2015. The financial statements have been completed in conformity with accounting principles generally accepted in the United States of America..

### ***Governmental Structure***

The Houston Community College System was established as a public community college by voters of the Houston Independent School District (HISD) in an election held in Houston, Texas in 1971. HCCS separated from HISD and established its own board in 1989 and restructured into a multi-college system in 1992. The Houston Community College System operates under the Constitution of the State of Texas and the Texas Education Code. The Board of Trustees is the official governing body of the Houston Community College System. The Board of Trustees is composed of nine members who are elected from single-member Districts and who serve without remuneration. The Board of Trustees is elected to staggered six-year terms and has final authority to determine and interpret the policies that govern HCCS. As part of their duties, the Board of Trustees maintains a full schedule of community services, public appearances, speaking engagements and legislative affairs on behalf of HCCS. The Board of Trustees represents an impressive mix of individual talents and professional backgrounds enabling them to provide governance of the highest quality. Additional duties and responsibilities of the Board of Trustees are:

- To appoint, support, and assess the performance of the Chancellor
- To clarify the mission of the institution
- To approve long-range plans
- To approve the educational program
- To ensure the wellbeing of faculty, students and staff
- To ensure strong financial management
- To ensure adequate financial resources
- To preserve institutional autonomy
- To interpret the campus to the community
- To interpret the needs of society to the campus
- To assess their own performance

Regular meetings of the Board of Trustees are held on the fourth Thursday of each month at the HCCS Administrative Building, 3100 Main, 2nd Floor Auditorium Boardroom, Houston, Texas 77002, unless otherwise announced. Other meetings such as committees, workshops and special meetings are held on an as-needed basis. Public notices of all meetings are posted at the Administrative Building and on HCCS' website. The Board of Trustees envisions HCCS as the educational institution of choice for those who seek skilled training for the workforce, those who seek to upgrade their skills to enhance preparedness for economic opportunity, and those who seek lifelong seamless educational opportunities to enhance their quality of life. The Board of Trustees views HCCS as an integral part of the economic and educational life of the community and supports their view by establishing quality partnerships, being responsive to community needs and assisting HCCS in providing this vital service.

### *Profile*

Houston Community College (HCC) has a vision to be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. HCC will be responsive to community needs and drive economic development in the communities we serve. HCC is committed to meeting the needs of its diverse communities, providing academic courses for transfer to four-year institutions, degrees and certificates in more than seventy fields of work, as well as continuing education and corporate training, lifelong learning and enrichment.

Houston Community College is a diverse and complex multi-campus institution accredited by the Southern Association of Colleges and Schools' Commission on Colleges to award associate degrees. With a population of 2.3 million, Houston is the fourth largest city in America and the largest city in Texas.

The community is about one hour from the Texas' gulf coast. HCC is one of the largest institutions of higher education in the country with a Fall enrollment of approximately 70,000 students and 6 colleges with 22 campuses in a 631 square mile service area. HCC students are served by nearly 2,400 full and part-time faculty members. HCC enrolls more international students than any community college in the country.

The service delivery area (SDA) of Houston Community College includes the school districts of Houston, Stafford, Katy, Spring Branch, Alief, and portions of Fort Bend ISD located in Houston, Pearland, and Missouri City. The area is economically, educationally and ethnically diverse. While the average household income is \$80,210, more than 23.8% of the households in the SDA have an income less than \$25,000. While 36% of the population has some type of college degree, 23% of the population has no high school degree or GED. The population's ethnicity is 41% Hispanic, 28% white, 22% African American and 9% other. There is a relatively large young population, with 829,423 individuals, or 36 %, under the age of 18 years old. These factors give Houston Community College the potential of providing a large workforce pool for the service delivery area, the state and the nation's economic growth, and the energy and healthcare sectors in particular.

Houston Community College is committed to equipping students with the appropriate academic, technical and soft skills to allow them to succeed in the workplace. A comprehensive approach is utilized, combining



academic and technical resources, relevant student services, talent development organizations, and career building activities. By employing a comprehensive approach, HCC assures the vitality of its programs for today's academic and industrial demands and tomorrow's opportunities.

### ***Major Initiatives***

Houston Community College continues to improve its outcomes. HCC is among the top in the nation for preparing students for jobs. *Community College Week* now ranks HCC third nationally among two-year institutions in the number of Associate Degrees produced in 2014; which is an increase from a ranking of 4th in 2013. Including Associates Degrees, Certificates, Core Completers, and Marketable Skills Achievers, HCC's total awards for 2014 were 10,600 as compared to 8,195 during 2010. The focus on retention and completion continues in 2015 and 2016 through a variety of student services initiatives.

The 84<sup>th</sup> Texas Legislature passed HB1, the General Appropriations Act, which provides \$1.745 billion in instructional funding to community/junior colleges in Texas.

With its proportionate share of the community college funding, Houston Community College pledges to:

- Enhance higher education relationships with universities to provide students seamless transfer opportunities to continue their higher education;
- Provide technical job-ready graduates that can meet the demands of the industry;
- Provide students with the degrees and training necessary to increase their employment opportunities and/or career advancement;
- Work cooperatively with community colleges and other partners to address Texas' training needs;
- Continue to strengthen relationships with Texas public schools to promote high school graduation and college preparation with a variety of joint programs that directly emphasize STEM experiences;
- Maintain close relationships with industry to implement current business practices in the design and delivery of technical training programs, set new standards in the achievement of technical skills, and develop/redesign new technical programs to meet industry needs;
- Maximize College's resources by continually looking for ways to increase efficiency in all areas.

To facilitate the organization into becoming all that it can be, in fiscal year 2014-2015, Houston Community College began its first phase of institutional transformation. HCC has moved from a "center of delivery" model to a "center of excellence" model in order to achieve its vision – one with relevance, fiscal accountability, and structural nimbleness and flexibility, one that supports our new vision.

With 16 Centers of Excellence located strategically throughout the HCC's servicing districts, each Center will provide expert faculty teaching and state of the art facilities and equipment. This will allow students to focus on an in-demand field of study, with concentrated counseling and shared experiences with other like-minded students, thereby increasing persistence and student success rates.

By allowing us to focus our resources and best faculty in one location, the Centers of Excellence will provide the following outcomes and benefits:

- Increased capacity to serve the community with technical and academic programs;
- Increased facility utilization rates;
- Decreased costs of delivery of instruction and support services;
- Increased productivity of human capital;
- Increased accountability at all levels of the organization;
- Increased external funding opportunities through industry, grants, and other non-traditional sources;

- Increased consistency and quality of student experience;
- Increased student success.

Tomorrow's HCC will produce a more efficient college; a more interconnected college; a more responsive college; a more aligned college; a more innovative college; and a more successful student and graduate.

***Mission, Guiding Principles, Vision, & Strategic Initiatives |2012 -2015***

***Mission***

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

***Guiding Principles***

Freedom with Responsibility  
 Commitment to Excellence  
 Respect for the Person  
 Sound Stewardship

***Vision***

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

***Vision – Strategic Themes***

HCC will be:

- The economic engine for the region
- A world class leader in higher education
- A global leader in innovation and teaching
- The educational institution of choice
- The recognized leader among community colleges
- A trusted leader providing innovative educational opportunities relevant to student success
- Streamlined, nimble, innovative, and responsive
- The institution that continually transforms learning

***Vision – Core Values***

- Set and maintain high academic standards
- Collaboration
- United through a common mission
- Give the community a well-educated workforce
- Culture of Trust – Demonstrating Integrity and Ethics
- Lead by innovation in excellence
- Demonstrate passion

- Accountability
- Commitment to our students/student success
- Consistency across the institution

***Vision – Behavioral Competencies***

- Deliver High Quality of work
- Accepting responsibility
- Serving our stakeholders
- Supporting organizational goals
- Driving Continuous Improvement
- Acting with integrity
- Critical thinking
- Managing Change – adapting to support change
- Communicating Effectively

***Strategic Initiatives***

The seven initiatives of the 2012 – 2015 Strategic Plan are:

1. Increase Student Completion through Advanced Educational Opportunities
2. Respond to the Needs of Business and Industry for Skilled Workers
3. Ensure Instructional Programs Provide the Knowledge and Skills Required for 21st Century Learners
4. Enrich Institutional Capacity for Faculty and Staff Professional Development and Student Leadership Development
5. Support Innovation as a Means to Improve Institutional Resilience
6. Cultivate an Entrepreneurial Culture Across the Institution
7. Leverage Local and International Partnerships for Institutional and Community Development

All initiatives are important to moving the institution to the next level; however the focus on student success continues to be HCC's top priority. The College is in the final stages of developing its new strategic plan, which will be put into operation in January 2016.

***Financial Information***

HCCS management is responsible for establishing and maintaining internal controls. Management ensures each department has a clear understanding of its assignment, whether it is adequately staffed, protects the cash assets, functions effectively in carrying out the overall plan of the Houston Community College System's business and maintains good records so that financial statements are in compliance with GAAP. The internal control structure provides reasonable protection from fraud and waste. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit: HCCS receives federal and state financial assistance during the fiscal year, which results in HCCS being responsible to ensure adequate internal control and compliance with laws, regulations, contracts, and grant agreements related to those programs. The management periodically reviews the internal controls to ensure the adequacy of the controls. Additionally, during the federal and state single audit, the independent auditor tests the adequacy of internal controls and compliance with applicable laws, regulations, contracts, and grant agreements for the major federal and state programs. In the fiscal year ended August 31, 2015, the single audit identified one material weakness.

Budgeting Control: The Board of Trustees adopts an operating budget annually, providing authority to expend funds in accordance with state law, board policy, and HCCS' approved budgeting procedures. Included in the annual budget are the activities of the Unrestricted Fund, Auxiliary Fund, Operating

Technology Fund and Retirement of Debt Service Fund. HCCS has adopted the concept of Performance Based Budgeting. Performance Based Budgeting contains an integrated set of strategic goals with associated action plans, measures and targets, and priority funds dedicated to achieving them. The Performance Based Budget aligns the budget process to the strategies, goals and action plans of HCCS, which centers on the outcome of student success. Each HCCS department builds an action plan to support the goals and objectives so that our strategy is aligned from the top-down.

The Office of Fiscal Planning and Budget monitors the overall budget activities. Internal controls have been implemented to ensure that expenses fall within the budget and purchasing guidelines. An encumbrance accounting system is utilized to help maintain budgetary control, allowing expenses for prior fiscal years' encumbered amounts to impact the previous years' budget in which the original encumbrance was entered.

Periodic financial and budget reports are submitted to the Board of Trustees to report on the status of all HCCS funds and accounts. Annual financial reports are prepared in accordance with relevant law.

Internal and external audits are periodically conducted to evaluate all financial operations of HCCS. These audits ensure that HCCS resources are properly managed and accounted for and that the internal controls are effective and adequate, complying with approved policies.

In accordance with HCCS' budgeting control policy, intra-fund transfers of budgets are allowed and must go through the approval process. The transfer must be approved by the budget authority of the requesting department, and then forwarded to the Office of Fiscal Planning and Budget for processing. Funds cannot be transferred from restricted budgets that are set up for salaries and fixed expenses. The transfer of budget between different fund groups is not allowed. For example, budgets can't be transferred from unrestricted to restricted and vice versa.

The management and discussion analysis references topics pertaining to Houston Community College's major initiatives, future outlook and financial information.

### ***Independent Audit***

The annual audit is conducted in accordance with Generally Accepted Auditing Standards (GAAS) applicable to financial audits contained in Government Auditing Standards (including GASB 34 and 35). The audit includes the basic financial statements of HCCS and supplemental schedules in the precise format prescribed by the Texas Higher Education Coordinating Board. All federal reports and schedules as required by The Government Auditing Standards and Office of Management and Budget Circular A-133 (Single Audit) are included. The Single Audit financial reports consist of the Schedule of State Expenditures of Awards, Schedule of Federal Expenditures of Awards and the auditor's report on compliance and internal controls. HCCS' Board of Trustees engaged Grant Thornton as the accounting firm to perform the annual financial audit.

### ***Awards***

*The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Houston Community College System for its compressive annual financial report for the fiscal year ended August, 31, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.*

*A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.*

*Acknowledgements*

We would like to thank the Board of Trustees for its guidance and direction. It is with special appreciation that we acknowledge the Finance and Administration Division and all members of the staff for their support, hard work and dedication. We would like to also thank Grant Thornton for their assistance with the audit.

Respectively Submitted,

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Teri Zamora, MACC  
Vice Chancellor of Finance and Administration

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Karla Bender, Ed.D.  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Houston Community College System**

**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2014**

Executive Director/CEO

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Grant Thornton LLP  
700 Milam St., Suite 300  
Houston, TX 77002-2848  
T 832.476.3600  
F 713.655.8741  
www.GrantThornton.com

Board of Trustees  
Houston Community College System  
Houston, Texas

**Report on the Financial Statements**

*Management's Responsibility for the Financial Statements*

*Auditor's Responsibility*

*Opinion*

*Other Matters*

**Required supplementary information**

*Supplementary information*

*Other information*

**Other reporting required by *Government Auditing Standards***

GRANT THORNTON LLP

Houston, Texas

DRAFT



HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

## INTRODUCTION

This section of Houston Community College System's ("HCC" or the "System") Annual Financial Report presents management's discussion and analysis. Management's Discussion and Analysis is included to provide a narrative introduction, overview and analysis of the financial position and changes in financial position of the System's financial activity during the fiscal years ended August 31, 2015 and 2014. Since management's discussion and analysis is designed to focus on current activities, and currently known facts, please read this in conjunction with the System's basic financial statements and the notes thereto. Responsibility for the completeness and fairness of this information rests with the management of the System.

## FINANCIAL STATEMENTS

The financial statements of this annual report consist of three parts – Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The financial statements, consisting of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; and No. 35 (GASB 35), *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

These three statements will assist the reader in determining whether the System, as a whole, is performing financially better this year as compared to last year. The financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

The Statements of Net Position report all of the System's assets, liabilities and deferred outflows and inflows of resources. Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is subdivided into three categories to indicate the limitations on its use. Net investment in capital assets is not available for general use, since these are resources that have been invested in capital assets such as land, building and improvements, and equipment of the System. Restricted net position is not accessible for general use because the use of these assets is subject to third-party restrictions. Any remaining net position is classified as unrestricted and is available for general use.

Over time, increases or decreases in net position indicate the improvement or erosion of the System's financial health when considered with non-financial facts, such as enrollment levels and the condition of the facilities.

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred over the course of the fiscal year. Activities are reported as either operating or non-operating. Operating revenues are primarily those that result from instruction, the operation of the System's auxiliary services, and federal and state grants. State appropriations and ad-valorem taxes, while budgeted for operations, are considered to be non-operating revenue. Depreciation on capital assets is included in operating expenses. Since state appropriations and ad-valorem taxes are a significant portion of maintenance and operations funding, classification of this revenue as non-operating will usually result in an operating deficit.

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

This discussion and analysis of the System's financial statements provides an overview of its financial activities for the fiscal year.

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS AND  
CONDENSED FINANCIAL INFORMATION**

**Statement of Net Position**

The Statement of Net Position represents the System's financial position at the end of the fiscal year and includes all assets, liabilities and deferred inflows and outflows of resources of the System using the accrual basis of accounting. The accrual basis of accounting is similar to the accounting basis utilized by most private-sector institutions. Net Position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and serves as a general indicator of financial stability. When permanent endowments (those that must be maintained in perpetuity) are included in this component, restricted net position must be further divided and displayed in two sub-components, expendable and non-expendable.

From the data presented, readers of the financial statements are able to determine the assets available to continue operations of the System and how much the System owes vendors, investors and lending institutions.

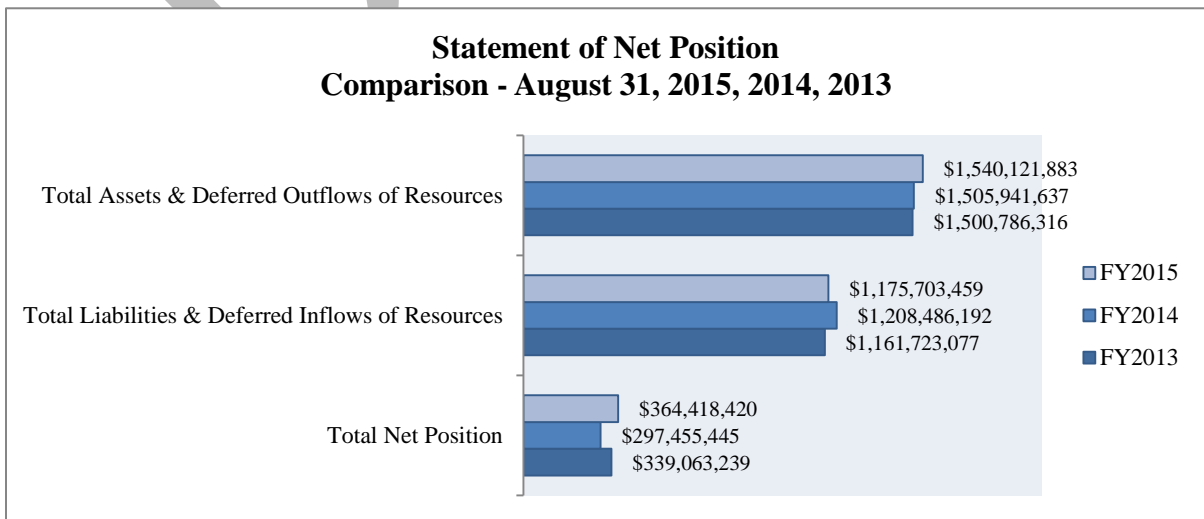
Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include restricted cash and cash equivalents, capital assets, investments and other assets not classified as current.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

This statement defines the financial position of the System and includes a comparison for fiscal years 2015, 2014 and 2013.

**HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**Statement of Net Position**

	2015	2014	2013	Change	
				2015 to 2014	2013 to 2014
<b>ASSETS:</b>					
Current Assets	\$ 147,638,605	\$ 125,749,264	\$ 143,137,782	\$ 21,889,341	\$ (17,388,518)
Non-current Assets	421,599,334	495,063,620	566,848,096	(73,464,286)	(71,784,476)
Capital Assets	950,841,107	870,756,195	782,119,403	80,084,912	88,636,792
	<u>1,520,079,046</u>	<u>1,491,569,079</u>	<u>1,492,105,281</u>	<u>28,509,967</u>	<u>(536,202)</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Advance Funding Valuation	8,743,822	7,972,677	8,681,035	771,145	(708,358)
Pension	11,299,015	6,399,881	-	4,899,134	6,399,881
	<u>20,042,837</u>	<u>14,372,558</u>	<u>8,681,035</u>	<u>5,670,279</u>	<u>5,691,523</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,540,121,883</u>	<u>\$ 1,505,941,637</u>	<u>\$ 1,500,786,316</u>	<u>\$ 34,180,246</u>	<u>\$ 5,155,321</u>
<b>LIABILITIES:</b>					
Current Liabilities	119,251,139	113,335,339	113,309,337	5,915,800	26,002
Non-current Liabilities	1,035,030,536	1,094,276,083	1,048,413,740	(59,245,547)	45,862,343
	<u>1,154,281,675</u>	<u>1,207,611,422</u>	<u>1,161,723,077</u>	<u>(53,329,747)</u>	<u>45,888,345</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Advance Funding Valuation	795,245	874,770	-	(79,525)	874,770
Pension	20,626,539	-	-	20,626,539	-
	<u>21,421,784</u>	<u>874,770</u>	<u>-</u>	<u>20,547,014</u>	<u>874,770</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 1,175,703,459</u>	<u>\$ 1,208,486,192</u>	<u>\$ 1,161,723,077</u>	<u>\$ (32,782,733)</u>	<u>\$ 46,763,115</u>
<b>NET POSITION:</b>					
Investment in Plant, Net	290,770,960	244,073,582	230,705,769	46,697,378	13,367,813
Restricted-Expendable	8,706,754	11,568,143	1,215,548	(2,861,389)	10,352,595
Unrestricted	64,940,706	41,813,720	107,141,922	23,126,986	(65,328,202)
<b>TOTAL NET POSITION</b>	<u>\$ 364,418,420</u>	<u>\$ 297,455,445</u>	<u>\$ 339,063,239</u>	<u>\$ 66,962,975</u>	<u>\$ (41,607,794)</u>



HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**Assets**

**Fiscal Year 2015:**

In comparing fiscal year 2015 to fiscal year 2014, overall assets increased by \$28.5 million. Current assets increased by \$21.9 million, due to increases in cash and cash equivalents (Note 4). Noncurrent assets increased by \$6.6 million. This was comprised of a decrease of \$73.4 million in restricted cash and long-term investments and an increase in capital assets of \$80.1 million (Note 6). The increase in capital assets consisted of land purchases of \$5.1 million, building purchases of \$22.2 million and other capital expenditures of \$48.5 million.

Overall returns on investments decreased by \$754 thousand in fiscal year 2015 due to the \$51.8 million decrease in cash and investments from fiscal 2014. The investment portfolio is highly liquid with 76% of the assets invested in local government pools, money market funds and short-term certificates of deposit. All pools and money market funds are rated at the highest level. Certificates of deposit, high yield savings and other bank deposits are secured with U.S. Treasuries or United States agencies which have the full faith and credit of the United States government. The balance of the portfolio is invested in government-sponsored entities/agencies with "AAA" credit ratings.

**Fiscal Year 2014:**

In comparing fiscal year 2014 to fiscal year 2013, there was a decrease of \$86.4 million in cash and cash equivalents, and long-term investments. The decrease is due mainly to land purchases of \$30.7 million and capital expenditures of \$50.9 million.

Overall returns on investments increased slightly in fiscal year 2014 to a weighted average interest rate of .42% at August 31, 2014. The investment portfolio is highly liquid with 89% of the assets invested in local government pools, money market funds and short-term certificates of deposit. All pools and money market funds are rated at the highest level. Certificates of deposit, high yield savings and other bank deposits are secured with U.S. Treasuries or United States agencies which have the full faith and credit of the United States government. The balance of the portfolio is invested in government-sponsored entities/agencies with "AAA" credit ratings.

**Liabilities**

**Fiscal Year 2015:**

Overall liabilities decreased by \$53.3 million from fiscal year 2014 to fiscal year 2015. General Obligation bonds decreased by \$16.0 million due to principal payments. Notes payable decreased by \$6.8 million due to principal payments. Revenue bonds of \$77.8 million were issued which defeased \$34.7 million of System revenue bonds and \$42.3 million in PFC lease revenue bonds. There were principal payments made on all revenue bonds of \$12.5 million and principal payments of \$5.0 million were made on PFC lease revenue bonds. Accounts payable and accrued liabilities increased by \$2.8 million. Net pension liability decreased by \$15.4 million from FY 2014 to FY 2015 for a total net pension liability of \$67.4 million.

**Fiscal Year 2014:**

Overall liabilities decreased by \$36 million from fiscal year 2013 to fiscal year 2014. General Obligation bonds decreased by \$10.0 million due to principal payments. Notes payable decreased by \$8.1 million due to principal payments. There were principal payments made on all revenue bonds of \$12.7 million and principal payments of \$4.2 million were made on PFC lease revenue bonds. Accounts payable and accrued liabilities decreased by \$3.9 million. Unearned revenues increased by \$1.6 million due to an increase in Fall 2014 enrollment versus Fall 2013 enrollment. Net pension liability increased by \$82.8 million due to the implementation of GASB 68.

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues earned by the System, both operating and non-operating, and the expenses incurred by the System, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the System.

The Statement of Revenues, Expenses and Changes in Net Position present the System's results of operations for the fiscal year. Operating revenues are generated from the services provided to students and other customers of the System. Operating expenses include those costs incurred in the production of goods and services which result in operating revenues, as well as depreciation and amortization. All other activity is classified as non-operating revenues, expenses, gains and losses. Since a large portion of the revenue including Ad Valorem Taxes and State of Texas appropriations are classified as non-operating revenues, Texas public community colleges may reflect an operating loss with the increase or decrease in net position reflective of all activity.

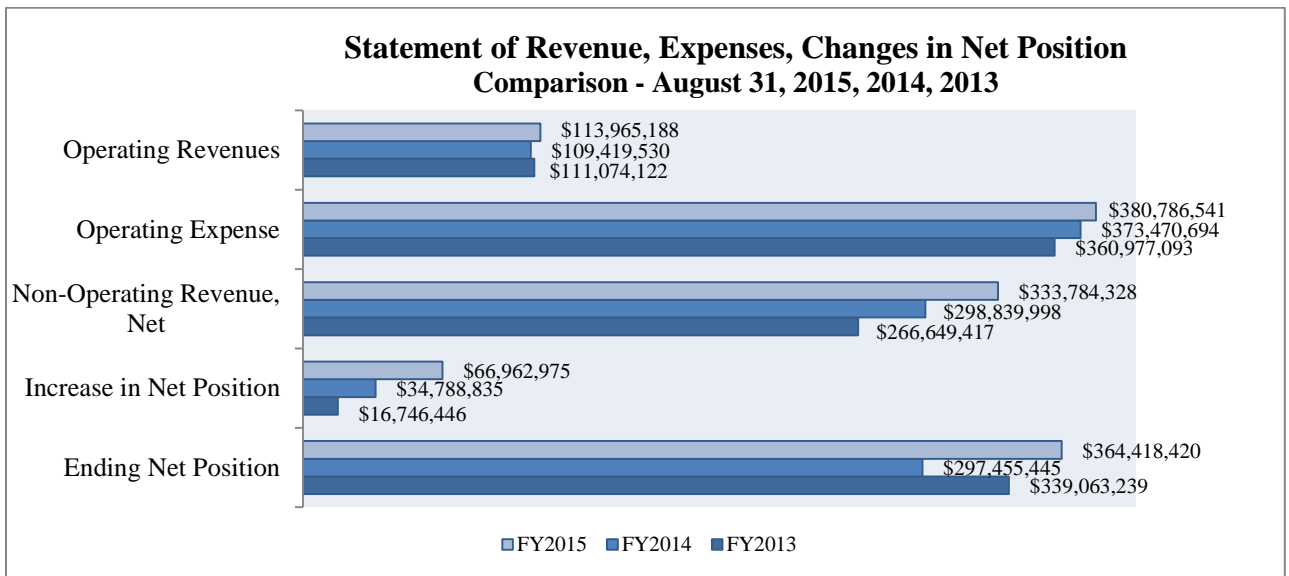
Total revenues and total expenses should be considered in assessing the change in the System's financial position. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. Further detail is presented in the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

A summarized comparison of the System's revenues, expenses and changes in net position for the years ended August 31, 2015, 2014, and 2013 is presented in table below.

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	
				<b>2014 to 2015</b>	<b>2013 to 2014</b>
Operating Revenues	\$ 113,965,188	\$ 109,419,530	\$ 111,074,122	\$ 4,545,658	\$ (1,654,592)
Operating Expenses	380,786,541	373,470,694	360,977,093	7,315,847	12,493,601
Operating Loss	(266,821,353)	(264,051,164)	(249,902,971)	(2,770,189)	(14,148,193)
Nonoperating Revenue, Net	333,784,328	298,839,998	266,649,417	34,944,330	32,190,581
Increase in Net Position	\$ 66,962,975	\$ 34,788,834	\$ 16,746,446	\$ 32,174,141	\$ 18,042,388
Net Position, Beginning of Year	\$ 297,455,445	\$ 339,063,239	\$ 322,316,793	2,770,189	14,148,193
Cummulative Effect for Changes in Accounting Principle	-	(76,396,628)	-	32,174,141	18,042,388
Ending Net Position	<u>\$ 364,418,420</u>	<u>\$ 297,455,445</u>	<u>\$ 339,063,239</u>	<u>\$ 66,962,975</u>	<u>\$ (41,607,794)</u>

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)



**Revenues**

**Fiscal Year 2015**

Overall, operating revenues increased by \$4.5 million or 4.2% in fiscal year 2015 as compared to fiscal year 2014 (Exhibit 2). The System experienced an increase of 6.2% or \$ 4.4 million in tuition and fee revenue; a decrease of 1.7% or \$0.2 million in federal grants and contracts; and an increase of 58.2% in state grants and contract revenue. Tuition and fees increased due to an increase in workforce continuing education enrollment. Increases in state grant revenue are due to an increase in financial aid awards of the Texas Education Opportunity Grant.

Non-operating revenues increased by 11.5% or \$37.4 million over the previous year, mainly due to an increase in ad valorem tax revenue, along with an increase in other non-operating revenue (Schedule C). The total tax base in the System’s taxing district increased from 2014 to 2015 by approximately 10%, resulting in an increase in the Maintenance & Operation portion of ad valorem taxes of \$11.1 million. An increase in debt service needs resulted in a corresponding increase in the Debt Service portion of ad valorem taxes in the amount of \$19 million. Other Non-Operating Revenues increased by \$5.8 million due to the gain realized on the defeasance of the 2006 Junior Lien Revenue Bonds and the 2005C and 2006 PFC Lease Revenue Bonds.

**Fiscal Year 2014**

Overall, operating revenues decreased by \$1.7 million or 1.5% in fiscal year 2014 as compared to fiscal year 2013. The System experienced a decrease of 1% or \$ 0.7 million in tuition and fee revenue; a decrease of 5% or \$0.7 million in federal grants and contracts; and a decrease of 9% in state grants and contract revenue. Tuition and fees decreased due to enrollment declines experienced in the fall and spring semesters. Decreases in federal and state grant revenue are due to several grants that ended during the period. These decreases are partially offset by increases in revenue from local grants and contracts and auxiliary enterprises.

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

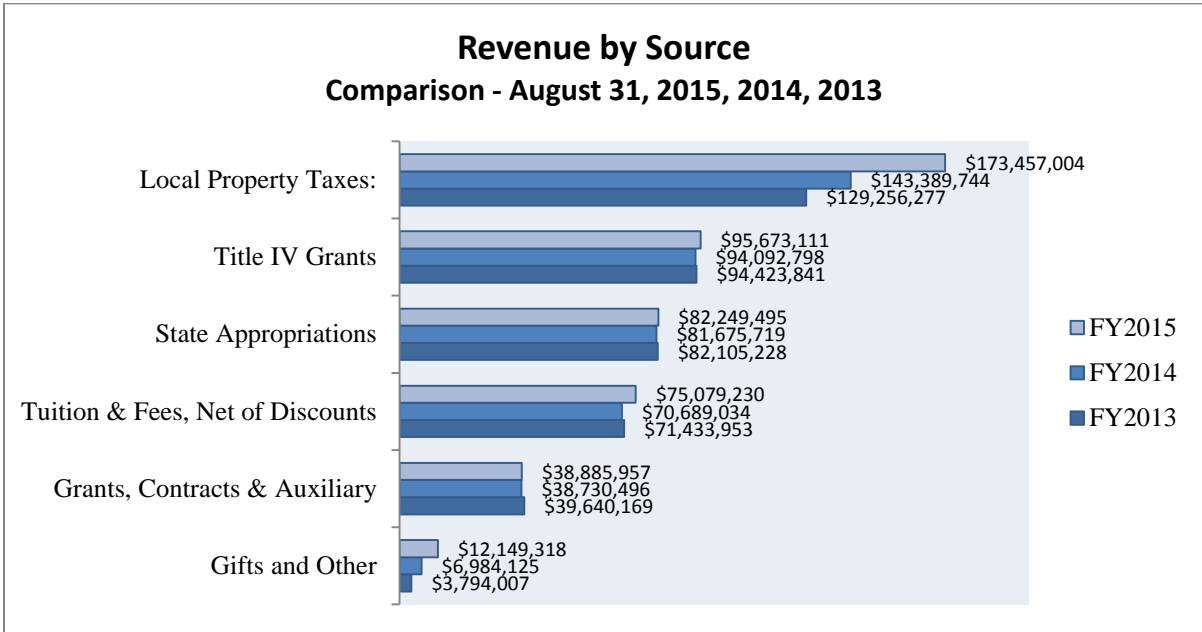
Non-operating revenues increased by 5.4% or \$16.6 million over the previous year, mainly due to an increase in ad valorem tax revenue, along with increases in investment income and other non-operating revenue. The total tax base in the System's taxing district increased from 2013 to 2014 by approximately 10%, resulting in an increase in the Maintenance & Operation portion of ad valorem taxes of \$7.9 million. An increase in debt service needs resulted in a corresponding increase in the Debt Service portion of ad valorem taxes in the amount of \$6.2 million. The increase is offset by a decrease in interest paid on capital related debt of \$16 million due to the capitalization of interest on construction in process. Interest earned for FY 2014 was \$3.7 million. Non-operating revenue, net of expenses, increased by \$32.2 million for a total increase in net position of \$34.8 million.

**Revenue by Source**

	2015	2014	2013	Change	
				2014 to 2015	2013 to 2014
<b><u>OPERATING REVENUES:</u></b>					
Tuition & Fees, Net of Discounts	\$ 75,079,230	\$ 70,689,034	\$ 71,433,953	\$ 4,390,196	\$ (744,919)
Grants, Contracts & Auxiliary:					
Federal	13,782,110	14,019,776	14,702,419	(237,666)	(682,643)
State	8,772,358	5,543,642	6,156,585	3,228,716	(612,943)
Local, Private & Non-Governmental	2,786,499	2,747,018	2,688,266	39,481	58,752
Auxiliary	13,544,991	16,420,060	16,092,899	(2,875,069)	327,161
Total Grants, Contracts & Auxiliary	38,885,958	38,730,496	39,640,169	155,462	(909,673)
<b>TOTAL OPERATING REVENUES</b>	<b>113,965,188</b>	<b>109,419,530</b>	<b>111,074,122</b>	<b>4,545,658</b>	<b>(1,654,592)</b>
<b><u>NONOPERATING REVENUES:</u></b>					
State Appropriations:					
Unrestricted	69,155,893	69,148,935	70,014,003	6,958	(865,068)
Restricted	13,093,602	12,526,784	12,091,225	566,818	435,559
Total State Appropriations	82,249,495	81,675,719	82,105,228	573,776	(429,509)
Local Property Taxes:					
M & O	125,073,172	113,987,287	106,097,476	11,085,885	7,889,811
Debt	48,383,832	29,402,457	23,158,801	18,981,375	6,243,656
Total Local Property Taxes	173,457,004	143,389,744	129,256,277	30,067,260	14,133,467
Title IV Grants	95,673,111	94,092,798	94,423,841	1,580,313	(331,043)
Gifts and Other:					
Gifts	1,260,854	1,436,292	1,591,888	(175,438)	(155,596)
Other	10,888,464	5,547,833	2,202,119	5,340,631	3,345,714
Total Gifts and Other	12,149,318	6,984,125	3,794,007	5,165,193	3,190,118
<b>TOTAL NONOPERATING REVENUES</b>	<b>363,528,928</b>	<b>326,142,386</b>	<b>309,579,353</b>	<b>37,386,542</b>	<b>16,563,033</b>
<b>TOTAL REVENUES</b>	<b>\$477,494,116</b>	<b>\$435,561,916</b>	<b>\$420,653,475</b>	<b>\$ 41,932,200</b>	<b>\$ 14,908,441</b>

HOUSTON COMMUNITY COLLEGE SYSTEM  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (Unaudited)

Revenue by Source



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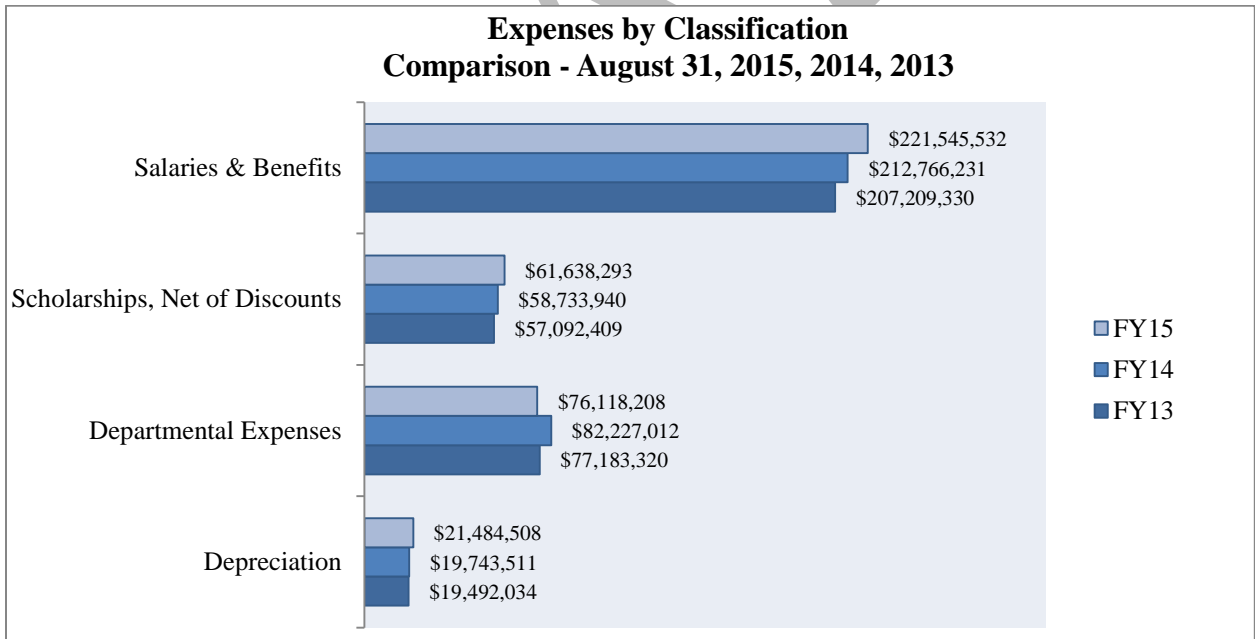


HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**Expenses**

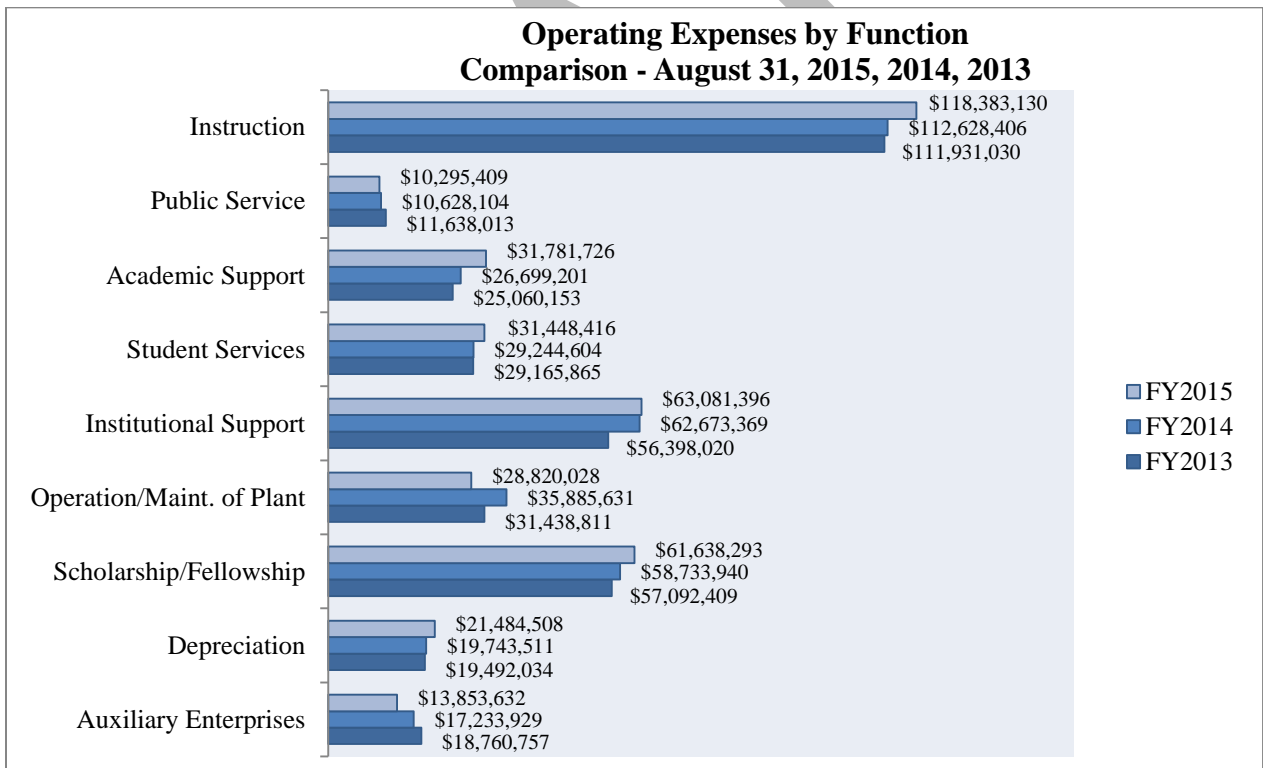
The schedules below provide a three-year historical record of the use of funds by functionality and natural classification. The expenses reported include both restricted and unrestricted funds, and are on the accrual basis.

	Operating Expenses by Natural Classification						Change	
	2015	% of Total	2014	% of Total	2013	% of Total	2014 to 2015	2013 to 2014
Salaries & Benefits	\$221,545,532	58.2%	\$212,766,231	57.0%	\$ 207,209,330	57.4%	\$ 8,779,301	\$ 5,556,901
Scholarships, Net of Discounts	61,638,293	16.2%	58,733,940	15.7%	57,092,409	15.8%	2,904,353	1,641,531
Departmental Expenses	76,118,208	20.0%	82,227,012	22.0%	77,183,320	21.4%	(6,108,804)	5,043,692
Depreciation	21,484,508	5.6%	19,743,511	5.3%	19,492,034	5.4%	1,740,997	251,477
	<u>\$380,786,541</u>	100%	<u>\$373,470,694</u>	100%	<u>\$ 360,977,093</u>	100%	<u>\$ 7,315,847</u>	<u>\$ 12,493,601</u>



**HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

	Operating Expenses by Functional Classification						Change	
	2015	% of Total	2014	% of Total	2013	% of Total	2014 to 2015	2013 to 2014
Instruction	118,383,131	31.1%	112,628,406	30.2%	111,931,030	31.0%	5,754,725	697,376
Public Service	10,295,409	2.7%	10,628,104	2.8%	11,638,013	3.2%	(332,695)	(1,009,909)
Academic Support	31,781,726	8.3%	26,699,201	7.1%	25,060,153	6.9%	5,082,525	1,639,048
Student Services	31,448,417	8.3%	29,244,604	7.8%	29,165,865	8.1%	2,203,813	78,739
Institutional Support	63,081,397	16.6%	62,673,369	16.8%	56,398,020	15.6%	408,028	6,275,349
Operation/Maint. of Plant	28,820,028	7.6%	35,885,631	9.6%	31,438,811	8.7%	(7,065,603)	4,446,820
Scholarship/Fellowship	61,638,293	16.2%	58,733,940	15.7%	57,092,409	15.8%	2,904,353	1,641,531
Depreciation	21,484,508	5.6%	19,743,511	5.3%	19,492,034	5.4%	1,740,997	251,477
Auxiliary Enterprises	13,853,632	3.6%	17,233,929	4.6%	18,760,757	5.2%	(3,380,297)	(1,526,828)
<b>Total Expense</b>	<b>\$ 380,786,541</b>	<b>100%</b>	<b>\$ 373,470,694</b>	<b>100%</b>	<b>\$ 360,977,093</b>	<b>100%</b>	<b>\$ 7,315,846</b>	<b>\$ 12,493,601</b>



HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**Fiscal Year 2015**

An analysis of operating expenses indicates an increase in fiscal year 2015 by \$7.3 million or 2% compared to fiscal year 2014. The increases are namely in the instruction and academic support functional areas due to the following:

- Increase in employee salaries and benefits costs related to general 2% raise and the increased costs of health benefits;
- Increase in compensation of lab hours for faculty;
- Increase in academic support function due to increase in IT projects.

**Fiscal Year 2014**

An analysis of operating expenses indicates an increase in fiscal year 2014 by \$12.5 million or 3% compared to fiscal year 2013. The increases are namely in the operations & maintenance of plant, institutional support and academic support functional areas due to the following:

- Increase in employee benefits costs related to the reduction in the State's contribution to TRS and ORP, an increase in health insurance premiums and compliance with the Affordable Care Act;
- Land purchase and buildings improvements;
- Increase in debt services.

**Capital Assets and Debt Administration**

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

**Fiscal Year 2015:**

There was a significant increase in net capital assets of approximately \$80.1 million from fiscal year 2014 to fiscal year 2015. This increase was due primarily to a \$91.4 million net increase in buildings, real estate improvements, equipment (net of accumulated depreciation). There also was a \$12.6 million increase in land acquisitions, and a net decrease in construction in progress of \$23.9 million which were funded from various bond proceeds. See Footnote 6 of the financial statements.

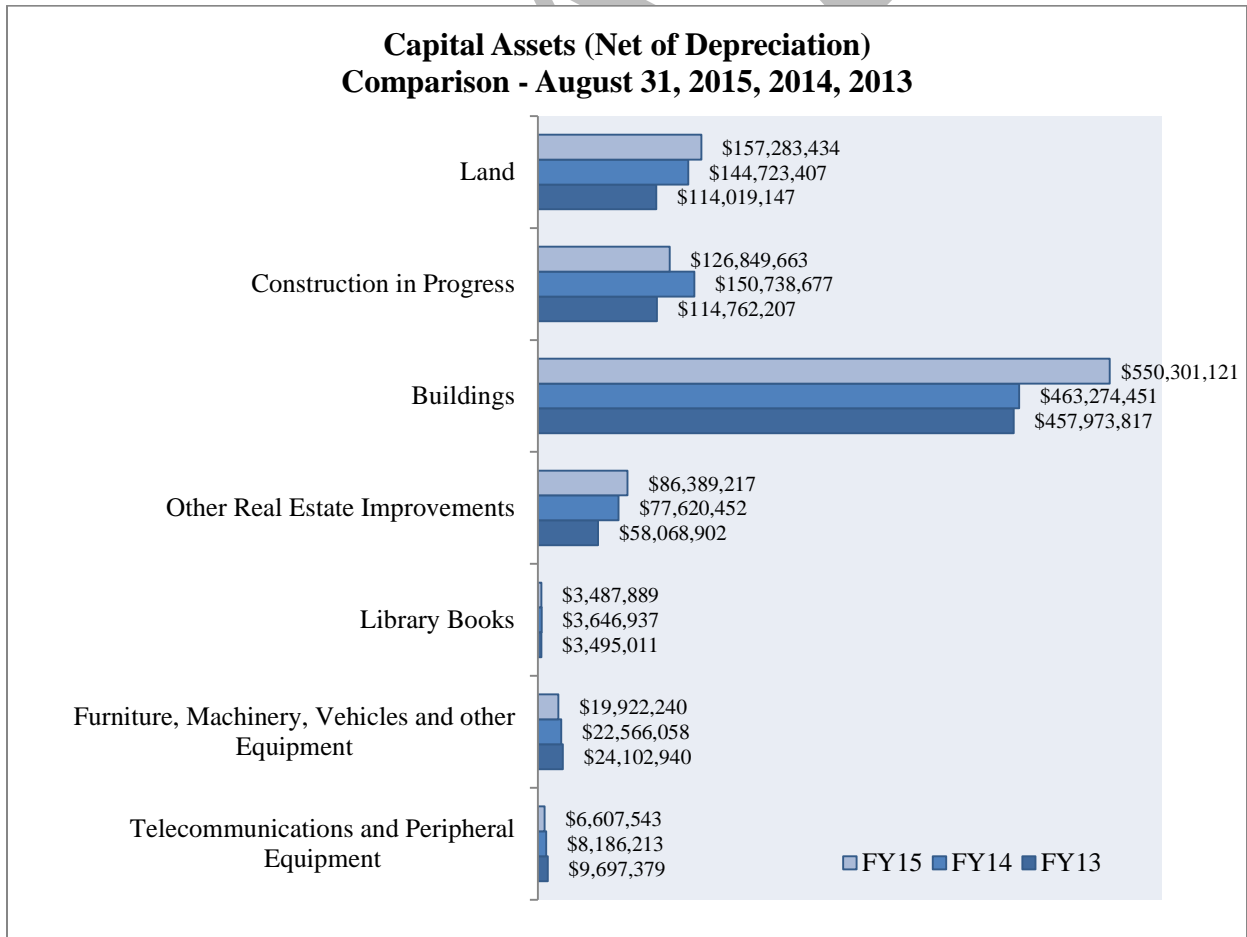
**Fiscal Year 2014:**

There was a significant increase in net capital assets of approximately \$88.6 million from fiscal year 2013 to fiscal year 2014. This increase was due primarily to a \$36.0 million net increase in construction in progress, an increase in land of \$30.7 million, and increases in buildings, real estate improvements and equipment of \$21.9 million (net of accumulated depreciation) which were funded from various bond proceeds. See Footnote 6 of the financial statements.

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**Capital Assets (Net of Depreciation)**

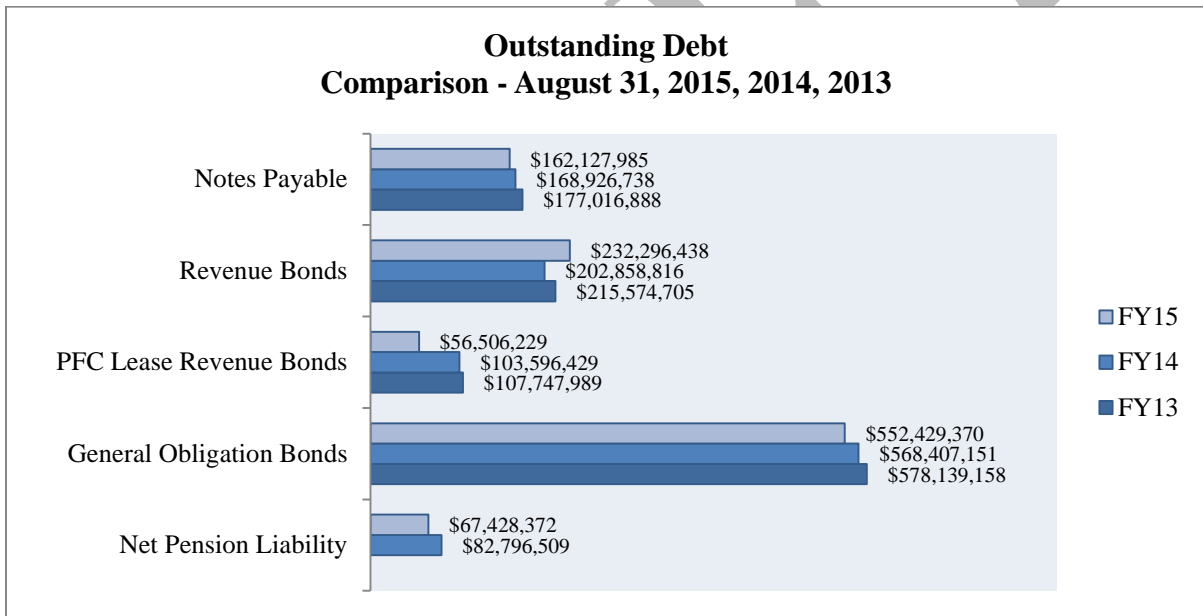
Capital Assets:	2015	2014	2013	Change	
				2014 to 2015	2013 to 2014
Land	\$ 157,283,434	\$ 144,723,407	\$ 114,019,147	\$ 12,560,027	\$ 30,704,260
Construction in Progress	126,849,663	150,738,677	114,762,207	(23,889,014)	35,976,470
Buildings	550,301,121	463,274,451	457,973,817	87,026,670	5,300,634
Other Real Estate Improvements	86,389,217	77,620,452	58,068,903	8,768,765	19,551,549
Library Books	3,487,889	3,646,937	3,495,011	(159,048)	151,926
Furniture, Machinery, Vehicles and Other Equipment	19,922,240	22,566,058	24,102,939	(2,643,818)	(1,536,881)
Telecommunications and Peripheral Equipment	6,607,543	8,186,213	9,697,379	(1,578,670)	(1,511,166)
<b>Total Capital Assets</b>	<b>\$ 950,841,107</b>	<b>\$ 870,756,195</b>	<b>\$ 782,119,403</b>	<b>\$ 80,084,912</b>	<b>\$ 88,636,792</b>



HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**Outstanding Debt**

Outstanding debt:	2015	2014	2013	Change	
				2014 to 2015	2013 to 2014
Notes Payable	\$ 162,127,985	\$ 168,926,738	\$ 177,016,888	\$ (6,798,752)	\$ (8,090,150)
Revenue Bonds	232,296,438	202,858,816	215,574,705	\$ 29,437,621	\$ (12,715,889)
PFC Lease Revenue Bonds	56,506,229	103,596,429	107,747,989	\$ (47,090,200)	\$ (4,151,560)
General Obligation Bonds	552,429,370	568,407,151	578,139,158	\$ (15,977,781)	\$ (9,732,007)
Net Pension Liability	67,428,372	82,796,509	-	\$ (15,368,137)	\$ 82,796,509
<b>Total Outstanding Debt</b>	<b>\$ 1,070,788,394</b>	<b>\$ 1,126,585,643</b>	<b>\$ 1,078,478,740</b>	<b>\$ (55,797,250)</b>	<b>\$ 48,106,903</b>



HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**Fiscal Year 2015:**

Bonds and notes payable decreased as follows:

- Bonds and notes payable decreased as follows:
- Decrease of \$6,798,752 for principal payments on Maintenance Tax Notes.
- Net increase of \$29,437,621 due to issuance of \$77,851,896 in bonds, defeasance of \$34,695,000 and principal payments of \$12,545,000.
- PFC Lease Revenue Bonds decreased by \$47,090,200 due to defeasance of \$42,325,000 and principal payments of \$4,965,000.
- Decrease of \$15,977,781 for principal payments on Limited Tax General Obligation Bonds and amortization of bond premium.

**Fiscal Year 2014:**

Bonds and notes payable decreased as follows:

- Bonds and notes payable decreased as follows:
- Decrease of \$8,090,150 for principal payments on Maintenance Tax Notes.
- Decrease of \$12,715,889 due to principal payments on Revenue Bonds.
- PFC Lease Revenue Bonds decreased by \$4,151,560 due to principal payments.
- Decrease of \$9,732,007 for principal payments on Limited Tax General Obligation Bonds.

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

### **Future Outlook**

We are in the middle of transforming HCC into the College of the Future. That future not only includes new technologies, but also comes with new opportunities, leadership, and strategies.

An important part of HCC's transformation is the focus on the student success experience. Phase 1 of the transformation focused on Instructional services. With the redesign of the curriculum and development of staffing standards for all instructional areas, the benefits include the following:

- System-wide leadership in academic instructional areas
- System-wide opportunities for collaboration among faculty within disciplines
- Sixteen (16) Centers of Excellence aligned with the surrounding industry corridors
- System-wide professional development opportunities for faculty through the Faculty Academy
- System-wide goals on student success, retention, completion, and job placement

As we embark on Phase II of the transformation, the focus concentrates on Students Services. A new model has been designed to support the success of our students, enhance the student experience, and support the success and completion goals established. Phase II of the transformation should result in the following benefits:

- A consistent staffing model of all student service areas
- A consistent staffing campus leadership model
- Targeted support services for the Centers of Excellence
- System-wide training for student services staff
- A comprehensive student success and completion model

The highlights and accomplishments of the transformation also include the following changes that will move HCC toward increased accountability and transparency as we move through the planning of the organizational redesign of student success.

#### *College Readiness*

College readiness is a metric that has been loosely defined and has become largely synonymous with dual credit programs, but it has a much broader scope. Due to the high level of influence on HCC's student success and HCC meeting its obligation to produce workforce ready and academically prepared graduates, we must view college readiness as applicable to other channels that bring students to HCC. HCC's college readiness endeavor will expand pathways for workforce readiness and academic success by developing and promoting academic and technical pathways from secondary to post-secondary education through many channels, such as dual credit, Early College High School (ECHS), Middle College High School (MCHS), Texas Success Initiatives (TSI) academics, continuing education, etc. By developing strong relationships with our partner Independent School Districts (ISD), internal HCC departments, and external organizations associated with building educational pipelines, we align access to both academic programs and to ongoing technical education so students can have a strong foundation for choices in the future. HCC's goal is to have our students leave HCC ready for the modern workplace and academia – that they have portable, marketable skill sets that they can apply to opportunities that come their way, that they receive credit that can be applied to future educational goals.

#### *Diversity and Inclusion*

HCC is leading the nation as the most diverse community college. We are devoted to championing the cause of diversity, inclusion, and equality for everyone. Fiscal Year 2014-2015 began our second year of the system-wide HCC Diversity & Inclusion Plan, highlighting the institution's collaborative commitment to the evolving cultural and developmental nuances of all students, faculty, and staff. The Diversity & Inclusion committees and programs continuously build a culture that fosters an inclusive, welcoming learning environment throughout all HCC campuses.

HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

*Safety and Security*

Safety and security of all students, employees and visitors is of utmost importance to the leadership of HCC. To enhance the college's ability to maintain safety and security, the HCC Police Department will begin implementation of its transformation plan. The new structure has been designed to increase communication, training, and the deployment of personnel to quickly meet strategic needs while keeping our focus on the safety of our faculty, staff, students, and visitors. Some advantages of the new structure include the following.

- Greater number of officers familiar with each college location
- Increased number of officers able to respond to incidents within shorter timeframes
- More frequent and ongoing communication and training opportunities for officers
- Increased levels of supervision on all shifts, including evening and weekends.

As we continue this momentum, we will be challenged by economic change and changes in our stakeholder's needs. Our role in building futures is still paramount for our students, for business, for the economy. The role of all faculty and staff is more important than ever. The faculty and staff define our success through their power to teach, inspire, motivate, and engage with every single person who enters our doors. We have much to be proud of at HCC. We are absolute in our focus on the student experience – on campus or in the classroom. It is our joint responsibility to give students the best guidance. Our responsiveness to our students should be constant and consistent. Only our collective work will best prepare our students for a four-year institution or the workplace.

Houston Community College looks forward to welcoming new and continuing students; offering new courses; implementing a new organizational structure with a new budget; and new opportunities.

The 2013 Capital Improvements Program (CIP) continues with full operations and mobilization on multiple active sites. The Program Execution Plan (PEP) continues to be in use for all aspects of the Bond Program activities. Planning and construction is underway to build several new HCC facilities. The bond referendum, approved by the voters in 2012 for \$425,000,000, provides each HCC college with new or renovated facilities and the technology to meet student needs, especially in high-demand areas such as science, technology, engineering, and math (STEM) education, as well as health sciences.

HCC is committed to innovation that creates resiliency. The seven initiatives adopted in the strategic plan encompass our efforts to address and meet the needs of our students and community. Stewardship, being one of our guiding principles, is the path to fulfilling HCC's mission and acknowledges our guardianship of its resources and positive impact on the lives of our students and community at large. Sound stewardship incorporates adherence to the highest ethical standards in all professional and personal duties and responsibilities: to deal honestly with others; to stand for what is right; and to secure the benefit of all by the wise care and utilization of our resources, including time, money, and people.

Texas Association of Community College's (TACC) model for funding community college instruction was initially adopted by the 83<sup>rd</sup> Texas Legislature for the 2014-2015 biennium. The 84<sup>th</sup> Legislature continued this pattern of funding instruction at community colleges in the 2016-2017 biennium. Overall, community college appropriations funded totaled \$1.745 billion in instructional funds. The Core Operations-Student Success Points-Contact Hour Funding methodology includes the following:

- \$50 million for core operations (\$1 million for the biennium to each community college)
- 10% set-aside, about \$169.2 million total, for Student Success Points (based on outcome versus inputs)
- 90% distribution, based on contact hours: about \$1.52 billion in general revenue for the biennium.



HOUSTON COMMUNITY COLLEGE SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

The cost sharing agreement established during the 83<sup>rd</sup> legislative session for employee benefits remains as established with the state funding 50 percent of the costs and community colleges paying the remaining 50 percent of the costs.

The State contributions to TRS and ORP are as follows:

- TRS Retirement Rate: Employer share is 6.8 percent for FY 2016 and FY 2017 (same rate as the previous rate of 6.4 percent for FY2014 and FY2015). The state share is 3.4 percent; the community college share is 3.4 percent.
- ORP Retirement Rate: Employer share is 6.6 percent for FY 2016 and FY 2017 (same rate as for FY 2014 and FY 2015). The state share is 3.3 percent; the community college share is 3.3 percent.

The ad valorem tax rate for calendar year 2015 was decreased to \$0.101942 from the calendar year 2014 rate of \$0.106890. The tax rate for Maintenance & Operations (M&O) decreased from the prior year's rate and the rate for Debt Service also decreased due to the decrease in funding needed to cover debt payments in FY 2015-2016. The maintenance and Operations tax rate for 2015 is \$0.075631 per \$100 of assessed valuation. The debt service tax rate is \$0.026311 per \$100 of assessed valuation. These adopted rates are in line with the Board's policy to minimize the tax burden on its constituents and provide for sufficient tax funds to support the fiscal year 2015-2016 operating budget and debt service.

HCC's outlook for the foreseeable future continues to be positive as a result of its strategic leadership, fiscal management and stable local economy.

**Contacting the System's Financial Management**

This financial report is designed to provide the System's citizens, taxpayers, students, investors, and creditors with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice Chancellor of Finance and Administration's office at 3100 Main, Houston, Texas 77002.

HOUSTON COMMUNITY COLLEGE SYSTEM  
STATEMENTS OF NET POSITION  
AUGUST 31, 2015 AND 2014

Exhibit 1

ASSETS	2015	2014
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents (Note 4)	\$ 101,545,222	\$ 79,864,898
Accounts Receivable and Other Receivable, Net (Note 5)	41,434,134	42,278,645
Prepaid Charges	4,659,249	3,605,721
Total Current Assets	147,638,605	125,749,264
<b>NONCURRENT ASSETS:</b>		
Restricted Cash and Cash Equivalents (Note 4)	85,872,540	186,368,727
Other Long-Term Investments (Note 4)	50,260,122	40,106,842
Restricted Long Term Investment (Note 4)	285,466,672	268,588,051
Capital Assets Net (Note 6)	950,841,107	870,756,195
Total Noncurrent Assets	1,372,440,441	1,365,819,815
<b>TOTAL ASSETS</b>	<b>1,520,079,046</b>	<b>1,491,569,079</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	11,299,015	6,399,881
Advance Funding Valuation	8,743,822	7,972,677
Total Deferred Outflows of Resources	20,042,837	14,372,558
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable (Note 5)	9,804,298	8,475,408
Accrued Liabilities	14,004,739	12,530,762
Compensated Absences (Note 16)	2,526,083	2,357,551
Funds Held for Others	830,289	852,319
Unearned Revenues	56,327,431	56,809,299
Notes Payable - Current Portion (Note 7 and 11)	8,783,299	7,785,000
Bonds Payable - Current Portion (Note 7 and 8)	26,975,000	24,525,000
Total Current Liabilities	119,251,139	113,335,339
<b>NONCURRENT LIABILITIES:</b>		
Deposits	440	440
Net Pension Liability (Note 14)	67,428,372	82,796,509
Notes Payable (Note 7 and 11)	153,344,687	161,141,738
Bonds Payable (Note 7 and 8)	814,257,037	850,337,396
Total Noncurrent Liabilities	1,035,030,536	1,094,276,083
<b>TOTAL LIABILITIES</b>	<b>1,154,281,675</b>	<b>1,207,611,422</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	20,626,539	
Advance Funding Valuation	795,245	874,770
Total Deferred Inflows of Resources	21,421,784	874,770
<b>NET POSITION</b>		
Net Investment in Capital Assets	290,770,960	244,073,582
Restricted - Expendable	8,706,754	11,568,143
Unrestricted	64,940,706	41,813,720
<b>TOTAL NET POSITION</b>	<b>\$ 364,418,420</b>	<b>\$ 297,455,445</b>

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

HOUSTON COMMUNITY COLLEGE SYSTEM  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

Exhibit 2

	2015	2014
<b>OPERATING REVENUES:</b>		
Tuition and Fees, Net of Discounts	\$ 75,079,230	\$ 70,689,034
Federal Grants and Contracts	13,782,110	14,019,776
State Grants and Contracts	8,772,358	5,543,642
Local Grants and Contracts	162,920	116,899
Non-Governmental Grants and Contracts	2,446,357	2,441,076
Sales and Services of Educational Activities	177,222	189,043
Auxiliary Enterprises	13,544,991	16,420,060
Total Operating Revenues (Schedule A)	113,965,188	109,419,530
<b>OPERATING EXPENSES:</b>		
Instruction	118,383,131	112,628,406
Public Service	10,295,409	10,628,104
Academic Support	31,781,726	26,699,201
Student Services	31,448,417	29,244,604
Institutional Support	63,081,397	62,673,369
Operations and Maintenance	28,820,028	35,885,631
Scholarships and Fellowships	61,638,293	58,733,940
Auxiliary Enterprises	13,853,632	17,233,928
Depreciation	21,484,508	19,743,511
Total Operating Expenses (Schedule B)	380,786,541	373,470,694
<b>OPERATING LOSS</b>	<b>(266,821,353)</b>	<b>(264,051,164)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State Appropriations	82,249,495	81,675,719
Maintenance Ad Valorem Taxes	125,073,172	113,987,287
Debt Service Ad Valorem Taxes	48,383,832	29,402,457
Gifts	1,260,854	1,436,292
Investment Income, Net	2,950,156	3,704,351
Interest on Capital Related Debt	(24,312,876)	(16,346,638)
Title IV Grants	95,673,111	94,092,798
Nursing Shortage Reduction	478,272	171,333
Other Nonoperating Revenues	7,460,036	1,672,149
Other Nonoperating Expenses	(5,431,725)	(10,955,750)
Net Nonoperating Revenues (Schedule C)	333,784,328	298,839,998
<b>INCREASE IN NET POSITION</b>	<b>66,962,974</b>	<b>34,788,834</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>297,455,445</b>	<b>339,063,239</b>
<b>CUMULATIVE EFFECT FOR CHANGES IN ACCOUNTING PRINCIPLE (Note 14)</b>	<b>-</b>	<b>(76,396,628)</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 364,418,419</b>	<b>\$ 297,455,445</b>

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

HOUSTON COMMUNITY COLLEGE SYSTEM  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

Exhibit 3

	2015	Restated 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 88,139,957	\$ 86,573,534
Receipts from grants and contracts	22,598,284	25,207,015
Payments to suppliers for goods and services	(69,694,738)	(69,448,900)
Payments to or on behalf of employees	(220,218,443)	(213,136,663)
Payments for scholarships and fellowships	(61,659,243)	(58,715,132)
	(240,834,183)	(229,520,146)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from ad valorem taxes	172,098,474	141,036,343
Receipts from state allocations	82,249,495	81,675,719
Receipts from private gifts	1,260,854	1,436,292
Received Federal Direct Student Loans ( SA: Federal note 3)	87,452,991	109,967,108
Disbursement of Federal Direct Student Loans ( SA: Federal note 3)	(87,466,957)	(109,889,158)
Other Non-Operating Revenue	1,292,453	1,257,033
Receipts from Title IV	99,329,674	94,104,002
Receipts from Nursing	478,272	171,333
	356,695,256	319,758,672
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Receipts from the issuance of capital debt	77,851,897	40,472,857
Bond issue cost paid on new capital debt issue	(534,300)	(362,857)
Purchases of capital assets	(81,350,578)	(77,466,967)
Payments of expenses relating to capital assets in Plant Funds	(4,161,937)	(4,817,882)
Payments on capital debt and leases - principal	(114,068,298)	(68,920,000)
Payments on capital debt and leases - interest and fees	(47,118,694)	(46,335,639)
Net cash used by financing activities	(169,381,910)	(157,430,488)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	100,496,187	48,231,952
Interest on investments	1,736,875	2,262,392
Purchase of investments	(27,031,901)	(23,490,694)
Net cash provided by Investing activities	75,201,161	27,003,650
<b>INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	21,680,324	(40,188,312)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	79,864,898	120,053,210
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (EXHIBIT 1)</b>	\$ 101,545,222	\$ 79,864,898

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

HOUSTON COMMUNITY COLLEGE SYSTEM  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

Exhibit 3

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH**

Operating loss	\$ (266,821,353)	\$ (264,051,164)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	21,484,508	19,743,511
Addback Non-Cash Charges (Add in the Reserve) for Doubtful Accounts	2,063,172	1,533,270
Changes in assets and liabilities:		
Accounts Receivable and other Receivable	(844,511)	4,159,704
Prepaid Charges	1,053,525	7,999,103
Deferred Outflows/Inflows	14,876,735	(708,358)
Accounts payables and accruals	(12,142,361)	3,803,155
Unearned revenues	(481,868)	(1,966,494)
Deposits held for others	<u>(22,030)</u>	<u>(32,872)</u>
Total adjustment	<u>25,987,170</u>	<u>34,531,018</u>
Net cash used in operating activities	<u>\$ (240,834,183)</u>	<u>\$ (229,520,146)</u>

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

## HOUSTON COMMUNITY COLLEGE SYSTEM NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – REPORTING ENTITY

Houston Community College System (the “System”) was established on May 8, 1971, in accordance with the laws of the State of Texas, to serve the educational needs of the Houston Independent School District, Alief Independent School District, City of Stafford and City of Missouri City. The System also serves the school districts of Katy and Spring Branch at those districts’ requests. The System is a comprehensive public two-year institution offering academic, general, occupational, development, and continuing adult education programs through a network of colleges.

Houston Community College System is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB). While the System receives funding from local, state and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

GASB gives guidance in determining whether certain organizations for which the System is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. It requires reporting as a component unit if the organization raises and holds economic resources for the direct benefit of the governmental unit and the component unit is significant compared to the primary government. GASB guidance has been applied as required in the preparation of these financial statements.

The Houston Community College System Public Facility Corporation (“PFC”) was incorporated on January 18, 2005. The PFC is a nonprofit public facility corporation and instrumentality formed by the System pursuant to the Public Facility Corporation Act and a resolution of the Board of Trustees of the System. The PFC was formed for the purpose of financing or providing for the acquisition, construction, rehabilitation, renovation, repair and equipment of public facilities for the benefit of the System. The PFC is reported as a blended component unit in the financial statements of the System. The PFC is a legally separate entity and is included in the System’s financial reporting entity because of the nature of its relationship to the System. Financial information for the PFC may be obtained from its administrative office.

The Houston Community College Foundation (the “Foundation”) is a legally separate not-for-profit corporation controlled by a separate board of trustees, whose sole purpose is to advance and assist in the development, growth and operation of the System. The System does not appoint any of the Foundation’s board members nor does it fund or is it obligated to pay debt related to the Foundation. The financial position of the Foundation as of August 31, 2015 and 2014 and the cost of services provided by the System to the Foundation during the years then ended are not significant to the System. The Foundation has therefore not been included as a component unit in the financial statements of the System. Financial information for the Foundation may be obtained from its administrative office.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Guidelines

The significant accounting policies followed by the System in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The accompanying financial statements are also in accordance with the Texas Higher Education Coordinating Board’s *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31 of each year and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Tuition Discounting

*Texas Public Education Grants* - Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set-aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set-aside amount (Texas Education Code §56.033). When the award 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 (HEA) Program Funds* - Certain Title IV Higher Education Act Program (HEA) funds are received by the System to pass-through to the student. These funds are initially received by the System and recorded as grant 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* - Student tuition and fees revenue are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual amount for tuition and fees charged by the System and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the System has recorded a scholarship discount. Schedule A provides a detail of tuition discounts.

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for each fiscal year beginning September 1. The System's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget 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 of the respective year.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand deposits with original maturities of three months or less from the date of acquisition. The System has classified public funds investment pools comprised of Lone Star Investment Pool (First Public) and Texas Local Government Investment Pool (TexPool) to be cash equivalents.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

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 the time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. Investment funds related to bond issues set aside for construction of capital assets are classified as restricted long-term investments.

Prepaid Charges

Expenses and costs paid in advance which pertain to the subsequent fiscal year(s), such as scholarships disbursed to students before August 31 for fall semester classes are accounted for as deferred charges.

Capital Assets

Capital assets are stated at cost at the date of acquisition, or fair value at the date of donation. Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lesser of their related lease terms or their estimated productive lives. The System reports depreciation under a single line-item, as would be done by an entity reporting as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is not allocated to the functional expenditure categories. The threshold for capitalization of assets is \$5,000. Renovations of \$100,000 to buildings and 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. The following estimated useful lives are used for depreciable assets:

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

Interest on Capital Related Debt

Interest expense on capital related debt totaled \$41,259,322 and \$41,208,254 for fiscal years 2015 and 2014, respectively. Of these amounts, \$16,946,447 and \$24,861,616 was capitalized to construction in process for fiscal years 2015 and 2014, respectively, in accordance with provisions of GASB Statement No. 62.

Unearned Revenues

Tuition, fees, and other revenues received during the current fiscal year but related to the period after August 31 of any one year have been reported as unearned revenues. Also reported as unearned revenues are public education grant revenues that must be matched to certain scholarship disbursements reported as prepaid charges.

Income Taxes

The System is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc. Organizations*. The System had no unrelated business income tax liability for the years ended August 31, 2015 and 2014.



HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability of tuition and taxes receivable, the useful lives of property and equipment, certain accrued liabilities, and the allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Operating and Non-operating Revenues and Expenses

The System presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB. Operating revenues and expenses generally result from providing services in connection with the System's principal ongoing operations. The principal operating revenues are tuition and related fees and contracts and grants. The major non-operating revenues are allocations from the State, property tax collections and Title IV financial aid funds. Property taxes are recognized as revenues in the year for which they are levied. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. The bookstore and vending machine operations are owned and managed by third parties.

Federal Financial Assistance Programs

The System participates in several federally-funded programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133 *Audit of States, Local Governments and Non-Profit Organizations*, and the OMB Circular A-133 Compliance Supplement

Reclassifications

Certain 2014 amounts have been reclassified to conform with fiscal year 2015 presentation.

On Exhibit 1, cash & cash equivalent has been increased by \$49,966,068 having reclassified from restricted long-term investment. Also CD's for \$33,207,309 has been reclassified from cash & cash equivalent to other long-term investments.

On Schedule "A" \$849,320 has been reclassified from State funded Continuing Education to Non-State funded Continuing Education. Also \$73,586 has been reclassified from State Grants & Contracts to Federal Grants and Contracts for fiscal year 2014.

Restated

Cash flow for fiscal year 2014 has been restated due to reclassification between long-term investments and cash & cash equivalents by \$16.69 million, thereby is increasing the cash balance from \$63,176,139 to \$79,864,898.

Also included in fiscal year 2014 is the "Deferred inflow of resources" and "Deferred outflow of resources" as a part of reconciliation of "Net operating loss to net cash". This change has occurred due to inclusion of net pension liability in fiscal year 2014 and fiscal year 2015 as per GASB 68.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

Adoption of New Accounting Standards

Effective with the fiscal year ended August 31, 2015, the System adopted GASB Statement No. 68, *Accounting and Reporting for Financial Pensions which amends GASB Statement No. 27*. Statement No. 68 was issued June 2012 and became effective for financial statements for fiscal years beginning after June 15, 2014. With this implementation of GASB 68, the standard requires that statements define how pension liabilities will be calculated by plans and reported by employers and other non-employer contributing entities who prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). For fiscal year 2014 there was an increase in the net pension liability of \$82.8 million. As of fiscal year end 2015, the liability was reduced by \$15 million for a total liability of \$67.4 million.

Effective with the fiscal year ended August 31, 2015, the System adopted GASB Statement No. 71 *Pension Transition for Contributions made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*. Statement No. 71 amends paragraph 137 of Statement 68. At the beginning of the period in which the provisions of Statement 68 are adopted, there may be circumstances in which it is not practical for a government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions. In such circumstances, the government should recognize a beginning deferred outflow of resources only for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year. Additionally, in those circumstances, beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions should not be recognized. The provisions of this Statement were applied simultaneously with the adoption of Statement 68.

NOTE 3 – AUTHORIZED INVESTMENTS

The System is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (PFIA) (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.

NOTE 4 – DEPOSITS AND INVESTMENTS

The carrying amount (book balance) of the System's demand deposits with financial institutions as of August 31, 2015 and 2014 was \$10,127,654 and \$21,177,412; and total bank balances equaled \$24,341,228 and \$81,824,415, respectively. Of the bank balances for fiscal year 2015, \$250,000 is covered by FDIC, and \$24,091,228 is collateralized in the System's name. Of the Bank Balances for fiscal year 2014, \$250,000 was covered by FDIC and \$81,574,415 was covered by collateral pledged in the System's name. Restricted Long-Term investments include collateralized investments of \$266,322 and \$121,888,042 as high yield savings, \$51,035,675 and \$19,162,254 as Money Market. Restricted Long-Term investments include \$161,972,691 and \$211,972,691 as Certificate of Deposits, with a Bank as of August 31, 2015 and 2014 respectively. The collateral was held in an account of an independent third party agent.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

Cash and deposits included on Exhibit 1, Statement of Net Position, consist of the items reported below:

	<u>2015</u>	<u>2014</u>
Bank Deposits:		
Demand Deposits	\$ 65,950,595	\$ 170,974,033
Cash and Cash Equivalents:		
Petty Cash on Hand	50,083	51,730
Cash at Bank	7,934,571	49,966,068
Money Market Funds	102,507,050	25,201,664
High Yield Savings	1,528,242	10,598,707
TexPool	7,848,758	7,845,034
Lone Star	1,598,463	1,596,389
	<u>121,467,167</u>	<u>95,259,592</u>
Total Cash and Deposits	187,417,762	266,233,625
Restricted Cash and Cash Equivalents	<u>(85,872,540)</u>	<u>(186,368,727)</u>
Cash and Cash Equivalents ( Exhibit 1)	\$ <u>101,545,222</u>	\$ <u>79,864,898</u>

Items consisting of cash and investments included on Exhibit 1, Statements of Net Position, continue as shown below:

<u>Type of Security</u>	<u>Fair Value at August 31,</u>	
	<u>2015</u>	<u>2014</u>
U.S. Agency Securities	138,927,061	61,890,576
Money Market, CD's	196,799,733	246,804,317
Total Investments	335,726,794	308,694,893
Total Cash and Deposits	187,417,762	266,233,625
Total Deposits and Investments	<u>\$ 523,144,556</u>	<u>\$ 574,928,518</u>
Cash and Cash Equivalents (Exhibit 1)	101,545,222	79,864,898
Restricted Cash and Cash Equivalents (Exhibit 1)	85,872,540	186,368,727
Restricted Long-Term Investment (Exhibit 1)	285,466,672	268,588,051
Other Long-Term Investments (Exhibit 1)	50,260,122	40,106,842
Total Deposits and Investments	<u>\$ 523,144,556</u>	<u>\$ 574,928,518</u>

For fiscal year 2014, \$49,966,068 has been reclassified from restricted cash and cash equivalent to cash and cash equivalent; as deposit belongs to CD's for unrestricted funds has been reclassified from cash and cash equivalent to long-term investment.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

As of August 31, 2015 Houston Community College System had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity(Years)
U.S. Agency Securities	\$ 138,927,061	2.08
Investment Pools	10,129,454	0.00
Certificates of Deposit	195,250,000	1.24
Cash and Money Market Funds	178,838,041	0.00
Total Fair Value	<u>\$ 523,144,556</u>	
Portfolio weighted average maturity		1.04

Interest Rate Risk - In accordance with state law and System policy, the System does not purchase any investments with maturities greater than ten years. The System manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to two years or less. The System's philosophy is to hold all investments to their maturity.

*Credit Risk and Concentration of Credit Risk* - In accordance with state law and the System'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". The System limits the amount it may invest in any one issuer to no more than 50 % of its total investment portfolio. Currently, the United States has a AA+ credit rating as graded by Standard and Poor's.

The credit quality (ratings) and concentration of credit exposure of securities in excess of 5% of total investments as of August 31, 2015 is as follows:

	Credit Rating	Credit Exposure
Fannie Mae (Federal National Mortgage Association)	AAA	2%
Freddie Mac (Federal Home Loan Mortgage Corporation)	AAA	5%
FHLB (Federal Home Bank)	AAA	12%
FFCB (Federal Farm Credit Bank)	AAA	24%

The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool (TexPool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information is submitted to both Standard & Poor's and the Office of the State Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the Securities and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same value as the value in TexPool shares.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

The Lone Star Investment Pool (Lone Star) is a public funds investment pool established in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 225, Texas Government Code. Lone Star is governed by trustees comprised of active participants in Lone Star. The board of trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy, of appointing investment officers, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. Lone Star uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Lone Star is the same as the value in Lone Star shares.

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables at August 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Accounts Receivable (net of allowance for doubtful accounts of \$287,236 for 2015 and 2014)	\$ 1,968,303	\$ 3,646,150
Student Receivables (net of allowance for doubtful accounts of \$11,872,646 for 2015 and \$9,809,474 for 2014)	30,469,222	31,188,884
Taxes Receivable ( net of allowance for doubtful accounts of \$4,256,846 for 2015 and \$4,451,926 for 2014)	3,193,512	3,190,367
Federal Receivables	1,523,454	1,454,081
Other Receivables	<u>4,279,643</u>	<u>2,799,163</u>
 Total Receivables	 <u>\$ 41,434,134</u>	 <u>\$ 42,278,645</u>

Taxes receivable at August 31, 2015 and 2014 includes an accrual of \$504,586 and \$374,145 respectively, for property taxes assessed to service debt related to the Limited Tax Building and Refunding Bonds, Series 2005 and Limited Tax General Obligation Bonds, Series 2013.

Payables at August 31, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Vendors Payable	\$ 3,786,484	\$ 4,871,348
Salaries & Benefits Payable	234,953	51,906
Student Payables	183,621	629,662
Other Payables	<u>5,599,240</u>	<u>2,922,492</u>
 Total Payables	 <u>\$ 9,804,298</u>	 <u>\$ 8,475,409</u>

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2015 was as follows:

	Balance August 31, 2014	Increases	Decreases	Balance August 31, 2015
Not Depreciated:				
Land	\$ 144,723,407	\$ 12,560,027	\$ -	\$ 157,283,434
Construction in Process	150,738,677	69,354,716	93,243,730	126,849,663
Subtotal	<u>295,462,084</u>	<u>81,914,743</u>	<u>93,243,730</u>	<u>284,133,097</u>
Depreciable Capital Assets:				
Buildings	548,393,688	97,649,216	-	646,042,904
Other Real Estate Improvements	93,894,459	13,113,284	-	107,007,743
Total Buildings and Other Real Estate Improvements	<u>642,288,147</u>	<u>110,762,500</u>	<u>-</u>	<u>753,050,647</u>
Library Books	17,773,159	349,645	70,419	18,052,386
Furniture, Machinery, Vehicles and Other Equipment	76,276,711	1,786,264	-	78,062,975
Telecommunications and Peripheral Equipment	37,196,197	-	-	37,196,197
Subtotal	<u>773,534,214</u>	<u>112,898,409</u>	<u>70,419</u>	<u>886,362,204</u>
Accumulated Depreciation:				
Buildings	85,119,236	10,622,542	-	95,741,778
Other Real Estate Improvements	16,274,006	4,344,520	-	20,618,526
Total Buildings and Other Real Estate Improvements	<u>101,393,242</u>	<u>14,967,062</u>	<u>-</u>	<u>116,360,304</u>
Library Books	14,126,222	508,694	70,419	14,564,497
Furniture, Machinery, Vehicles and Other Equipment	53,710,656	4,430,082	-	58,140,738
Telecommunications and Peripheral Equipment	29,009,984	1,578,670	-	30,588,654
Subtotal	<u>198,240,104</u>	<u>21,484,508</u>	<u>70,419</u>	<u>219,654,193</u>
Net Depreciable Capital Assets	<u>575,294,112</u>	<u>91,413,901</u>	<u>-</u>	<u>666,708,010</u>
Net Capital Assets	<u>\$ 870,756,195</u>	<u>\$ 173,328,644</u>	<u>\$ 93,243,730</u>	<u>\$ 950,841,107</u>

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS - CONTINUED

Capital asset activity for the year ended August 31, 2014 was as follows:

	Balance August 31, 2013	Increases	Decreases	Balance August 31, 2014
Not depreciated:				
Land	\$ 114,019,147	\$ 30,704,260	\$ -	\$ 144,723,407
Construction in Process	114,762,207	70,883,831	34,907,361	150,738,677
Subtotal	228,781,354	101,588,091	34,907,361	295,462,084
Depreciable Capital Assets:				
Buildings	533,855,420	14,538,268	-	548,393,688
Other Real Estate Improvements	70,666,818	23,227,641	-	93,894,459
Total Building and Other Real Estate Improvements	604,522,238	37,765,909	-	642,288,147
Library Books	17,161,906	691,394	80,141	17,773,159
Furniture, Machinery, Vehicles and Other Equipment	74,834,651	4,096,602	2,654,542	76,276,711
Telecommunications and Perpheral Equipment	37,185,804	110,752	100,359	37,196,197
Subtotal	733,704,599	42,664,657	2,835,042	773,534,214
Accumulated depreciation:				
Buildings	75,881,603	9,237,633	-	85,119,236
Other Real Estate Improvements	12,597,915	3,676,091	-	16,274,006
Total Building and Other Real Estate Improvements	88,479,518	12,913,724	-	101,393,242
Library Books	13,666,895	539,468	80,141	14,126,222
Furniture, Machinery, Vehicles and Other Equipment	50,731,712	4,668,402	1,689,458	53,710,656
Telecommunications and Perpheral Equipment	27,488,425	1,621,918	100,359	29,009,984
Subtotal	180,366,550	19,743,511	1,869,958	198,240,104
Net Depreciable Capital Assets	553,338,048	22,921,145	965,084	575,294,112
Net Capital Assets	\$ 782,119,403	\$ 124,509,236	\$ 35,872,445	\$ 870,756,195

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the years ended August 31, 2015 and 2014 was as follows:

	Balance as of September 1, 2014	Additions	Reductions	Balance as of August 31, 2015	Current Portion	Noncurrent Portion
Long-Term Notes Payable	\$ 168,926,738	\$ 2,019,896	\$ (8,818,649)	\$ 162,127,985	\$ 8,783,299	\$ 153,344,687
Bonds:						
Revenue Bonds	202,858,816	77,851,897	(48,414,275)	232,296,438	15,640,000	216,656,438
PFC Lease Revenue	103,596,429	-	(47,090,200)	56,506,229	2,455,000	54,051,229
General Obligation Bonds	568,407,151	-	(15,977,781)	552,429,370	8,880,000	543,549,370
Total Bonds	874,862,396	77,851,897	(111,482,257)	841,232,037	26,975,000	814,257,037
Net Pension Liability	82,796,509	-	(15,368,137)	67,428,372	-	67,428,372
Total Noncurrent Liabilities	<u>\$ 1,126,585,643</u>	<u>\$ 79,871,793</u>	<u>\$ (135,669,042)</u>	<u>\$ 1,070,788,394</u>	<u>\$ 35,758,299</u>	<u>\$ 1,035,030,095</u>
	Balance as of September 1, 2013	Additions	Reductions	Balance as of August 31, 2014	Current Portion	Noncurrent Portion
Long-Term Notes Payable	\$ 177,016,888	\$ -	\$ (8,090,150)	\$ 168,926,738	\$ 7,785,000	\$ 161,141,738
Bonds:						
Revenue Bonds	215,574,705	40,530,224	(53,246,113)	202,858,816	12,545,000	190,313,816
PFC Lease Revenue	107,747,989	-	(4,151,560)	103,596,429	4,240,000	99,356,429
General Obligation Bonds	578,139,158	-	(9,732,007)	568,407,151	7,740,000	560,667,151
Total Bonds	901,461,853	40,530,224	(67,129,680)	874,862,396	24,525,000	850,337,396
Net Pension Liability	-	82,796,509	-	82,796,509	-	82,796,509
Total Noncurrent Liabilities	<u>\$1,078,478,740</u>	<u>\$123,326,732</u>	<u>(\$75,219,831)</u>	<u>\$1,126,585,643</u>	<u>\$32,309,999</u>	<u>\$1,094,275,641</u>



HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – BONDS PAYABLE

*Student Fee Revenue Bonds:*

The System issued several Student Fee Revenue Bonds as Senior Lien Bonds or Junior Lien Bonds during the fiscal years 2005 through 2015 with interest rates ranging from .003% to 5.25% and maturities ranging from 2007 through 2031. Debt service requirements are payable solely from and secured by a first lien on certain pledged revenues which include general fees, out-of-district fees and any other revenues or receipts of the System which may, in the future, be pledged to the payment of the bonds. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indenture. All authorized bonds have been issued. The System has never defaulted on any bond or interest payment.

*Public Facility Corporation Lease Revenue Bonds:*

The Houston Community College System Public Facility Corporation (PFC) issued \$58,885,000 in Lease Revenue Bonds, Series 2007 on February 1, 2007 with interest rates ranging from 4.00% to 5.62%. The Bonds were issued at a premium of \$3,094,498. Bond maturities range from April 15, 2009 through April 15, 2031. Bonds maturing on or after April 15, 2018 are subject to redemption prior to their scheduled maturities on April 15, 2017. Bonds maturing in the years 2020, 2022, 2027 and 2031 are subject to mandatory redemption prior to maturity on various dates. Proceeds of the Bonds were used to construct a four-story 112,000 square foot building for the System's Northline Mall Campus.

The System and the PFC entered into a Lease with an Option to Purchase effective February 1, 2007, whereby the System will lease the facility from the PFC and will make semiannual lease payments to the PFC sufficient to pay principal and interest on the PFC Lease Revenue Bonds.

Under terms of a Security Agreement dated February 1, 2007 the PFC has granted a first mortgage lien on and first deed of trust title on the Northline Mall Campus Project (the Northline Project) to a bank trustee on behalf of the owners of the Bonds. The PFC has also granted a first priority security interest in the personal property associated with the Northline Project.

The PFC issued \$36,950,000 in Lease Revenue Bonds, Series 2006 on October 1, 2006 with interest rates ranging from 4.00% to 5.00%. The Bonds were issued at a discount of \$546,238. Bond maturities range from April 15, 2008 through April 15, 2031. Bonds maturing on or after April 15, 2017 are subject to redemption prior to their scheduled maturities on April 15, 2016. Bonds maturing in the years 2028 and 2031 are subject to mandatory redemption prior to maturity on various dates. Proceeds of the Bonds were used to acquire and renovate a 285,000 square foot building for the System's Alief Campus. These Bonds were defeased on July 22, 2015 with the issuance of the Combined Fee Revenue and Refunding Bonds, Series 2015. See Note 9.

The System and the PFC entered into a Lease with an Option to Purchase effective October 1, 2006, whereby the System will lease the facility from the PFC and will make semiannual lease payments to the PFC sufficient to pay principal and interest on the PFC Lease Revenue Bonds. Under terms of the defeasance noted above, the System will exercise its Option to Purchase on April 15, 2016 and will be granted title to the Alief Campus.

Under terms of a Security Agreement dated October 1, 2006 the PFC has granted a first mortgage lien on and first deed of trust title on the Alief Campus Project (the Alief Project) to a bank trustee on behalf of the owners of the Bonds. The PFC has also granted a first priority security interest in the personal property associated with the Alief Project.

The PFC issued \$19,155,000 in Lease Revenue Bonds, Series 2005C on December 1, 2005 with interest rates ranging from 4.00% to 5.00%. The Bonds were issued at a discount of \$170,064. Bond maturities range from April 15, 2007 through April 15, 2030. Bonds maturing on or after April 15, 2016 are subject to redemption prior to their scheduled maturities on April 15, 2015. Bonds maturing in the years 2026, 2028 and 2030 are subject to mandatory redemption prior to maturity on various dates. Proceeds of the Bonds were used to acquire 39.03 acres of land at a cost of \$3,658,550 on the Northeast campus for construction of a Public Safety Institute. The Public Safety Institute consists of three facilities: a six-story fire tower, a two-story burn building and a shooting range at an approximate cost of \$13,000,000. These Bonds were defeased on July 22, 2015 with the issuance of the Combined Fee Revenue and Refunding Bonds, Series 2015. See Note 9.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – BONDS PAYABLE – CONTINUED

Under terms of a Security Agreement dated December 1, 2005 the PFC has granted a first mortgage lien on and first deed of trust title on the Public Safety Institute Project (the PSI Project) to a bank trustee on behalf of the owners of the Bonds. The PFC has also granted a first priority security interest in the personal property associated with the PSI Project.

The PFC issued \$11,605,000 in Lease Revenue Bonds, Series 2005A and 2005B on June 1, 2005 with interest rates ranging from 3.50% to 5.00%. The Bonds were issued at a premium of \$492,931. Bond maturities range from April 15, 2006 through April 15, 2028. Bonds maturing on or after April 15, 2016 are subject to redemption prior to their scheduled maturities on April 15, 2015. Proceeds of the Bonds were used to acquire the land and building comprising the System's Westgate campus and 24.27 acres of land adjacent to the building. .

The System and the PFC entered into a Lease with an Option to Purchase effective June 1, 2005, whereby the System will lease the facility from the PFC and will make semiannual lease payments to the PFC sufficient to pay principal and interest on the PFC Lease Revenue Bonds. Upon repayment of the Bonds on October 15, 2015, the System will be granted title to the Westgate campus.

Under terms of a Security Agreement dated June 1, 2005 the PFC has granted a first mortgage lien on and first deed of trust title on the Westgate Campus Project (the Westgate Project) to a bank trustee on behalf of the owners of the Bonds. The PFC has also granted a first priority security interest in the personal property associated with the Westgate Project.

*Limited Tax Bonds:*

The System issued \$144,155,000 in Limited Tax Bonds, Series 2003 ("Series 2003") on December 01, 2003 with interest rates ranging from 2.0% to 5.0%. The Bonds were issued at a premium of \$6,593,497. Bond maturities range from February 15, 2006 through February 15, 2028. Bonds maturing on or after February 15, 2014 are subject to redemption prior to their scheduled maturities on February 15, 2013. On September 1, 2005 the System issued \$1,825,000 in bonds as part of the \$8,924,992 in Limited Tax Building and Refunding Bonds, Series 2005 (Series 2005). The Series 2003 Bonds are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Series 2003 Bonds were used for the construction, maintenance and equipment of school buildings in the System and the purchase of necessary sites therefore, and to pay the costs of issuance related to the Bonds. The majority of the Series 2003 bonds were defeased in 2012. The final payment on the Bonds was made in 2014. See Note 9.

The System issued \$109,490,000 in Limited Tax Refunding Bonds, Series 2011 ("Series 2011 Bonds") on October 12, 2011 with interest rates ranging from 4.00% to 5.00%. The Bonds were issued at a premium of \$16,767,575. Bond maturities range from February 15, 2014 through February 15, 2028. Bonds maturing on or after February 15, 2022 are subject to redemption prior to their scheduled maturities on February 15, 2021. The Series 2011 Bonds were used to partially refund \$112,195,000 of outstanding Limited Tax Bonds, Series 2003 ("Series 2003 Bonds") with interest rates ranging from 5.00% to 5.25%. The optional redemption date of the Series 2003 Bonds was February 14, 2013. Additionally, the Series 2011 Bonds were used to totally refund \$4,955,000 of outstanding Limited Tax Building and Refunding Bonds, Series 2005 ("Series 2005") with interest rates of 5.00%. The optional redemption date of the Series 2005 Bonds was November 14, 2011.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – BONDS PAYABLE – CONTINUED

The System issued \$398,775,000 in Limited Tax General Obligation Bonds, Series 2013 (“Series 2013”) on March 19, 2013 with interest rates ranging from 3.0% to 5.0%. The Bonds were issued at a premium of \$55,392,571. Bond maturities range from February 15, 2015 through February 15, 2043. Bonds maturing on or after February 15, 2024, except those maturing in 2027, 2036 and 2037 are subject to redemption prior to their scheduled maturities on February 15, 2023. Bonds maturing on February 15, 2027 are subject to redemption on February 15, 2015. Bonds maturing on February 15, 2036 are subject to redemption on February 15, 2020. Bonds maturing on February 15, 2037 are subject to redemption on February 15, 2017. The Series 2013 Bonds are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Series 2013 Bonds will be used for the construction, maintenance and equipment of school buildings in the System and the purchase of necessary sites therefore, and to pay the costs of issuance related to the Bonds.

Date Series Issued	Par Value	Maturity Date	Interest Rate	Outstanding Balances at August 31, 2015	Outstanding Balances at August 31, 2014
<b>Student Fee Revenue Bonds:</b>					
2005	\$51,285,000	04/15/2009 - 2020	3.250% - 5.250%	\$ -	\$ 5,230,000
2006	72,815,000	04/15/2007 - 2030	4.000% - 5.000%	18,000,000	53,010,000
2008	54,540,000	04/15/2009 - 2030	4.000% - 5.250%	43,075,000	44,960,000
2010	27,250,000	04/15/2012 - 2031	3.000% - 5.250%	23,550,000	24,535,000
2011	33,940,000	04/15/2012 - 2025	4.000% - 5.250%	23,400,000	26,245,000
2014A	9,210,000	04/15/2015 - 2026	2.000% - 3.250%	8,555,000	9,210,000
2014B	30,900,000	04/15/2015 - 2026	.0031% - 4.070%	30,270,000	30,900,000
2015	68,865,000	04/15/2016 - 2031	2.000% - 5.000%	68,865,000	-
<b>PFC Lease Revenue Bonds (Blended Component Unit):</b>					
2005A	\$11,605,000	04/15/2006 - 2028	3.500% - 5.000%	7,885,000	8,315,000
2005C	19,155,000	04/15/2007 - 2030	4.000% - 5.000%	-	14,775,000
2006	36,950,000	04/15/2008 - 2031	4.000% - 5.000%	-	29,460,000
2007	58,885,000	04/15/2009 - 2031	4.000% - 5.625%	47,170,000	49,070,000
<b>Limited Tax Bonds:</b>					
2011	109,490,000	02/15/14 - 2028	4.000% - 5.000%	97,120,000	102,730,000
2013	398,775,000	02/15/15 - 2043	3.000% - 5.000%	392,580,000	398,775,000
<b>Total Principal Payable</b>				<b>760,470,000</b>	<b>797,215,000</b>
<b>Unamortized Premium and Discount, Net</b>				<b>80,762,037</b>	<b>77,647,396</b>
<b>Total Bonds Payable</b>				<b>\$ 841,232,037</b>	<b>\$ 874,862,396</b>

**HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – BONDS PAYABLE – CONTINUED**

Debt service requirements to maturities as of August 31, 2015 are summarized as follows:

Year ending August 31,	Student Fee Revenue Bonds			PFC Lease Revenue Bonds			Limited Tax Bonds			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 15,640,000	\$ 8,560,997	\$ 24,200,997	\$ 2,455,000	\$ 2,708,425	\$ 5,163,425	\$ 8,880,000	\$ 23,220,119	\$ 32,100,119	\$ 26,975,000	\$ 34,489,541	\$ 61,464,541
2017	15,480,000	9,033,665	24,513,665	2,580,000	2,585,675	5,165,675	10,145,000	22,758,244	32,903,244	28,205,000	34,377,584	62,582,584
2018	15,700,000	8,509,721	24,209,721	2,705,000	2,456,675	5,161,675	10,035,000	22,285,394	32,320,394	28,440,000	33,251,790	61,691,790
2019	16,265,000	7,938,899	24,203,899	2,840,000	2,321,425	5,161,425	11,355,000	21,768,544	33,123,544	30,460,000	32,028,868	62,488,868
2020	17,545,000	7,277,243	24,822,243	2,980,000	2,179,425	5,159,425	11,310,000	21,222,819	32,532,819	31,835,000	30,679,487	62,514,487
2021 - 2025	74,830,000	24,255,629	99,085,629	17,265,000	8,548,900	25,813,900	67,265,000	96,551,969	163,816,969	159,360,000	129,356,498	288,716,498
2026 - 2030	56,525,000	8,836,142	65,361,142	20,110,000	4,022,750	24,132,750	75,245,000	79,845,219	155,090,219	151,880,000	92,704,111	244,584,111
2031 - 2035	3,730,000	160,925	3,890,925	4,120,000	206,000	4,326,000	120,785,000	55,758,734	176,543,734	128,635,000	56,125,659	184,760,659
2036 - 2040	-	-	-	-	-	-	110,055,000	27,362,375	137,417,375	110,055,000	27,362,375	137,417,375
2041 - 2043	-	-	-	-	-	-	64,625,000	4,439,875	69,064,875	64,625,000	4,439,875	69,064,875
	<u>\$215,715,000</u>	<u>\$74,573,222</u>	<u>\$290,288,222</u>	<u>\$55,055,000</u>	<u>\$25,029,275</u>	<u>\$80,084,275</u>	<u>\$489,700,000</u>	<u>\$375,213,291</u>	<u>\$864,913,291</u>	<u>\$760,470,000</u>	<u>\$474,815,787</u>	<u>\$1,235,285,787</u>

Debt service requirements to maturities as of August 31, 2014 are summarized as follows:

Year ending August 31,	Student Fee Revenue Bonds			PFC Lease Revenue Bonds			Limited Tax Bonds			Total Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 12,545,000	\$ 8,421,828	\$ 20,966,828	\$ 4,240,000	\$ 4,726,279	\$ 8,966,279	\$ 7,740,000	\$ 23,789,519	\$ 31,529,519	\$ 24,525,000	\$ 36,937,626	\$ 61,462,626
2016	13,305,000	7,864,978	21,169,978	4,445,000	4,519,204	8,964,204	8,880,000	23,423,369	32,303,369	26,630,000	35,807,550	62,437,550
2017	13,665,000	7,502,160	21,167,160	4,665,000	4,303,854	8,968,854	10,145,000	22,961,494	33,106,494	28,475,000	34,767,507	63,242,507
2018	14,100,000	7,070,966	21,170,966	4,875,000	4,090,554	8,965,554	10,035,000	22,488,644	32,523,644	29,010,000	33,650,164	62,660,164
2019	14,580,000	6,592,094	21,172,094	5,095,000	3,866,629	8,961,629	11,355,000	21,971,794	33,326,794	31,030,000	32,430,517	63,460,517
2020 - 2024	68,670,000	22,668,039	91,338,039	29,240,000	15,566,740	44,806,740	64,350,000	100,822,694	165,172,694	162,260,000	139,057,473	301,317,473
2025 - 2029	46,120,000	8,833,546	54,953,546	35,605,000	8,375,288	43,980,288	72,235,000	83,938,719	156,173,719	153,960,000	101,147,552	255,107,552
2030 - 2034	11,105,000	646,045	11,751,045	13,455,000	969,863	14,424,863	121,335,000	61,448,953	182,783,953	145,895,000	63,064,861	208,959,861
2035 - 2039	-	-	-	-	-	-	108,115,000	32,648,625	140,763,625	108,115,000	32,648,625	140,763,625
2040 - 2043	-	-	-	-	-	-	87,315,000	7,846,375	95,161,375	87,315,000	7,846,375	95,161,375
	<u>\$ 194,090,000</u>	<u>\$ 69,599,656</u>	<u>\$ 263,689,656</u>	<u>\$ 101,620,000</u>	<u>\$ 46,418,409</u>	<u>\$ 148,038,409</u>	<u>\$ 501,505,000</u>	<u>\$ 401,340,185</u>	<u>\$ 902,845,185</u>	<u>\$ 797,215,000</u>	<u>\$ 517,358,249</u>	<u>\$ 1,314,573,249</u>

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – DEFEASANCE OF LONG-TERM DEBT

The System issued \$30,900,000 in Combined Fee Revenue Refunding Bonds, Taxable Series 2014B and \$9,210,000 in Combined Fee Revenue Refunding Bonds, Series 2014A (“collectively Series 2014 Bonds”) on April 16, 2014. The Series 2014 Bonds were used to fully retire the Senior Lien Revenue Bond, Series 2011T (“Series 2011T”) of \$16,000,000 and to partially refund \$22,855,000 in Senior Lien Revenue Bonds, Series 2005 (“Series 2005”) with interest rates ranging from 2.43% to 5.25%. The optional redemption date of the Series 2011T Bonds was November 15, 2013 and the optional redemption date of the Series 2005 Bonds is April 15, 2015.

Proceeds of \$24,023,760 of the Taxable Series 2014B Bonds were placed in an irrevocable trust with an escrow agent and will be used to redeem the Series 2005 Bonds on the call date of April 15, 2015. The liability for these refunded bonds and the securities held by the escrow agent have been excluded from the Statement of Net Position.

The advance refunding had the following results:

- \$266,931 in future cash flow deficits resulting from an increase in the aggregate debt service payments over the next twelve years.
- Economic gain of \$1,236,449, which is the difference between the present values of the old and new debt service payments.
- Advance funding valuation of \$874,770 was created, which is the difference between the reacquisition price of \$40,030,239 and the carrying amount of the refunded bonds of \$40,905,009. The valuation is deferred and amortized as a component of interest expense over the term of the defeased Series 2005 Bonds.

The System issued \$68,865,000 in Combined Fee Revenue and Refunding Bonds, Series 2015 on July 22, 2015. The Bonds were used to: (1) partially refund \$34,695,000 in Junior Lien Student Fee Revenue and Refunding Bonds, Series 2006 with interest rates ranging from 4.00% to 5.00% with an optional redemption date of April 15, 2016; (2) refund \$14,115,000 in Public Facility Corporation Lease Revenue Bonds, Series 2005C with interest rates ranging from 3.50% to 5.0% with an optional redemption date of October 15, 2015; and (3) refund \$28,210,000 in Public Facility Corporation Lease Revenue Bonds, Series 2006 with interest rates ranging from 4.0% to 5.0% with an optional redemption date of April 15, 2016.

Proceeds of \$80,089,681 of the Combined Fee Revenue and Refunding Bonds, Series 2015 were placed in an irrevocable trust with an escrow agent and will be used to redeem the Junior Lien Student Fee Revenue and Refunding Bonds Series 2006, the PFC Lease Revenue Bonds Series 2005C and the PFC Lease Revenue Bonds Series 2006 on the respective call dates. The liabilities for these refunded bonds and the securities held by the escrow agent have been excluded from the Statement of Net Position.

The advance refundings had the following results:

- \$8,622,461 in future cash flow savings resulting from a decrease in the aggregate debt service payments over the next sixteen years.
- Economic gain of \$6,462,995, which is the difference between the present values of the old and new debt service payments.
- Advance funding valuation of \$1,479,504 was created, which is the difference between the reacquisition price of \$80,089,681 and the carrying amount of the refunded bonds of \$78,610,177. The valuation is deferred and amortized as a component of interest expense over the term of the defeased Series 2006 Bonds.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – DEFEASED BONDS OUTSTANDING

The defeased bonds outstanding at August 31, 2015 and 2014 were as follows:

Bond issue	Year Refunded	Par Value Outstanding	
		August 31, 2015	August 31, 2014
Series 2005 Senior Lien Revenue Bonds	2014	\$ -	\$22,855,000
Series 2006 Junior Lien Revenue Bonds	2015	34,695,000	-
PFC Series 2005C Lease Revenue Bonds	2015	14,115,000	-
PFC Series 2006 Lease Revenue Bonds	2015	28,210,000	-
		\$77,020,000	\$22,855,000

NOTE 11 – NOTES PAYABLE

The System issued \$19,590,000 in Maintenance Tax Notes, Series 2011A (“Notes”) on October 12, 2011 with interest rates ranging from 3.00% to 5.25%. The Notes were issued at a premium of \$2,467,247. Note maturities range from February 15, 2013 through February 15, 2031. Notes maturing on or after February 15, 2022 are subject to redemption prior to their scheduled maturities on February 15, 2021. The Notes are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Notes will be used for the renovation and equipment of existing facilities and replacement of information technology systems, and to pay the costs of issuance related to the Notes.

The System issued \$41,560,000 in Maintenance Tax Notes, Series 2011 (“Notes”) on March 10, 2011 with interest rates ranging from 3.00% to 5.25%. The Notes were issued at a premium of \$1,800,441. Note maturities range from February 15, 2012 through February 15, 2031. Notes maturing on or after February 15, 2022 are subject to redemption prior to their scheduled maturities on February 15, 2021. The Notes are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Notes will be used for the renovation and equipment of existing facilities and replacement of information technology systems, and to pay the costs of issuance related to the Notes.

The System issued \$47,645,000, in Maintenance Tax Notes, Series 2010 (“Notes”) on July 29, 2010 with interest rates ranging from 2.00% to 5.00%. The Notes were issued at a premium of \$4,925,575. Note maturities range from February 15, 2012 through February 15, 2029. Notes maturing on or after February 15, 2021 are subject to redemption prior to their scheduled maturities on February 15, 2020. The Notes are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Notes will be used for the renovation and equipment of existing facilities, and to pay the costs of issuance related to the Notes.

The System issued \$13,830,000, in Maintenance Tax Notes, Series 2009 (“Notes”) on September 1, 2009 with interest rates ranging from 2.50% to 5.00%. The Notes were issued at a premium of \$451,444. Note maturities range from February 15, 2011 through February 15, 2025. Notes maturing on or after February 15, 2020 are subject to redemption prior to their scheduled maturities on February 15, 2019. The Notes are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Notes will be used to pay for rehabilitation and energy conservation renovations to existing facilities, and to pay the costs of issuance related to the Notes.

The System issued \$54,975,000 in Maintenance Tax Notes, Series 2008 (“Notes”) on March 1, 2008 with interest rates ranging from 3.00% to 5.00%. The Notes were issued at a premium of \$1,937,320. Note maturities range from February 15, 2009 through February 15, 2028. Notes maturing on or after February 15, 2019 are subject to redemption prior to their scheduled maturities on February 15, 2018. The Notes are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Notes will be used for the renovation and equipment of existing facilities, and to pay the costs of issuance related to the Notes.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

The System issued \$12,000,000 in Maintenance Tax Notes, Series 2006 (“Notes”) on February 1, 2006 with interest rates ranging from 3.00% to 4.50%. The Notes were issued at a discount of \$88,756. Note maturities range from February 15, 2007 through February 15, 2026. Notes maturing on or after February 15, 2007 are subject to redemption prior to their scheduled maturities on February 15, 2016. The Notes are direct obligations of the System and are payable from ad valorem taxes levied against all taxable property located within the System. The Notes were used for the construction of a central utility plant on the Central campus, and to pay the costs of issuance related to the Notes.

The System entered into an agreement on January 30, 2015 for \$2,019,896 with Key Government Finance, Inc. to finance the purchase of software maintenance contracts. The note is payable in annual installments of \$673,299 over three years and is non-interest bearing.

Maturities of notes payable at August 31, 2015 were as follows:

Year ending August 31	Central Utility Plant	Capital Improvements	Total
2016	\$ 891,250	\$ 14,938,281	\$ 15,829,531
2017	888,050	14,931,256	15,819,306
2018	888,566	14,277,426	15,165,992
2019	887,681	14,259,095	15,146,776
2020	890,244	14,246,045	15,136,289
2021 - 2025	4,441,359	71,213,695	75,655,054
2026 - 2030	889,575	52,623,963	53,513,538
2031	-	4,876,350	4,876,350
Total Payments	9,776,725	201,366,112	211,142,837
Less Amounts Representing Interest	(1,982,812)	(47,032,041)	(49,014,852)
Total Notes Payable	<u>\$ 7,793,913</u>	<u>\$ 154,334,071</u>	<u>\$ 162,127,985</u>

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

Maturities of notes payable at August 31, 2014 were as follows:

Year ending August 31	Central Utility Plant	Capital Improvements	Total
2015	\$ 888,550	\$ 14,272,383	\$ 15,160,933
2016	891,250	14,264,983	15,156,233
2017	888,050	14,257,958	15,146,008
2018	888,566	14,277,426	15,165,992
2019	887,681	14,259,095	15,146,776
2020 - 2024	4,443,778	71,223,868	75,667,646
2025 - 2029	1,777,400	61,981,778	63,759,178
2030 - 2031	-	9,754,406	9,754,406
Total Payments	10,665,275	214,291,896	224,957,172
Less Amounts Representing Interest	(2,406,680)	(53,623,754)	(56,030,434)
Total Notes Payable	<u>\$8,258,595</u>	<u>\$160,668,142</u>	<u>\$168,926,738</u>

NOTE 12 – OPERATING LEASES

The System leases certain educational facilities, offices and other equipment. Future minimum rental payments under non-cancelable operating leases having remaining terms in excess of one year as of August 31, 2015 for each of the next five years and thereafter, and in the aggregate are as follows:

Year ending August 31	Amount
2016	\$1,086,170
2017	291,375
2018	283,563
2019	204,647
Total	<u>\$1,865,755</u>

Rent expense totaled approximately \$1.3 million for the years ended August 31, 2015 and 2014, respectively.



HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – LEASED FACILITIES

The System leases office space to other entities under operating leases. Minimum lease payments due to the System under these operating leases as of August 31, 2015 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2016	\$ 5,995,267
2017	4,653,239
2018	1,720,606
2019	329,566
2020	254,204
Thereafter	234,720
Total	<u>\$ 13,187,602</u>

The System received approximately \$5.0 million in rental income for the years ended August 31, 2015 and 2014, respectively.

NOTE 14 - RETIRMENT PLANS

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the system participates is administered by the Teacher Retirement System of Texas.

Teacher Retirement System of Texas

*Plan Description.* The System contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan that has a special funding Situation. 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 pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms.

The State Constitution Article 16 provides that the State of Texas “must” make a contribution for individuals participating in the Texas Retirement System or Optional Retirement Program and action has been taken by the State to enforce their position, requiring community colleges to implement GASB 68 effective FY2015. HCC will recognize its proportionate share of the collective net pension liability, pension expense and deferred inflows and outflows of the cost sharing plan as of the measurable date and amount determined by the State of Texas.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

HOUSTON COMMUNITY COLLEGE SYSTEM  
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*Benefits Provided.* TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by Article 16, section 67 of the Texas Constitution. 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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the systems during the fiscal year. (2) Texas Government Code section 821.006 prohibits benefits improvements or contribution reductions if, as result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if that amortization period already exceeds 31 years, the period would be increased by such action.

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

**Contribution Rates**

	<u>2014</u>	<u>2015</u>
<b>Member</b>	<b>6.4%</b>	<b>6.7%</b>
<b>Non-Employer Contributing Entity (State)</b>	<b>6.8%</b>	<b>6.8%</b>
<b>Employers</b>	<b>6.8%</b>	<b>6.8%</b>
<b>Employer # 0994 - 2014 Employer Contributions</b>		<b>\$6,399,881</b>
<b>Employer # 0994 - 2014 Member Contributions</b>		<b>\$5,951,580</b>
<b>Employer # 0994 - 2014 NECE On-behalf Contributions</b>		<b>\$ 959,404</b>

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

HOUSTON COMMUNITY COLLEGE SYSTEM  
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- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**Actuarial Assumptions**

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rate for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
<b>Global Equity</b>			
US	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

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

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

Houston Community College System proportionate share of the net pension liability:	\$120,490,413	\$67,428,372	\$27,747,848
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**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2015, the Houston Community College System reported a liability of \$67,428,372 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Houston Community College System. The amount recognized by the Houston Community College System as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Houston Community College System were as follows:

Houston Community College System Proportionate share of the collective net pension liability	\$ 67,428,372
State's proportionate share that is associated with Houston Community College System	<u>959,404</u>
Total	<u>\$ 68,387,776</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At measurement date of August 31, 2014, the employer's proportion of the collective net pension liability was 0.002524331% which was an increase (decrease) of 0.00% from its proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the Houston Community College System recognized pension expense of \$6,232,562 and revenue of \$1,866,313 for support provided by the State.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

At August 31, 2015, the Houston Community College System reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,042,802	\$ -
Changes in actuarial assumptions	4,382,920	-
Difference between projected and actual investment earnings	-	20,608,864
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	17,675
Contributions paid to TRS subsequent to the measurement date	-	-
Total	\$ 5,425,722	\$ 20,626,539

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

Year ended August 31:	Pension Expense	Amount
2016	\$	4,239,880
2017	\$	4,239,880
2018	\$	4,239,880
2019	\$	912,336
Thereafter	\$	846,366

Optional Retirement Plan

*Plan Description.* The state has also established an optional retirement programs for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. As part of the College cost saving initiatives for fiscal year 2012, the College no longer provides subsidies for employees who participate in ORP. 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.

Retirement Expense

The retirement expense to the State for the System was \$3,366,313, \$3,236,549, and \$4,407,127 for the fiscal years ended August 31, 2015, 2014 and 2013 respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the System

The total payroll for all System employees was \$183,861,448 and \$174,038,989 for fiscal years 2015 and 2014, respectively. The total payroll of employees covered by the Teacher Retirement System was \$111,189,787 and \$108,523,260 and the total payroll of employees covered by the Optional Retirement Program was \$39,313,810 and \$40,787,284 for fiscal years 2015 and 2014, respectively.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 - DEFERRED COMPENSATION PROGRAM

The System's 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. Both a 403(b) plan and a 457 plan are available. The plan is funded by employee contributions such that the employer is not liable for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income due to market conditions or the failure, insolvency or bankruptcy of a qualified vendor. The total number of employees participating in the program at August 31, 2015 and 2014 were 603 and 644, respectively.

During fiscal years ended August 31, 2015 and August 31, 2014, employee contributions amounting to \$3,997,037 and \$4,030,815 were invested in the plan, respectively.

NOTE 16 – COMPENSATED ABSENCES

Full-time employees earn personal leave at the rate of 12 hours for every month of service in the System up to a maximum of 680 hours. Each pay period 4 sick leave hours and 2 catastrophic leave hours will be accrued. Leave hours are not available for use until accrued. After the 680 hour maximum is reached, the full-time employee will accrue catastrophic leave of 12 hours per month up to a maximum of 1,000 hours. Earned personal or catastrophic leave unused by employees is not under any circumstances compensated by the System. Earned personal or catastrophic days may be used by employees for sick leave.

Employees earn up to 160 vacation hours depending on the number of years employed with the System. Up to 80 earned vacation hours may be carried forward by employees from one fiscal year to another, but must be utilized before the end of February of the following year or be lost. An employee is compensated for any earned but unused vacation hours upon termination of employment with the System. Accrued compensable absences of \$2,526,083 and \$2,357,551 for earned but unused vacation hours in accordance with the vacation earning and carry-forward policy of the System has been included in the financial statements for the years ended August 31, 2015 and 2014, respectively.

NOTE 17 – FUNDS HELD IN TRUST BY OTHERS

The balances of funds held in trust by others on behalf of the Public Facility Corporation are reflected in the financial statements as restricted long-term investments. At August 31, 2015 and 2014, there were ten funds for the benefit of the Public Facility Corporation. These trust assets represent bond proceeds to be utilized for construction purposes. The assets of these funds are reported by the trustee at values totaling \$1,549,733 and \$1,554,088 at August 31, 2015 and August 31, 2014, respectively.

NOTE 18 – COMMITMENTS

The System has entered into contracts for the planning and construction of new facilities, as well as the renovation and repair of existing campuses. Commitments remaining under such contracts were \$69,651,394 at August 31, 2015. The System has also entered into contracts for technology capital projects, with commitments of \$991,269 remaining at August 31, 2015. Proceeds from the sales of various bonds and notes will fund the purchase and construction of new facilities and the technology projects.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 – COMMITMENTS - CONTINUED

Community College of Qatar

In May 2010, the System entered into a five-year service agreement with The Community College of Qatar (CCQ) to develop the community college model to meet the educational needs of Qatar. The agreement for the five-year period ended August 31, 2015.

NOTE 19 – CONTINGENCIES

From time to time, the System is a defendant in legal proceedings related to its operations as a college. In the best judgment of the System's management, after consultation with its legal counsel, the outcome of any present legal proceedings will not have a materially adverse effect on the accompanying financial statements.

The System has received Federal, State, and other financial assistance in the form of contracts and grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the contract and grant agreements. In the opinion of the System's management, such disallowances, if any, would not be significant in relation to the financial statements of the System.

The Texas Association of Community College (TACC) has been advised by counsel that "Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system," referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

NOTE 20 – 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 both active and retired employees. Almost all of the employees may become eligible for these benefits if they reach normal retirement age while working for the State. These and similar benefits for active employees are provided through a self-funded State plan which is administered by an insurance company. The premiums are based on benefits paid during the previous year. The State's contribution per full-time employee ranged from \$537.66 and \$1,051.68 per month for the year ended August 31, 2015 (\$503.14 and \$984.12 per month for the year ended August 31, 2014) and totaled \$8,109,445.33 for the year ended August 31, 2015 (\$20,012,887 for the year ended August 31, 2014). The cost of premiums for 582 retirees was \$3,749,647.20 in the year ended August 31, 2015 (retiree benefits for 528 retirees cost \$3,300,335 in the year ended August 31, 2014). For 2,318 active employees, the cost of premiums was \$17,638,465.86 for the year ended August 31, 2015 (active employee benefits for 2,242 employees cost \$16,712,552 for the year ended August 31, 2014). On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the year.

NOTE 21 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The System 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.



HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED

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/>.

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, 2015 and 2014 were \$3,749,627 and \$3,298,891 respectively, which equaled the required contributions each year.

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HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 22 – PROPERTY TAX

The System's property tax is levied each October 1 on the basis of assessed values listed as of the prior January 1 for all real and business personal property located in System.

At August 31:	<u>2015</u>	<u>2014</u>
Assessed valuation of the System	\$ 198,955,482,183	\$ 180,734,029,067
Less: Exemptions	<u>(36,077,649,997)</u>	<u>(34,213,942,090)</u>
Net Assessed Valuation of the System	<u>\$ 162,877,832,186</u>	<u>\$ 146,520,086,977</u>

Taxes levied for the years ended August 31, 2015 and 2014, based on the certified rolls, as reported by the taxing authorities amounted to \$174,100,115 and \$142,377,964, respectively, which does not include any penalty and interest assessed, if applicable.

Taxes are due by January 31 of the year following the levy and are delinquent if not paid before February 1 of that year.

The authorized and assessed tax rate for the System was as follows:

	<u>August 31, 2015</u>			<u>August 31, 2014</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized rate per \$100 valuation	\$ 0.50	\$ 0.50	\$ 1.00	\$ 0.50	\$ 0.50	\$ 1.00
Assessed rate per \$100 valuation	\$ 0.077055	\$ 0.029835	\$ 0.106890	\$ 0.077055	\$ 0.201180	\$ 0.097173

Tax collections for the year ended August 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Current Taxes Collected	\$ 173,168,964	\$ 141,871,329
Delinquent Taxes Collected	1,989,360	1,863,095
Penalties and Interest Collected	<u>1,481,775</u>	<u>1,370,704</u>
Total	<u>\$ 176,640,099</u>	<u>\$ 145,105,128</u>

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 22 – PROPERTY TAX – CONTINUED

For the years ended August 31, 2015 and 2014 tax collections represent 98% and 98% of the tax levy, respectively. Taxes assessed are recorded in the System's financial statements net of the related allowance for uncollectable taxes, based upon the System's expected collection experience. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

The Harris County and Fort Bend County Appraisal Districts are responsible for the recording and appraisal of property for all taxing units in their respective counties. The Appraisal Districts are required by State law to assess property at 100% of its appraised value. Further, real property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the System, may challenge orders of the appraisal review boards through various appeals and, if necessary, institute legal action.

The System has entered into agreements with the county tax assessors to bill and collect the System's property taxes, net of a collection fee.

NOTE 23 – RELATED PARTY TRANSACTIONS

The Houston Community College Foundation (the "Foundation") is a nonprofit organization with the sole purpose of supporting the educational and other activities of the System. The Foundation solicits donations and acts as coordinator of gifts made to the System. The Foundation remitted \$506,709 and \$908,590 to the System for scholarship awards during the years ended August 31, 2015 and August 31, 2014, respectively. The Foundation remitted \$979,366 and \$1,006,555 to the System to fund grant programs during the years ended August 31, 2015 and August 31, 2014, respectively.

During the years ended August 31, 2015 and August 31, 2014, the System provided staff assistance to the Foundation at no cost. The System's management estimates the value of the services provided to the Foundation in fiscal years August 31, 2015 and August 31, 2014 to be approximately \$904,652 and \$968,778, respectively. As of August 31, 2015 and August 31, 2014, the amount due to the System from the Foundation was zero. In January 2011, the Foundation signed a lease with the System for rental of office space at \$1,200 per month. The Foundation paid the System \$14,400 in rent during the years ended August 31, 2015 and August 31, 2014.

NOTE 24 – SUBSEQUENT EVENTS

On October 15, 2015 the System retired the PFC Lease Revenue Bonds, Series 2005A with an outstanding balance of \$7,885,000. The System exercised its Option to Purchase the Westgate facilities and is in process of transferring the title from the PFC to the System.

On July 22, 2015 the System defeased the PFC Lease Revenue Bonds, Series 2005C with an outstanding balance of \$14,115,000. The System exercised its Option to Purchase on October 15, 2015 the Public Safety Institute facilities and is in process of transferring the title from the PFC to the System.

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SUPPLEMENTAL SCHEDULES

HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2015  
With Memorandum Totals for the Year Ended AUGUST 31, 2014

Schedule A

	Total		August 31, 2015 Total	Restated August 31, 2014 Total
	Unrestricted	Restricted		
<b>Tuition:</b>				
State Funded Courses:				
In-District Resident Tuition	\$ 21,410,311	\$ -	\$ 21,410,311	\$ 20,885,668
Out-of-District Resident Tuition	7,961,485	-	7,961,485	7,848,313
TPEG (Credit)	1,730,840	-	1,730,840	2,385,439
State Funded Continuing Education:				
TPEG (Non-Credit)	7,562,618	-	7,562,618	6,766,013
TPEG (Non-Credit)	399,839	-	399,839	384,339
Non-Resident Tuition	15,483,171	-	15,483,171	14,652,333
Non-State Funded Continuing Education	2,838,943	-	2,838,943	1,361,046
<b>Total Tuition</b>	<b>57,387,207</b>	<b>-</b>	<b>57,387,207</b>	<b>54,283,151</b>
<b>Fees:</b>				
Installment Plan Fees	997,845	-	997,845	991,859
Non-Instructional Contract Training Fees	453,718	-	453,718	220,800
General Fees	34,915,096	-	34,915,096	34,428,754
Laboratory Fees	4,531,903	-	4,531,903	4,422,208
Other Fees	11,252,840	-	11,252,840	11,176,420
Out-of-District Fees	16,273,156	-	16,273,156	16,029,993
Student Service Fees	2,270,185	311,981	2,582,166	4,097,206
<b>Total Fees</b>	<b>70,694,743</b>	<b>311,981</b>	<b>71,006,724</b>	<b>71,367,241</b>
<b>Scholarship Allowances and Discounts:</b>				
Remissions and Exemptions-State	(6,638,393)	-	(6,638,393)	(6,995,065)
Remissions and Exemptions-Local	(1,953,474)	-	(1,953,474)	(2,061,952)
Title IV Federal Grants	(37,517,706)	-	(37,517,706)	(38,887,877)
Other Federal Grants	(2,741,222)	-	(2,741,222)	(2,527,554)
TPEG Awards	(1,505,558)	-	(1,505,558)	(1,506,869)
Other State Grants	(3,871,174)	-	(3,871,174)	(1,783,368)
Other Local Grants	(1,120,108)	-	(1,120,108)	(1,198,671)
<b>Total Scholarship Allowances</b>	<b>(55,347,635)</b>	<b>-</b>	<b>(55,347,635)</b>	<b>(54,961,357)</b>
<b>Total Net Tuition and Fees</b>	<b>72,734,315</b>	<b>311,981</b>	<b>73,046,296</b>	<b>70,689,035</b>
<b>Other Operating Revenues:</b>				
Federal Grants and Contracts	-	13,782,110	13,782,110	14,019,776
State Grants and Contracts	-	8,772,358	8,772,358	5,543,642
Local Grants And Contracts	-	162,920	162,920	116,899
Non-Governmental Grants And Contracts	-	2,446,357	2,446,357	2,441,076
Sales And Services	176,257	-	176,257	189,043
<b>Total Other Operating Revenues</b>	<b>176,257</b>	<b>25,163,744</b>	<b>25,340,001</b>	<b>22,310,437</b>
<b>Auxiliary Enterprises:</b>				
Bookstore	-	-	2,623,595	2,884,880
Long-Term Parking	-	-	516,962	543,753
Qatar	-	-	4,120,662	6,779,102
Rental Of Facilities	-	-	5,646,222	5,502,779
Restaurant	-	-	508,050	517,458
Vending And Other Commissions	-	-	129,500	192,087
<b>Total Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>13,544,991</b>	<b>16,420,060</b>
<b>Total Operating Revenues</b>	<b>\$ 72,910,572</b>	<b>\$ 25,475,725</b>	<b>\$ 98,386,297</b>	<b>\$ 109,419,531</b>

\*In accordance with Education Code 56.033, \$2,130,679 and \$2,223,442 of tuition for fiscal years ended August 31, 2015 and 2014, respectively were set aside for Texas Public Education Grants (TPEG).

See Independent Auditor's Report

HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
FOR THE YEAR ENDED AUGUST 31, 2015  
With Memorandum Totals for the Year Ended AUGUST 31, 2014

Schedule B

	Operating Expenses				2015 Total	2014 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted Educational Activities						
Instruction	\$ 93,741,512	\$ -	\$ 11,890,075	\$ 3,925,102	\$ 109,556,689	\$ 104,054,989
Public Service	705,894	-	89,348	755,844	1,551,086	1,382,418
Academic Support	19,837,098	-	2,224,595	6,359,347	28,421,040	23,497,772
Student Services	20,870,110	-	2,609,031	2,811,237	26,290,378	25,170,810
Institutional Support	33,737,250	-	5,077,168	21,532,988	60,347,406	60,004,032
Operation and Maintenance of Plant	2,106,513	-	267,093	26,446,422	28,820,028	35,885,631
Total Unrestricted Educational Activities	<u>170,998,377</u>		<u>22,157,310</u>	<u>61,830,940</u>	<u>254,986,627</u>	<u>249,995,652</u>
Restricted Educational Activities						
Instruction	791,316	7,297,957	81,932	655,237	8,826,442	8,573,417
Public Service	3,994,063	-	547,429	4,202,831	8,744,323	9,245,686
Academic Support	752,690	1,544,356	116,740	946,899	3,360,685	3,201,429
Student Services	3,154,443	1,624,778	39,861	338,957	5,158,039	4,073,794
Institutional Support	-	2,626,510	-	107,481	2,733,991	2,669,337
Scholarship and Fellowship	-	-	-	61,638,293	61,638,293	58,733,940
Total Restricted Educational Activities	<u>8,692,512</u>	<u>13,093,601</u>	<u>785,962</u>	<u>67,889,698</u>	<u>90,461,773</u>	<u>86,497,603</u>
Total Educational Activities	<u>179,690,889</u>	<u>13,093,601</u>	<u>22,943,272</u>	<u>129,720,638</u>	<u>345,448,400</u>	<u>336,493,255</u>
Auxiliary Enterprises	1,738,008	-	383,187	7,685,315	9,806,510	10,957,583
Auxiliary Enterprises - Qatar Expenses	3,067,600	-	655,960	323,563	4,047,123	6,276,345
Depreciation - Buildings	-	-	-	14,967,062	14,967,062	12,913,723
Depreciation - Equipment	-	-	-	6,008,752	6,008,752	6,290,320
Depreciation - Library Books	-	-	-	508,694	508,694	539,468
Total Operating Expenses	<u>\$ 184,496,497</u>	<u>\$ 13,093,601</u>	<u>\$ 23,982,419</u>	<u>\$ 159,214,024</u>	<u>\$ 380,786,541</u>	<u>\$ 373,470,694</u>
				(Exhibit 2)	(Exhibit 2)	

See Independent Auditor's Report

HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2015  
With Memorandum Totals for the Year Ended AUGUST 31, 2014

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	Total 2015	Total 2014
<b>NONOPERATING REVENUES:</b>					
State Appropriations:					
Educational and General State Support	\$ 69,148,935	\$ -	\$ -	\$ 69,148,935	\$ 69,148,935
State Group Insurance	-	9,984,372	-	9,984,372	9,302,498
State Retirement Matching	-	3,109,230	-	3,109,230	3,170,857
Other State Appropriations	6,958	-	-	6,958	53,429
Total State Appropriations	69,155,893	13,093,602	-	82,249,495	81,675,719
Maintenance Ad-Valorem Taxes	125,073,172	-	-	125,073,172	113,987,287
Debt Service Ad-Valorem Taxes	48,383,832	-	-	48,383,832	29,402,457
Gifts	-	1,260,854	-	1,260,854	1,436,292
Investment Income, Net	2,950,156	-	-	2,950,156	3,704,351
Title IV Grants	-	95,673,111	-	95,673,111	94,092,798
Nursing Shortage Reduction	-	478,272	-	478,272	171,333
Other Nonoperating Revenue	7,455,995	-	4,041	7,460,036	1,672,149
Total Nonoperating Revenues	253,019,048	110,505,839	4,041	363,528,928	326,142,386
<b>NONOPERATING EXPENSES:</b>					
Interest on Capital-Related Debt	(24,312,876)	-	-	(24,312,876)	(16,346,638)
Other Nonoperating Expenses	(5,431,725)	-	-	(5,431,725)	(10,955,750)
Total Nonoperating Expenses	(29,744,601)	-	-	(29,744,601)	(27,302,388)
<b>NET NONOPERATING REVENUES</b>	<b>\$ 223,274,447</b>	<b>\$ 110,505,839</b>	<b>\$ 4,041</b>	<b>\$ 333,784,328</b>	<b>\$ 298,839,998</b>
				(Exhibit 2)	(Exhibit 2)

See Independent Auditor's Report

HOUSTON COMMUNITY COLLEGE SYSTEM  
 SCHEDULE NET POSITION BY SOURCE AND AVAILABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2015  
 With Memorandum Totals for the Year Ended AUGUST 31, 2014

Schedule D

	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Availability	
		Expendable	Non-Expendable			Yes	No
Current:							
Unrestricted	\$ 46,970,407	\$ -	\$ -	\$ -	\$ 46,970,407	\$ 46,970,407	\$ -
Auxiliary enterprises	7,698,664	-	-	-	7,698,664	7,698,664	-
Loan	-	480,121	-	-	480,121	-	480,121
Plant:							
Unexpended	5,687,841	-	-	-	5,687,841	5,687,841	-
Investment in Plant	4,583,794	8,226,633	-	290,770,960	303,581,387	12,810,427	290,770,960
Total Net Position August 31, 2015	64,940,706	8,706,754	-	290,770,960	364,418,420	73,167,339	291,251,081
					<b>Exhibit 1</b>		
Total Net Position August 31, 2014, as restated	41,813,720	11,568,143	-	244,073,582	297,455,445	53,381,863	244,073,582
					<b>Exhibit 1</b>		
Net Increase(Decrease) in Net Assets	\$ 23,126,986	\$ (2,861,389)	\$ -	\$ 46,697,378	\$ 66,962,975	\$ 19,785,476	\$ 47,177,499
					<b>Exhibit 2</b>		

See Independent Auditor's Report



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RSI SECTION  
(Unaudited)

**SECTION X: REQUIRED SUPPLEMENTARY INFORMATION (RELATED TO PENSIONS)**

X.1 Introduction

The TRS pension plan is considered to be a cost-sharing plan with a special funding situation. As such, GASB 68 paragraph 81.a.2 requires that community colleges present two Required Supplementary Information (RSI) schedules related to pensions. The RSI schedules are intended to present information for ten years, but can be completed prospectively as information becomes available.

X.2 Schedule of Employer’s Share of Net Pension Liability

Employers participating in a cost-sharing plan with a special funding situation must present a 10-year schedule including the following information, determined as of the measurement date of the collective net pension liability:

Schedule of Houston Community College System Share of Net Pension Liability  
For the Year Ended August 31, 2015

<u>Fiscal year ending August 31</u>	<u>2015</u>
Total TRS pension liability	\$ 159,496,075,886
TRS net position	(132,779,243,085)
TRS pension liability	<u>\$ 26,716,832,801</u>
TRS net position as percentage of total pension liability	83.25%
Houston Community College System proportionate share of collective net pension liability (%)	0.002524331%
Houston Community College System proportionate share of collective net pension liability (\$)	67,428,372
Portion of NECE's total proportionate share of NPL associated with Houston Community College System	<u>10,129,723</u>
Total	<u>77,558,095</u>
Houston Community College covered payroll amount	111,062,958
Ratio of : ER proportionate share of collective NPL/ER's covered payroll amounts	60.7%

\*The amounts presented above are as of the measurement date of the collective net pension liability.

\*\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

X.3 Schedule of Houston Community College System Contributions

Houston Community College System contributions to TRS are statutorily or contractually established. Employers participating in a cost-sharing plan with a special funding situation with statutorily or contractually established contribution requirements must present a 10-year schedule including the following information, determined as of the employer’s most recent fiscal year-end:

- a) The statutorily or contractually required employer contribution. For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, to separately finance specific liabilities of the individual employer to the pension plan.
- b) The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution. For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan’s fiduciary net position during the employer’s fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables.

- c) The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution.
- d) The employer's covered payroll.
- e) The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered-employee payroll.

X.31 Schedule of Houston Community College Contributions

Schedule of Houston Community College District Contributions  
For the Year Ended August 31, 2015

Fiscal Year Ending August 31st	2015
Legally Required Contributions:	\$ 7,441,218
Actual Contributions:	7,441,218
Contribution deficiency (excess)	-

Houston Community College System covered employee payroll amount	\$ 111,062,958
Ratio of Actual contributions/RE covered payroll amount	6.7%

\* The amounts presented above are as of Houston Community College System most recent fiscal year-end

\*\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

X.4 Notes to RSI Schedules

Changes of Benefits Terms include:

- Information about factors that significantly affect trends in the amounts reported in the RSI schedules should be presented (for example, COLA increase)

Changes of Assumptions

There were no changes of assumptions for the year ended August 31, 2015

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STATISTICAL SECTION  
(Unaudited)

## HOUSTON COMMUNITY COLLEGE SYSTEM STATISTICAL SECTION NARRATIVE

### **Statistical Section**

This part of the College's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

### **Financial Trends**

This segment contains trend information to help the reader understand how the College's financial performance and well-being have changed over time.

### **Revenue Capacity**

This segment includes information to help the reader assess the College's most significant local revenue source, the property tax.

### **Debt Capacity**

This segment presents information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

### **Economic & Demographic Information**

This segment depicts demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.

### **Operating information**

This segment displays service and capital asset data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

Sources: Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant year. The College implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, in FY 2000-01; schedules presenting government-wide activities include information beginning from that year.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Amounts Expressed in Thousands)  
(Unaudited)

Table 1

	For the Year Ended August 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Invested in Capital Assets, Net of Related Debt	\$ 290,770	\$ 244,073	\$ 230,706	\$ 234,825	\$ 207,977	\$ 197,013	\$ 197,253	\$ 190,084	\$ 173,412	\$ 146,493
Restricted - Expendable	8,707	11,568	1,216	488	488	449	449	449	449	582
Unrestricted	64,941	41,814	107,142	87,004	73,959	70,083	62,731	62,334	55,872	60,092
Total Primary Government, Net Position	<u>\$ 364,418</u>	<u>\$ 297,455</u>	<u>\$ 339,063</u>	<u>\$ 322,317</u>	<u>\$ 282,424</u>	<u>\$ 267,545</u>	<u>\$ 260,433</u>	<u>\$ 252,867</u>	<u>\$ 229,733</u>	<u>\$ 207,166</u>
Net Increase in Net Position	<u>\$ 66,963</u>	<u>\$ (41,608)</u>	<u>\$ 16,746</u>	<u>\$ 39,893</u>	<u>\$ 14,879</u>	<u>\$ 7,112</u>	<u>\$ 7,566</u>	<u>\$ 23,134</u>	<u>\$ 22,567</u>	<u>\$ 15,626</u>

**HOUSTON COMMUNITY COLLEGE SYSTEM  
PROGRAM REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table 2

	For the Year Ended August 31,								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>OPERATING REVENUES:</b>									
Tuition and Fees, Net of Discounts	\$ 75,079,230	\$ 70,689,034	\$ 71,433,953	\$ 71,415,957	\$ 67,907,897	\$ 65,655,752	\$ 64,689,510	\$ 58,939,437	\$ 54,389,997
Federal Grants and Contracts	13,782,110	14,019,776	14,702,419	16,848,269	16,064,089	16,243,394	12,480,512	13,001,562	12,924,612
State Grants and Contracts	8,772,358	5,543,642	6,156,585	5,152,251	6,448,589	5,157,058	3,695,688	2,988,267	2,796,870
Local Grants and Contracts	162,920	116,899	81,407	95,226	275,085	79,055	77,955	81,761	77,116
Non-Governmental Grants and Contracts	2,446,357	2,441,076	2,413,531	2,497,892	1,283,150	1,286,822	854,759	467,151	605,832
Sales and Services of Educational Activities	177,222	189,043	193,328	329,382	369,530	315,835	261,861	203,207	208,228
Other Operating Revenues	-	-	-	-	-	-	-	-	527,125
Auxiliary Enterprises	13,544,991	16,420,059	16,092,899	16,096,494	14,535,914	10,493,233	8,709,724	7,937,176	7,351,627
<b>Total Operating Revenues</b>	<b>113,965,188</b>	<b>109,419,530</b>	<b>111,074,122</b>	<b>112,435,472</b>	<b>106,884,254</b>	<b>99,231,149</b>	<b>90,770,009</b>	<b>83,618,561</b>	<b>78,881,407</b>
<b>NONOPERATING REVENUES:</b>									
State Appropriations	82,249,495	81,675,719	82,105,228	81,839,826	84,838,315	84,665,409	81,677,836	80,863,825	77,302,202
Ad Valorem Taxes	173,457,004	143,389,744	129,256,277	123,638,019	115,820,065	119,273,809	107,746,487	97,214,316	88,882,876
Gifts	1,260,854	1,436,292	1,591,888	2,053,638	1,573,601	1,555,967	1,115,895	964,033	491,270
Investment Income	2,950,156	3,704,351	(140,747)	789,917	566,945	900,323	4,213,587	11,160,656	17,507,157
Disaster Relief Grants	-	-	-	-	-	1,415,592	1,525,611	-	-
Title IV (Pell)	95,673,111	94,092,798	94,423,841	102,023,662	96,171,936	75,639,561	41,239,311	31,591,860	30,325,297
Nursing Shortage Reduction	478,272	171,333	111,309	14,038	151,786	73,453	19,969	33,974	66,969
Other Non-operating Revenues	7,460,036	1,672,149	6,446,858	9,341,129	6,153,631	3,455,364	2,241,061	7,768,434	3,866,533
<b>Total Non-operating Revenues</b>	<b>363,528,928</b>	<b>326,142,386</b>	<b>313,794,654</b>	<b>319,700,229</b>	<b>305,276,279</b>	<b>286,979,477</b>	<b>239,779,757</b>	<b>229,597,098</b>	<b>218,442,304</b>
<b>TOTAL REVENUES</b>	<b>\$477,494,116</b>	<b>\$435,561,916</b>	<b>\$424,868,776</b>	<b>\$432,135,701</b>	<b>\$412,160,533</b>	<b>\$386,210,626</b>	<b>\$330,549,766</b>	<b>\$313,215,659</b>	<b>\$297,323,711</b>

HOUSTON COMMUNITY COLLEGE SYSTEM  
PROGRAM REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 2

	(percentage of total)								
	For the Year Ended August 31,								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>OPERATING REVENUES:</b>									
Tuition and Fees, Net of Discounts	15.72%	16.23%	16.81%	16.53%	16.48%	17.00%	19.57%	18.82%	18.29%
Federal Grants and Contracts	2.89%	3.20%	3.46%	3.90%	3.90%	4.21%	3.78%	4.15%	4.35%
State Grants and Contracts	1.84%	1.29%	1.45%	1.19%	1.56%	1.34%	1.12%	0.95%	0.94%
Local Grants and Contracts	0.03%	0.03%	0.02%	0.02%	0.07%	0.02%	0.02%	0.03%	0.03%
Non-Governmental Grants and Contracts	0.51%	0.56%	0.57%	0.58%	0.31%	0.33%	0.26%	0.15%	0.20%
Sales and Services of Educational Activities	0.04%	0.04%	0.05%	0.08%	0.09%	0.08%	0.08%	0.06%	0.07%
Other Operating Revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%
Auxiliary Enterprises	2.84%	3.77%	3.79%	3.72%	3.53%	2.72%	2.63%	2.53%	2.47%
Total Operating Revenues	23.87%	25.12%	26.14%	26.02%	25.93%	25.69%	27.46%	26.70%	26.53%
<b>NONOPERATING REVENUES:</b>									
State Appropriations	17.23%	18.75%	19.32%	18.94%	20.58%	21.92%	24.71%	25.82%	26.00%
Ad Valorem Taxes	36.33%	32.92%	30.42%	28.61%	28.10%	30.88%	32.60%	31.04%	29.89%
Gifts	0.26%	0.33%	0.37%	0.48%	0.38%	0.40%	0.34%	0.31%	0.17%
Investment Income	0.62%	0.85%	-0.03%	0.18%	0.14%	0.23%	1.27%	3.56%	5.89%
Disaster Relief Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.37%	0.46%	0.00%	0.00%
Title IV (Pell)	20.04%	21.60%	22.22%	23.61%	23.33%	19.59%	12.48%	10.09%	10.20%
Nursing Shortage Reduction	0.10%	0.04%	0.03%	0.00%	0.04%	0.02%	0.01%	0.01%	0.02%
Other Nonoperating Revenues	1.56%	0.38%	1.52%	2.16%	1.49%	0.89%	0.68%	2.48%	1.30%
Total Nonoperating Revenues	76.13%	74.88%	73.86%	73.98%	74.07%	74.31%	72.54%	73.30%	73.47%
<b>TOTAL REVENUES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



HOUSTON COMMUNITY COLLEGE SYSTEM  
PROGRAM EXPENSES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 3

	For the Year Ended August 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>OPERATING EXPENSES:</b>										
Instruction	\$ 118,383,131	\$ 112,628,406	\$ 111,931,030	\$ 100,319,497	\$ 112,617,877	\$ 113,319,505	\$ 105,158,760	\$ 96,006,367	\$ 92,249,139	\$ 88,156,430
Public Service	10,295,409	10,628,104	11,638,013	11,868,925	11,766,675	11,477,787	9,988,399	9,868,651	11,362,415	11,435,129
Academic Support	31,781,726	26,699,201	25,060,153	22,771,173	19,616,391	23,449,473	20,632,551	19,645,603	17,972,637	16,355,817
Student Services	31,448,417	29,244,604	29,165,865	24,906,487	31,901,438	30,902,922	27,473,142	25,822,223	24,659,370	24,919,075
Institutional Support	63,081,397	62,673,369	56,398,020	58,952,631	55,747,071	53,302,151	47,880,656	44,359,869	43,163,084	40,884,807
Operation and Maintenance of Plant	28,820,028	35,885,631	31,438,811	27,969,778	28,350,817	35,937,690	32,628,588	26,917,292	26,782,535	23,055,592
Scholarships and Fellowships	61,638,293	58,733,940	57,092,409	61,504,372	65,346,087	49,920,320	24,796,647	18,201,589	16,474,485	15,634,651
Auxiliary Enterprises	13,853,632	17,233,929	18,760,757	15,736,795	14,607,330	9,740,078	8,718,772	6,698,807	6,726,829	3,919,787
Depreciation	21,484,508	19,743,511	19,492,034	18,848,802	17,067,466	14,832,747	11,098,086	10,096,713	10,524,141	9,965,132
<b>Total Operating Expenses</b>	<b>380,786,541</b>	<b>373,470,694</b>	<b>360,977,093</b>	<b>342,878,460</b>	<b>357,021,152</b>	<b>342,882,673</b>	<b>288,375,601</b>	<b>257,617,114</b>	<b>249,914,635</b>	<b>234,326,420</b>
<b>NON-OPERATING EXPENSES:</b>										
Interest on Capital Related Debt	24,312,876	16,346,638	36,827,644	28,498,392	29,424,886	25,379,834	25,375,863	20,640,888	21,187,768	17,201,531
Hurricane Ike Expense, Net	-	-	12,431	626,194	284,103	561,861	297,616	-	-	-
Other Non-Operating Expenses	5,431,725	10,955,750	10,305,162	20,240,555	10,550,397	10,274,777	8,934,397	7,768,434	3,682,262	5,597,748
<b>Total Non-Operating Expenses</b>	<b>29,744,601</b>	<b>27,302,388</b>	<b>47,145,237</b>	<b>49,365,141</b>	<b>40,259,386</b>	<b>36,216,472</b>	<b>34,607,876</b>	<b>28,409,322</b>	<b>24,870,030</b>	<b>22,799,279</b>
<b>Total Expenses</b>	<b>\$ 410,531,142</b>	<b>\$ 400,773,082</b>	<b>\$ 408,122,330</b>	<b>\$ 392,243,601</b>	<b>\$ 397,280,538</b>	<b>\$ 379,099,145</b>	<b>\$ 322,983,477</b>	<b>\$ 286,026,436</b>	<b>\$ 274,784,665</b>	<b>\$ 257,125,699</b>

HOUSTON COMMUNITY COLLEGE SYSTEM  
PROGRAM EXPENSES BY FUNCTION - CONTINUED  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 3

	(percentage of total)									
	For the Year Ended August 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>OPERATING EXPENSES:</b>										
Instruction	28.84%	28.10%	27.43%	25.58%	28.35%	29.89%	32.56%	33.57%	33.57%	34.29%
Public Service	2.51%	2.65%	2.85%	3.03%	2.96%	3.03%	3.09%	3.45%	4.14%	4.45%
Academic Support	7.74%	6.66%	6.14%	5.81%	4.94%	6.19%	6.39%	6.87%	6.54%	6.36%
Student Services	7.66%	7.30%	7.15%	6.35%	8.03%	8.15%	8.51%	9.03%	8.97%	9.69%
Institutional Support	15.37%	15.64%	13.82%	15.03%	14.03%	14.06%	14.82%	15.51%	15.71%	15.90%
Operation and Maintenance of Plant	7.02%	8.95%	7.70%	7.13%	7.14%	9.48%	10.10%	9.41%	9.75%	8.97%
Scholarships and Fellowships	15.01%	14.66%	13.99%	15.68%	16.45%	13.17%	7.68%	6.36%	6.00%	6.08%
Auxiliary Enterprises	3.37%	4.30%	4.60%	4.01%	3.68%	2.57%	2.70%	2.34%	2.45%	1.52%
Depreciation	5.23%	4.93%	4.78%	4.81%	4.30%	3.91%	3.44%	3.53%	3.83%	3.88%
<b>Total Operating Expenses</b>	<b>92.75%</b>	<b>93.19%</b>	<b>88.45%</b>	<b>87.41%</b>	<b>89.87%</b>	<b>90.45%</b>	<b>89.28%</b>	<b>90.07%</b>	<b>90.95%</b>	<b>91.13%</b>
<b>NON-OPERATING EXPENSES:</b>										
Interest on Capital Related Debt	5.92%	4.08%	9.02%	7.27%	7.41%	6.69%	7.86%	7.22%	7.71%	6.69%
Hurricane Ike Expense, Net	0.00%	0.00%	0.00%	0.16%	0.07%	-	-	-	-	-
Other Non-Operating Expenses	1.32%	2.73%	2.53%	5.16%	2.66%	2.71%	2.77%	2.72%	1.34%	2.18%
<b>Total Non-Operating Expenses</b>	<b>7.25%</b>	<b>6.81%</b>	<b>11.55%</b>	<b>12.59%</b>	<b>10.13%</b>	<b>9.55%</b>	<b>10.72%</b>	<b>9.93%</b>	<b>9.05%</b>	<b>8.87%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

HOUSTON COMMUNITY COLLEGE SYSTEM  
TUITION AND FEES  
LAST TEN ACADEMIC YEARS  
(Unaudited)

Table 4

		<b>SEMESTER CREDIT HOUR (SCH)</b>								
		<b>IN-DISTRICT</b>								
Academic Year	Semester	In-District Tuition	Out-of-District Tuition	General Fees	Technology Fees	Student Activity / Services Fee	Recreation Fee	Cost for 12 SCH	Increase from Prior Year-Fall	
2014-2015	Fall	\$ 372		\$ 306	\$ 118.80	\$ 12	\$ 6	\$ 814.80	0.00%	
2013-2014	Fall	372		306	118.80	12	6	814.80	0.15%	
2012-2013	Fall	372		306	117.60	12	6	813.60	0.15%	
2011-2012	Fall	372		306	116.40	12	6	812.40	18.56%	
2010-2011*	Summer	372		306	115.20	12	6	811.20	n/a	
2010-2011	Fall	300		264	103.20	12	6	685.20	0.18%	
2009-2010	Fall	300		264	102.00	12	6	684.00	1.79%	
2008-2009*	Spring	300		264	96.00	12	6	678.00	n/a	
2008-2009	Fall	300		264	96.00	12	---	672.00	2.28%	
2007-2008	Fall	300		264	81.00	12	---	657.00	2.82%	
2006-2007	Fall	300		264	63.00	12	---	639.00	8.67%	
2005-2006*	Spring	300		264	48.00	---	---	612.00	n/a	
2005-2006	Fall	276		264	48.00	---	---	588.00	0.00%	

Note: After Spring 2011, Workforce students no longer pay extra \$1 per hour tuition; Recreation Fee previously known as Athletic Fee. In addition students may incur course related fees such as laboratory fees, testing fees, distance education fees and certification fees.

\* Changes to Rates in Semester other than Fall.

HOUSTON COMMUNITY COLLEGE SYSTEM  
 TUITION AND FEES - CONTINUED  
 LAST TEN ACADEMIC YEARS  
 (Unaudited)

Table 4

OUT-OF-DISTRICT										
Academic Year	Semester	In-District Tuition	Out-of-District Tuition	General Fees	Technology Fees	Student Activity / Services Fee	Recreation Fee	Cost for 12 SCH	Increase from Prior Year-Fall	
2014-2015	Fall	\$ 372	\$ 768	\$ 402	\$ 118.80	\$ 12	\$ 6	\$ 1,678.80	0.00%	
2013-2014	Fall	372	768	402	118.80	12	6	1,678.80	0.07%	
2012-2013	Fall	372	768	402	117.60	12	6	1,677.60	0.07%	
2011-2012	Fall	372	768	402	116.40	12	6	1,676.40	18.29%	
2010-2011*	Summer	372	708	402	115.20	12	6	1,615.20	n/a	
2010-2011	Fall	300	672	324	103.20	12	6	1,417.20	6.40%	
2009-2010	Fall	300	648	264	102.00	12	6	1,332.00	0.91%	
2008-2009*	Spring	300	648	264	96.00	12	6	1,326.00	n/a	
2008-2009	Fall	300	648	264	96.00	12	---	1,320.00	1.15%	
2007-2008	Fall	300	648	264	81.00	12	---	1,305.00	1.40%	
2006-2007	Fall	300	648	264	63.00	12	---	1,287.00	4.13%	
2005-2006*	Spring	300	648	264	48.00	---	---	1,260.00	n/a	
2005-2006	Fall	276	648	264	48.00	---	---	1,236.00	0.00%	

Note: After Spring 2011, Workforce students no longer pay extra \$1 per hour tuition; Recreation Fee previously known as Athletic Fee. In addition students may incur course related fees such as laboratory fees, testing fees, distance education fees and certification fees.  
 \* Changes to Rates in Semester other than Fall.

HOUSTON COMMUNITY COLLEGE SYSTEM  
TUITION AND FEES - CONTINUED  
LAST TEN ACADEMIC YEARS  
(Unaudited)

Table 4

OUT OF STATE/INTERNATIONAL									
Academic Year	Semester	Out of State / International Tuition	General Fees	Technology Fees	Student Activity / Services Fee	Recreation Fee	Cost for 12 SCH	Increase from Prior Year-Fall	
2014-2015	Fall	\$ 1,140	\$ 600	\$ 118.80	\$ 12	\$ 6	\$ 1,876.80	0.00%	
2013-2014	Fall	1140	600	118.80	12	6	1,876.80	0.06%	
2012-2013	Fall	1140	600	117.60	12	6	1,875.60	0.06%	
2011-2012	Fall	1140	600	116.40	12	6	1,874.40	10.70%	
2010-2011*	Summer	1080	600	115.20	12	6	1,813.20	n/a	
2010-2011	Fall	972	600	103.20	12	6	1,693.20	7.71%	
2009-2010	Fall	912	540	102.00	12	6	1,572.00	0.77%	
2008-2009	Spring	912	540	96.00	12	6	1,566.00	n/a	
2008-2009	Fall	912	540	96.00	12	---	1,560.00	0.97%	
2007-2008	Fall	912	540	81.00	12	---	1,545.00	1.18%	
2006-2007	Fall	912	540	63.00	12	---	1,527.00	3.46%	
2005-2006*	Spring	912	540	48.00	---	---	1,500.00	n/a	
2005-2006	Fall	888	540	48.00	---	---	1,476.00	0.00%	

Note: After Spring 2011, Workforce students no longer pay extra \$1 per hour tuition; Recreation Fee previously known as Athletic Fee. In addition students may incur course related fees such as laboratory fees, testing fees, distance education fees and certification fees.  
\* Changes to Rates in Semester other than Fall.

HOUSTON COMMUNITY COLLEGE SYSTEM  
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 5

Fiscal Year	Assessed Valuation of Property	Less: Exemptions & Abatements	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations	Debt Service	Total Direct Rate (a)
2015	\$ 198,955,482,183	\$ 36,077,649,997	\$ 162,877,832,186	81.87%	0.077055	0.029835	0.106890
2014	180,734,029,067	34,213,942,090	146,520,086,977	81.07%	0.077055	0.020118	0.097173
2013	145,875,030,461	12,890,703,534	132,984,326,927	91.16%	0.079673	0.017500	0.097173
2012	159,141,889,758	31,729,564,366	127,412,325,392	80.06%	0.083399	0.013823	0.097222
2011	157,165,651,239	31,190,173,147	125,975,478,092	80.15%	0.074901	0.017319	0.092220
2010	158,860,572,423	28,430,763,993	130,429,808,430	82.10%	0.077839	0.014381	0.092220
2009	141,650,283,263	24,628,568,950	117,021,714,313	82.61%	0.077504	0.014926	0.092430
2008	128,541,398,956	23,751,022,792	104,790,376,164	81.52%	0.077505	0.014926	0.092433
2007	114,880,333,614	23,035,765,722	91,844,567,892	79.95%	0.081333	0.013842	0.095175
2006	103,397,321,246	18,595,499,000	84,801,822,246	82.02%	0.081333	0.014436	0.095769

Source: Local Appraisal Districts

Notes: Property is assessed at full market value.

(a) Total Direct Rate is per \$100 Taxable Assessed Valuation

HOUSTON COMMUNITY COLLEGE SYSTEM  
STATE APPROPRIATION PER FSTE AND CONTACT HOURS  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 6

Fiscal Year	State Appropriation (Unrestricted)	FTSE**	State Appropriation per FTSE
2014-2015	\$ 69,155,893	50,596	\$ 1,367
2013-2014	69,202,364	49,448	1,400
2012-2013	70,014,003	49,824	1,405
2011-2012	70,232,038	52,032	1,350
2010-2011	65,957,104	53,418	1,235
2009-2010	65,791,457	50,445	1,304
2008-2009	63,627,432	43,835	1,452
2007-2008	63,627,433	39,602	1,607
2006-2007	61,312,488	38,641	1,587
2005-2006	61,312,368	36,922	1,661

Fiscal Year	State Appropriation (Unrestricted)	Academic Contract Hours	Voc/Tech Contract Hours	CEU Contract Hours	Total Funded Contract Hours	State Appropriation per Contact Hour
2014-2015	\$ 69,155,893	15,873,248	6,122,448	2,290,228	24,285,924	\$ 2.85
2013-2014	69,202,364	15,931,744	5,822,268	1,980,830	23,734,842	2.92
2012-2013	70,014,003	16,237,296	5,744,810	1,933,271	23,915,377	2.93
2011-2012	70,232,038	17,354,256	5,822,072	1,798,940	24,975,268	2.81
2010-2011	65,957,104	17,802,080	5,924,078	1,914,445	25,640,603	2.57
2009-2010	65,791,457	16,652,752	5,680,164	1,880,857	24,213,773	2.72
2008-2009	63,627,432	14,345,992	4,883,890	1,810,761	21,040,643	3.02
2007-2008	63,627,433	12,739,232	4,422,336	1,847,195	19,008,763	3.35
2006-2007	61,312,488	12,077,904	4,378,250	2,091,365	18,547,519	3.31
2005-2006	61,312,368	11,487,128	4,260,486	1,974,799	17,722,413	3.46

**Note:**

The methodology used to calculate FTSE (Full-time Student Equivalent) has been revised for FY2012 and the total FTSE has been restated for all years shown.

\* Revised based on FY2011 AFR.

\*\* One FTSE is equal to 480 annual contact hours [30 semester credit hours (Fall 12SCH + Spring 12SCH + Summer 6SCH) x 16 contact hours per SCH = 480 annual contact hours]. Total annual FTSE is equal to total funded contact hours divided by annual contact hours per student (480).

HOUSTON COMMUNITY COLLEGE SYSTEM  
 PRINCIPAL TAXPAYERS  
 (Taxable Value)  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 7

Taxpayer	Industry	Taxable Assessed Value (TAV) by Tax Year									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Centerpoint Energy Inc	Utility	\$ 1,418,862,516	\$ 1,362,799,831	\$ 1,382,750,044	\$ 1,153,697,187	\$ 1,119,456,415	\$ 1,122,000,954	\$ 1,155,200,888	\$ 1,039,824,086	\$ 1,020,251,119	\$ 1,031,341,633
Crescent Real Estate	Real Estate	792,215,117	917,216,307	831,337,622	716,169,026	1,129,509,857	1,027,978,140	1,136,315,715	1,378,543,156	1,213,068,497	880,336,507
Cullen Allen Holdings Lp	Real Estate	-	-	-	-	-	632,088,821	679,738,613	740,183,451	597,559,584	-
Hines Interests Ltd Ptnrsp	Real Estate	-	-	-	1,163,749,277	967,638,791	855,622,627	649,533,262	962,302,817	982,519,591	574,840,017
AT&T Mobility LLC	Utility	-	-	-	318,206,364	446,070,581	499,096,180	573,892,778	584,854,404	-	-
Tpg 2101 Citywest 1 & 2 Lp	Real Estate	-	-	-	-	497,060,529	469,096,180	520,865,513	576,224,151	-	-
Chevron Chemical Co	Oil & Gas	1,084,645,391	1,066,441,442	982,653,385	724,298,902	627,685,117	469,387,624	460,639,861	478,700,396	407,061,688	343,365,607
Anheuser Busch Inc	Brewery	-	-	-	357,792,263	366,424,086	404,399,350	421,420,837	451,539,258	461,994,178	470,539,317
Houston Refining	Oil & Gas	-	-	-	-	-	-	407,442,917	-	-	-
Valero Energy Corp	Oil & Gas	-	418,086,374	426,028,458	363,437,432	-	-	374,025,572	386,831,716	309,554,958	-
Teachers Insurance	Insurance	-	-	-	-	-	-	-	578,530,234	512,401,996	300,049,967
Shell Oil Co	Oil & Gas	492,784,337	-	-	334,605,330	331,875,591	-	-	-	-	-
Southwestern Bell	Utility	-	-	-	-	-	-	-	-	529,778,957	554,904,933
HG Galleria I II III LP	Real Estate	508,214,845	475,503,575	385,054,953	363,274,752	319,442,735	315,388,094	-	-	324,487,276	-
Triachahn Allen Ctr LP	Real Estate	-	-	-	-	-	-	-	-	-	494,993,746
Lyondell Chemical Co	Oil & Gas	-	-	-	-	-	-	-	-	-	295,571,464
HG Shopping Centers LP	Real Estate	-	-	-	-	-	-	-	-	-	292,756,445
Block 98 Partners Lt D	Real Estate	-	-	-	-	-	-	-	-	-	-
Exxon Mobil Corp	Oil & Gas	-	-	-	317,979,103	305,020,231	305,281,064	-	-	-	-
Continental Airlines	Airline	-	-	-	-	-	-	-	-	-	-
1000 Louisiana LP	Real Estate	499,000,000	504,063,645	426,551,193	-	-	-	-	-	-	-
Texas Tower LTD	Real Estate	-	562,735,621	409,839,382	-	-	-	-	-	-	-
Four Oaks Place Operating	Real Estate	-	464,133,747	401,202,733	-	-	-	-	-	-	-
BG HOLDCO LLC	Real Estate	-	444,102,836	398,000,000	-	-	-	-	-	-	-
BUSYCON Properties LLC	Real Estate	505,450,307	536,989,676	453,269,103	-	-	-	-	-	-	-
Cousins Greenway & POC	Real Estate	1,115,262,076	-	-	-	-	-	-	-	-	-
One, Two & Three Allen	Real Estate	866,158,501	-	-	-	-	-	-	-	-	-
Southwestern Bell & ATT Mobility	Utility	476,957,952	-	-	-	-	-	-	-	-	-
<b>Totals</b>		<b>\$ 7,759,551,042</b>	<b>\$ 6,752,073,054</b>	<b>\$ 6,096,686,873</b>	<b>\$ 5,813,209,636</b>	<b>\$ 6,110,183,933</b>	<b>\$ 6,100,339,034</b>	<b>\$ 6,379,075,956</b>	<b>\$ 7,177,533,669</b>	<b>\$ 6,358,677,844</b>	<b>\$ 5,238,699,636</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 163,282,841,678</b>	<b>\$ 146,520,086,977</b>	<b>\$ 132,984,326,927</b>	<b>\$ 127,412,325,392</b>	<b>\$ 125,975,478,092</b>	<b>\$ 130,429,808,430</b>	<b>\$ 117,021,714,313</b>	<b>\$ 104,790,367,164</b>	<b>\$ 91,844,567,892</b>	<b>\$ 84,801,822,246</b>



HOUSTON COMMUNITY COLLEGE SYSTEM  
 PRINCIPAL TAXPAYERS - CONTINUED  
 (Taxable Value)  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 7

Taxpayer	Industry	% of Taxable Assessed Value (TAV) by Tax Year									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Centerpoint Energy Inc	Utility	0.87%	0.93%	1.04%	0.91%	0.89%	0.86%	0.99%	0.99%	1.11%	1.22%
Crescent Real Estate	Real Estate	0.49%	0.63%	0.63%	0.56%	0.90%	0.79%	0.97%	1.32%	1.32%	1.04%
Cullen Allen Holdings Lp	Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%	0.58%	0.71%	0.65%	0.00%
Hines Interests Ltd Ptnrsp	Real Estate	0.00%	0.00%	0.00%	0.91%	0.77%	0.66%	0.56%	0.92%	1.07%	0.68%
AT&T Mobility LLC	Utility	0.00%	0.00%	0.00%	0.25%	0.35%	0.38%	0.49%	0.56%	0.00%	0.00%
Tpg 2101 Citywest 1 & 2 Lp	Real Estate	0.00%	0.00%	0.00%	0.00%	0.39%	0.36%	0.45%	0.55%	0.00%	0.00%
Chevron Chemical Co	Oil & Gas	0.66%	0.73%	0.74%	0.57%	0.50%	0.36%	0.39%	0.46%	0.44%	0.40%
Anheuser Busch Inc	Brewery	0.00%	0.00%	0.00%	0.28%	0.29%	0.31%	0.36%	0.43%	0.50%	0.55%
Houston Refining	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	0.00%	0.00%	0.00%
Valero Energy Corp	Oil & Gas	0.00%	0.29%	0.32%	0.29%	0.00%	0.00%	0.32%	0.37%	0.34%	0.00%
Teachers Insurance	Insurance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%	0.56%	0.35%
Shell Oil Co	Oil & Gas	0.30%	0.00%	0.00%	0.26%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%
Southwestern Bell	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%	0.65%
HG Galleria I II III LP	Real Estate	0.31%	0.32%	0.29%	0.29%	0.25%	0.24%	0.00%	0.00%	0.35%	0.00%
Triachahn Allen Ctr LP	Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%
Lyondell Chemical Co	Oil & Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%
HG Shopping Centers LP	Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%
Block 98 Partners Lt D	Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Exxon Mobil Corp	Oil & Gas	0.00%	0.00%	0.00%	0.25%	0.24%	0.23%	0.00%	0.00%	0.00%	0.00%
Continental Airlines	Airline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1000 Louisiana LP	Real Estate	0.31%	0.34%	0.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas Tower LTD	Real Estate	0.00%	0.38%	0.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Four Oaks Place Operating	Real Estate	0.00%	0.32%	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BG HOLDCO LLC	Real Estate	0.00%	0.30%	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BUSYCON Properties LLC	Real Estate	0.31%	0.37%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cousins Greenway & POC	Real Estate	0.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
One, Two & Three Allen Center CO LLC	Real Estate	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Southwestern Bell & ATT Mobility	Utility	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		4.75%	4.61%	4.58%	4.56%	4.85%	4.68%	5.45%	6.85%	6.92%	6.18%

Source: Local County Appraisal District

HOUSTON COMMUNITY COLLEGE SYSTEM  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN TAX YEARS  
(Unaudited)

Table 8

Fiscal Year	Tax Rate Per \$100	Tax Base (Assessed Value)	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years *	Total Collections to Date	
				Actual Collections per AFR	% of Levy		Amount	% of Levy
2014-2015	0.106890	\$ 162,877,832,186	\$ 174,100,115	\$ 173,168,964	99.47%	\$ 3,471,135	\$ 176,640,099	101.46%
2013-2014	0.097173	146,520,086,977	142,377,964	141,871,329	99.64%	3,233,799	145,105,128	101.92%
2012-2013	0.097173	132,984,326,927	129,224,860	126,900,573	98.20%	3,135,356	130,035,929	100.63%
2011-2012	0.097222	127,412,325,392	123,872,811	121,247,023	97.88%	4,017,805	125,264,828	101.12%
2010-2011	0.092220	125,975,478,092	116,179,580	113,187,929	97.42%	3,994,879	117,182,808	100.86%
2009-2010	0.092220	130,429,808,430	120,614,601	116,730,716	96.78%	3,995,418	120,726,134	100.09%
2008-2009	0.092430	117,021,714,313	108,163,171	105,021,974	97.10%	4,064,764	109,086,738	100.85%
2007-2008	0.092433	104,790,367,164	96,860,880	93,854,407	96.90%	4,164,454	98,018,861	101.20%
2006-2007	0.095175	91,844,567,892	87,413,067	85,811,200	98.17%	3,882,996	89,694,196	102.61%
2005-2006	0.095769	84,801,822,246	81,213,857	79,013,014	97.29%	3,882,996	82,896,010	102.07%

\* "Collection in Subsequent Years" includes penalties and interest.

Source: Local Tax Assessor/Collector's and District records.

HOUSTON COMMUNITY COLLEGE SYSTEM  
RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 9

	For the Year Ended August 31									
	2015	2014	2013	2012**	2011	2010	2009*	2008*	2007*	2006*
General Obligation Bonds	\$ 552,429,370	\$ 568,407,151	\$ 578,139,157	\$ 126,509,613	\$ 122,965,813	\$ 128,335,993	\$ 133,079,110	\$ 137,982,325	\$ 142,755,540	\$ 147,393,756
Notes	160,781,387	168,926,738	177,016,887	184,862,037	169,764,659	129,970,994	65,596,500	67,968,928	11,595,000	12,000,000
Less: Funds Restricted for Debt Service	-	-	-	-	-	-	-	-	-	-
Net General Bonded Debt	713,210,757	737,333,888	755,156,045	311,371,650	292,730,472	258,306,987	198,675,610	205,951,253	154,350,540	159,393,756
Per Capita	303	319.02	333.59	139.69	134.63	118.77	92.82	95.80	72.86	76.23
Per FTSE	13,068	13,732.91	13,921.98	5,511.88	5,104.01	4,723.11	4,153.09	4,711.77	3,593.56	3,904.89
As a Percentage of Taxable Assessed Value	0.44%	0.50%	0.57%	0.24%	0.23%	0.20%	0.17%	0.20%	0.17%	0.19%
Revenue Bonds	\$ 288,802,667	\$ 306,455,246	\$ 323,322,694	\$ 342,071,187	\$ 341,086,330	\$ 356,162,958	\$ 338,468,001	\$ 352,607,948	\$ 304,517,738	\$ 163,843,158
Notes	1,346,598	-	-	-	691,584	1,383,167	2,074,750	-	631,285	29,912,400
Capital Lease Obligations	-	-	-	-	1,304,824	3,914,472	6,524,120	-	34,395,970	35,436,616
Net Pension Liability	67,428,372	82,796,509	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 1,070,788,394	\$ 1,126,585,643	\$ 1,078,478,739	\$ 653,442,837	\$ 635,813,210	\$ 619,767,584	\$ 545,742,481	\$ 558,559,201	\$ 493,895,533	\$ 388,585,930
Per Capita	456	487	476	293	292	285	255	260	233	186
Per FTSE	19,619	20,983	19,883	11,567	11,086	11,332	11,408	12,779	11,499	9,520
As a Percentage of Taxable Assessed Value	0.66%	0.77%	0.81%	0.51%	0.50%	0.48%	0.47%	0.53%	0.54%	0.46%

\*The methodology used to calculate FTSE (Full-time Student Equivalent) has been revised for FY2012 and the "Per FTSE" calculation has been restated for all years shown. (FTSE includes both fundable & non-fundable contact hours) Source: HCCOIR\_DataMart (per FTSE).

\*\*Restated to exclude advance funding valuation debit of \$7,963,767 - reclassified as deferred outflow of resources per GASB 65

**HOUSTON COMMUNITY COLLEGE SYSTEM  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table 10

	For the Year Ended August 31				
	2015	2014	2013	2012	2011
TAXABLE ASSESSED VALUE	\$ 162,877,832,166	147,003,328,891	\$ 132,984,326,927	\$ 127,412,325,392	\$ 125,975,478,092
GENERAL OBLIGATION BONDS:					
Statutory Tax Levy Limit for Debt Service	814,389,161	735,016,644	664,921,635	637,061,627	629,877,207
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-
Total Net General Obligation Debt	814,389,161	735,016,644	664,921,635	637,061,627	629,877,207
Current Year Debt Service Requirements	31,529,519	28,852,217	22,600,842	18,904,514	20,616,717
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 782,859,642	\$ 706,164,427	\$ 642,320,793	\$ 618,157,113	\$ 609,260,490
Net Current Requirements as a % of Statutory Limit	3.87%	3.93%	3.40%	2.97%	3.27%
	For the Year Ended August 31				
	2010	2009	2008	2007	2006
TAXABLE ASSESSED VALUE	\$ 130,429,808,430	117,021,714,313	\$ 104,790,367,164	\$ 91,844,567,892	\$ 84,801,822,246
GENERAL OBLIGATION BONDS:					
Statutory Tax Levy Limit for Debt Service	652,149,042	585,108,572	523,951,836	459,222,839	424,009,111
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-
Total Net General Obligation Debt	652,149,042	585,108,572	523,951,836	459,222,839	424,009,111
Current Year Debt Service Requirements	16,768,273	11,034,759	11,059,125	11,069,990	10,258,879
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 635,380,769	\$ 574,073,813	\$ 512,892,711	\$ 448,152,849	\$ 413,750,232
Net Current Requirements as a % of Statutory Limit	2.57%	1.89%	2.11%	2.41%	2.42%

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

Net assessed valuation has been restated for prior years to conform to property tax footnote in AFR.

HOUSTON COMMUNITY COLLEGE SYSTEM  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 11

Fiscal Year Ended August 31	Pledged Revenues										
	Total	Tuition	Technology Fee	Registration Fees	Laboratory Fees	Community		Interest Income	Vending Commission	Bookstore Commission	Rental Revenue
						Education Fees	Other Fees				
2015	\$ 98,017,475	\$ 11,646,452	\$ 5,639,728	\$ 51,188,252	\$ 1,674,943	\$ 11,523,728	\$ 7,601,377	\$ 543,991	\$ 140,275	\$ 2,623,595	\$ 5,435,135
2014	94,161,412	11,442,938	5,614,551	50,458,748	1,779,425	9,093,829	7,066,095	432,133	201,162	2,884,880	5,187,651
2013	94,956,856	11,731,661	5,747,728	50,940,723	1,828,481	9,136,539	7,031,565	432,022	129,999	2,786,137	5,192,001
2012	98,214,059	12,206,115	5,998,853	53,283,093	1,974,359	9,330,828	7,234,999	303,384	151,823	2,864,738	4,865,866
2011	89,655,895	10,549,582	4,930,929	48,356,423	2,085,644	8,614,733	6,777,965	260,462	175,322	2,693,341	5,211,494
2010	81,401,974	9,587,926	4,543,879	43,168,485	3,393,362	8,699,410	4,250,888	405,337	167,930	2,166,708	5,018,051
2009	74,049,779	8,304,454	3,902,031	38,912,692	2,890,446	8,136,071	3,550,828	1,344,876	156,180	1,666,446	5,185,754
2008	68,374,594	7,346,541	3,485,805	35,489,400	2,434,803	7,982,248	2,700,926	2,636,536	167,813	1,545,225	4,585,297
2007	63,047,174	6,782,289	3,322,933	33,609,081	2,185,444	7,320,576	2,251,444	2,321,875	180,620	1,190,950	3,881,962
2006	57,789,907	6,013,923	3,173,494	32,368,441	2,026,721	5,287,298	1,297,184	2,697,279	181,235	1,345,057	3,399,274

Fiscal Year Ended August 31	Debt Service Requirements			
	Principal	Interest	Total	Coverage
				Ratio
2015	\$ 12,545,000	\$ 8,421,828	\$ 20,966,828	4.67
2014	11,320,000	9,658,049	20,978,049	4.49
2013	13,435,000	10,254,199	23,689,199	4.01
2012	12,715,000	10,579,416	23,294,416	4.22
2011	11,335,000	10,712,486	22,047,486	4.07
2010	10,770,000	10,325,724	21,095,724	3.86
2009	10,430,000	10,408,632	20,838,632	3.55
2008	7,520,000	8,402,868	15,922,868	4.29
2007	7,015,000	6,608,404	13,623,404	4.63
2006	5,750,000	6,867,244	12,617,244	4.58

HOUSTON COMMUNITY COLLEGE SYSTEM  
 DEMOGRAPHIC AND ECONOMIC STATISTICS - TAXING DISTRICT  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 12

Calendar Year	Service Area Population	Service Area Personal Income	Service Area Personal Income Per Capita	Service Area Unemployment Rate
2014	2,308,004	\$ 68,275,374,328	29,582	3.7%
2013	2,263,741	62,320,789,730	27,530	5.4%
2012	2,228,995	64,750,075,755	29,049	4.8%
2011	2,174,361	61,960,591,056	28,496	5.1%
2010	2,174,919	60,334,427,979	27,741	5.1%
2009	2,140,484	56,172,721,612	26,243	5.1%
2008	2,149,766	51,992,090,710	24,185	5.8%
2007	2,118,315	52,815,947,895	24,933	6.3%
2006	2,091,041	51,383,150,493	24,573	4.7%
2005	2,063,673	45,089,191,377	21,849	4.8%

**Sources:** HCCS MapInfo Files with 2011 Board Redistricted Boundaries, Service Area additions per HB 3659, Northwest & Southwest College Boundary changes per exec. team, Sept. 2013; and Census and BLS data from Applied Geographic Solutions (AGS) on PCensus CD-ROM, TETRAD Computer Applications, Inc., Dec. 2014 (with 2014 AGS for Business/Occupation info.), Dec. 2014.

HOUSTON COMMUNITY COLLEGE SYSTEM  
 PRINCIPAL EMPLOYERS  
 Fiscal Years 2012-2015  
 (Unaudited)

Table 13

Houston-Sugar Land-Baytown MSA (Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty Montgomery, San Jacinto, Waller)	June 2015 (p)	June 2014	June 2013	June 2012
Number of Employees				
Trade, Transportation, & Utilities	607,500	594,900	564,300	547,800
Professional, & Business Services	477,700	466,800	429,700	410,900
Government	379,400	373,900	364,500	359,300
Education & Health Services	361,700	347,400	335,900	327,000
Mining/Logging & Construction	314,100	312,000	298,100	279,600
Manufacturing	247,000	255,300	252,800	244,600
Leisure & Hospitality	312,900	294,100	277,500	264,300
Financial Activities	146,700	148,100	143,200	141,000
Other Services	106,100	105,500	100,300	96,900
Information	33,900	33,300	32,700	31,500
Total	<u>2,987,000</u>	<u>2,931,300</u>	<u>2,799,000</u>	<u>2,702,900</u>
Percent of Employees				
Trade, Transportation, & Utilities	20.34%	20.29%	20.16%	20.27%
Professional, & Business Services	15.99%	15.92%	15.35%	15.20%
Government	12.70%	12.76%	13.02%	13.29%
Education & Health Services	12.11%	11.85%	12.00%	12.10%
Natural Resources, Mining & Construction	10.52%	10.64%	10.65%	10.34%
Manufacturing	8.27%	8.71%	9.03%	9.05%
Leisure & Hospitality	10.48%	10.03%	9.91%	9.78%
Financial Activities	4.91%	5.05%	5.12%	5.22%
Other Services	3.55%	3.60%	3.58%	3.59%
Information	1.13%	1.14%	1.17%	1.17%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(p) preliminary

Source: [http://www.bls.gov/ro6/fax/houston\\_ces.htm](http://www.bls.gov/ro6/fax/houston_ces.htm)

Note: Employees on nonfarm payrolls by industry supersector, not seasonally adjusted

HOUSTON COMMUNITY COLLEGE SYSTEM  
 FACULTY, STAFF AND ADMINISTRATORS STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 14

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Faculty										
Full-Time	759	759	789	809	910	848	829	821	810	814
Part-Time	1,687	1,742	1,715	2,781	2,921	2,345	2,049	2,499	2,513	2,391
Total	2,446	2,501	2,504	3,590	3,831	3,193	2,878	3,320	3,323	3,205
Percent										
Full-Time	31.0%	30.3%	31.5%	22.5%	23.8%	26.6%	28.8%	24.7%	24.4%	25.4%
Part-Time	69.0%	69.7%	68.5%	77.5%	76.2%	73.4%	71.2%	75.3%	75.6%	74.6%
Staff and Administrators										
Full-Time	1,385	1,323	1,350	1,327	1,272	1,185	1,102	1,079	1,080	1,053
Part-Time	1,170	1,413	1,443	1,088	1,169	1,323	1,259	1,504	1,408	1,226
Total	2,555	2,736	2,793	2,415	2,441	2,508	2,361	2,583	2,488	2,279
Percent										
Full-Time	54.2%	48.4%	48.3%	54.9%	52.1%	47.2%	46.7%	41.8%	43.4%	46.2%
Part-Time	45.8%	51.6%	51.7%	45.1%	47.9%	52.8%	53.3%	58.2%	56.6%	53.8%
Students per Full-time**										
Faculty	72.5	72.0	71.0	71.2	62.2	57.1	53.6	53.0	55.3	51.6
Staff Member	39.7	41.3	41.5	43.4	44.5	40.9	40.3	40.3	41.5	39.9
Average Annual 9/12 Month										
Faculty Salary*	\$ 65,038	\$ 64,962	\$ 63,366	\$ 63,473	\$ 62,533	\$ 62,833	\$ 60,378	\$ 56,047	\$ 54,766	\$ 55,228

\* Prior to 2009, average annual 9 month faculty salary reported.

\*\*All figures are calculated from the CBM001&00A reports combined.



HOUSTON COMMUNITY COLLEGE SYSTEM  
 Annual Student Enrollment Trends by Residency Code  
 Semester Credit Hour (SCH)  
 Fiscal Years 2011 Through 2015 (End of Term)  
 (Unaudited)

Table 15

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
In-District	58,898	59,567	57,745	56,732	56,070
Out-of-District	23,265	22,674	21,263	21,468	21,839
Out-of-State	10,399	10,104	9,139	9,259	10,093
Unduplicated Enrollment	92,562	92,345	88,147	87,459	88,002

Annual Student Enrollment Trends by Career Type  
 Fiscal Years 2011 Through 2015 (End of Term)

	FY2010-11	FY2011-12	FY2012-13	FY 2013-14	FY 2014-15
Semester Credit Hour (SCH)	10,801	92,345	88,147	87,459	88,002
Workforce Continue Education Unit (CEU)	17,134	16,971	17,705	16,344	18,170
Non Funded Continue Education	1,673	1,265	1,116	4,708	2,214
Adult Literacy / High School	10,801	10,062	9,749	7,992	9,167
Unduplicated Enrollment *	120,805	119,185	115,534	113,688	115,575

Note:

\* The unduplicated enrollment total cannot be arrived at by summing the columns. This is because students may take courses in multiple career types.

Students with Qatar or Saigon Tech tuition residency codes are not included.

Source: HCC OIR DataMart Files, End of Term, FY11 - FY15.

**HOUSTON COMMUNITY COLLEGE SYSTEM  
ENROLLMENT DETAILS  
LAST EIGHT FISCAL YEARS  
(Unaudited)**

Table 16

Student Classification*	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	27,504	49.97%	28,599	52.36%	29,955	53.48%	32,304	56.07%	32,660	57.71%	28,401	58.23%	25,883	58.78%	25,559	57.95%
Sophomore	14,681	26.67%	14,414	26.39%	14,380	25.67%	14,529	25.22%	13,447	23.76%	10,695	22.24%	9,883	20.14%	8,756	19.67%
Unclassified	5,213	9.47%	4,904	8.98%	4,677	8.35%	4,437	7.70%	3,390	5.99%	2,374	4.59%	2,042	4.31%	1,872	4.15%
Assoc. Degree	30	0.05%	37	0.07%	53	0.09%	64	0.11%	120	0.21%	165	0.40%	177	0.39%	168	0.37%
BS & Above	118	0.21%	152	0.28%	171	0.31%	279	0.48%	361	0.64%	514	1.45%	644	1.38%	601	1.40%
Continuing Ed. Only	7,495	13.62%	6,515	11.93%	6,778	12.10%	6,002	10.42%	6,614	11.69%	6,256	13.09%	5,817	15.01%	6,528	16.47%
<b>Total</b>	<b>55,041</b>	<b>100.00%</b>	<b>54,621</b>	<b>100.00%</b>	<b>56,014</b>	<b>100.00%</b>	<b>57,615</b>	<b>100.00%</b>	<b>56,592</b>	<b>100.00%</b>	<b>48,405</b>	<b>100.00%</b>	<b>44,446</b>	<b>100.00%</b>	<b>43,484</b>	<b>100.00%</b>
Semester Hour Load**	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	650	1.18%	652	1.19%	660	1.18%	835	1.45%	748	1.32%	624	1.38%	613	0.71%	310	1.51%
3-5 semester hrs	12,503	22.72%	12,363	22.63%	13,116	23.42%	13,153	22.83%	13,516	23.88%	10,755	23.01%	10,229	23.45%	10,198	23.48%
6-8 Semester hrs	14,009	25.45%	13,915	25.48%	13,433	23.98%	14,622	25.38%	13,781	24.35%	11,575	23.70%	10,532	23.69%	10,301	23.08%
9-11 semester hrs	9,791	17.79%	9,717	17.79%	9,999	17.85%	10,856	18.84%	10,359	18.30%	8,750	17.07%	7,589	16.00%	6,956	15.82%
12-14 semester hrs	9,103	16.54%	9,933	18.19%	10,438	18.63%	10,645	18.48%	9,958	17.60%	8,950	18.40%	8,176	17.92%	7,791	16.75%
15-17 semester hrs	1,376	2.50%	1,381	2.53%	1,470	2.62%	1,364	2.37%	1,443	2.55%	1,341	2.97%	1,318	2.91%	1,264	2.54%
18 & over	114	0.21%	145	0.27%	120	0.21%	138	0.24%	173	0.31%	154	0.39%	172	0.31%	136	0.35%
Continuing Ed. Only	7,495	13.62%	6,515	11.93%	6,778	12.10%	6,002	10.42%	6,614	11.69%	6,256	13.09%	5,817	15.01%	6,528	16.47%
<b>Total</b>	<b>55,041</b>	<b>100.00%</b>	<b>54,621</b>	<b>100.00%</b>	<b>56,014</b>	<b>100.00%</b>	<b>57,615</b>	<b>100.00%</b>	<b>56,592</b>	<b>100.00%</b>	<b>48,405</b>	<b>100.00%</b>	<b>44,446</b>	<b>100.00%</b>	<b>43,484</b>	<b>100.00%</b>
Average course load	7.7 SCH		7.7 SCH		7.8 SCH		7.8 SCH		7.8 SCH		7.9 SCH		7.8 SCH		7.7 SCH	
Tuition Status***	Fall 2013		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	31,296	56.86%	31,806	58.23%	32,735	58.44%	32,896	57.10%	31,267	55.25%	26,003	49.86%	22,159	50.18%	21,820	49.87%
Texas Resident (out-of-District)	10,603	19.26%	10,592	19.39%	10,821	19.32%	12,056	20.93%	12,298	21.73%	10,446	25.32%	11,254	24.67%	10,728	25.20%
Non-Resident Tuition	5,234	9.51%	5,124	9.38%	5,302	9.47%	6,332	10.99%	6,170	10.90%	5,528	11.39%	5,061	9.81%	4,264	8.07%
Tuition Waiver	413	0.75%	584	1.07%	378	0.67%	329	0.57%	243	0.43%	172	0.35%	155	0.33%	144	0.39%
Other	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Not Applicable (Cont. Ed.)	7,495	13.62%	6,515	11.93%	6,778	12.10%	6,002	10.42%	6,614	11.69%	6,256	13.09%	5,817	15.01%	6,528	16.47%
<b>Total</b>	<b>55,041</b>	<b>100.00%</b>	<b>54,621</b>	<b>100.00%</b>	<b>56,014</b>	<b>100.00%</b>	<b>57,615</b>	<b>100.00%</b>	<b>56,592</b>	<b>100.00%</b>	<b>48,405</b>	<b>100.00%</b>	<b>44,446</b>	<b>100.00%</b>	<b>43,484</b>	<b>100.00%</b>

Notes: \* Data source is the CBM1&A report. Files were combined and unduplicated in favor of retaining SCH students. Students taking Continuing education courses only are counted one time. SCH students taking SCH and CEU courses are counted one time as SC. \*\* Data source same as above. SCH students taking SCH and CEU courses are counted one time as SCH. \*\*\* Data source same as above. Continuing education students are not classified as to residency status.

**HOUSTON COMMUNITY COLLEGE SYSTEM  
STUDENT PROFILE  
LAST EIGHT FISCAL YEARS  
(Unaudited)**

Table 17

Gender	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	30,007	54.52%	29,652	54.29%	30,881	55.13%	31,985	55.52%	30,865	54.54%	26,452	54.65%	24,173	54.39%	23,603	54.28%
Male	25,034	45.48%	24,969	45.71%	25,133	44.87%	25,630	44.48%	25,727	45.46%	21,953	45.35%	20,273	45.61%	19,881	45.72%
<b>Total</b>	<b>55,041</b>	<b>100.00%</b>	<b>54,621</b>	<b>100.00%</b>	<b>56,014</b>	<b>100.00%</b>	<b>57,615</b>	<b>100.00%</b>	<b>56,592</b>	<b>100.00%</b>	<b>48,405</b>	<b>100.00%</b>	<b>44,446</b>	<b>100.00%</b>	<b>43,484</b>	<b>100.00%</b>

Ethnic Origin	Fall 2014*		Fall 2013*		Fall 2012*		Fall 2011*		Fall 2010*		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	9,302	16.90%	9,564	17.51%	10,242	18.28%	10,912	18.94%	11,393	20.13%	9,506	19.40%	8,623	21.40%	9,307	23.80%
African American	16,079	29.21%	15,631	28.62%	16,085	28.72%	17,346	30.11%	15,685	27.72%	11,558	22.85%	10,156	22.85%	9,938	23.18%
Hispanic	18,368	33.37%	18,346	33.59%	18,266	32.61%	17,812	30.92%	17,721	31.31%	14,160	29.83%	13,257	28.45%	12,371	27.94%
Asian	5,354	9.73%	5,542	10.15%	5,641	10.07%	6,107	10.60%	5,881	10.39%	4,832	10.52%	4,676	10.85%	4,718	10.63%
Native American	118	0.21%	118	0.22%	110	0.20%	131	0.23%	138	0.24%	121	0.23%	101	0.21%	91	0.24%
Foreign	4,040	7.34%	3,830	7.01%	3,884	6.93%	4,086	7.09%	4,270	7.55%	3,875	8.22%	3,654	7.34%	3,190	6.40%
Unknown	1,780	3.23%	1,590	2.91%	1,786	3.19%	1,221	2.12%	1,504	2.66%	4,353	8.95%	3,979	8.90%	3,869	7.80%
<b>Total</b>	<b>55,041</b>	<b>100.00%</b>	<b>54,621</b>	<b>100.00%</b>	<b>56,014</b>	<b>100.00%</b>	<b>57,615</b>	<b>100.00%</b>	<b>56,592</b>	<b>100.00%</b>	<b>48,405</b>	<b>100.00%</b>	<b>44,446</b>	<b>100.00%</b>	<b>43,484</b>	<b>100.00%</b>

Age	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	4,031	7.32%	3,962	7.25%	4,639	8.28%	2,908	5.05%	3,046	5.38%	1,886	4.00%	1,778	6.50%	2,826	6.00%
18 -21	15,074	27.39%	16,041	29.37%	16,027	28.61%	17,222	29.89%	17,205	30.40%	15,275	31.93%	14,191	30.26%	13,157	29.03%
22 - 24	8,753	15.90%	8,849	16.20%	8,962	16.00%	9,760	16.94%	9,328	16.48%	8,303	17.43%	7,745	16.56%	7,203	16.62%
25 - 35	16,903	30.71%	15,741	28.82%	15,842	28.28%	17,194	29.84%	16,569	29.28%	14,186	28.49%	12,663	27.91%	12,137	28.05%
36 - 50	7,688	13.97%	7,477	13.69%	7,862	14.04%	8,055	13.98%	7,957	14.06%	6,749	13.99%	6,219	14.25%	6,198	15.57%
51 & over	2,589	4.70%	2,531	4.63%	2,664	4.76%	2,464	4.28%	2,468	4.36%	1,967	4.01%	1,783	4.24%	1,842	4.40%
Unknown	3	0.01%	20	0.04%	18	0.03%	12	0.02%	19	0.03%	39	0.15%	67	0.28%	121	0.33%
<b>Total</b>	<b>55,041</b>	<b>100.00%</b>	<b>54,621</b>	<b>100.00%</b>	<b>56,014</b>	<b>100.00%</b>	<b>57,615</b>	<b>100.00%</b>	<b>56,592</b>	<b>100.00%</b>	<b>48,405</b>	<b>100.00%</b>	<b>44,446</b>	<b>100.00%</b>	<b>43,484</b>	<b>100.00%</b>
Average Age	27.7 **		27.4 **		27.4 **		27.5 **		27.4		27.3		27.2		27.2	

\*The methodology for indicating ethnicity change in Fall 2010 to comply with federal guidelines.

\*\*Remove 'Unknown' age before calculating average.

All figures are calculated from the CBM001&00A reports combined.

HOUSTON COMMUNITY COLLEGE SYSTEM  
CONTACT HOURS  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 18

Funded Contact Hours				
Fiscal Year	Academic	Voc Tech	Total	CEU
2014-2015	15,873,248	6,122,448	21,995,696	2,290,228
2013-2014	15,931,744	5,822,268	21,754,012	1,980,830
2012-2013	16,237,296	5,744,810	21,982,106	1,933,271
2011-2012	17,354,256	5,822,072	23,176,328	1,798,940
2010-2011	17,802,080	5,924,078	23,726,158	1,914,445
2009-2010	16,652,752	5,680,164	22,332,916	1,880,857
2008-2009	14,345,992	4,883,890	19,229,882	1,810,761
2007-2008	12,739,232	4,422,336	17,161,568	1,847,195
2006-2007	12,077,904	4,378,250	16,456,154	2,091,365
2005-2006	11,487,128	4,260,486	15,747,614	1,974,799

Note:

In FY2012, the data in the table has been revised to reflect all fundable contact hours. The contact hours has been restated to reflect the change for all year shown.

HOUSTON COMMUNITY COLLEGE SYSTEM  
 TRANSFERS TO SENIOR INSTITUTIONS  
 2013-2014 GRADUATES\*  
 (Includes Only Public Senior Colleges in Texas)

Table 19

	Total Student Count Academic	Total Student Count Technical	Total Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 Angelo State University	6			6	0.05%
2 Baylor College of Medicine	4			4	0.03%
3 Lamar University	152	8	1	161	1.36%
4 Midwestern State University	14	2		16	0.14%
5 Prairie View A&M University	335	15	1	351	2.97%
6 Sam Houston State University	344	12	1	357	3.02%
7 Stephen F. Austin State University	162	8		170	1.44%
8 Sul Ross State University	3	1		4	0.03%
9 Tarleton State University	8			8	0.07%
10 Texas A&M International University	3			3	0.03%
11 Texas A&M University	1,026	9	2	1,037	8.77%
12 Texas A&M University - Central Texas	1			1	0.01%
13 Texas A&M University - Commerce	15	2		17	0.14%
14 Texas A&M University - Corpus Christi	72	1		73	0.62%
15 Texas A&M University - Kingsville	31	2		33	0.28%
16 Texas A&M University - San Antonio	1			1	0.01%
17 Texas A&M University - Texarkana	1			1	0.01%
18 Texas A&M University at Galveston	34	1		35	0.30%
19 Texas A&M University System Health Science Center	19			19	0.16%
20 Texas Southern University	609	55	5	669	5.66%
21 Texas State University - San Marcos	353	9		362	3.06%
22 Texas Tech University	360	6		366	3.10%
23 Texas Tech University Health Sciences Center	30	4		34	0.29%
24 Texas Tech University Health Sciences Center - El Paso	1			1	0.01%
25 Texas Woman's University	146	8		154	1.30%
26 The University of Texas - Pan American	10			10	0.08%
27 The University of Texas at Arlington	136	21	1	158	1.34%
28 The University of Texas at Austin	1,122	12	1	1,135	9.60%
29 The University of Texas at Brownsville	1			1	0.01%
30 The University of Texas at Dallas	87	2		89	0.75%
31 The University of Texas at El Paso	6			6	0.05%
32 The University of Texas at San Antonio	237	4	1	242	2.05%
33 The University of Texas at Tyler	100	1	1	102	0.86%
34 The University of Texas Health Science Center at Houston	132	13		145	1.23%
35 The University of Texas Health Science Center at San Antonio	10	1		11	0.09%
36 The University of Texas M.D. Anderson Cancer Center	42	3		45	0.38%
37 The University of Texas Medical Branch at Galveston	67	9		76	0.64%
38 The University of Texas of the Permian Basin	37	2		39	0.33%
39 The University of Texas Southwestern Medical Center	3			3	0.03%
40 University of Houston	3,404	113	8	3,525	29.82%
41 University of Houston - Clear Lake	193	19		212	1.79%
42 University of Houston - Downtown	1,522	134	3	1,659	14.03%
43 University of Houston - Victoria	327	27		354	2.99%
44 University of North Texas	109	4		113	0.96%
45 University of North Texas at Dallas	1			1	0.01%
46 University of North Texas at Dallas College of Law		1		1	0.01%
47 University of North Texas Health Science Center	6			6	0.05%
48 West Texas A&M University	5			5	0.04%
	11,287	509	25	11,821	100.00%

Source: Texas Higher Education Coordinating Board <http://www.txhighereddata.org/reports/performance/ctcasalf/ctcadd/>

\*Latest information available.

HOUSTON COMMUNITY COLLEGE SYSTEM  
CAPITAL ASSET INFORMATION  
FISCAL YEARS 2012 - 2015  
(Unaudited)

Table 20

	<u>Fiscal Year</u> 2015	<u>Fiscal Year</u> 2014	<u>Fiscal Year</u> 2013	<u>Fiscal Year</u> 2012
<u>Academic buildings *</u>				
Number of Academic Buildings	57	56	56	56
Square footage	3,158,812	3,141,592	3,100,787	3,117,169
<u>Libraries</u>				
Number of Libraries	15	15	15	15
Square footage	166,637	168,020	148,020	148,020
Number of Volumes				
Circulating books	252,646	248,133	241,382	231,099
Reference books	25,541	24,799	24,299	24,190
Media items	26,426	24,356	28,016	21,886
Magazines, Journals, Newspapers	415	589	230	210
Electronic books (Digital video)	207,507	186,540	69,609	46,195
Electronic Journals	23,746	48,758	23,535	19,136
Total	<u>536,281</u>	<u>533,175</u>	<u>387,071</u>	<u>342,716</u>
<u>Administrative and support buildings</u>				
Number of Administrative and support buildings	4	4	4	4
Square footage	656,124	656,124	656,124	656,124
<u>Transportation</u>				
Bus	2	2	2	2
Cars	36	35	31	31
Golf Cart	24	23	28	29
Motorcycle/Segway	4	4	4	4
Motor Home/Mobile Unit	2	3	3	3
SUV	3	2	2	2
Tank	2	2	2	2
Tractors	31	33	29	29
Trailers	45	50	49	49
Truck	9	16	14	13
Truck, Heavy (Fire Truck)	6	4	4	4
Vans	24	21	21	20
Utility Vehicles	7	6	1	1
Total	<u>195</u>	<u>201</u>	<u>190</u>	<u>189</u>

\*Buildings include academic, workforce, administrative, central chiller plants, and warehouses. Not including parking

DRAFT

SINGLE AUDIT

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

Grant Thornton LLP  
700 Milam St., Suite 300  
Houston, TX 77002-2848  
T 832.476.3600  
F 713.655.8741  
www.GrantThornton.com

Board of Trustees  
Houston Community College System  
Houston, Texas

**Internal Control over Financial Reporting**

**Compliance and Other Matters**

**System's Response to Findings**

**Intended Purpose**

GRANT THORNTON LLP

Houston, Texas  
December 17, 2014



DRAFT

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133 AND STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Grant Thornton LLP  
700 Milam St., Suite 300  
Houston, TX 77002-2848  
T 832.476.3600  
F 713.655.8741  
www.GrantThornton.com

Board of Trustees  
Houston Community College System  
Houston, Texas

**Report on compliance for each major federal and state program**

*Management's responsibility*

*Auditor's responsibility*

of the System's compliance.

*Opinion on each major federal program*

*Instances of noncompliance*

*System's response to findings*

**Report on internal control over compliance**

GRANT THORNTON LLP

Houston, Texas

DRAFT

HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2015

Schedule E

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>U. S. Department of Education</b>			
Direct Programs:			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 1,019,765
Federal Work-Study Program	84.033		1,039,332
Federal Pell Grant Program	84.063		94,653,346
Federal Direct Student Loans	84.268		87,466,957
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		25,380
<b>Total Financial Assistance Cluster</b>			<b>184,204,780</b>
TRIO Cluster			
TRIO - Student Support Services	84.042		375,799
TRIO - Upward Bound	84.047A		854,490
<b>Total TRIO Cluster</b>			<b>1,230,289</b>
Higher Education - Institutional Aid	84.031A		200,106
Minority Science and Engineering Improvement	84.120A		232,656
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407A		554,605
Pass-Through From:			
Texas A & M University			
Adult Education - Basic Grants to States	84.002	02-S140283	90,357
Texas Workforce Commission			
Adult Education - Basic Grants to States	84.002A	2814ABE005	852,629
Adult Education - Basic Grants to States	84.002A	2814ELC002	839
Houston - Galveston Area Council			
Adult Education - Basic Grants to States	84.002A	2814AELA00	3,338,150
Adult Education - Basic Grants to States	84.002A	2814AELA00	586,231
<b>Total Texas Workforce Commission, Adult Education - Basic Grants to States</b>			<b>4,777,849</b>
University of St. Thomas			
Higher Education - Institutional Aid	84.031C	UST HSI STEM	292,256
Delmar College			
Career and Technical Education - Basic Grants to States	84.048		3,529
Career and Technical Education - Basic Grants to States	84.048		17,925
<b>Total Delmar College- Career and Technical Education - Basic Grants to States</b>			<b>21,454</b>
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grants to States	84.048	13253	31,543
Career and Technical Education - Basic Grants to States	84.048	14041	8,635
Career and Technical Education - Basic Grants to States	84.048	14033	1,285,994
<b>Total THECB - Career and Technical Education - Basic Grants to States</b>			<b>1,326,172</b>
Statewide Longitudinal Data Systems	84.372	R372A90010	9,197
<b>Total Department of Education</b>			<b>\$ 192,939,721</b>

See accompanying notes to Schedule of Expenditures of Federal Awards

HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
YEAR ENDED AUGUST 31, 2015

Schedule E

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>U.S. Department of Agriculture</b>			
Direct Programs:			
Hispanic Serving Institutions Education Grants	10.223		\$ 745
Pass-Through From:			
Texas A&M University - Corpus Christi			
Hispanic Serving Institutions Education Grants	10.223	10-035	(1,780)
University of Houston			
Hispanic Serving Institutions Education Grants	10.223	R-14-0006	19,131
Sam Houston State University			
Capacity Building for Non-Land Grant College of Agriculture	10.326	22062A	13,692
<b>Total U.S. Department of Agriculture</b>			<b>31,788</b>
<b>U.S. Department of Commerce</b>			
Direct Programs:			
Minority Business Development Agency - Business Center	11.805		265,908
<b>Total U.S. Department of Commerce</b>			<b>265,908</b>
<b>U.S. Department of Housing and Urban Development</b>			
Pass-Through From:			
City of Houston			
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-48-0018	<u>700,000</u>
<b>Total U. S. Department of Housing and Urban Department</b>			<b>700,000</b>
<b>U.S. Department of Justice</b>			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607		<u>825</u>
<b>Total U.S. Department of Justice</b>			<b>825</b>
<b>U.S. Department of State</b>			
Pass-Through From:			
Northern Virginia Community College			
Academic Exchange Programs- Undergraduate Programs	19.009	SECAGD-13-CA 088	<u>137,073</u>
<b>Total U.S. Department of State</b>			<b>137,073</b>
<b>National Science Foundation</b>			
Direct Programs:			
Mathematical and Physical Sciences	47.049		12,918
Pass-Through From:			
Texas Southern University			
Education and Human Resources	47.076	3283-5	<u>39,341</u>
<b>Total National Science Foundation</b>			<b>\$ 52,259</b>

See accompanying notes to Schedule of Expenditures of Federal Awards

HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
YEAR ENDED AUGUST 31, 2015

Schedule E

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>U. S. Department of Veterans Affairs</b>			
Direct Programs:			
Post 9/11 Veterans Educational Assistance	64.028		\$ 2,117,048
<b>Total U.S. Department of Veterans Affairs</b>			<b>2,117,048</b>
<b>U. S. Nuclear Regulatory Commission</b>			
Pass-Through From:			
University of Houston - Downtown NRC Scholarship/Fellowship and Faculty Development Program	77.008	FY14 NRC HQ84-14-G-0028VI	7,431
<b>Total U.S. Nuclear Regulatory Commission</b>			<b>7,431</b>
<b>U.S. Department of Energy</b>			
Direct Programs:			
Renewable Energy Research and Development	81.087		148,877
Pass-Through From:			
Houston - Galveston Area Council Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis Assistance	81.117	UDOE.13.0103-10	9,940
<b>Total U.S. Department of Energy</b>			<b>158,817</b>
<b>U. S. Department of Health and Human Services</b>			
Direct Programs:			
Head Start Cluster Head Start	93.600		7,674
Pass-Through From:			
University of Texas at Austin Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	UTA12-001074	11,938
Houston - Galveston Area Council TANF Cluster Temporary Assistance for Needy Families	93.558	2814AELA00	149,570
Texas Work Force Commission Temporary Assistance for Needy Families	93.558	2814ABE005	12,273
Temporary Assistance for Needy Families	93.558	2815SMP002	90,999
Total Temporary Assistance for Needy Families			103,272
YMCA of Greater Houston Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	529-14-0009-00036	32,693
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	529-14-0009-00036	110,621
Total Refugee and Entrant Assistance - Targeted Assistance Grants			143,314
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 415,768</b>

See accompanying notes to Schedule of Expenditures of Federal Awards

HOUSTON COMMUNITY COLLEGE SYSTEM  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
 YEAR ENDED AUGUST 31, 2015

Schedule E

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<b>Corporation for National and Community Service</b>			
Direct Programs:			
AmeriCorps	94.006		\$ 95,540
<b>Total Corporation for National and Community Service</b>			<b>\$ 95,540</b>
<b>Total Federal Financial Assistance</b>			<b><u>\$ 196,922,178</u></b>

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See accompanying notes to Schedule of Expenditures of Federal Awards

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The Schedule of Expenditures of Federal Awards presents the federal grant activity of the System for the year ended August 31, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations, and includes awards received directly from federal agencies as well as federal awards passed through other government agencies.

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Revenue is recognized when earned and expenditures are recognized when incurred. Revenues are reported only to the extent of expenditures for the current year. Federal receivables represent amounts expended in excess of revenues received.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

Federal Grants and Contracts Revenue – per Schedule A	\$	13,782,110
Reconciling items:		
Schedule C – Title IV Grants		95,673,111
Federal Direct Student Loans		87,466,957
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	196,922,178

NOTE 3 – SUBRECIPIENTS

The following were sub recipients of the Adult Education Basic Grant Program (Adult Education and Family Literacy Act), CFDA 84.002. These amounts are included as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Alliance for Multicultural Community Services	\$	668,445
Association for the Advance of Mexican Americans		582,737
AVANCE - Houston, Inc.		164,961
Chinese Community Center		145,281
Community Family Center		536,366
Houston Center for Literacy		467,748
Houston International University		72,909
Neighborhood Centers, Inc.		189,486
Total Passed-through to Subrecipients	\$	2,827,933



HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 3 – SUBRECIPIENTS - CONTINUED

The following were subrecipients of the Minority Science and Engineering Improvement Grant, CFDA 84.120A. This amount is included as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Houston Independent School District	\$	12,970
Rice University		32,572
Synergistic STEM Outreach Center		<u>2,225</u>
Total Passed-through to Subrecipients	\$	<u><u>47,767</u></u>

The following was a subrecipient of the Department of Commerce Minority Business Development Agency Business Center grant, CFDA 11.805. This amount is included as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Houston Minority Supplier Development Council	\$	<u>15,000</u>
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The following was a subrecipient of the Renewable Energy Research and Development grant, CFDA 81.087. These amounts are included as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Sam Houston State University	\$	<u>5,529</u>
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HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2015

Schedule F

State Grantor Program Title	Grantor's Number	Pass-Through Disbursements and Expenditures
<b>Texas Education Agency</b>		
Dropout Recovery Pilot Program Cycle	101045587110008	\$ (157)
Dropout Recovery Pilot Program Cycle	111045477110007	9,542
<b>Total Texas Education Agency</b>		<b>9,385</b>
<b>Texas Higher Education Coordinating Board</b>		
Adult Basic Education Innovation Grant	11562	100,113
Accelerate Texas - Jobs for the Future	N/A	4,000
Accelerate Texas - ABE Scaling & Sustaining Success	14160	1,915
Community in School (CIS) Counselor	N/A	7,000
Collegiate G-Force Work-Study Mentorship Program	N/A	25,543
Houston Pathways Initiative - College for Readiness	09928	7,796
Nursing Shortage Under 70 Program	N/A	478,272
Rider 58 ATCP Scholarship Grant	N/A	7,600
Texas College Work Study Program	N/A	407,397
Texas Educational Opportunity Grant	N/A	6,181,815
Texas Grant Program	N/A	364,456
Pass-Through From:		
Austin Community College/United Way of Greater Houston - THRIVE		
Texas Innovative Adult Career Education Program - Round# 1		177,989
Texas Innovative Adult Career Education Program - Round# 2		88,802
<b>Total Texas Higher Education Coordinating Board</b>		<b>7,852,698</b>
<b>Texas Workforce Commission</b>		
ABE - GED	2814ABE005	14,184
Temporary Assistance for Needy Families	2814ABE005	25
Skills Development - Ben E. Keith Co.	2813SDF003	(2,075)
Skills Development - Fugro	2813SDF006	31,963
Skills Development - Owens - Coming	2814SDF001	47,301
Skills Development - Schlumberger	2814SDF002	333,501
Pass-Through From:		
Houston - Galveston Area Council		
ABE - GED	2814AELA00	808,660
Temporary Assistance for Needy Families	2814AELA00	56,339
Lone Star College		
Veterans & Industry Partnerships	2814SDF005	47,988
College of the Mainland		
GRF COM Texas Fast Start	2814GRF001	38,393
<b>Total Texas Workforce Commission</b>		<b>1,376,279</b>
<b>Texas State Board of Public Accountancy</b>		
Fifth Year Accounting Student	N/A	12,268
<b>Total Texas State Board of Public Accountancy</b>		<b>12,268</b>
<b>Total State Financial Assistance</b>		<b>\$ 9,250,630</b>

See accompanying notes to Schedule of Expenditures of State Awards.

HOUSTON COMMUNITY COLLEGE SYSTEM  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS

NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of State of Texas Awards presents the activity of State of Texas awards programs of Houston Community College System (the “System”) for the year ended August 31, 2015. State of Texas awards received directly from State agencies, as well as State of Texas awards passed-through other government agencies, are included in this schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State of Texas Awards is presented using the accrual basis of accounting. Revenue is recognized when earned and expenditures are recognized when incurred. Revenues are reported only to the extent of expenditures for the current year. State receivables represent amounts expended in excess of revenue received.

NOTE 3 – STATE ASSISTANCE RECONCILIATION

State Grants and Contracts revenue – per Schedule A	\$	8,772,358
Reconciling items:		
Schedule C – Nursing Shortage Reduction		478,272
Total State revenues per Schedule of Expenditures of State of Texas Awards	\$	9,250,630

NOTE 4 – SUBRECIPIENTS

The following were subrecipients of the ABE Innovation Grant program. These amounts are included as expenditures in the accompanying Schedule of Expenditures of State of Texas Awards.

Alvin Community College	\$	22,515
Galveston College/TGCC		13,286
Total Passed-through to Subrecipients	\$	35,801

The following was a sub recipient of the Texas Higher Education Coordinating Board CIS Counselor Grant. This amount is included as expenditures in the accompanying Schedule of Expenditures of State of Texas Awards.

Communities in Schools in Houston	\$	7,000
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HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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HOUSTON COMMUNITY COLLEGE SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED AUGUST 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS – CONTINUED

SECTION II – FINANCIAL STATEMENT FINDINGS

To be updated

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE OF TEXAS AWARD PROGRAMS AUDIT

To be updated

DRAFT



## **AGENDA**

### **ACADEMIC AFFAIRS/STUDENT SERVICES COMMITTEE OF THE BOARD OF TRUSTEES**

#### **Committee Members**

*Trustee Eva Loreda, Chair*

*Trustee Adriana Tamez*

*Trustee Dave Wilson*

#### **Alternate Member**

*Trustee Zeph Capo*

**December 10, 2015**

**2:30 p.m.**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas 77002**

**NOTICE OF MEETING  
OF THE BOARD OF TRUSTEES**

**HOUSTON COMMUNITY COLLEGE**

**ACADEMIC AFFAIRS/STUDENT SERVICES COMMITTEE**

**December 10, 2015**

Notice is hereby given that a Meeting of the Academic Affairs/Student Services Committee of the Board of Trustees of Houston Community College will be held on Thursday, tenth (10<sup>th</sup>) day of December, 2015 at 2:30 p.m., or after, and from day to day as required, at the HCC Administration Building, 3100 Main, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

**I. Call to Order**

**II. Topics for Discussion and/or Action:**

- A. Student Success Update.
- B. Update on Athletics & Recreational Sports.
- C. Update on Institutional Transformation Plan.

**III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

**A. Legal Matters**

- 1. Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

**B. Personnel Matters**

- 1. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or charges against the chancellor, employees or board

The Houston Community College Board of Trustees (the "Board") will not consider or act upon any item before this committee. This meeting is not a Regular Meeting of the Board but because a quorum of the Board may attend, the meeting of this committee is also being posted as a Meeting of the Board.

Houston Community College  
Academic Affairs/Student Services Committee – December 10, 2015

members, unless the officer, employee, or board member who is the subject of the deliberation or hearing requests a public hearing.

**C. Real Estate Matters**

1. Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

**IV. Additional Closed or Executive Session Authority**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 – For the purpose of a private consultation with the Board’s attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney’s duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 – For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 – For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 – For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 – To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.



Houston Community College  
Academic Affairs/Student Services Committee – December 10, 2015

Section 551.082 – For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 – For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

**V. Reconvene in Open Meeting**

**VI. Adjournment**

**Certificate of Posting or Giving of Notice**

On this 7<sup>th</sup> day of December, 2015, at or before 2:30 p.m., this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; and (2) the Houston Community College website, [www.hccs.edu](http://www.hccs.edu).

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Rose Sarzoza-Pena  
Manager, Board Services

# REPORT ITEM

Meeting Date: December 10, 2015

Committee: *Academic Affairs and Student Services*

ITEM NO.	ITEM TITLE	PRESENTER
<b>A</b>	Student Success Update	Dr. Cesar Maldonado Dr. Kimberly Beatty

## DISCUSSION:

Update on the HCC Student Experience Plan and its alignment with the Chancellor's goals.

## DESCRIPTION OR BACKGROUND:

In a demonstration of its commitment to student success, HCC has developed a comprehensive student experience plan. The strategies supporting the plan will be shared.

**Purpose:** As a leading higher education institution, HCC must continue to develop strategic plans for student completion

## FISCAL IMPACT

THECB provides funding to colleges based upon a funding model dependent upon factors to include success and completion.

## STRATEGIC INITIATIVES ALIGNMENT:

*Strategic Initiative:* 1: Increase Student Completion Through Advanced Educational Opportunities.

Attachment Title(s): **Student Success Report Presentation**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# Student Success Report

*Aligning the HCC Student Experience Model with HCC  
Performance Goals*

# HCC Student Experience Milestones

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## Performance Domains

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Participation

Success

Fiscal and  
Facilities

External  
Relations

Governance  
and Board  
Relations

## Creating Alignment

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Domain	Student Experience Milestone	Strategies
Participation	Connection	Targeted and Intentional Recruitment, Literacy/GED Programs, Early College High Schools, House Bill 5 Collaboration, <b>Priority Registration</b> , and Student Ambassadors
	Entry	Advising, <b>New Student Orientation</b> , Student Ambassadors, Student Engagement Activities, Meta-majors, Student Success Course, Accelerated Learning, Developmental Education, Financial Aid Coaches, Career Success Coaches, Dual Credit Success Coaches, Job Placement, and Career Coach

# Creating Alignment

Domain	Student Experience Milestone	Strategies
Success	Entry	Advising, <b>New Student Orientation</b> , Student Ambassadors, Student Engagement Activities, Meta-majors, Student Success Course, Accelerated Learning, Developmental Education, Financial Aid Coaches, Career Success Coaches, Dual Credit Success Coaches, Job Placement, and Career Coach
	Progress	Honors and Weekend College, Advising, Student Engagement Activities, Career Success Coaches, <b>Early Alert</b> , Supplemental Instruction, Tutoring, Learner-Centered Instruction, Automated Degree Planning, <b>Learning Support Services</b> , and Financial Aid Coaches
	Completion (Transfer)	Honors/Weekend College, Advising, Student Engagement, Graduation Outreach, Internships, Strong Articulation Agreements, and Career Success Coaches

# Creating Alignment

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<b>Domain</b>	<b>Student Experience Milestone</b>	<b>Strategies</b>
Fiscal and Facilities	Progress	Efficient and Block/Structured Scheduling
External Relations	Progress and Jobs	Nurturing current and developing new partnerships with industry, higher education partners and community-based organizations, hosting job fairs, expansion of workforce programs
Governance	Progress	Collective decision making



# REPORT ITEM

Meeting Date: December 10, 2015

Committee: *Academic Affairs and Student Services*

ITEM NO.	ITEM TITLE	PRESENTER
<b>B</b>	<b>Update on Athletics &amp; Recreational Sports</b>	<b>Dr. Cesar Maldonado Dr. Phillip Nicotera</b>

## DISCUSSION

Provide an update on the Fall 2015 Recreational Sports programming for the District.

## DESCRIPTION OR BACKGROUND

In 2008 the Board of Trustees approved a Recreational Sports Fee for the purpose of providing students with the funding necessary to promote student engagement and participation in recreational activities, club sports and wellness programs. The report will provide a summary of program highlights and activities District-wide for the Fall 2015 semester.

## FISCAL IMPACT

N/A

## STRATEGIC INITIATIVES ALIGNMENT

*Strategic Initiative:* Increase Student Completion

Attachment Title(s): **Fall 2015 Recreational Sports Program Presentation**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# Recreational Sports Update Fall Semester 2015

## Club Sports Activities

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**Extramural** - Competitions/events held outside the boundaries of the college.

**Intramural** - Competitions/events restricted to HCC participation only.

# Club Sports Activities by College: Fall 2015

Program	Central (Vacant)	Coleman	Northeast	Northwest** (Vacant)	Southeast	Southwest
Baseball (M)			X			
Basketball (M)			X	X	X	X
Basketball (W)				X		X
Soccer (M)	X	X (Coed)	X	X	X	X
Soccer (W)	X (Coed)		X	X	X	X
Flag Football (Coed)	X	X	X			
Tennis (Coed)		X	X			
Volleyball (W)						X
Dance (Coed)						X
Cycling (Coed)			X			
Softball (Coed)						X
Table Tennis (Coed)		X				

## Recreational Activities by College: Fall 2015

Event	Central* (Vacant)	Coleman	Northeast	Northwest** (Vacant)	Southeast	Southwest
Health Fairs	X					X
Recruiting Fairs	X	X	X	X	X	X
Lunch & Learn				X		X
NFL Pick 'Em						X
Paintball	X	X			X	X
Sports Tournaments					X	X
Sports Day				X	X	X
Breast Cancer Awareness		X	X	X		X
Domestic Violence Awareness						X
Trampoline Dodgeball				X		X
Bowling/ Recreation Night	X			X		

# Recreational Activities by College: Fall 2015

Event	Central* (Vacant)	Coleman	Northeast	Northwest** (Vacant)	Southeast	Southwest
Pep Rally						X
Skate Night				X		
Laser Tag				X		
Fitness Programs	X	X	X	X	X	X
Jersey Thursday					X	
Fun Day Tournament					X	
Rec-Talk					X	
Fitness Challenge					X	
Finals Fuel					X	
Rockwall Climb				X		
Alzheimer's Awareness		X				
Down Syndrome Awareness Walk		X				

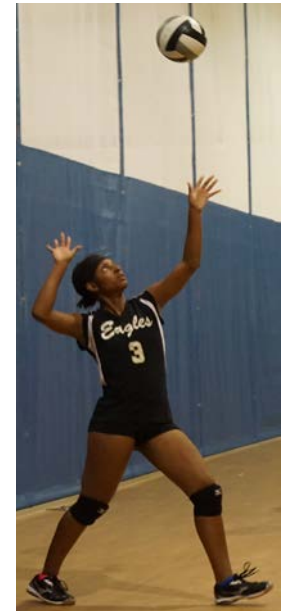
## Recreational Sports/Club Sports Participation by College

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College	Recreational Activity	Club Sport
Central*		
Coleman	2,672	31
Northeast	253	72
Northwest**	100	85
Southeast	165	43
Southwest	450	89
Total	3,640	320

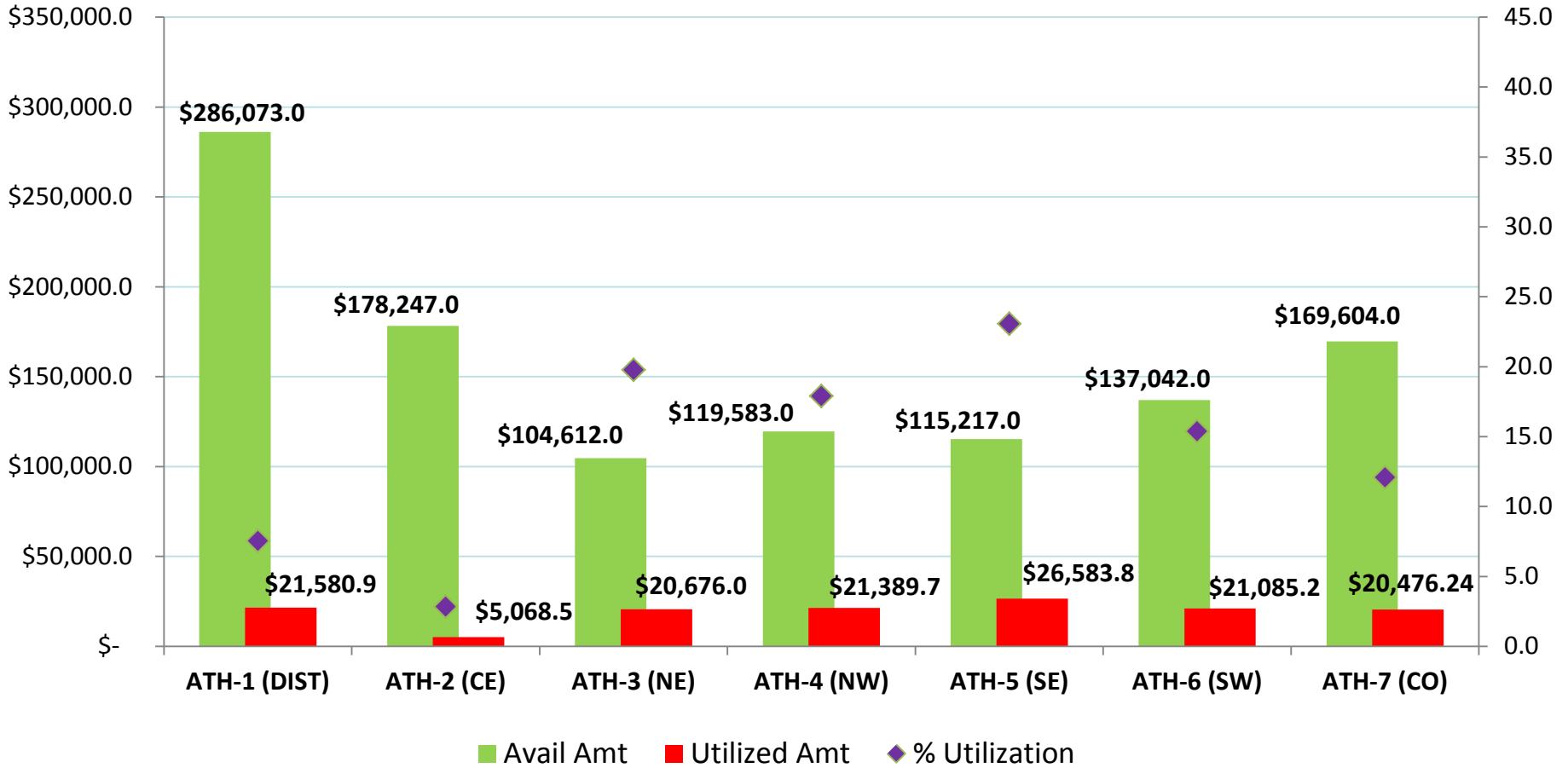
# Club Sports Activities

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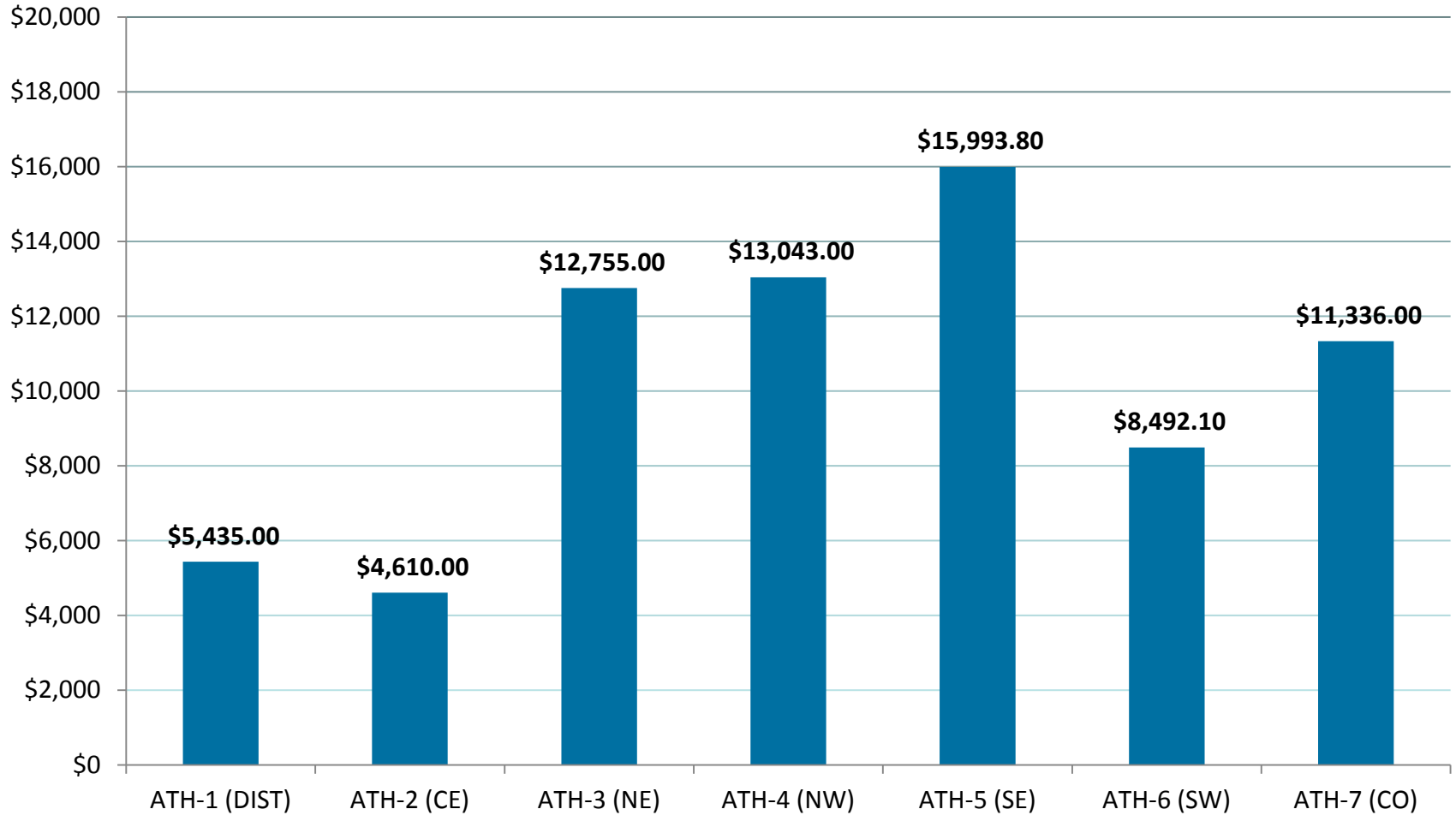




# Available Funds Vs Utilization By College



# Operating Expenditures By College (as of Fall 2015)



# Transformation of Recreational Sports Program

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- Restructure district-wide recreational and club sports program
- Common Staffing Standards
- Structured & Consistent Campus Programming
- Training & Professional Development
- Develop District-wide guidelines and procedures

# REPORT ITEM

Meeting Date: December 10, 2015

Committee: *Academic Affairs/Student Services*

ITEM NO.	ITEM TITLE	PRESENTER
<b>C</b>	Update on Institutional Transformation Plan	Dr. Cesar Maldonado Dr. Edmund Herod

## DISCUSSION

Provide an update on Transformation.

## DESCRIPTION OR BACKGROUND

Institutional transformation is an ongoing process for the college. This quarterly report provides an update on selected transformational activities for each of the major functional divisions within the institution.

## FISCAL IMPACT

Varies depending on the item in question.

## STRATEGIC INITIATIVES ALIGNMENT

*Strategic Initiative:* Increase Student Completion

Attachment Title(s): Transformation Update, December 2015

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



Transformation Update  
December 2015

# Transformation Update

<b>Instruction</b>	<b>Student Services</b>	<b>Finance &amp; Administration</b>
<ul style="list-style-type: none"> <li>Developed a Strategic Plan for the Libraries</li> <li>Refining Processes Implemented in the First Phase of Transformation</li> </ul>	<ul style="list-style-type: none"> <li>Developing Implementation Strategies for Shared Services Projects</li> <li>Developing Ideas for Transformation of Student Services</li> </ul>	<ul style="list-style-type: none"> <li>Reorganizing Financial Aid for Enhanced Customer Service</li> <li>Human Resources Supporting All Organizational Shifts</li> </ul>
<b>Sustainability</b>	<b>Legal &amp; Compliance</b>	<b>Communications</b>
<ul style="list-style-type: none"> <li>Completed Production of Strategic Plan</li> <li>Creating Analytics Positions to Support Data Needs of College</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading Local Policies</li> <li>Compliance Plan / Hotline, Standards of Conduct, On-line Training</li> </ul>	<ul style="list-style-type: none"> <li>Placed All End of Year Engagement Ads</li> <li>Producing Multiple Information Pieces for COE's</li> </ul>



# **AGENDA**

## **COMMITTEE OF THE WHOLE OF THE BOARD OF TRUSTEES**

**December 10, 2015  
3:15 p.m.**

**HCC Administration Building  
3100 Main, 2<sup>nd</sup> Floor Auditorium  
Houston, Texas 77002**

**NOTICE OF MEETING  
OF THE BOARD OF TRUSTEES**

**HOUSTON COMMUNITY COLLEGE**

**ACADEMIC AFFAIRS/STUDENT SERVICES COMMITTEE**

**December 10, 2015**

Notice is hereby given that a Meeting of the Academic Affairs/Student Services Committee of the Board of Trustees of Houston Community College will be held on Thursday, tenth (10<sup>th</sup>) day of December, 2015 at 2:30 p.m., or after, and from day to day as required, at the HCC Administration Building, 3100 Main, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

**I. Call to Order**

**II. Topics for Discussion and/or Action:**

- A. Student Success Update.
- B. Update on Athletics & Recreational Sports.
- C. Update on Institutional Transformation Plan.

**III. Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

**A. Legal Matters**

- 1. Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

**B. Personnel Matters**

- 1. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or to hear complaints or charges against the chancellor, employees or board

The Houston Community College Board of Trustees (the "Board") will not consider or act upon any item before this committee. This meeting is not a Regular Meeting of the Board but because a quorum of the Board may attend, the meeting of this committee is also being posted as a Meeting of the Board.



Houston Community College  
Academic Affairs/Student Services Committee – December 10, 2015

members, unless the officer, employee, or board member who is the subject of the deliberation or hearing requests a public hearing.

**C. Real Estate Matters**

1. Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

**IV. Additional Closed or Executive Session Authority**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 – For the purpose of a private consultation with the Board’s attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney’s duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 – For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 – For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 – For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee, unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 – To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.

Houston Community College  
Academic Affairs/Student Services Committee – December 10, 2015

Section 551.082 – For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 – For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

- A. The open meeting covered by this Notice upon the reconvening of the public meeting, or
- B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

**V. Reconvene in Open Meeting**

**VI. Adjournment**

**Certificate of Posting or Giving of Notice**

On this 7<sup>th</sup> day of December, 2015, at or before 2:30 p.m., this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002; and (2) the Houston Community College website, [www.hccs.edu](http://www.hccs.edu).

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Rose Sarzoza-Pena  
Manager, Board Services

# REPORT ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>1</b>	Construction Audit Status Report	Dr. Cesar Maldonado Charles Smith R.L. Townsend & Associates, LLC

## DISCUSSION

Provide an update on the Construction Audit of the Bond Capital Improvement Plan (CIP) projects.

## DESCRIPTION OR BACKGROUND

As part of an overall program of controlling construction costs, Houston Community College engaged R. L. Townsend & Associates, LLC to perform a review of the contracts and billing records associated with the Program Manager, Project Managers, Architects and the 14 construction projects.

## FISCAL IMPACT

As budgeted and financed from the 2013 bond issuance.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Develop 21st Century Learners

Attachment Title(s): **Construction Audit Status Report (Will be provided under separate cover)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# REPORT ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>2</b>	<b>Strategic Real Estate Study</b>	<b>Dr. Cesar Maldonado Charles Smith Page Southerland Page, Inc.</b>

## DISCUSSION

Provide an update on strategic real estate study.

## DESCRIPTION OR BACKGROUND

The Administration began a comprehensive real estate review during October 2014 with a review of appraisal district records in Harris and Fort Bend counties. This then proceeded to the creation of a master property map and a property book containing details on each parcel.

As the next step, HCC engaged planning professional Page Southerland Page to assess HCC's property holdings within the larger context of system operations and the Metropolitan Area. This study is intended to inform discussion regarding strategic real estate concepts and to serve as a guide for future decision making on real estate matters.

## FISCAL IMPACT

Funds are provided in the 2016 Unrestricted Operating Budget.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Strategic Real Estate Executive Summary**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

12/4/2015 7:58 PM

December 3, 2015

**Re: HCC Strategic Real Estate Study**  
**Project No: 415084**

## **Executive Summary**

### **Key Questions Driving Study**

The Houston Community College System (HCC), in the course of delivering upon its educational mission, owns numerous real estate properties. These properties serve as active educational campuses, administrative operational bases, and placeholders for future educational or administrative needs. This strategic real estate study analyzes system provided and published data to outline an objective framework to inform key real estate decisions.

The key questions this study addresses are:

- 1. Are there any identifiable areas within the HCC service area where a campus does not currently exist, but objective research suggests a campus should be located?**
- 2. Are any of the existing HCC properties excess to the college's need or poorly located based upon objective considerations?**
- 3. What is the optimum distance between educational campuses in a community college network?**
- 4. What is the optimum size of a single community college campus?**

Two parallel approaches to addressing these questions are reflected in this report. Robert M. Stein, PhD, in his role as Empirical Researcher and Demographic Analyst, conducted a review of published literature and consensus best practices for community college system planning to identify any established guidelines that might inform or direct the HCC real estate strategy. Page built from Stein's research to compile demographic and geographic data in a series of maps showing different characteristics of the service area and real estate network. This combined approach establishes an objective basis for further exploration.

### **Study Context**

In June of 2011, HCC published the HCC System Facilities Master Plan: 2011-2033. This comprehensive plan generated over a full year of research and consultation with numerous HCC leaders and stakeholders aimed to create a, "clear vision for all future development of the physical environment of [HCC System] in support of its academic missions and goals." Recognizing that both HCC and the region served by the system will evolve, the plan recommended regular updates. The current study, now five years later, builds directly on the vision established in the 2011 master plan.

One of the four key methods employed in the master plan was, "identification of the main drivers that impact basic decisions about facility location." The main drivers identified are: demographics, accessibility, and enrollment pipeline. A combination of the key driving questions, Stein's research, and these drivers serve to organize this real estate study.

Key topics and issues being addressed in the full report include:

## **1.0 Existing HCC Real Estate Property**

- Definitions, Service and Taxing Areas
- Geographic Organization and Breakdown
- Defined Service Area and Taxable Boundaries
- Complete Property Listing
- HCC Existing Real Estate by Property Status
- Real Estate Building and Land Area by Location - Established/Planned
- Real Estate Land Area by Location - Properties Under Review

## **2.0 How is the existing Campus network used?**

- Students By Primary Campus
- Current HCC Students by Zip Code
- Current HCC Students by Zip Code – Breakdown by Primary Campus
- ISD of Origin, All HCC Students and Breakdown by Primary Campus

## **3.0 Student characteristics**

- Community College Students - Nationally
- HCC Students - by Age
- HCC Students – Current Saturation of Target Age Group Across Service Area
- HCC Students - by Ethnicity
- HCC Service Area Population Distribution by Ethnicity
- Reported Educational Attainment Across HCC Service Area

## **4.0 Community College area coverage**

- HCC Locations Drive Time Radius Maps
- All Community College Systems Serving MSA – Campus Locations and Service Area Boundaries

## **5.0 Service area characteristics**

- Projected Population Growth
- Target High School Populations
- Employment Centers

## **6.0 Analysis and conclusions**

- Where HCC Lacks Locations of Strategic Potential
- Where HCC Properties Lack Strategic Potential

## **7.0 Appendix**

- Full Text : Locating Community College Facilities
- Assembled Background Data

# REPORT ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>3</b>	<b>Update on Bond Capital Improvement Plan (CIP) Related Matters</b>	<b>Dr. Cesar Maldonado Charles Smith</b>

## DISCUSSION

Provide an update on the Bond Capital Improvement Plan (CIP) related matters.

## DESCRIPTION OR BACKGROUND

Monthly updates to the CIP Bond program are provided to keep the Board of Trustees apprised of the expenditures and project status.

## FISCAL IMPACT

As budgeted and financed from the 2013 bond issuance.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Develop 21st Century Learners

Attachment Title(s): **CIP Update Report (Will be provided under separate cover)**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

12/4/2015 7:58 PM

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>4</b>	<b>Resolution Authorizing the Acceptance of Public Facilities from the Houston Community College System Public Facility Corporation</b>	<b>Dr. Cesar Maldonado Teri Zamora Andrews Kurth LLP</b>

## RECOMMENDATION

Approve resolution for the acceptance of public facilities from the Houston Community College System Public Facility Corporation (PFC). Authorize the Chair of the Board of Trustees to execute all deeds and any and all other documents as necessary to convey the public facilities to the System.

## COMPELLING REASON/RATIONALE

The Resolution facilitates the conveyance of the properties from the PFC to the System and authorizes all necessary documents.

## DESCRIPTION OR BACKGROUND

The PFC issued Lease Revenue Bonds, Series 2005A (Westgate), Lease Revenue Bonds, Series 2005C (Public Safety Institute) and Lease Revenue Bonds, Series 2006 (Alief) to finance the acquisition and construction of public facilities. On July 22, 2015 the System issued Combined Fee Revenue Bonds which defeased (retired) the PFC Series 2005C and Series 2006 Bonds. The System made a full redemption of the outstanding PFC Series 2005A Bonds on October 15, 2015. As a result of these transactions, the PFC debt for these properties has been fully retired and the System is exercising its option to purchase the properties from the PFC.

In connection with the original PFC bond and trust covenants, the System purchased the Westgate and Public Safety Institute properties from the PFC effective October 15, 2015. The System will purchase the Alief property from the PFC on April 15, 2016 pursuant to the Alief bond and trust documents.

## FISCAL IMPACT

Upon completion of the conveyance of the properties, the System will become the legal owner and deeds will be recorded in the name of the System.

## LEGAL REQUIREMENT

Texas Local Government Code, Section 303.041.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Board Resolution**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100



**CERTIFICATE FOR RESOLUTION**

THE STATE OF TEXAS §  
COUNTIES OF HARRIS AND FORT BEND §  
HOUSTON COMMUNITY COLLEGE SYSTEM §

I, the undersigned officer of the Board of Trustees (the "Board") of the Houston Community College System (the "System"), hereby certify as follows:

1. The Board of the System convened in a regular meeting on December 17, 2015, in the Board Conference Room at the Houston Community College Administration Building, 3100 Main, 2nd Floor Auditorium, Houston, Texas, and the roll was called of the duly constituted officers and members of said Board, to-wit:

<u>Trustee</u>	<u>Office</u>
Zeph Capo	Chair
Robert Glaser	Vice Chair
Dr. Adriana Tamez	Secretary
Dave Wilson	Trustee
Dr. Carolyn Evans-Shabazz	Trustee
Sandie Mullins	Trustee
Neeta Sane	Trustee
Eva Loredo	Trustee
Christopher W. Oliver	Trustee

and all of such persons were present, except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

RESOLUTION AUTHORIZING THE ACCEPTANCE OF PUBLIC FACILITIES FROM THE HOUSTON COMMUNITY COLLEGE SYSTEM PUBLIC FACILITY CORPORATION; AND CONTAINING OTHER MATTERS RELATED THERETO

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Resolution be passed; and, after due discussion, such motion, carrying with it the passage of such Resolution, prevailed and carried by the following vote:

\_\_\_ Ayes                      \_\_\_ Noes                      \_\_\_ Abstentions

2. That a true, full and correct copy of such Resolution passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that such Resolution has been duly recorded in such Board's minutes of such meeting; that the above and foregoing paragraph is a true, full and correct excerpt from such Board's minutes of such meeting pertaining to the passage of such Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place and purpose of such meeting, and

that such Resolution would be introduced and considered for passage at such meeting, and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; and that such meeting was open to the public, and public notice of the time, place and purpose of such meeting was given all as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this \_\_\_\_\_, 2015.

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Secretary, Board of Trustees

RESOLUTION AUTHORIZING THE ACCEPTANCE OF PUBLIC FACILITIES FROM THE HOUSTON COMMUNITY COLLEGE SYSTEM PUBLIC FACILITY CORPORATION; AND CONTAINING OTHER MATTERS RELATED THERETO

WHEREAS, pursuant to Chapter 303, Texas Local Government Code, the Houston Community College System (the "System") created the Houston Community College System Public Facility Corporation (the "Corporation") for the purpose, among others, of assisting the System in the financing of the following public facilities: the Alief Campus (the "Alief Facility"), the Public Safety Institute (the "PSI Facility") and the Westgate Campus (the "Westgate Facility") (such facilities collectively referred to herein as the "Public Facilities");

WHEREAS, the Corporation issued its Lease Revenue Bonds (Westgate Campus Project), Series 2005A (the "Westgate Bonds"); Lease Revenue Bonds (Public Safety Institute Project), Series 2005C (the "PSI Bonds"); and Lease Revenue Bonds (Alief Campus Project), Series 2006 (the "Alief Bonds") to finance the construction of the Public Facilities;

WHEREAS, the Westgate Bonds and the PSI Bonds were fully defeased and the Westgate Facility and PSI Facility were purchased by the System on October 15, 2015, and an escrow account has been established with the trustee for the Alief Bonds that is sufficient to fully defease the Alief Bonds and to effect the purchase by the System of the Alief Facility on April 15, 2016;

WHEREAS, the Board of the Corporation intends to convey the Public Facilities to the System and the Board of Trustees of the System (the "Board") finds it in its best interest to accept such conveyance; and

WHEREAS, Section 303.041, Texas Local Government Code, permits the Corporation to convey the Public Facilities to the System.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE HOUSTON COMMUNITY COLLEGE SYSTEM:

SECTION 1. INCORPORATION OF RECITALS. The recitals of this Resolution are hereby found to be true and correct and are incorporated fully herein.

SECTION 2. ACCEPTANCE OF CONVEYANCE. The Board hereby approves the acceptance by the System of the Corporation's conveyance of the Public Facilities. Further, the System hereby authorizes the Chair of the Board to execute all deeds and any and all other documents necessary or appropriate to effect the conveyance of the Public Facilities to the System and to take all other actions necessary or appropriate in furtherance of this Section and this Resolution generally.

SECTION 3. SEVERABILITY. If any provisions of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the

application thereof to other circumstances shall nevertheless be valid and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SIGNED AND SEALED this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Chair, Board of Trustees

\_\_\_\_\_  
Secretary, Board of Trustees

[SEAL]

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>5</b>	<b>Investment Report for the Month of October 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Investment Report for the month of October 2015.

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the investment portfolio and complies with the relevant statute.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various investments of the college, including book values and market values.

## FISCAL IMPACT

The interest income earned and earnings credit for the month totaled \$224,794 and the interest income earned and earnings credit for the fiscal year totaled \$444,107. The weighted average interest rate (WAR) at October 31, 2015 is .43%.

The Investment Report attached identifies HCC's investment holdings for the month ending October 31, 2015. It includes the unexpended proceeds of the various bond issues. The portfolio is highly liquid and secure with 68% of the assets invested in local government pools, money markets funds, short-term certificates of deposit and interest bearing checking accounts. All pools and money market funds are rated at the highest level. Certificates of deposit, high yield savings and other bank deposits are secured with U.S. Treasuries/agencies. The balance of the portfolio is invested in U.S. Treasuries and government-sponsored entities/agencies with "AAA" credit ratings. Interest rates have remained historically low.

## LEGAL REQUIREMENT

This report is required by the Public Funds Investment Act (Texas Government Code 2256.023) to be submitted to the governing body of Houston Community College no less than quarterly.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Investment Report - October 2015**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**INVESTMENT PORTFOLIO COMPOSITION**  
**As of October 31, 2015**

Beginning Book Value (October 1, 2015)	\$	510,296,302
Beginning Market Value (October 1, 2015)	\$	510,185,241
Additions/subtractions (Book value - Net)	\$	(25,227,325) *
Change in Market value	\$	(32,083)
Ending Book value (October 31, 2015)	\$	485,068,977
Ending Market value (October 31, 2015)	\$	484,931,283
Unrealized Gain/(Loss)	\$	(137,695)
WAM (73% of Portfolio's weighted average maturity - All Funds)		1

**This report is in compliance with the investment strategies approved in Houston Community College System investment policy and is in accordance with the Public Funds Investment Act of 1999.**

Note: This month's Investment does not include funds on deposit with Bank Of America which is earning higher than market yield from earning credits.

* Net amount provided for Operations	(20,678,665)
Net amount provided for CIP/Others	(4,548,660)
	<u>(25,227,325)</u>

**EXECUTIVE SUMMARY**  
**INVENTORY HOLDINGS REPORT**  
**October 31, 2015**

	<u>Ending Book Value</u>	<u>Ending Market Value</u>	<u>Unrealized Gain (Loss)</u>
US Treasuries	18,986,800	18,984,881	(1,919)
US Agencies	134,162,649	134,026,874	(135,776)
Local government pools	10,131,128	10,131,128	-
Money market funds	163,586,664	163,586,664	-
High yield savings	1,742,472	1,742,472	-
Certificates of deposit	145,250,000	145,250,000	-
Interest bearing checking	11,209,264	11,209,264	-
Total	<u>485,068,977</u>	<u>484,931,283</u>	<u>(137,695)</u>

WAR (weighted average interest rate) 0.43%

**INVESTMENTS**  
**INVENTORY HOLDINGS REPORT (OPERATING AND OTHERS)**  
**As of October 31, 2015**

Description	Held At	Coupon Rate	Purchase Date	Maturity Date	Par	Beginning Mkt. Value	Beginning Book Value	Purchased (Redeemed)	Ending Book Value	Ending Mkt. Value	Change in Mkt. Value	Unrealized Gain/(Loss)
Fannie Mae ARM Pool 708686	Bank of America	2.48%	02/22/05	05/01/33	51,072	54,187	52,671	(190)	52,481	53,977	(14)	1,496
Fannie Mae ARM Pool 805454	Bank of America	2.64%	12/23/04	12/01/34	44,977	48,113	50,991	(156)	50,835	47,941	(25)	(2,894)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	1.50%	07/30/12	07/30/27	2,000,000	1,952,256	2,000,000	0	2,000,000	1,941,528	(10,728)	(58,472)
Freddie Mac Domestic MTN Unsecured Bond	Bank of America	1.00%	08/22/12	02/22/18	1,000,000	998,730	1,000,000	0	1,000,000	1,001,037	2,307	1,037
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	01/23/15	01/22/16	2,000,000	2,000,150	1,999,720	0	1,999,720	2,000,008	(142)	288
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.52%	07/10/14	09/12/16	1,080,000	1,079,235	1,078,304	(1,078,304)	0	-	-	(0)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.27%	08/19/15	02/22/16	1,000,000	999,316	998,598	0	998,598	999,627	311	1,030
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.33%	08/24/15	04/20/16	10,000,000	9,987,090	9,978,667	0	9,978,667	9,991,030	3,940	12,363
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	1,080,000	1,043,001	1,080,000	0	1,080,000	1,037,492	(5,509)	(42,508)
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	08/27/12	11/27/24	1,600,000	1,587,264	1,600,000	0	1,600,000	1,601,042	13,778	1,042
Federal Home Loan Bank US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	07/30/12	07/30/27	2,675,000	2,634,506	2,675,000	0	2,675,000	2,627,800	(6,706)	(47,200)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	2.00%	04/11/13	04/11/18	10,000,000	10,000,990	10,000,000	0	10,000,000	10,000,400	(590)	400
Fannie Mae US Domestic Multi-step cpn Bond Structured Note	Bank of America	2.00%	06/13/13	06/13/18	10,000,000	9,984,340	10,000,000	0	10,000,000	9,981,510	(2,830)	(18,490)
U.S. Treasury Notes US Govt. National	Bank of America	0.80%	07/10/14	06/30/16	4,000,000	4,006,876	4,001,250	0	4,001,250	4,003,436	(3,440)	2,186
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.50%	02/02/15	01/26/16	5,000,000	5,002,915	5,000,000	0	5,000,000	5,001,020	(1,895)	1,020
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.25%	04/07/15	03/11/16	5,000,000	4,999,460	4,998,425	0	4,998,425	4,997,525	(1,935)	(900)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	#REF!	04/07/15	03/11/16	5,000,000	4,999,460	4,998,425	0	4,998,425	4,997,525	(1,935)	(900)
Federal Home Loan Bank US Domestic series 000 unsecured	Bank of America	0.25%	04/13/15	04/13/17	2,775,000	2,778,191	2,775,000	0	2,775,000	2,778,377	186	3,377
Freddie Mac Global Unsecured Bond	Bank of America	0.25%	05/21/15	01/27/17	5,000,000	4,999,040	4,994,550	0	4,994,550	4,995,380	(3,660)	830
Federal Home Loan Bank GLOBAL Unsecured	Bank of America	0.75%	05/21/15	10/28/16	5,000,000	5,001,270	5,000,000	(5,000,000)	-	-	-	-
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	05/21/15	04/29/16	5,000,000	4,998,500	4,998,850	0	4,998,850	4,997,770	(730)	(1,080)
U.S. Treasury Notes US Govt. National	Bank of America	0.25%	05/21/15	03/31/17	5,000,000	4,999,155	4,995,300	0	4,995,300	4,994,465	(4,690)	(835)
U.S. Treasury Notes US Govt. National	Bank of America	0.25%	05/21/15	10/31/16	5,000,000	4,998,895	4,996,500	0	4,996,500	4,996,030	(2,865)	(470)
Federal Farm Credit Bank US Domestic Unsecured	Bank of America	0.50%	05/21/15	03/27/17	5,000,000	4,997,705	4,993,550	0	4,993,550	4,992,825	(4,880)	(725)
U.S. Treasury Notes US Govt. National	Bank of America	0.50%	05/21/15	04/30/17	5,000,000	4,996,225	4,993,750	0	4,993,750	4,990,950	(5,275)	(2,800)
Federal Home Loan Bank US Domestic Unsecured	Bank of America	1.22%	05/26/15	05/26/16	5,000,000	4,996,025	4,996,500	0	4,996,500	4,994,770	(1,255)	(1,730)
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.50%	05/29/15	08/25/17	10,000,000	9,996,160	10,000,000	0	10,000,000	10,002,100	5,940	2,100
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.25%	05/29/15	05/25/17	5,000,000	5,003,015	5,000,000	0	5,000,000	5,001,295	(1,720)	1,295
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	06/17/15	05/25/17	5,000,000	5,001,510	5,000,000	0	5,000,000	5,000,820	(690)	820
Federal Home Loan Bank US Domestic Unsecured	Bank of America	0.70%	10/28/15	04/29/16	5,000,000	-	-	4,994,889	4,994,889	4,995,275	-	386
Federal Home Loan Dicount note US Domestic	Bank of America	0.60%	09/25/15	02/12/16	10,000,000	9,993,630	9,992,222	0	9,992,222	9,996,600	2,970	4,378
Freddie Mac MTN Domestic Unsecured Bond	Bank of America	0.50%	10/01/15	02/25/16	10,000,000	-	-	9,992,854	9,992,854	9,996,170	-	3,316
Federal Home Loan Dicount note US Domestic	Bank of America	0.20%	10/02/15	02/29/16	10,000,000	-	-	9,992,083	9,992,083	9,996,030	-	3,947

Description	Held At	Coupon Rate	Purchase Date	Maturity Date	Par	Beginning Mkt. Value	Beginning Book Value	Purchased (Redeemed)	Ending Book Value	Ending Mkt. Value	Change in Mkt. Value	Unrealized Gain/(Loss)
Plant Fund Interest Checking (10060-7201)	Bank Of America	0.11%	10/01/15			66,510	66,510	8	66,518	66,518	0	0
Debt Service 2001A Bond Int Checking (10080)	Bank Of America	0.11%	10/01/15			465,047	465,047	21	465,068	465,068	0	0
HCCS Merchant service (10012)	Bank Of America	0.30%	10/01/15			6,416,064	6,416,064	(33,517)	6,382,547	6,382,547	0	0
Checking Acoount- 10010-7306-2006 Jr. lien	Bank Of America	0.11%	10/01/15			229	229	0	229	229	0	0
LTD2013 Tax Bond Grneral Checking A/C (10090)	Bank Of America	0.11%	10/01/15			25,880,866	25,880,866	(23,519,106)	2,361,760	2,361,760	0	0
LTD2003 Tax Bond Checking A/C (10092)	Bank Of America	0.11%	10/01/15			1,931,529	1,931,529	197	1,931,726	1,931,726	0	0
Managed PFI Account-10100-1110	Bank Of America	0.20%	10/01/15			1,416	1,416	0	1,416	1,416	0	0
Merrill Lynch, Pierce, Fenner & smith (1110)	Bank Of America	0.04%	10/01/15			455,892	455,892	29	455,921	455,921	0	0
Public Fund Money Market_Premier (159406615)	Regions Bank	0.18%	10/01/15			80,633,333	80,633,333	(375,850)	80,257,483	80,257,483	0	0
Public Fund Money Market_Premier (185913820)- fund 1110	Regions Bank	0.15%	10/01/15			102,474,418	102,474,418	(19,601,158)	82,873,260	82,873,260	0	0
Chase High Yield Savings (A/C 2049911718)	Chase Bank	0.03%	10/01/15			814,164	814,164	(600,009)	214,155	214,155	0	0
Chase High Yield Savings (A/C 3000684286)	Chase Bank	0.03%	10/01/15			1,528,280	1,528,280	38	1,528,317	1,528,317	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.26%	06/09/15	06/09/16		100,000	100,000	0	100,000	100,000	0	0
Fixed Time Deposit with Unity Bank	Unity Bank	0.25%	10/18/15	10/18/16		150,000	150,000	0	150,000	150,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	01/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.50%	04/03/13	04/03/16		40,000,000	40,000,000	0	40,000,000	40,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/16		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.69%	03/22/13	03/22/17		30,000,000	30,000,000	0	30,000,000	30,000,000	0	0
Certificate of Deposit	Chase Bank	0.49%	07/25/13	07/24/17		5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Certificate of Deposit	Chase Bank	0.99%	03/23/13	03/21/18		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Certificate of Deposit	Chase Bank	0.98%	03/22/13	03/22/18		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Certificate of Deposit	Chase Bank	1.02%	04/03/13	04/03/18		20,000,000	20,000,000	0	20,000,000	20,000,000	0	0
Corporate Overnight Fund	Lone Star	0.19%	10/01/15			1,598,696	1,598,696	249	1,598,944	1,598,944	0	0
Tex Pool	State Street Bank	0.06%	10/01/15			8,531,587	8,531,587	596	8,532,183	8,532,183	0	0
<b>TOTAL</b>						<b>510,185,241</b>	<b>510,296,302</b>	<b>(25,227,326)</b>	<b>485,068,977</b>	<b>484,931,283</b>	<b>(32,083)</b>	<b>(137,695)</b>



# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>6</b>	<b>Monthly Financial Statement and Budget Review for October 2015</b>	<b>Dr. Cesar Maldonado Teri Zamora</b>

## RECOMMENDATION

Approve the Financial Statement for the month of October 2015.

## COMPELLING REASON/RATIONALE

The monthly report advises the Board on the status of the finances of the college.

## DESCRIPTION OR BACKGROUND

This report provides information related to the various funds of the college, including fund balances, comparison to previous year and comparison to budget.

## FISCAL IMPACT

Awareness and review of financial information throughout the year helps to inform decision making, and allows for mid-year adjustments, as needed.

## LEGAL REQUIREMENT

N/A

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Financial Statement - October 2015**

This item is applicable to the following:

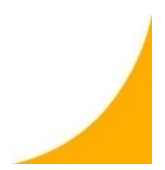
Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100



# **Summary Operating Statements**

**For the Period  
September 1, 2015 - October 31, 2015  
For the Meeting of the Board of Trustees - December 10, 2015**

**for  
Houston Community College System  
&  
Houston Community College Public Facility Corporation**



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For the Period September 1, 2015 - October 31, 2015

## Houston Community College System

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**Houston Community College System**  
**Summary of Financial Statements**  
**As of October 31, 2015**

In the Unrestricted Fund as of October 31, 2015, total revenue received is \$64.2 million. This represents 19.8% of budgeted annual revenues of \$324.6 million. Expenses total \$60 million to date; which is 18.5% of the total expense budget of \$324.6 million. Compared with the same time last year, revenue shows a 0.4% increase, and expenses are 18.5% higher than the prior year. Actual net revenue is \$4.2 million to-date. That translates into a like amount increase in fund balance.

Salaries increased 6.3%. This increase is due namely to the compensation study alignment and an across the board salary increase of 2% for full-time employees.

The expenses in Transfers & Debt show an increase of \$8.4 million namely due to the redemption of the PFC Westgate Bonds Series 2005A in the amount of \$8.1 million.

Total revenue and expenses are expected to fall within budget plan at year end.

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Unaudited Fund Balances and Activities - All Funds**  
**as of October 31, 2015**

	Unrestricted	Restricted	Auxiliary	Loan & Endowments	Scholarship	Agency	Unexpended Plant	Capital and Technology	Retirement of Debt	Investment in Plant	Public Facility Corp.	Grand Total
Fund Balance as of 9/1/2015, <i>Unaudited</i>	\$ 123,710,238	\$ 510,035	\$ 7,828,062	\$ 509,932	\$ (0)	\$ -	\$ 3,991,336	\$ 5,660,509	\$ 52,039,009	\$ 248,278,791	\$ (3,133,924)	\$ 439,393,989
<b>Revenues</b>	64,232,497	8,535,050	1,913,063	-	35,887,855	-	801,765	-	2,199,934	-	-	113,570,164
<b>Expenses</b>												
Salaries	33,331,313	959,734	291,011	-	270,525	-	46,204	-	-	-	-	34,898,787
Employee Benefits	4,185,472	2,185,550	82,709	-	-	-	10,680	-	-	-	-	6,464,411
Supplies & General Exp	479,376	22,160	95,235	-	-	-	142	5,496	-	-	-	602,410
Travel	76,096	16,959	8,543	-	-	-	434	-	-	-	-	102,031
Marketing Costs	32,259	1,559	51,690	-	-	-	-	-	-	-	-	85,507
Rentals & Leases	293,169	7,266	10,175	-	-	-	-	-	-	-	-	310,610
Insurance/Risk Mgmt	4,416,896	2,324	224	-	-	-	-	-	-	-	-	4,419,444
Contracted Services	1,798,858	469,766	518,956	-	-	-	255	26,125	12,773	-	-	2,826,732
Utilities	838,143	-	19,438	-	-	-	-	-	-	-	-	857,581
Other Departmental Expenses	365,843	11,874	297,588	-	-	-	-	-	-	-	-	675,305
Instructional and Other Materials	1,826,240	4,042	39,107	-	-	-	-	-	-	-	-	1,869,389
Maintenance and Repair	58,740	53,976	2,601	-	44,173	-	-	47,539	-	-	-	207,029
Transfers (In)/Out*	12,112,364	4,000,000	-	-	(1,625,606)	-	500,000	(9,000,000)	(5,986,759)	-	-	(0)
Debt	-	-	-	-	-	-	-	-	10,596,016	-	338,553	10,934,569
Capital Outlay	199,387	104,130	-	-	-	-	4,858,263	162,594	-	-	-	5,324,373
Depreciation	-	-	-	-	-	-	-	-	-	3,630,549	-	3,630,549
Scholarship Distribution	-	-	-	-	37,198,764	-	-	-	-	-	-	37,198,764
Total Expenses	60,014,156	7,839,340	1,417,274	-	35,887,855	-	5,415,978	(8,758,245)	4,622,031	3,630,549	338,553	110,407,492
<b>NET REVENUE/(EXPENSES)</b>	4,218,342	695,709	495,789	-	0	-	(4,614,213)	8,758,245	(2,422,097)	(3,630,549)	(338,553)	3,162,672
<b>Fund Balance Entries</b>	-	-	-	-	-	-	3,797,017	93,750	-	8,264,361	(79,327)	12,075,801
<b>Fund Balance as of 10/31/2015</b>	<b>\$ 127,928,579</b>	<b>\$ 1,205,744</b>	<b>\$ 8,323,851</b>	<b>\$ 509,932</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 3,174,140</b>	<b>\$ 14,512,505</b>	<b>\$ 49,616,913</b>	<b>\$ 252,912,602</b>	<b>\$ (3,551,804)</b>	<b>\$ 454,632,462</b>

\*Transfers include student revenue bond payment funds, scholarship matching funds, and transfers to Unexpended Plant and Capital and Technology Funds

**HOUSTON COMMUNITY COLLEGE SYSTEM**  
**Comparison to Budget and Comparison to Previous Fiscal Year**  
**as of October 31, 2015**  
**16.7% of Year Expended**

**HCCS CURRENT UNRESTRICTED**

	Year-to-Date Actuals			Actuals as a % of Budget	Year-to-Date Actuals		Increase (Decrease)	
	Thru October 31, 2015	FY2016 Budget			Thru October 31, 2015	Thru October 31, 2014	FY2016 Compared to FY2015	% Increase (Decrease)
<b>REVENUES</b>								
State Appropriations	\$ 16,798,900	\$ 69,995,427	24.0%	\$ 16,798,900	\$ 16,595,743	\$ 203,157	1.2%	
Ad Valorem Taxes	19,620	136,000,000	0.0%	19,620	9,644	9,976	103.4%	
Tuition, Net	17,303,293	40,925,000	42.3%	17,303,293	17,086,996	216,297	1.3%	
Fees	26,490,361	65,325,000	40.6%	26,490,361	26,795,113	(304,752)	-1.1%	
Other Local Income	378,921	2,250,000	16.8%	378,921	322,876	56,045	17.4%	
Tuition & Fee, Net	3,156,441	9,500,000	33.2%	3,156,441	3,068,865	87,576	2.9%	
-- Extended Learning								
Indirect Cost Revenues, Grant	84,960	620,000	13.7%	84,960	128,380	(43,419)	-33.8%	
<b>Total Revenues</b>	<b>64,232,497</b>	<b>324,615,427</b>	<b>19.8%</b>	<b>64,232,497</b>	<b>64,007,617</b>	<b>224,880</b>	<b>0.4%</b>	
<b>EXPENSES</b>								
Salaries	33,331,313	190,454,859	17.5%	33,331,313	31,364,364	1,966,950	6.3%	
Employee Benefits	4,185,472	21,210,175	19.7%	4,185,472	3,395,210	790,261	23.3%	
Supplies Gen Exp	479,376	5,469,877	8.8%	479,376	607,597	(128,221)	-21.1%	
Travel	76,096	1,900,866	4.0%	76,096	96,907	(20,811)	-21.5%	
Marketing Costs	32,259	982,446	3.3%	32,259	126,413	(94,154)	-74.5%	
Rental & Leases	293,169	2,512,473	11.7%	293,169	305,450	(12,280)	-4.0%	
Insurance/Risk Mgmt	4,416,896	5,551,305	79.6%	4,416,896	6,376,167	(1,959,271)	-30.7%	
Contract Services	1,798,858	23,751,553	7.6%	1,798,858	1,386,656	412,202	29.7%	
Utilities	838,143	10,246,651	8.2%	838,143	1,129,010	(290,867)	-25.8%	
Other Departmental Expenses	365,843	2,470,803	14.8%	365,843	246,481	119,362	48.4%	
Instructional & Other Materials	1,826,240	9,665,164	18.9%	1,826,240	1,563,528	262,712	16.8%	
Maintenance & Repair	58,740	1,348,393	4.4%	58,740	64,773	(6,033)	-9.3%	
Transfers/Debt	12,112,364	40,713,014	29.8%	12,112,364	3,633,235	8,479,129	233.4%	
Contingency	-	5,051,007	0.0%	-	-	-	0.0%	
Capital Outlay	199,387	3,286,840	6.1%	199,387	356,129	(156,742)	-44.0%	
<b>Total Expenses</b>	<b>\$ 60,014,156</b>	<b>\$ 324,615,427</b>	<b>18.5%</b>	<b>\$ 60,014,156</b>	<b>\$ 50,651,919</b>	<b>9,362,237</b>	<b>18.5%</b>	
<b>NET REVENUE/(EXPENSES)</b>	<b>\$ 4,218,342</b>	<b>\$ 0</b>	<b>0.0%</b>	<b>\$ 4,218,342</b>	<b>\$ 13,355,698</b>	<b>\$ (9,137,357)</b>	<b>-68.4%</b>	

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund as of October 31, 2015

### Auxiliary Funds - Uncommitted Portion

	Main Leasing	Misc. Auxiliary *	Foundation	Marketing	Bookstore Commission	International Student Services	Cafe Club NEO 3100 Main	Scholarships	Subtotal Uncommitted
<b>Fund Balance – September 1, 2015 (Unaudited)</b>									<b>\$ 3,422,158</b>
<b>FY2016</b>									
Revenue	880,410	153,948	-	-	413,643	-	86,252	-	<u>1,534,253</u>
Salaries	44,341	78,942	18,249	-	-	47,554	40,517	-	229,603
Benefits	11,132	34,400	4,253	-	-	12,016	10,400	-	72,202
Supplies Gen Exp	1,797	579	17	-	-	-	837	-	3,229
Travel	-	1,456	1,988	-	-	-	-	-	3,443
Marketing Costs	-	-	-	51,690	-	-	-	-	51,690
Rental & Leases	-	9,525	-	-	-	-	-	-	9,525
Contract Services	497,655	-	-	-	-	-	263	-	497,918
Utilities	19,438	-	-	-	-	-	-	-	19,438
Departmental Expenses	-	64,491	-	225,102	-	395	-	-	289,988
Instructional & Other Materials	600	1,946	-	-	-	-	36,385	-	38,931
Maintenance & Repair	-	-	-	-	-	-	2,601	-	2,601
Insurance/Risk Mgmt	-	-	-	-	-	-	-	-	-
Exemptions and Waivers	-	-	-	-	-	-	-	439,999	439,999
Transfer/Debt	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>Total Expense</b>	<b><u>574,962</u></b>	<b><u>191,339</u></b>	<b><u>24,507</u></b>	<b><u>276,791</u></b>	<b><u>-</u></b>	<b><u>59,965</u></b>	<b><u>91,004</u></b>	<b><u>439,999</u></b>	<b><u>1,658,566</u></b>
<b>Contribution to Fund Balance</b>	<b><u>305,448</u></b>	<b><u>(37,392)</u></b>	<b><u>(24,507)</u></b>	<b><u>(276,791)</u></b>	<b><u>413,643</u></b>	<b><u>(59,965)</u></b>	<b><u>(4,752)</u></b>	<b><u>(439,999)</u></b>	<b><u>(124,314)</u></b>
<b>Auxiliary Fund Balance - Uncommitted Portion</b>									<b><u><u>\$ 3,297,845</u></u></b>

\* Expenditures in this category include mailroom, child day care, Minority Male Initiative, Govt. Relation, Mobile Go, etc.

# HOUSTON COMMUNITY COLLEGE SYSTEM

## Auxiliary Budget By Fund

as of October 31, 2015

### Auxiliary Funds - International and Committed Portions

	International			Committed					Total
	Saigon Tech	International Initiatives	Subtotal International	Minority Business Development Agency	Student Vending Commission	Student Activity Fee	Student Athletic Fee	Subtotal Committed	Total Auxiliary
<b>Fund Balance – September 1, 2015</b> <i>(Unaudited)</i>			\$ 1,827,145	\$ -	\$ 324,132	\$ 1,079,349	\$ 1,175,278	\$ 2,578,759	\$ 7,828,062
<b>FY2016</b>									
Revenue	-	-	-	4,852	21,000	454,062	339,520	819,434	2,353,686
Salaries	-	-	-	-	-	17,563	43,845	61,408	291,011
Benefits	-	-	-	-	-	277	10,229	10,506	82,709
Supplies Gen Exp	48	-	48	-	3,104	68,706	20,148	91,958	95,235
Travel	516	-	516	-	-	2,937	1,646	4,583	8,543
Marketing Costs	-	-	-	-	-	-	-	-	51,690
Rental & Leases	-	-	-	-	-	-	650	650	10,175
Contract Services	-	-	-	-	-	7,475	13,563	21,038	518,956
Utilities	-	-	-	-	-	-	-	-	19,438
Departmental Expenses	-	-	-	-	500	2,693	4,407	7,600	297,588
Instructional & Other	-	-	-	-	-	-	176	176	39,107
Materials	-	-	-	-	-	-	-	-	2,601
Maintenance & Repair	-	-	-	-	-	-	-	-	224
Insurance/Risk Mgmt	-	-	-	-	-	112	112	224	224
Exemptions and Waivers	-	-	-	-	-	625	-	625	440,624
Transfer	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>Total Expense</b>	<b>564</b>	<b>-</b>	<b>564</b>	<b>-</b>	<b>3,604</b>	<b>100,387</b>	<b>94,776</b>	<b>198,767</b>	<b>1,857,898</b>
<b>Contribution to Fund Balance</b>	<b>(564)</b>	<b>-</b>	<b>(564)</b>	<b>4,852</b>	<b>17,396</b>	<b>353,674</b>	<b>244,744</b>	<b>620,666</b>	<b>495,789</b>
<b>Auxiliary Fund Balance - Intl, Committed, Total</b>			<b>\$ 1,826,581</b>	<b>\$ 4,852</b>	<b>\$ 341,528</b>	<b>\$ 1,433,023</b>	<b>\$ 1,420,022</b>	<b>\$ 3,199,425</b>	<b>\$ 8,323,851</b>



**HOUSTON COMMUNITY COLLEGE**  
**FY 2015-16 Adjusted Budget by Divisions**  
**as of October 31, 2015**

<b>Budgeted Expenditures</b>	<b>CENTRAL</b>	<b>NORTH WEST</b>	<b>NORTH EAST</b>	<b>SOUTH WEST</b>	<b>SOUTH EAST</b>	<b>COLEMAN</b>	<b>EXTENDED LEARNING</b>	<b>ACADEMIC INSTRUCTION</b>
Salary	\$ 10,034,023	\$ 9,342,024	\$ 12,163,913	\$ 11,125,519	\$ 5,982,328	\$ 12,946,108	\$ 11,597,558	\$ 52,803,281
Employee Benefits	-	-	-	-	-	-	-	-
Supplies & Gen	246,905	204,076	226,157	300,768	222,800	274,326	188,867	310,487
Travel	37,700	70,576	28,451	43,736	34,445	128,697	85,414	155,013
Marketing Costs	13,645	39,207	56,019	26,182	94,606	12,500	286,057	8,856
Rentals & Leases	5,270	57,971	935,099	484,749	77,305	499,343	26,718	24,510
Insurance/Risk Mgmt	-	-	-	-	-	-	-	511
Contracted Services	287,291	236,662	68,383	9,108	70,342	200,464	143,752	398,878
Utilities	5,125	-	4,600	1,826	-	-	-	-
Other Departmental Expenses	40,111	66,986	30,865	24,316	66,095	99,713	55,916	68,874
Instructional And Other Materials	296,907	56,932	125,383	95,879	52,376	255,969	861,555	1,231,136
Maintenance and Repair	138,855	29,504	126,856	22,061	10,926	69,168	121,311	39,966
Transfers/Debt	-	-	1,186	-	-	-	-	-
Contingency	500,951	646,703	428,534	439,743	327,326	513,114	300,000	-
Capital Outlay	433,772	63,174	46,352	207,574	67,756	97,785	128,968	333,695
<b>Total</b>	<b>\$ 12,040,555</b>	<b>\$ 10,813,815</b>	<b>\$ 14,241,797</b>	<b>\$ 12,781,461</b>	<b>\$ 7,006,305</b>	<b>\$ 15,097,187</b>	<b>\$ 13,796,116</b>	<b>\$ 55,375,207</b>

**HOUSTON COMMUNITY COLLEGE**  
**FY 2015-16 Adjusted Budget by Divisions**  
**as of October 31, 2015**

Budgeted Expenditures	CHANCELLOR	FINANCE & ADMIN.	SUSTAINABILITY	INSTRUCTIONAL SERVICES	STUDENT SERVICES	SYSTEM	Grand Total
Salary	\$ 6,212,988	\$ 29,077,138	\$ 3,129,322	\$ 16,558,648	\$ 5,304,716	\$ 4,177,293	\$ 190,454,859
Employee Benefits	-	-	-	-	-	21,210,175	21,210,175
Supplies & Gen	635,977	997,076	156,749	276,230	129,459	1,300,000	5,469,877
Travel	176,675	250,751	73,480	771,428	44,500	-	1,900,866
Marketing Costs	265,000	173,739	6,635	-	-	-	982,446
Rentals & Leases	87,100	244,510	61,179	3,319	5,400	-	2,512,473
Insurance/Risk Mgmt	5,550,000	-	-	794	-	-	5,551,305
Contracted Services	3,028,875	15,392,219	84,619	101,965	1,202,942	2,526,053	23,751,553
Utilities	-	1,752,227	-	94	-	8,482,779	10,246,651
Other Departmental Expenses	817,300	507,206	102,329	539,132	51,960	-	2,470,803
Instructional And Other Materials	57,000	5,663,219	51,013	592,597	325,198	-	9,665,164
Maintenance and Repair	5,200	778,485	4,688	444	929	-	1,348,393
Transfers/Debt	200,000	43,591	-	-	-	40,468,237	40,713,014
Contingency	150,000	246,064	269,101	177,600	233,500	818,371	5,051,007
Capital Outlay	118,700	1,684,393	87,330	2,786	14,556	-	3,286,840
<b>Total</b>	<b>\$ 17,304,815</b>	<b>\$ 56,810,618</b>	<b>\$ 4,026,445</b>	<b>\$ 19,025,037</b>	<b>\$ 7,313,160</b>	<b>\$ 78,982,908</b>	<b>\$ 324,615,427</b>

**Houston Community College**  
**Balance Sheet By Fund**  
**For Month Ended October 31, 2015**

	<u>CURRENT &amp; LOAN FUNDS<sup>1</sup></u>	<u>PLANT &amp; BOND FUNDS<sup>2</sup></u>	<u>Total All Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash & cash equivalents	\$ 116,071,095	\$ 28,436,000	\$ 144,507,095
Restricted cash & cash equivalents	-	-	-
Short term Investments	-	-	-
Accounts/Other receivable (net)	15,607,829	3,191,926	18,799,755
Deferred charges	5,273	-	5,273
Prepays	1,911,636	1,346,598	3,258,234
Total Current Assets	<u>133,595,833</u>	<u>32,974,523</u>	<u>166,570,356</u>
Non-current Assets:			
Restricted cash & cash equivalents	799,103	193,536,134	194,335,237
Restricted long-term investments	-	137,078,528	137,078,528
Long-term investments	15,933,229	-	15,933,229
Capital Assets, net	-	950,579,717	950,579,717
Total Non-current Assets	<u>16,732,332</u>	<u>1,281,194,380</u>	<u>1,297,926,711</u>
<b>Total Assets</b>	<u><u>\$ 150,328,165</u></u>	<u><u>\$ 1,314,168,903</u></u>	<u><u>\$ 1,464,497,068</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	6,788,076	1,383,024	8,171,100
Accrued liabilities	1,291,091	1,396,954	2,688,045
Compensated absences	2,526,083	-	2,526,083
Funds held for others	642,889	189,209	832,098
Deferred revenue	1,111,918	229,281	1,341,200
Notes payable-current portion	-	8,783,299	8,783,299
Bonds payable-current portion	-	24,520,000	24,520,000
Capital lease obligations-current	-	-	-
Total Current Liabilities	<u>12,360,058</u>	<u>36,501,768</u>	<u>48,861,825</u>
Non-current Liabilities:			
Deposits	-	-	-
Notes payable	-	153,344,687	153,344,687
Bonds payable	-	752,257,231	752,257,231
Capital lease obligations	-	47,849,058	47,849,058
Total Non-current Liabilities	<u>-</u>	<u>953,450,976</u>	<u>953,450,976</u>
<b>Total Liabilities</b>	<u><u>\$ 12,360,058</u></u>	<u><u>\$ 989,952,743</u></u>	<u><u>\$ 1,002,312,801</u></u>
<b>Fund Balance-</b>			
<b>August 31, 2015 Unaudited</b>	132,558,268	313,969,646	446,527,914
Revenues Over Expenditures			
Unrestricted	4,714,130		4,714,130
Restricted	695,709		695,709
Net Investment in Plant		10,246,514	10,246,514
<b>Total Fund Balances, Unaudited</b>	<u><u>\$ 137,968,107</u></u>	<u><u>\$ 324,216,160</u></u>	<u><u>\$ 462,184,267</u></u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 150,328,165</u></u>	<u><u>\$ 1,314,168,903</u></u>	<u><u>\$ 1,464,497,068</u></u>

<sup>1</sup> Includes Unrestricted, Restricted, Loan & Endowment, Scholarship, Agency and Auxiliary Funds.

<sup>2</sup> Includes Unexpended Plant, Retirement of Debt and Investment in Plant Funds.

# Houston Community College

## Exemptions & Waivers

Through October 31, 2015

Account	FY 2014-15		FY 2015-16	
	End of Year Activity	Year-to-Date Activity thru 10/31/2014	Year-to-Date Activity thru 10/31/2015	
<b>Tuition</b>				
<b>Budget:</b>				
Adjusted Budget FY 2015-16, Net			\$	40,308,204
<b>Revenues Received:</b>				
Tuition	45,771,753	19,938,868		20,091,172
<b>Waivers &amp; Exemptions:</b>				
Dual Credit & Early College HS	(5,045,017)	(2,122,493)		(2,191,889)
Other	(1,603,037)	(729,379)		(595,990)
<b>Total Waivers &amp; Exemptions</b>	<b>(6,648,054)</b>	<b>(2,851,872)</b>		<b>(2,787,879)</b>
<b>Total Tuition Revenue, Net</b>	<b>\$ 39,123,700</b>	<b>\$ 17,086,996</b>	<b>\$</b>	<b>17,303,293</b>
<b>Tuition - Extended Learning</b>				
<b>Budget:</b>				
Budget FY 2015-16, Net			\$	6,565,665
<b>Revenues Received:</b>				
Tuition	8,931,465	3,496,881		3,466,523
<b>Waivers &amp; Exemptions:</b>				
Department of Corrections	(2,021,386)	(428,016)		(310,082)
<b>Total EL Tuition Revenue, Net</b>	<b>\$ 6,910,079</b>	<b>\$ 3,068,865</b>	<b>\$</b>	<b>3,156,441</b>

Exemptions & Waivers	FY 2014-15		FY 2015-16		Actuals % Inc/(Dec)YTD vs. PriorYTD
	End of Year Activity	Year-to-Date Activity thru 10/31/2014	Year-to-Date Activity thru 10/31/2015		
Dept of Corrections	\$ 1,946,863	\$ 428,016	\$ 310,082		-27.6%
Dual Credit & Early College HS Waiver	5,045,017	2,122,493	2,191,889		3.3%
<b>Other:</b>					
Employee Fee Exemptions	61,121	24,997	24,246		-3.0%
Firemen	12,870	6,781	2,020		-70.2%
Hazelwood	942,773	445,632	314,939		-29.3%
Deaf & Blind	190,174	78,333	90,285		15.3%
High Ranking Hi SCH Grad	1,805	1,235	775		-37.2%
Child of Disabled Vet ETC	7,264	5,086	1,444		-71.6%
Nonres Teach/Research Asst	6,363	2,655	80		-97.0%
Nonres Competitive Scholar	8,558	3,443	2,744		-20.3%
Senior Citizens	13,668	6,660	5,336		-19.9%
Scholarship Distribution	2,800	-	2,800		0.0%
A VISA Waiver (Non-Alien Waiver)	888	888	-		-100.0%
Foster Children-Resident	247,117	129,699	76,148		-41.3%
Undocumented Students	5,723	2,909	1,062		-63.5%
TX Tomorrow Waiver	6,076	2,788	1,792		-35.7%
Surviving Spouse/Children	-	-	1,680		0.0%
Peace Officer Exemption	3,868	186	615		230.6%
Adopted Student Waiver	91,719	18,087	70,024		287.2%
Stipends	250	-	-		0.0%
Total Other Exemptions	1,603,037	729,379	595,990		-18.3%
<b>Grand Total Exemptions &amp; Waivers</b>	<b>\$ 8,594,917</b>	<b>\$ 3,279,888</b>	<b>\$ 3,097,961</b>		<b>-5.5%</b>

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>7</b>	<b>Authorize Procurement Method for Parking Lot Maintenance and Report on Condition</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Authorize the Chancellor to advertise for Competitive Sealed Proposals for parking lot maintenance projects.

## COMPELLING REASON/RATIONALE

Competitive Sealed Proposals allow the College to receive the benefits of a sealed bid, but allow the flexibility to negotiate scope of work with the selected vendor.

## DESCRIPTION OR BACKGROUND

The College proposes to replace approximately 312,000 SF of parking lots during the current fiscal year as part of our on-going deferred and preventive maintenance efforts. The proposed parking lots will be upgraded to our system standard. This rationalized approach will save funds by allowing programmed replacement without the need for costly emergency repairs.

As part of on-going effort to improve operations, the College has begun systematizing the information needed to prioritize deferred maintenance and repairs. As shown on Attachment "A", the College currently has approximately 2.8 million square feet of parking lots. Of this, approximately 740,000 square feet have been evaluated to be in "poor" condition.

The basic approach is to develop a systematic capital renewal program to perform maintenance that should allow for the indefinite extension of pavement life. In house analysis indicates that we should be able to do this for an annual investment of approximately \$400,000 as shown in Attachment "B".

To manage this process, all parking lots are evaluated in terms of both raw condition and campus capacity need. The resulting scores provide a rough order of prioritization for maintenance effort as shown in Attachment "C".

For the current year, anticipated maintenance is expected to be bid as competitive sealed proposals and includes:

1. Joint sealing and re-striping of the concrete parking lots at Coleman College, Alief-Bissonnet Center, and West Loop Campus.
2. Removal and reconstruction of the asphalt parking lot at the Gulfon Center.

A number of projects scored higher than some of the above programmed work, but were deferred until FY16 for the following reasons:

1. Spring Branch campus, pending completion of a campus master plan that may result in reconfiguration of parking areas to create a campus mall or greenspace;
2. Central Campus, to give faculty and students relief from nearly five years of continuous construction (Midtown projects will continue);
3. Katy Campus, to allow consideration of alternatives resulting from the Strategic Land Concept Plan;
4. Northline Campus, to provide adequate parking until completion of current CIP construction; and
5. North Forest Campus, to prevent degradation resulting from CIP construction.

Minor work at each site totaling less than \$10,000 is intended to be awarded through the College's Job Order Contractors. Larger work packages present the opportunity for cost savings via competitive solicitation. State law requires the Board of Trustees to approve the method of procurement prior to solicitation.

### **FISCAL IMPACT**

The proposed slate of parking lot maintenance will require approximately \$400,000. Approximately one-quarter of the work is eligible to use deferred maintenance funds. The remainder will come from the annual maintenance budget.

### **LEGAL REQUIREMENT**

This action satisfies the requirements of Texas Local Government Code Section 2269.056.

### **STRATEGIC GOAL ALIGNMENT**

*Strategic Initiative:* Support Innovation

- Attachment Title(s):
- A. HCC Parking Areas**
  - B. HCC Parking Areas 2015 Assessment**
  - C. Ranking of Parking Lot Upgrades**

This item is applicable to the following:

Central
  Coleman
  Northeast
  Northwest
  Southeast
  Southwest
  3100

# Attachment A -Houston Community College Parking Areas

2015 Assessment

Description	Address	Map	Lot	Sq. Ft.	Type	# of Stalls	Install Date	Est. Date of Replace	Condition
<b>Central Campus (Map 1)</b>									
JDB Bldg. –	1215 Holman St., 77004	1	B	4,640	Concrete	29	1983	2033	Fair
Fine Arts Parking Structure (5 level)	3517 Austin St., 77004	1	F	213,925	Concrete	540	1986	2036	Good
Almeda (Heinen)	1500 block of Holman St., 77004	1	H	48,320	Asphalt	302	2013	2038	Good
JBW Lot	1200 Alabama St., 77004	1	E	24,000	Asphalt	150	1979	2004	Poor
Alabama Lot A	1400 Alabama St., 77004	1	G	18,400	Concrete	115	1986	2036	Fair
Alabama Lot B	1401 Alabama St., 77004	1	M	7,840	Concrete	49	1986	2036	Fair
Learning HUB and SJAC – 18,080	3500 Fannin St., 77004	1	A	18,080	Asphalt	113	2010	2035	Good
Annex	1318 Alabama St., 77004	1	L	19,200	Gravel	120	1999	2014	Poor
Central Cooling Water Plant	1300 Alabama St; 77004	1	N	12,160	Concrete	76	2007	2057	Good
Educational Development Center (E)	3214 Austin St., 77004	1	C	12,000	Concrete	75	1972	2022	Fair
3601 Fannin Building	3601 Fannin St., 77004	1	K	5,920	Asphalt	37	2000	2025	Fair
<b>South Campus (Map 2)</b>									
Willie Gay Hall	1990 W. Airport Blvd., 77051	2	A	51,040	Concrete	319	2003	2053	Good
<b>Automotive Training Center (Map 3)</b>									
Automotive Tech. Training Ctr. A	4638 Airline Dr, 77022	3	A	36,000	Concrete	225	1980	2030	Fair
<b>Northeast Campus (Map 4)</b>									
Codwell Hall	555 Community College Dr, 77013	4	A, C	94,560	Concrete	591	1999	2049	Good
Global Energy Institute / Hub	555 Community College Dr, 77013	4	B	61,920	Concrete	387	2008	2058	Good
Roland Smith lot	555 Community College Dr, 77013	4	D	23,040	Concrete	144	1999	2049	Good
PSI Storage Area	555 Community College Dr, 77013	4	F	8,960	Concrete	56	2007	2057	Good
PSI Burn Bldg.	555 Community College Dr, 77013	4	G	6,000	Concrete	0	2007	2057	Good
PSI Range	555 Community College Dr, 77013	4	H	9,120	Concrete	57	2007	2057	Good
<b>North Forest Campus (Map 5)</b>									
North Forest Building A	6010 Little York Road, 77016	5	A	19,200	Asphalt	120	1990	2015	Fair
<b>Northline Campus (Map 6)</b>									
Northline Academic Center lot	8001 Fulton St., 77022	6	A	21,920	Asphalt	137	2008	2033	Poor
Northline Academic Center lot	8001 Fulton St., 77022	6	B	17,280	Asphalt	108	2012	2037	Good
Northline Academic Reserved	8001 Fulton St., 77022	6	C	3,660	Concrete	23	2009	2059	Good
Lyerly Street	91 Lyerly St., 77022	6	D	8,640	Asphalt	54	2010	2035	Good

# Attachment A -Houston Community College Parking Areas

2015 Assessment

Alief Bissonnet Campus (Map 7)									
Main and Workforce Bldg.	13803 Bissonnet St., 77072	7	A	52,640	Concrete	329	1999	2049	Good
Katy Mills Campus (Map 9)									
Katy Mills	25403 Kingsland Blvd., 77494	9	A	11,200	Concrete	70	1999	2049	Good
Katy Campus (Map 10)									
Katy Campus Central lot	1550 Fox Lake Dr., 77084	10	A	53,120	Concrete	332	1983	2033	Poor
Katy Campus East lot	1550 Fox Lake Dr., 77084	10	B	60,640	Asphalt	372	2000	2025	Fair
Katy Campus South lot	1550 Fox Lake Dr., 77084	10	C	43,680	Asphalt	273	2009	2034	Good
Spring Branch Campus (Map 11)									
Main Bldg.	1010 West Sam Houston Pkwy., 77071	11	A, B	183,520	Asphalt	1,147	1985	2010	Poor
Alief Campus (Map 12)									
Hayes Road	2811 Hayes Rd, 77082	12	A	40,000	Asphalt	250	2012	2037	Good
Early College	2811 Hayes Rd, 77082	12	B	20,000	Concrete	125	2012	2062	Good
Parking Structure (5 levels)	2811 Hayes Rd, 77082	12	C	157,000	Concrete	845	2012	2062	Good
Felix Fraga (Map 13)									
Main building North & South lot	301 N. Drennan St., 77003	13	A,B	50,560	Concrete	316	2009	2059	Good
Early College	220 North Milby St., 77003	13	C	1,280	Concrete	40	2009	2059	Good
Southeast Campus (Map 14)									
Angela Morales Bldg.	6816 Rustic St., 77087	14	A	80,800	Concrete	505	1999	2049	Good
Felix Morales Bldg.	6815 Rustic St., 77087	14	B	25,760	Concrete	161	1999	2049	Good
Workforce / SLEH Bldg.	6815 Rustic St., 77087	14	C	29,920	Concrete	187	2012	2062	Good
Parking Structure (4 levels)	2524 Garland St., 77087	14	D	163,915	Concrete	812	2013	2063	Good
Gulfton Campus (Map 15)									
Main and Rear lot	5407 Gulfton Dr, 77081	15	A	40,960	Asphalt	256	1995	2020	Poor
Missouri City Campus (Map 16)									
Missouri City Campus	5855 Sienna Spring Way, 77459	16	A	45,920	Concrete	287	2008	2058	Good
West Loop Campus (Map 17)									
Main Bldg. lot	5601 West Loop South, 77081	17	A	166,720	Concrete	1,042	1990	2040	Good



## Attachment A -Houston Community College Parking Areas

2015 Assessment

Stafford Campus (Map 18)									
<i>Scarcella Science &amp; Technology Ctr.</i>	<i>10141 Cash Rd, 77477</i>	18	A	138,560	Concrete	866	1999	2049	Good
<i>SW Learning HUB Main</i>	<i>10041 Cash Rd, 77477</i>	18	B	24,800	Concrete	155	2008	2058	Good
<i>Workforce</i>	<i>10041 Cash Rd, 77477</i>	18	C	103,360	Concrete	648	2008	2058	Good
<i>SW Learning HUB Annex</i>	<i>10041 Cash Rd, 77477</i>	18	D	56,320	Asphalt	352	2009	2034	Good
<i>Fine Arts</i>	<i>9910 Cash Rd, 77477</i>	18	E	51,200	Asphalt	320	1990	2015	Poor
Coleman Campus (Map 19)									
<i>Coleman</i>	<i>1900 Pressler St., 77030</i>	19	A	6,720	Concrete	28	1999	2049	Good
HCC Administration (Map 20)									
<i>Rosalie lot</i>	<i>3000 Main St., 77002</i>	20	A	20,800	Asphalt	130	2012	2037	Good
<i>Parking Structure (8 levels)</i>	<i>3200 Main St., 77002</i>	20	B	337,000	Concrete	1407	1999	2049	Good
Fannin Warehouse (Map 21)									
<i>Warehouse</i>	<i>9424 Fannin St., 77045</i>	21	A	50,400	Concrete	210	2004	2054	Good
Delano Warehouse (Map 22)									
<i>Warehouse</i>	<i>1102 Delano St., 77003</i>	22	A	1000	Asphalt	10	1985	2005	Poor

### Assumptions and Notes

Note 1 - The estimated useful life of concrete pavement is 50 years per FannieMae 4099F, dtd October 2014.

Note 2 - The estimated useful life of asphalt pavement is 25 years per FannieMae 4099F, dtd October 2014.

Note 3 - The estimated useful life of gravel surface parking is 15 years per FannieMae 4099F, dtd October 2014.

Note 4 - The estimated useful life of striping is five years per FannieMae 4099F, dtd October 2014.

Note 5 - Properly Maintained, the useful life of pavement can be extended indefinitely.

Note 6 - Parking Surfaces Identified by italicized, sans serif type in the table above are identified in the 2009 ESPA "Facilities Assessment Final Report." Deferred Maintenance Bond funds are authorized for repairs on these lots.

**Attachment B -Houston Community College Parking Areas  
2015 Assessment  
Capital Renewal Investment Rate Calculation**

<b>LOCATION</b>	<b>Asphalt</b>	<b>Concrete</b>	<b>Gravel</b>
Central Campus (Map 1)	96,320	268,965	19,200
South Campus (Map 2)		51,040	
Automotive Training Center (Map 3)		36,000	
Northeast Campus (Map 4)		203,600	
North Forest Campus (Map 5)	19,200		
Northline Campus (Map 6)	47,840	3,660	
Alief Bissonnet Campus (Map 7)		52,640	
Katy Mills Campus (Map 9)		11,200	
Katy Campus (Map 10)	104,320	53,120	
Spring Branch Campus (Map 11)	183,520		
Alief Campus (Map 12)	40,000	177,000	
Felix Fraga (Map 13)		300,395	
Gulfton Campus (Map 15)	40,960		
Missouri City Campus (Map 16)		45,920	
West Loop Campus (Map 17)		166,720	
Stafford Campus (Map 18)	107,520	266,720	
Coleman Campus (Map 19)		6,720	
HCC Administration (Map 20)	20,800	337,000	
Fannin Warehouse (Map 21)		50,400	
Delano Warehouse (Map 22)	1,000		
SF	661,480	2,031,100	19,200
Replacement Cost <sup>1</sup>	3,280,941	10,602,342	38,400
\$/Yr <sup>2</sup>	164,047	212,047	2,560
\$/Yr <sup>3</sup>			378,654

Notes

- 1 Replacement cost is based on courtesy estimates provided by Mr. Rod Bowers, Senior Estimator at Tellepsen Builders. The cases for 2.5" Asphalt (\$4.96/SF) and 6" Concrete (\$5.22/SF) were used. \$2/Sf was used for gravel.
- 2 Estimated useful lives of 20 years for asphalt, 50 years for concrete, and 15 years for gravel were used based on FannieMae evaluation standards.
- 3 Capital Renewal Investment Requirement is based on a pro-rata application of the annualized replacement cost for each type of surface. In actuality, this cost is slightly understated given the eventual replacement of all pavement with concrete.

**Attachment C - Unqualified Ranking of Parking Lot Upgrade Need by Condition and Capacity Limit (2015)**

<b>Rank</b>	<b>Index</b>	<b>Campus</b>
1	0.08	Coleman Campus (Map 19)
2	0.27	Gulfton Campus (Map 15)
3	0.32	Spring Branch Campus (Map 11)
4	0.81	Central Campus (Map 1)
5	0.99	Katy Campus (Map 10)
6	1.18	Northline Campus (Map 6)
7	1.32	Alief Bissonnet Campus (Map 7)
8	1.60	North Forest Campus (Map 5)
9	1.61	West Loop Campus (Map 17)
10	1.86	Stafford Campus (Map 18)
11	1.90	Alief Campus (Map 12)
12	1.96	Missouri City Campus (Map 16)
13	2.04	Automotive Training Center (Map 3)
14	2.05	Southeast Campus (Map 14)
15	2.45	Pinemont
16	2.74	Felix Fraga (Map 13)
17	2.99	HCC Administration (Map 20)
18	3.11	Northeast Campus (Map 4)
19	4.60	South Campus (Map 2)
20	9.09	Delano Warehouse (Map 22)
21	191	Fannin Warehouse (Map 21)
22	191	Katy Mills Campus (Map 9)

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>8</b>	<b>Online Learning Management System</b>	<b>Dr. Cesar Maldonado Dr. Kimberly Beatty Rogelio Anasagasti</b>

## RECOMMENDATION

Authorize the Chancellor to negotiate and execute a contract with Instructure, Inc., to provide Houston Community College with the Canvas online learning management system and related services in accordance with Texas Association of Community College's Texas Community College Cooperative Purchasing Network RFP 006-15.

The contract terms will be for five (5) years.

## COMPELLING REASON/RATIONALE

Houston Community College evaluated the use of the online learning management system available through the Texas Association of Community College's (TACC) Texas Community College Cooperative Purchasing Network (TCCCPN) agreement for the implementation and support of the Canvas solution to be used systemwide by HCC. The recommended firm was awarded a contract by TCCCPN following a publicly advertised request for proposal procurement process.

Working with representatives from Faculty, Instructional Services and Technology Departments, demonstrations of three different systems were provided to the Learning Management System (LMS) Committee. Following a thorough product demonstration and functional review where the committee was able to see how the different products operate which included technical functionality, the Canvas product was recommended by the LMS Committee on September 24, 2015.

The proposed Canvas Learning Management System (LMS) is anticipated to be implemented with an initial test group to begin using the application in Spring 2016 followed by a second test group in Summer 2016. It is the goal of HCC that working with the LMS Committee and HCC Faculty that by Fall 2016 HCC will be fully migrated to the Canvas platform with all faculty and students.

Preparations are currently underway with the development of the implementation framework, training and development; including the feedback and direction of the LMS Committee, Instruction and IT Departments.

The proposed solution includes greatly improved features and functionality that will enable quick adoption and sustainable growth among HCC students. Moreover, the easy to use platform includes improved reporting, collaboration and interactive features that will all contribute towards greater student success.

This recommendation to the Board of Trustees is in accordance with Chapter 44.031(a) of the Texas Education Code and Chapter 791 of the Texas Government Code.

## DESCRIPTION OR BACKGROUND

Request for Proposal (RFP 006-15) was issued by TCCCPN on February 12, 2015 and duly advertised in the Austin American Statesman and through the Demand Star bid service. In addition notices were sent to a total of fourteen (14) vendors who offer online distance education software solutions. Seven (7) proposals were received by the solicitation due date of March 5, 2015 at 11:00 a.m.

Following the formally advertised Request for Proposal process, the contract was awarded to Instructure, Inc. and made effective for a five year term on June 29, 2015.

## FISCAL IMPACT

The total proposed cost for the five (5) year term is \$2,361,199 based on the following TCCCPN published subscription and support rates:

Year 1 \$316,493 (prorated for January 1 through August 31, 2016)  
Year 2 \$488,620  
Year 3 \$503,426  
Year 4 \$518,695  
Year 5 \$533,965

HCC will benefit from added tiered pricing subscription discounts at the time of annual renewal based on the TCCCPN then current total subscription enrollment numbers for the State of Texas as allowed under the contract.

## LEGAL REQUIRMENTS

This recommendation to the Board of Trustees is being made to the firm offering the best value in accordance with Chapter 44.031(a) of the Texas Education Code and utilizing interlocal agreement authority under Texas Government Code Chapter 791.

Chapter 44.031(a) of the Texas Education Code requires that selection of a firm shall be made through the procurement method that provides the best value for the district. Texas Government Code Chapter 791 authorizes cooperative and interlocal agreements between governmental bodies and purchases such as the services to be provided under the proposed contract.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>9</b>	<b>Sale of 11.75 Acres in Missouri City</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Approve the sale of an 11.75 acre tract of improved property located at 5855 Sienna Springs Way to Fort Bend County and resolution effectuating same.

## COMPELLING REASON/RATIONALE

The Board of Trustees authorized the Chancellor to negotiate the sale of this property during February 2015. Fort Bend County has identified the funding required to complete the transaction, which will allow continuation of the previously approved relocation of the existing Missouri City campus to Texas Parkway.

The new location will provide an enhanced presence for HCCS in a larger, more efficient building. The budget for the new site requires the sale of the existing real property on Sienna Springs Way. This transaction is one of several fiscally responsible activities previously described to the Board of Trustees that is required to complete the relocation.

## DESCRIPTION OR BACKGROUND

Fort Bend County Commissioners Court took action on February 3, 2015 authorizing negotiations with HCCS for the purchase of the subject site and funded by means of a successful bond election during November 2015. The HCC Board of Trustees took reciprocal action on February 23, 2015 authorizing the Chancellor to negotiate the sale of the site. The current action authorizes that sale. The actual closing date will be set at a date agreeable to both parties.

## FISCAL IMPACT

Every effort is being made to ensure that the receipt of revenue from sales proceeds and other third party sources will ultimately result in a zero net cash outlay by HCCS for the relocation of the Missouri City Campus to real property located on Texas Parkway.

The 11.75 acre tract is being sold at its appraised fair market value of \$8,000,000.

## LEGAL REQUIREMENT

This transaction meets the requirements of Article III, Section 52 of the Texas Constitution and Texas Government Code Section 272.001.

## STRATEGIC GOAL ALIGNMENT

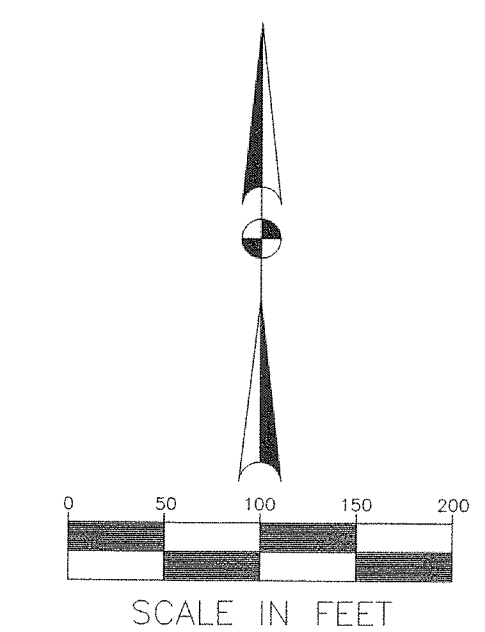
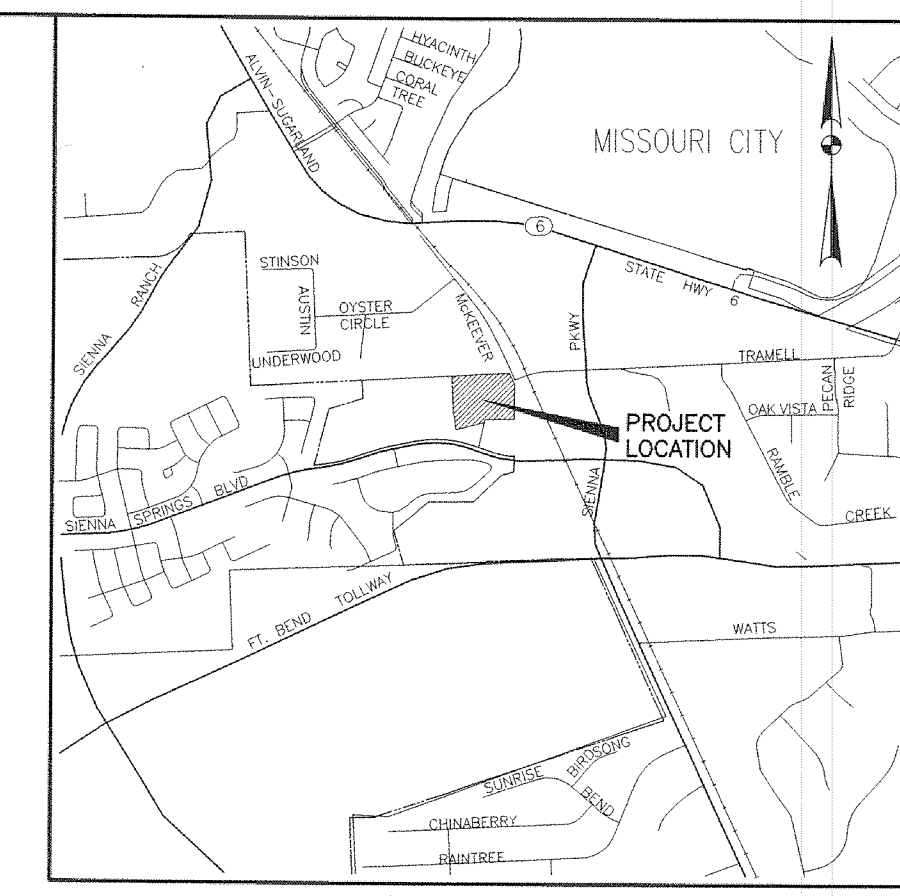
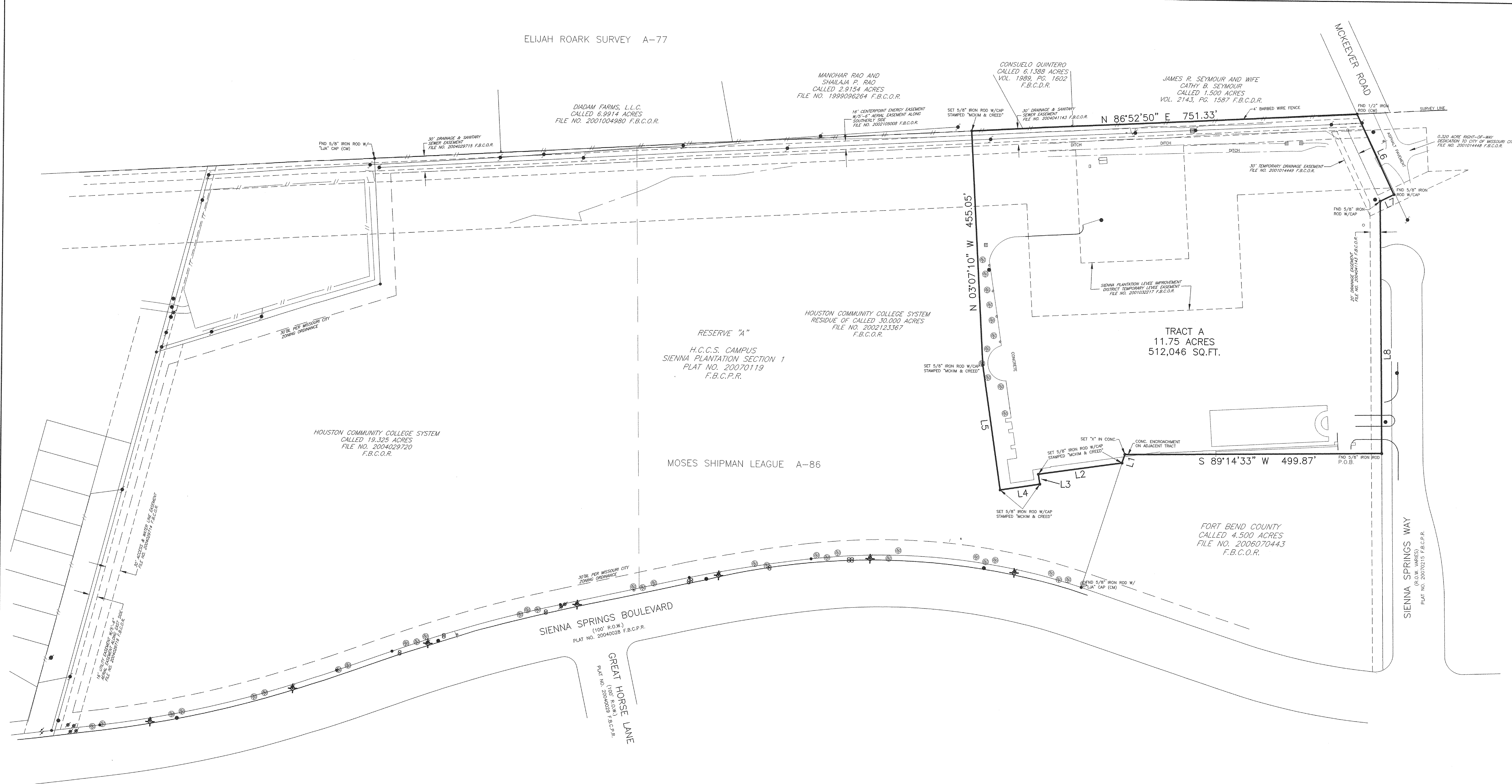
*Strategic Initiative:* Support Innovation

Attachment Title(s): **1. Plot of Tract**  
**2. Metes and Bounds**  
**3. Resolution and Order of Sale**

This item is applicable to the following:

Central  Coleman  Northeast  Northwest  Southeast  Southwest  3100





**SYMBOL LEGEND**

☆	LIGHT STANDARD
●	MANHOLE
□	TELEPHONE PEDESTAL
⊙	WATER VALVE
⊕	FIRE HYDRANT
⊗	IRRIGATION VALVE
⊘	SIGN
⊙	POWER POLE
—	GUY WIRE
⊞	ELECTRIC BOX
→	MARKER
⊙	TREE

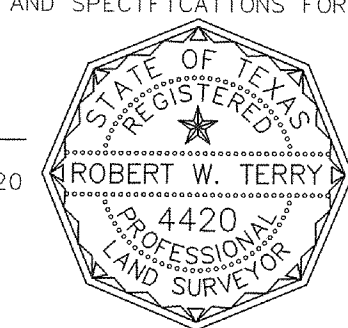
**LINE TABLE**

NO.	BEARING	DISTANCE
L1	S17°47'12"W	17.59'
L2	S81°36'30"W	164.50'
L3	S08°46'23"E	19.25'
L4	S81°36'30"W	78.25'
L5	N08°23'30"W	244.99'
L6	S25°00'03"E	172.06'
L7	S64°16'18"W	29.41'
L8	S00°45'27"E	491.16'

- NOTES:**
- ALL BEARINGS ARE REFERENCED TO THE NORTHERLY LINE OF THE PLAT OF H.C.C.S. CAMPUS SIENNA PLANTATION SECTION 1, CALLED AS NORTH 86° 52' 50" EAST.
  - THE SURVEYOR WAS NOT FURNISHED WITH A CURRENT TITLE REPORT OR COMMITMENT ON THE SUBJECT PROPERTY, THEREFORE ALL EASEMENTS OR ENCUMBRANCES OF RECORD MAY NOT BE SHOWN HEREON. MCKIM AND CREED HAS PERFORMED NO ADDITIONAL RESEARCH OF THE FORT BEND COUNTY CLERK'S RECORDS.
  - ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FLOOD INSURANCE RATE MAP (FIRM) NO. 48157C0295 L, LAST REVISED APRIL 2, 2014, THE SUBJECT PROPERTY LIES WITHIN ZONE "X" (SHADED), DEFINED AS AREAS OF 0.2% ANNUAL CHANCE FLOOD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH DEPTHS OF LESS THAN 1 FOOT OR DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD. THIS INFORMATION IS AS PUBLISHED BY FEMA AND MCKIM AND CREED MAKES NO WARRANTY AS TO ITS ACCURACY OR COMPLETENESS.
  - THIS SURVEY DID NOT ATTEMPT TO LOCATE ANY WETLANDS, FAULT LINES, OR ANY OTHER ENVIRONMENTAL FEATURES SHOULD THEY EXIST.
  - THE SUBJECT PROPERTY IS SUBJECT TO THE ORDINANCES AND ZONING REGULATIONS OF THE CITY OF MISSOURI CITY, TEXAS.
  - THE SURVEYOR BELIEVES THAT THE TEMPORARY LEVEE EASEMENT SHOWN ON THE DRAWING MAY NO LONGER BE IN EFFECT, HOWEVER NO DOCUMENTS HAVE BEEN LOCATED TO INDICATE THAT THE EASEMENT HAS BEEN RELEASED.
  - NO IMPROVEMENTS WERE LOCATED ON THE SUBJECT PROPERTY OTHER THAN AS SHOWN.
  - THIS SURVEY IS ACCOMPANIED BY A SEPARATE METES AND BOUNDS DESCRIPTION DATED FEBRUARY 10, 2015.
  - THE FIELD WORK WAS COMPLETED ON NOVEMBER 7, 2014.
  - F.B.C.D.R. INDICATES FORT BEND COUNTY DEED RECORDS.
  - F.B.C.P.R. INDICATES FORT BEND COUNTY PLAT RECORDS.
  - F.B.C.O.R. INDICATES FORT BEND COUNTY OFFICIAL RECORDS.
  - UE INDICATES UTILITY EASEMENT.
  - BL INDICATES BUILDING LINE.

TO: HOUSTON COMMUNITY COLLEGE SYSTEM  
 I HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND UNDER MY SUPERVISION AND COMPLETED ON NOVEMBER 7, 2014, AND THAT THIS DRAWING ACCURATELY REPRESENTS THE FACTS FOUND AT THE TIME OF SURVEY AND THAT THIS PROFESSIONAL SERVICE SUBSTANTIALLY CONFORMS TO THE CURRENT TEXAS SOCIETY OF PROFESSIONAL SURVEYORS STANDARDS AND SPECIFICATIONS FOR A CATEGORY 1B, CONDITION 11 SURVEY.

*Robert W. Terry* 2-10-15  
 ROBERT W. TERRY  
 REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4420



**BOUNDARY SURVEY**  
 11.75 ACRES (512,046 SQ.FT.)  
 MOSES SHIPMAN LEAGUE, A-86  
 FORT BEND COUNTY, TEXAS

**MCKIM & CREED**  
 ENGINEERS, SURVEYORS, PLANNERS  
 9960 West Sam Houston Parkway South, Suite 200  
 Houston, TX 77099  
 713.659.0021  
 www.mckimcreed.com  
 TPBLS Firm Registration No. 101776-00

SCALE:	1" = 100'	JOB NO.	06555-0013
DATE:	02-10-15	F.B. NO.	HOU N
DRN: BT	CHK: WJM	PROJECT:	SIENNA PLANTATION



Tract "B"  
Metes and Bounds Description  
33.07 Acres (1,440,463 Square Feet)  
Moses Shipman League, Abstract No. 86  
Fort Bend County, Texas

Description of an 33.07 acre (1,440,463 square feet) tract of land which is out of Reserve "A" of the plat of H.C.C.S. Campus Sienna Plantation Section 1 as recorded at Plat No. 20070119 of the Fort Bend County Plat Records (F.B.C.P.R.) and also being out of a called 30.000 acre tract described in a deed to Houston Community College System as recorded under File No. 2002123367 of the Fort Bend County Official Records (F.B.C.O.R.) and out of a called 19.325 acre tract described in a deed to Houston Community College System as recorded under File No. 2004029720 of said F.B.C.O.R., in the Moses Shipman League, Abstract No. 86, in Fort Bend County, Texas, said 33.07 acre tract being more particularly described as follows (with bearings referenced to the northerly line of said Reserve "A", called as North 86° 52' 50" East):

BEGINNING at a 5/8-inch iron rod with "LJA" cap found on the northerly right-of-way line of Sienna Springs Boulevard (100 feet wide) as recorded at Plat No. 20040028 of said F.B.C.P.R., said point marks the southernmost southeasterly corner of said Reserve "A" and the southwesterly corner of a called 4.500 acre tract described in a deed to Fort Bend County as recorded under File No. 2006070443 of said F.B.C.O.R., and being on the arc of a non-tangent curve to the left;

THENCE, in a westerly direction along said northerly right-of-way line and along the southerly line of said Reserve "A" as follows:

northwesterly, 533.39 feet along the arc of said curve to the left (central angle = 24° 26' 56"; radius = 1,250.00 feet; chord bearing and distance = North 84° 26' 16" West, 529.35 feet) to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for a point of compound curvature;

southwesterly, 240.23 feet along the arc of said curve to the left (central angle = 05° 23' 52"; radius = 2,550.00 feet; chord bearing and distance = South 80° 38' 20" West, 240.14 feet) to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for a point of tangency;

South 77° 56' 24" West, a distance of 256.28 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for the beginning of a tangent curve to the left;

southwesterly, 339.96 feet, along the arc of said curve to the left (central angle = 07° 38' 19"; radius = 2,550.00 feet; chord bearing and distance = South 74° 07' 15" West, 339.71 feet) to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for a point of tangency;

South 70° 18' 05" West, a distance of 113.99 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for the beginning of a tangent curve to the right;

southwesterly, 474.58 feet along the arc of said curve to the right (central angle = 12° 38' 50"; radius = 2,150.00 feet; chord bearing and distance = South 76° 37' 30" West, 473.62 feet) to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for a point of tangency;

South 82° 56' 55" West, a distance of 94.50 feet to a point for the southwesterly corner of said Reserve "A" and said 19.325 acre tract, and the southeasterly corner of the plat of Sienna Village of Anderson Springs Section Three-A as recorded at Plat No. 20040030 of said F.B.C.P.R., from which a found 5/8-inch iron rod bears South 70° 13' East, 0.30 foot;

THENCE, North 15° 03' 48" East, departing said northerly right-of-way line, along the westerly line of said Reserve "A" and said 19.325 acre tract, a distance of 762.04 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for the westernmost northwesterly corner of said Reserve "A" and said 19.325 acre tract and the southwesterly corner of the plat of Sienna Plantation M.U.D. No. 1 Water Plant No. 2 as recorded at Plat No. 20050060 of said F.B.C.P.R.;

THENCE, North 72° 39' 50" East, along the southerly line of said Water Plant No. 2 and a northerly line of said Reserve "A", a distance of 455.94 feet to a 5/8-inch iron rod found for the southeasterly corner of said Water Plant No. 2;

THENCE, North 03° 07' 10" West, along the easterly line of said Water Plant No. 2 and a westerly line of said Reserve "A", a distance of 243.37 feet to a 5/8-inch iron rod with "LJA" cap found for the northeasterly corner of said Water Plant No. 2 and the northernmost northwesterly corner of said Reserve "A";

THENCE, North 86° 52' 50" East, along the northerly line of said Reserve "A", a distance of 1,164.65 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for the northernmost northeasterly corner of this herein described tract;

THENCE, South 03° 07' 10" East, along an easterly line of this tract, a distance of 455.05 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for an angle point;

THENCE, South 08° 23' 30" East, continuing along said easterly line, a distance of 244.99 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for an interior corner;

THENCE, North 81° 36' 30" East, along a northerly line of this tract, a distance of 78.25 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for corner;

THENCE, North 08° 46' 23" West, a distance of 19.25 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for an interior corner;

THENCE, North 81° 36' 30" East, continuing along a northerly line of this tract, a distance of 164.50 feet to a 5/8-inch iron rod with cap stamped "McKim & Creed" set for corner in the westerly line of said 4.500 acre tract and an easterly line of said Reserve "A";

THENCE, South 17° 47' 12" West, along the westerly line of said 4.500 acre and an easterly line of said Reserve "A", a distance of 254.12 feet to the POINT OF BEGINNING and containing a computed area of 33.07 acres (1,440,463 square feet) of land.

This description is accompanied by a separate survey drawing dated February 10, 2015.

Compiled By:  
McKim & Creed, Inc.  
9960 West Sam Houston Parkway South, Suite 200  
Houston, Texas 77099  
Phone: 713-659-0021  
TBPLS Firm Registration No. 101776-00  
Date: February 10, 2015  
Job No.: 06555-0013



*Robert W. Terry*  
2-10-15

RESOLUTION AND ORDER OF SALE OF LAND

STATE OF TEXAS                   §  
  §  
COUNTY OF FORT BEND         §

WHEREAS, Section 130.084 of the Texas Education Code provides that a public community college shall be governed in the establishment, management, and control of community college by the general law governing the establishment, management, and control of independent school districts; and

WHEREAS, Section 11.151 of the Texas Education Code provides that the trustees of an independent school district may convey property that is no longer necessary for the operation of the school district, which provision is applicable to public community colleges; and

WHEREAS, Section 272.001 of the Local Government Code provides for the sale or exchange of property owned by a political subdivision and Section 272.001(b) provides an exception to the requirement for publication and bids when the sale of the property is to a governmental entity with the power of eminent domain;

WHEREAS, the Houston Community College System ("HCCS" or "College") Board of Trustees is the governing body of College, a political subdivision of the State of Texas;

WHEREAS, the College owns that certain tract of land containing approximately 11.75 acres out of Reserve "A" of the plat of H.C.C.S. Campus Sienna Plantation Section 1 as recorded as Plat No. 20070119 for the Fort Bend County Plat Records, which 11.75 acre tract is more particularly described by metes and bounds on the attached Exhibit A ("Property");

WHEREAS, the HCCS Board of Trustees declared at its February 13, 2015 meeting that the Property was surplus and no longer necessary for the operation of the College and authorized the College administration ("Administration") to sell the Property;

WHEREAS, the Administration and Fort Bend County, Texas (“County”) have been in negotiations for the County to purchase the Property at its appraised value of Eight Million and No/100 Dollars (\$8,000,000.00) (“Purchase Price”); have agreed on the materials terms of the purchase and sale contract (“Contract”), which includes sale of the Property to the County for the Purchase Price; and are in the process of finalizing the Contract; and

WHEREAS, the Administration recommends to the Board of Trustees that it approve and order the sale to the County for the Purchase Price.

THEREFORE, BE IT RESOLVED AND ORDERED BY HOUSTON COMMUNITY COLLEGE SYSTEM BOARD OF TRUSTEES THAT:

1. all of the above paragraphs are incorporated into and made part of this Resolution and Order; and

2. the Property is to be sold to the County for the Purchase Price, that the Chair of the Board of Trustees is authorized to execute the deed conveying the Property, and that the Chancellor or his designee is authorized to take all additional actions necessary or advisable to consummate the conveyance of the Property to Buyer, including without limitation, finalizing negotiation of and executing Contract and any other documents involved in the transaction.

PASSED, APPROVED and ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2015.

---

Zeph Capo  
Chair, Board of Trustees

Attest:

---

Dr. Adriana Tamez  
Secretary, Board of Trustees

**EXHIBIT “A”**

[Attached legal Description]

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>10</b>	<b>Authorize Purchase of Palmetto Cul-de-Sac Right of Way at Eastside Campus</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Authorize the Chancellor to purchase tracts SY16-003 and SY16-018 from the City of Houston at the Eastside Campus.

## COMPELLING REASON/RATIONALE

Acquisition of this tract allows for continued development of the Eastside Campus in accordance with 2010 and subsequent Master Plan Concepts (attachments A & B, respectively) by permitting optimal integration of the 2013 CIP Workforce Building into the campus framework.

## DESCRIPTION OR BACKGROUND

In 2010, the firm of Llewellyn-Davies Sahni prepared a campus level Master Plan for development of the Eastside Campus which included the subject parcel as part of the campus. Similarly, the 2014 Master Plan Concept prepared by PDG Architects envisions use of this space in order to allow construction of the current Workforce building as well as a planned future parking garage.

Early in the 2014 Master Plan re-visitation, it was established that the College had constructed a parking lot and other improvements on a city controlled right of way and that a short section of Palmetto Street intruding into the campus would need to be abandoned by the City in order to permit the "non-acceptance" of the proposed cul de sac. Acquisition of the Palmetto stub was determined to be the most effective way of integrating the new structure into the overall fabric of the campus, while allowing sufficient clearance at the western edge of the campus for a future parking garage (considered crucial for the creation of a new campus "front door" and green space at some future date).

An offer to sell the parcel to the College was received on November 20, 2015 and is required in order to continue building the Workforce parcel as planned, since the building design overlaps the right-of-way by approximately three feet, as shown in Attachment C. This action was budgeted for within the CIP, completes planned property acquisitions at Eastside, and facilitates execution of the Master Plan vision.

## FISCAL IMPACT

The City has offered to conclude the captioned transaction for \$66,542 (subject to City Council approval). This amount is included in the current CIP project budget.

## LEGAL REQUIREMENT

This action satisfies the requirements of the Texas Local Government Code, Chapter 272.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **A. 2010 Campus Master Plan**  
**B. 2014 Campus Master Plan Concept**  
**C. Property to be Acquired**  
**D. Satellite View of Eastside Campus**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ATTACHMENT A – 2010 CAMPUS MASTER PLAN

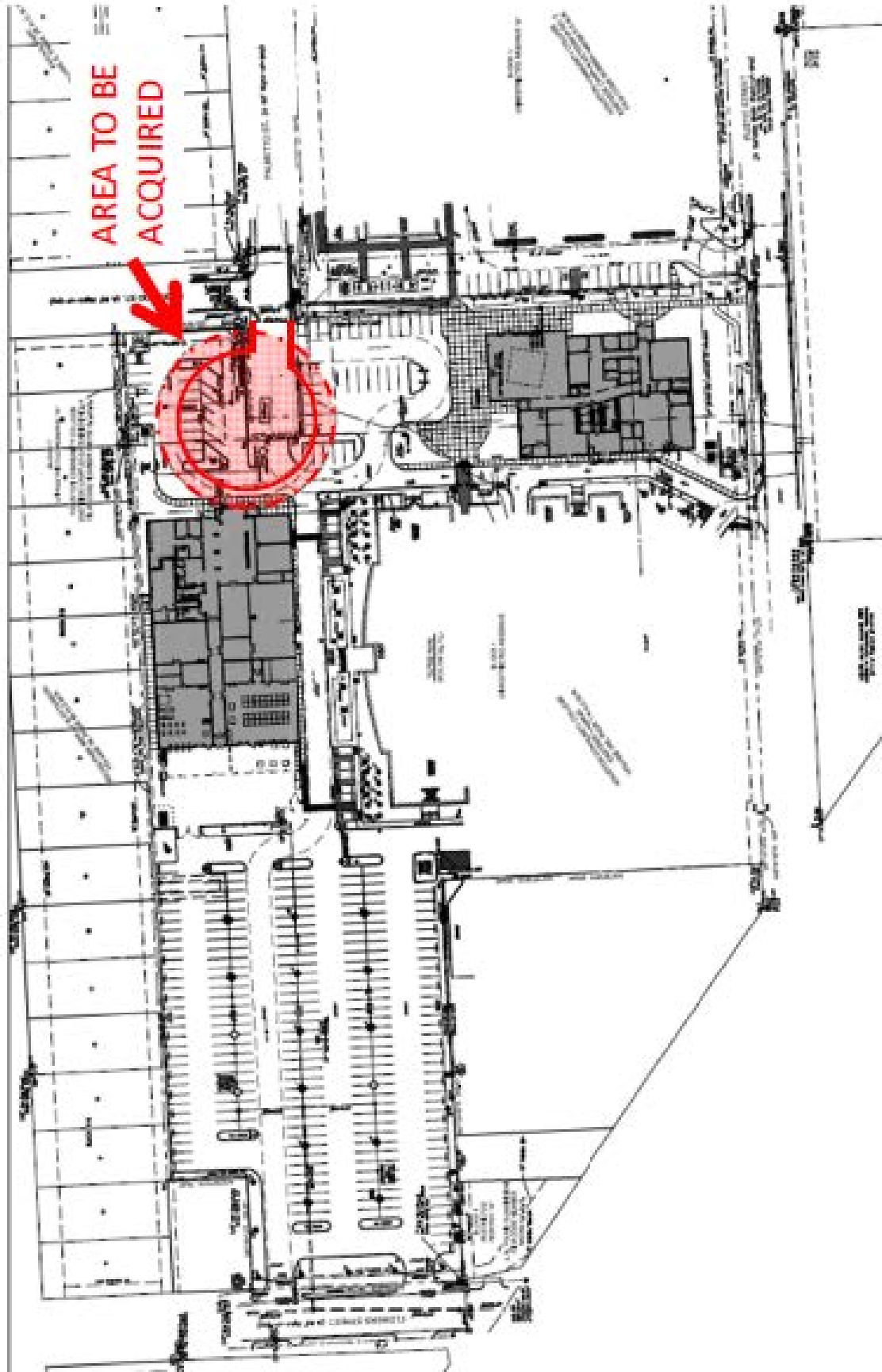


5.18.1 Campus Residual/Informal: 2020

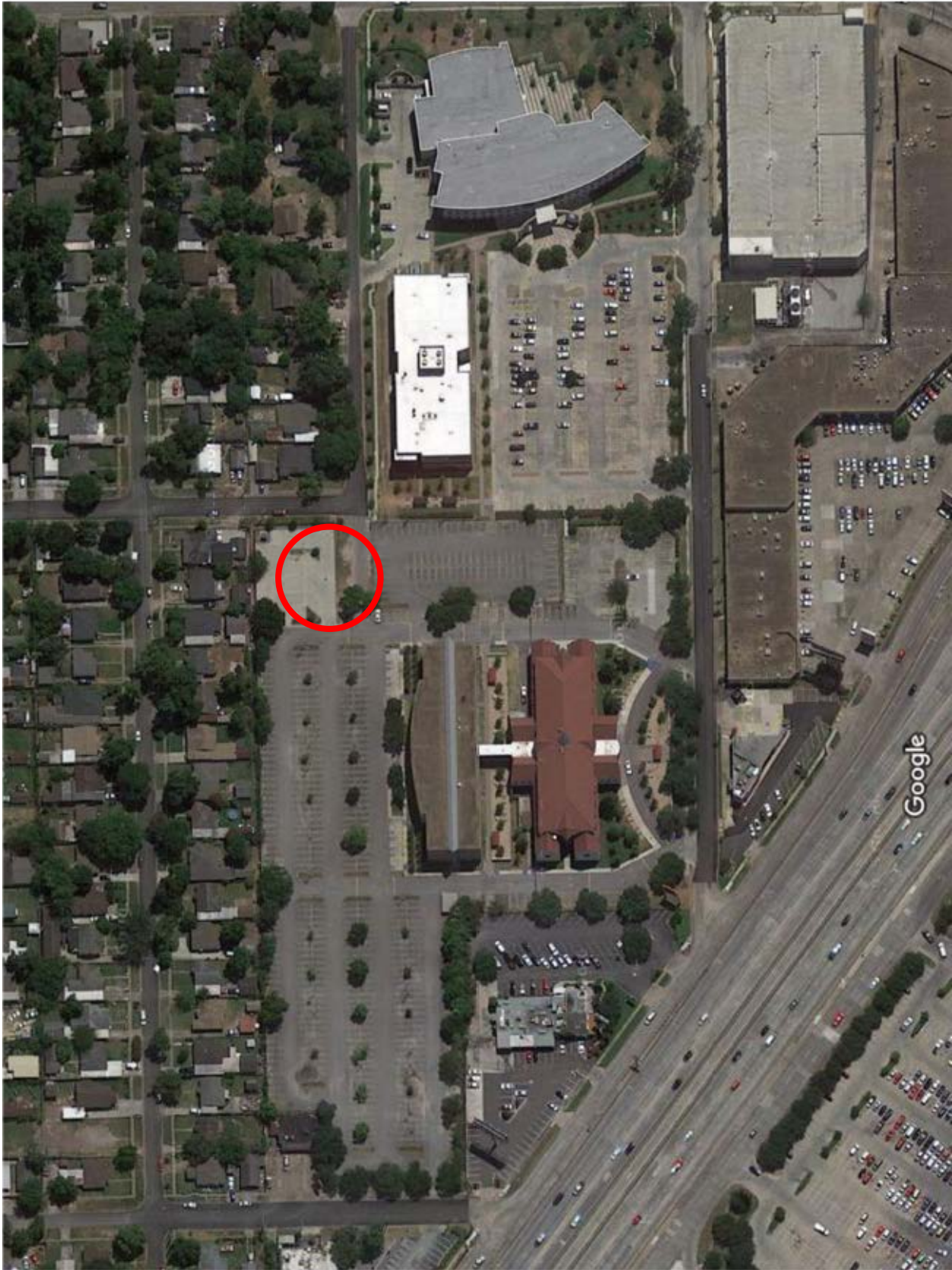




ATTACHMENT C – PROPERTY TO BE ACQUIRED



**ATTACHMENT D – SATELLITE VIEW OF EASTSIDE CAMPUS**



# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>11</b>	<b>Authorize Execution of Texas Cooperative Purchasing Network Contract with TDIndustries</b>	<b>Dr. Cesar Maldonado Teri Zamora Charles Smith</b>

## RECOMMENDATION

Authorize the Chancellor to execute a two-year Facilities Maintenance contract with TDIndustries under the umbrella authorization of the Texas Cooperative Purchasing Network (TCPN).

## COMPELLING REASON/RATIONALE

The College is transitioning from a wholly outsourced Facilities Maintenance posture with a single large vendor to one which provides for basic internal capabilities and a much larger potential for small business engagement with some operational savings. Utilization of the existing TCPN contract with TDI provides both continuity of operations and the flexibility required to effect these transitions.

## DESCRIPTION OR BACKGROUND

The vast majority of facilities maintenance and central plant operations at HCC since 2005 have been performed by an outside vendor. Since December 2010, that vendor has been TDIndustries (TDI). Although TDI has performed well, the College has lost the expertise and manpower to diagnose and evaluate maintenance issues in-house, making oversight of any contracted entity problematic.

During 2015, the College evaluated potential performance improvement and cost-savings strategies with the current vendor. A strategy was designed whereby the outside vendor would continue to provide the 24/7 operating services for the College's central utility plants (the area in which it has the clearest operational advantages), and the College's Facilities Maintenance Department would assume responsibility for assessing and supervising minor maintenance work (the area in which it has the clearest potential for operational savings and performance improvement).

TDIndustries is a TCPN contract holder, eliminating the need for HCC to separately bid the changing scope of work. All TCPN contracts are competitively bid by the State of Texas Region 4 Education Service Center here in Houston, and are available for the use and benefit of public and private schools, colleges and universities, and governmental entities.

## FISCAL IMPACT

The College conservatively estimates a 5% reduction in overall costs, once the transition plan has been fully implemented. The current year contract with TDI ending December 2015 is for \$5.6 million. The maximum (not to exceed) contract amounts with TDI for the 12 months beginning January 1, 2016 and January 1, 2017 are \$5.5 million and \$3.0 million, respectively to allow for transition.

## LEGAL REQUIREMENT

This action satisfies the requirements of Texas Education Code, Chapter 8; Texas Education Code, Chapter 44; Texas Government Code, Chapter 791; and Texas Government Code, Chapter 2269.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Support Innovation

Attachment Title(s): **Estimate of Cost Distribution**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

## Estimate of Cost Distribution, Facilities Maintenance Re-Alignment

	Estimated Future Outsource Cost <sup>1</sup> - Current Model	Estimated Future Cost Under Proposed Model			Estimated Savings Potential
		Estimated HCC Internal Costs	Estimated Outsource Cost - Primary Vendor	Estimated Outsource Cost - Other Vendors <sup>2</sup>	
Administration	\$360,456	\$76,548	\$276,077		\$7,831
Electro/Mechanical Svcs	\$1,550,012	\$539,135	\$505,439	\$454,895	\$50,543
Elevator Services	\$211,263	\$0	\$0	\$190,137	\$21,126
HVAC	\$3,383,956	\$0	\$1,691,978	\$1,522,780	\$169,198
BAS/EMS	\$435,109	\$145,036	\$0	\$261,066	\$29,007
Fire/Life Safety	\$405,963	\$0	\$0	\$365,367	\$40,596
<b>Subtotal</b>	<b>\$6,346,759</b>	<b>\$760,719</b>	<b>\$2,473,494</b>	<b>\$2,794,245</b>	<b>\$318,301</b>
<b>Annual Total</b>	<b>\$6,346,759</b>			<b>\$6,028,458</b>	<b>\$318,301</b>

<sup>1</sup>Estimated Future Outsource Cost includes the addition of 850,000 additional square feet resulting from CIP construction and an increase in baseline costs from the 2010 contract as predicted by the Consumer Price Index.

<sup>2</sup>Estimated New Contract Availability is 90% of the value of work to be de-sourced from Primary Contractor.

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>12</b>	Proposed Settlement Between Lorenzo Walker and HCC	Dr. Cesar Maldonado Edgar A. Smith

## RECOMMENDATION

Authorize settlement and release of claims agreement between Lorenzo Walker and Houston Community College.

## DESCRIPTION OR BACKGROUND

Upon settlement, Lorenzo Walker will forgo any and all claims against HCC regarding his employment, including current litigation.

## STRATEGIC GOAL ALIGNMENT

*Strategy Initiative:* Accountability and Strategic Decision-making

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100

# ACTION ITEM

Meeting Date: December 10, 2015

Committee: *Facilities and Finance*

ITEM NO.	ITEM TITLE	PRESENTER
<b>13</b>	<b>Approval of Martinez Partners, LPP Legal Invoice</b>	<b>Cesar Maldonado E. Ashley Smith</b>

## RECOMMENDATION

Consistent with the existing HCC Chancellor signature authority of an amount up to and including \$75,000 and in anticipation that the engagement of the Martinez Partners, LLP Law firm for matters related to the Diplomas Mills and the Department of Education may exceed \$75,000 in order to complete, it is hereby recommended that the Board of Trustees approve payment for billing amounts on the Diploma Mill matter over and above \$75,000.

## COMPELLING REASON/RATIONALE

Work is proceeding in a satisfactory manner related to responses to the Office of the Texas Attorney General and to the United States Department of Education but completion of the work may result in an amount exceeding the \$75,000 threshold thereby requiring Board of Trustees' approval.

## DESCRIPTION OR BACKGROUND

Initial inquiry was made to HCC on or about November, 2014 by the Office of the Texas Attorney General. The Texas AG convened a meeting with various representatives of Community College and Department of Education Representative(s). HCC subsequently formed a committee to respond to conditions alerted by the meeting with the Texas AG and implemented a responsive and remedial plan under legal counsel of the Martinez Partners, LLP Law Firm.

## FISCAL IMPACT

The Fiscal impact is not determinable at this time.

## LEGAL REQUIREMENT

Not applicable.

## STRATEGIC GOAL ALIGNMENT

*Strategic Initiative:* Providing properly documented financial support for student success.

Attachment Title(s): **Martinez Partners Law Firm bill to date.**

This item is applicable to the following:

Central     Coleman     Northeast     Northwest     Southeast     Southwest     3100





December 3, 2015

Houston Community College System  
Attn: Office of General Counsel  
3100 Main Street, 12<sup>th</sup> Floor  
Houston, TX 77002

Invoice No. 592

Matter: HCCS / Diploma Mills

INVOICE SUMMARY

Total Legal Fees	\$ 11,943.75
Total Expenses	\$ N/A
Total Due	\$ 11,943.75

Invoice # 592



Accounting Department  
713.300.3850

Invoice for  
Houston Community College System  
3100 Main St.  
Houston Texas 77002

# Invoice

In reference to  
HCCS / Diploma Mills

## professional services

Date	Item	Hrs/Rate	Subtotal
Sep 1, 2015	HCCS / Diploma Mills St. Michael's Learning Academy (SMLA) issues, responses to inquiries; meet with SMLA officials on HCC policy; respond to DOEd on complaint filed by SMA; University Park Academy issues; work conferences on Minutes and Agenda of High School Validation Committee (HSVC); Whale Christian Academy issues and handling; work conference on response to DOEd request for summary report; edits to HCCS Diploma Mill Report; forward to DOEd; continued due diligence with HSVC; tel conferences with DOEd on any follow-up information needed and "self-report";  2015 Dates Services Provided:  September: 1, 2, 3, 4, 8, 29, 30  October: 14, 16, 19, 21, 23, 27, 26, 28, 29, 30  November: 11, 13	00:00 \$0.00	\$0.00
Sep 1, 2015	Vidal G. Martinez Attorney	22:45 \$525.00	\$11,943.75
			\$11,943.75

## additional charges

Item	Qty/Price	Subtotal
No Data		

# APPENDIX



## **Strategic Plan 2012-2015**

Creating Opportunities for Our Shared Future

*Approved by the HCC Board of Trustees, June 2012*

### **Mission:**

Houston Community College is an open-admission, public institution of higher education offering a high-quality, affordable education for academic advancement, workforce training, career and economic development, and lifelong learning to prepare individuals in our diverse communities for life and work in a global and technological society.

### **Vision:**

HCC will be a leader in providing high quality, innovative education leading to student success and completion of workforce and academic programs. We will be responsive to community needs and drive economic development in the communities we serve.

### **Guiding Principles:**

Our Guiding Principles direct our interactions with students, the internal and external communities we serve, and each other, giving focus to our primary purpose: devotion to the achievement of student success, defined as timely completion of certificates and degrees that drive real accomplishments in the workplace, at universities, and in society.

- **Freedom with Responsibility**  
HCC subscribes to and upholds a doctrine of freedom that follows the principle of responsibility.
- **Commitment to Excellence**  
HCC believes that a commitment to doing one's very best without regard to position is the starting point of all expressions of excellence and setting of high standards for quality and performance.
- **Respect for the Person**  
HCC holds that a principle of community mindfulness begins with respect for oneself and for others. Respect is the framework of personal integrity and provides the tie that binds us together.
- **Sound Stewardship**  
Stewardship is the path to fulfilling HCC's Mission and acknowledges our guardianship of its resources and positive impact on the lives of our students and community at large.

## **Strategic Initiative #1 - Increase Student Completion**

HCC currently leads the state and is fifth in the nation in the number of students who complete associate degrees. While we are proud of this fact, we can do better. We will strengthen our efforts and scale up those strategies that have been proven to increase the rates of students' persistence and completion.

HCC will continue to serve as a national Achieving the Dream (ATD) Leader College and work hand in hand with our high school partners to ensure more students enter our doors college-ready and leave well-prepared for successful transition to jobs, careers, and further education.

- Action 1.1:** Improve student preparation for higher education and transition to careers
- Action 1.2:** Improve academic success of students in their first semester
- Action 1.3:** Revamp developmental education to ensure greater success with more efficient delivery
- Action 1.4:** Improve students' persistence rates from one semester to the next
- Action 1.5:** Ensure students complete their programs of study and transition successfully to jobs/careers or further education

## **Strategic Initiative #2 – Respond to Business and Industry**

As the supplier of skilled workers to business and industry, we have a responsibility to build partnerships and to develop the means to respond quickly with the creation and design of programs and student-learning outcomes that meet their requirements.

The employer is our customer. Our clear responsibility to both employers and to students is to narrow the jobs gap and the skills gap for both of these stakeholders.

- Action 2.1:** Engage industry leaders in dialogue to identify present and future needs
- Action 2.2:** Improve the infrastructure of workforce programs (instruction, curriculum, facilities, and equipment) to meet the business and industry needs
- Action 2.3:** Ensure students have access to information and support services to complete career and technical education programs

### **Strategic Initiative #3 – Develop 21<sup>st</sup> Century Learners**

HCC must prepare our students to become citizens and workers capable of productive and meaningful participation in the 21<sup>st</sup> century. Core competencies of critical thinking, effective communications, quantitative reasoning, teamwork, personal responsibility, and social responsibility must be taught in all of our instructional programs.

All classrooms at HCC should meet minimum technology standards, and all faculty must be trained and supported in using effective teaching and learning strategies to promote success for students in their learning today as well as throughout their lifetime.

- Action 3.1:** Ensure adoption and commitment by HCC to 21<sup>st</sup> century core curriculum skills as defined by the Texas Higher Education Coordinating Board (THECB)
- Action 3.2:** Create new platforms and methodologies to teach and support students using effective methods of course delivery, teaching practices,
- Action 3.3:** Provide an environment conducive to optimal learning that includes consideration of facilities, technology, equipment, materials, accessibility, and concern for students

### **Strategic Initiative #4 – Support Faculty/Staff Professional Development and Student Leadership Development**

HCC has celebrated its 40<sup>th</sup> year by enrolling and graduating more students than ever before. To ensure we continue to thrive as an essential and relevant institution for the educational development of our students and the economic development of our community, we must prepare students, faculty, and staff for the leadership roles of tomorrow.

We will do this in multiple ways – through the expansion of external resources and support, purposeful mentoring of leadership candidates, infusion of opportunities for leadership development in our instructional programs, student services, extracurricular activities, and human resources.

- Action 4.1:** Develop a system-wide strategy to encourage leadership development for students
- Action 4.2:** Develop a system-wide strategy for ongoing professional and leadership development for faculty

- Action 4.3:** Develop a system-wide strategy for provision of professional and leadership development for HCC personnel at all levels and functions of the organization

## **Strategic Initiative #5 - Support Innovation**

HCC recognizes that in the near term there will be continuing economic turmoil to challenge the funding and stability of the institution. We also recognize that continuous technical challenges will create disruptions and opportunities in the delivery and transfer of knowledge and data.

To counter and overcome these difficulties, we must be an institution where innovation is valued and promoted. However, nothing will be accepted merely on the basis of custom, anecdote, or fad – everything we do must be proven to have long-term value in terms of strengthening our institutional resilience and capacity to serve our students and our community.

- Action 5.1:** Reduce HCC’s reliance on debt to maximize the use of operating dollars for strengthening teaching and learning capabilities
- Action 5.2:** Leverage current and new grant opportunities to improve the institution’s capability to respond to our teaching and learning needs
- Action 5.3:** Expand opportunities for the HCC Foundation to fund capital projects, program excellence, and faculty development
- Action 5.4:** Optimize technology and capital assets through planning for business continuity, disaster recovery, replacements, training, and environmental sustainability

## **Strategic Initiative #6 – Support Entrepreneurialism**

Houston is an entrepreneurial, “opportunity city” where taking a risk, failing, and starting over again are valued. HCC is the “Opportunity College” and is grassroots in its approach to serving its constituents. Therefore, HCC is committed to strategic thinking that not only respects students wherever they are, but also inspires and gives them the tools and confidence to follow their dreams.

HCC will commit to an entrepreneurial culture within the organization to serve as an example of the “spirit of Houston.” For this institution, fostering a culture that encourages inspiration and dreaming helps students actualize their potential.

- Action 6.1:** Encourage an entrepreneurial culture among all members of the HCC family
- Action 6.2:** Develop and implement promising practices that nurture and reward a spirit of entrepreneurialism throughout the institution

**Action 6.3:** Strengthen HCC assessment and institutional effectiveness (IE) processes and activities

## **Strategic Initiative #7 – Leverage Partnerships**

Houston is a global leader. The diversity of our economic structure and our willingness to embrace and value the partnerships encourage innovation. HCC is a principle partner for educational and economic opportunities, enhancing and advancing the community's quality of life. HCC is a catalyst for creating jobs.

Former U.S. Secretary of Defense Robert M. Gates described foreign language education, study abroad, and the recruitment of foreign students to U.S. campuses as key strategies in promoting America's national security and economic interests. While addressing the audience at the 2012 NAFSA conference in Houston, Gates stated, "Our economic future depends on Americans who can work successfully in an international setting."

According to an American Council on Higher Education Blue Ribbon Panel on Global Engagement (November, 2011), "It is important that college graduates, whatever their location, be not only globally competitive but also globally competent, understanding their roles as citizens and workers in an international context. While identifying common problems, we might also discover common solutions (p.6)."<sup>1</sup>

**Action 7.1:** Identify and secure new local partnerships capable of improving the institution's capacity, performance, and resilience

**Action 7.2:** Identify and secure new regional and state partnerships capable of improving the institution's capacity, performance, and resilience

**Action 7.3:** Identify and secure new international partnerships capable of improving the institutions' capacity, performance, and resilience