



FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012



LIMITED LIABILITY COMPANY
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GALVESTON COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Schedule/ Table</u>
ORGANIZATIONAL DATA	3	
INDEPENDENT AUDITOR'S REPORT	4	
REQUIRED SUPPLEMENTARY INFORMATION - MANAGEMENT'S DISCUSSION AND ANALYSIS	6	
FINANCIAL STATEMENTS		
Statements of Net Position	19	Exhibit 1
Statements of Revenues, Expenses, and Changes in Net Position	20	Exhibit 2
Statements of Cash Flows	21	Exhibit 3
Notes to the Financial Statements	23	
REQUIRED SUPPLEMENTARY SCHEDULES		
Schedule of Operating Revenues	39	Schedule A
Schedule of Operating Expenses by Object	40	Schedule B
Schedule of Non-Operating Revenues and Expenses	41	Schedule C
Schedule of Net Position by Source and Availability	42	Schedule D
SINGLE AUDIT REPORTS AND REQUIRED SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	44	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required By OMB Circular A-133	46	
Schedule of Expenditures of Federal Awards	48	Schedule E
Notes to the Schedule of Expenditures of Federal Awards	49	
Schedule of Findings and Questioned Costs	50	

GALVESTON COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Schedule/ Table</u>
SUPPLEMENTARY INFORMATION - STATISTICAL SECTION (Unaudited)		
Net Position by Component	53	Table 1
Revenues by Source	54	Table 2
Program Expenses by Function	56	Table 3
Tuition and Fees	58	Table 4
Assessed Value and Taxable Assessed Value of Property	59	Table 5
State Appropriation per Full Time Student Equivalent And Contact Hours	60	Table 6
Principal Taxpayers	61	Table 7
Property Tax Levies and Collections	63	Table 8
Ratios of Outstanding Debt	64	Table 9
Legal Debt Margin Information	65	Table 10
Pledged Revenue Coverage	66	Table 11
Demographic and Economic Statistics - Taxing District	67	Table 12
Principal Employers	68	Table 13
Faculty, Staff, and Administrators Statistics	69	Table 14
Enrollment Details	70	Table 15
Student Profile	71	Table 16
Transfers to Senior Institutions	72	Table 17
Capital Assets Information	73	Table 18

GALVESTON COMMUNITY COLLEGE DISTRICT
ORGANIZATIONAL DATA
FOR THE YEAR ENDED AUGUST 31, 2013

BOARD OF REGENTS

		Term Expires <u>May 31,</u>
<u>OFFICERS</u>		
Mr. George F. Black – Chairperson	Galveston, Texas	2016
Mr. Armin Cantini – Vice Chairperson	Galveston, Texas	2016
Mr. Raymond Lewis, Jr. - Secretary	Galveston, Texas	2014

<u>MEMBERS</u>		
Paul J. Cunningham, M.D.	Galveston, Texas	2014
Mr. Carroll G. Sunseri	Galveston, Texas	2014
Mr. Fred D. Raschke	Galveston, Texas	2018
Mr. Carl E. Kelly	Galveston, Texas	2016
Mr. Florentino F. Gonzalez	Galveston, Texas	2018
Ms. Karen F. Flowers	Galveston, Texas	2018

KEY OFFICERS

Myles Shelton, Ed.D.	President
Gaynelle Hayes, Ed.D.	Vice-President for Administration and Finance
Cissy Matthews, Ed.D.	Vice-President for Instruction
Mr. Ron Crumedy	Acting Vice-President for Student Services



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INDEPENDENT AUDITOR'S REPORT

Board of Regents
Galveston Community College District
Galveston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2013, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Galveston Community College District as of August 31, 2012, were audited by other auditors whose report dated November 14, 2012, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary schedules on pages 39 through 42 and statistical section on pages 53 through 73 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

November 13, 2013
Houston, Texas

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Galveston Community College District (the "College") Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2013 and 2012. Since management's discussion and analysis is designed to focus on current activities, and currently known facts, please read this in conjunction with the College's financial statements and the notes thereto. Responsibility for the completeness and fairness of this information rests with the management of the College.

Financial Highlights for 2013

- The College's net position as of August 31, 2013 is reported at \$28.5 million. This represents a 4% increase from the prior year.
- The College decreased its annual tax rate from \$0.18945 to \$0.18940 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$603,000 in property tax revenue was received for the fiscal year.
- The College reached substantial completion on Phase II of renovations to the Charlie Thomas Family Applied Technology Center located at 7626 Broadway, capitalizing \$2.3 million in fiscal year 2013. This state-of-the-art facility provides the infrastructure necessary to respond to the career training needs of the community. Current programs include welding, heating and air conditioning, electrical and electronics technology, cosmetology, medical office administration, and other contract training offerings.
- Two properties with houses were purchased by the College as follows: on November 26, 2012, \$117,002 was paid for 3826 Avenue R; and on February 19, 2013, \$109,636 was paid for 3814 Avenue R.
- Grant award notifications received in fiscal year 2013:

MONTH ACCEPTED	GRANT NAME	PURPOSE	TERM	FY13 AMOUNT
September 2012	Carl Perkins – Federal	Financial Aid	09/01/12 – 08/31/13	\$109,926
September 2012	Dept. of Education - Federal	Upward Bound Program	09/01/12 – 08/31/13	\$250,000
September 2012	Skills for Small Business - State	Cover Cost of CE Training Programs	09/01/12 – 08/31/13	\$20,000
September 2012	Dept. of Education - Federal	Building Bridges to Success	09/01/12 – 08/31/13	\$238,774
September 2012	Scaling and Sustaining Success - State	Boost student success and college completion of underprepared students	09/01/12 – 08/31/13	\$145,000
October 2012	Dept. of Education - Federal	Title V	10/01/12 – 09/30/13	\$627,149
October 2012	Dept. of Education - Federal	HSI – STEM Programs	10/01/12 – 09/30/13	\$863,510
January 2013	GCPASS – State	Achieving the Dream Program	01/01/13 – 12/31/13	\$200,000
			TOTAL	\$2,454,359

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2013 - Continued

- Computer and Media hardware purchases in fiscal year 2013:

MONTH PURCHASED	EQUIPMENT DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
September 2012	Multimedia Equipment for 5 Smart Classrooms	HSI – STEM Grant	\$68,321
December 2012	Network Infrastructure Upgrade	Title V Grant	\$217,996
March 2013	General Computers (83) and Hardware Purchases	Education & General	\$77,559
June 2013	Computer Servers & Software	Title V Grant	\$27,027
July 2013	STEM Classrooms- Computers and Equipment	HSI – STEM Grant	\$59,599
August 2013	25 Dell Latitude Laptops	Scaling and Sustaining Success Grant	\$17,245
		TOTAL	\$467,747

- Building renovations and furniture purchases in fiscal year 2013:

MONTH PURCHASED	EQUIPMENT DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
September 2012	STEM Classroom Furniture	HSI – STEM Grant	\$87,542
May 2013	2nd Floor Northern Restrooms Renovations	Education & General	\$67,320
August 2013	Boiler Replacement	Education & General	\$88,657
August 2013	Carpeting Regents Building and Financial Aid Department	Education & General	\$47,841
		TOTAL	\$291,360

- The College opened the STEM Success Center, providing customized tutoring in college-level math, physics, chemistry, and biology to ensure continued success for students enrolled in sciences, technology, engineering, and math programs. It is designed to encourage student collaboration and to establish techniques to master course content, review material, and prepare for quizzes and tests.

Financial Highlights for 2012

- The College's net position as of August 31, 2013 is reported at \$27.3 million. This represents a 8% increase from the prior year.
- The College decreased its annual tax rate from \$0.189475 to \$0.18945 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$521,000 in property tax revenue was received over the previous period.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2012 - Continued

- Grant award notifications received in fiscal year 2012:

MONTH ACCEPTED	GRANT NAME	PURPOSE	TERM	FY12 AMOUNT
September 2011	Carl Perkins – Federal	Financial Aid	09/01/11 – 08/31/12	\$83,321
September 2011	Dept. of Education - Federal	Upward Bound Program	09/01/11 – 08/31/12	\$242,250
September 2011	Skills for Small Business - State	Cover Cost of CE Training Programs	08/26/11 – 06/30/12	\$50,000
September 2011	Dept. of Education - Federal	Building Bridges to Success	09/01/11 – 08/31/12	\$238,774
October 2011	Dept. of Education - Federal	HSI – STEM Programs	10/01/11 – 09/30/12	\$869,533
February 2012	GCPASS – State	Achieving the Dream Program	01/01/12 – 12/31/12	\$200,000
			TOTAL	\$1,683,878

- Computer and Media hardware purchases in fiscal year 2012:

MONTH PURCHASED	EQUIPMENT DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
November 2011	111 Dell PCs	HSI – STEM Grant	\$90,243
May 2012	70 Dell PCs	Education & General	\$57,631
May 2012	Technical Hardware & Services	HSI – STEM Grant and Education & General	\$130,204 \$30,000
June 2012	Multimedia Equipment for 7 smart classrooms	HSI – STEM Grant and Education & General	\$68,321 \$7,922
August 2012	Computer Servers & Software	Education & General	\$52,777
		TOTAL	\$437,098

- Classroom and Lab renovations and furniture purchases in fiscal year 2012:

MONTH PURCHASED	EQUIPMENT DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
February 2012	New Flooring to 3 Computer Labs and renovations of Northern Restrooms	HSI – STEM Grant	\$47,636
May 2012	Renovation of 7 Classrooms	HSI – STEM Grant and Education & General	\$221,448 \$32,132
May 2012	Classroom and Lab furniture	Education & General	\$84,257
June 2012	Workstations and Seating	HSI – STEM Grant	\$41,447
August 2012	Computer Desks	HSI – STEM Grant	\$71,934
		TOTAL	\$498,854

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2012 - Continued

- In January 2012, a new Facilities Master Plan was approved and adopted by the Board. The Plan was prepared at a total cost of \$49,332 of which \$47,150 was expensed in fiscal year 2012.
- In January 2012, the Board agreed to accept Phase I construction renovations on the Vocational-Technical Training Center and release the final payment of \$52,209 to the general contractor.
- In March 2012, two properties were purchased by the College as follows: \$55,000 was paid for 3812 Avenue R; and \$126,000 was paid for 2222 39th Street.

Overview of Financial Statements

The College qualifies as a special purpose government engaged in business-type activities and the financial statements are prepared on that basis. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows and notes to the financial statements. Comparative data from the prior year is shown in a separate column on the face of each of the statements.

The statement of net position's focus is to report the total net resources available to finance future services. This statement presents all of the College's assets and liabilities, and net position as of the end of the fiscal year. The statement is prepared on the accrual basis of accounting, in which revenues and assets are recognized when earned, and expenses and liabilities are recognized when incurred regardless of when cash is received or paid. The difference between total assets and total liabilities is net position, and increases and decreases to net position is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information. The statement of net position is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.

The statement of revenues, expenses, and changes in net position focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the cost of various College services to its students and the burden to the public. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. The College (like all other community colleges) is primarily dependent upon three sources of revenue: local property taxes, state appropriations, and tuition and fees. Only tuition represents an exchange for services. Since the Governmental Accounting Standards Board (GASB) requires State appropriations, student financial aid (Title IV), grants and property taxes to be classified as non-operating revenues, community colleges will generally display an operating deficit before taking into account other support. Essentially, this deficit represents the net costs of services to students that must be covered by local taxpayer support, the State and other sources of revenue.

The statement of cash flows reports the cash receipts and cash payments that occurred during the fiscal year. This statement helps users assess: 1) the entity's ability to generate future cash flows; 2) its ability to meet its obligations as they come due; and 3) its needs for external financing. The statement of cash flows presents information relative to cash inflows and outflows summarized by operating, financing, and investing activities. The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the College's accounting policies, significant account balances, activities, and contingencies.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statements of Net Position

In order to show the trends for the two years shown in the Statements of Net Position (Exhibit 1), a summary of three years of data for the years ended August 31 follows:

**Net Position
(in thousands)**

	2013	2012	Increase (Decrease) 2013 - 2012	2011	Increase (Decrease) 2012 - 2011
Assets:					
Current Assets	\$ 13,315	\$ 14,629	\$ (1,314)	\$ 13,110	\$ 1,519
Noncurrent Assets:					
Capital Assets, Net of Depreciation	18,628	16,748	1,880	16,675	73
Other	886	920	(34)	882	38
Total Assets	<u>\$ 32,829</u>	<u>\$ 32,297</u>	<u>\$ 532</u>	<u>\$ 30,667</u>	<u>\$ 1,630</u>
Liabilities:					
Current Liabilities	\$ 3,375	\$ 3,366	\$ 9	\$ 3,118	\$ 248
Noncurrent Liabilities	990	1,657	(667)	2,304	(647)
Total Liabilities	<u>\$ 4,365</u>	<u>\$ 5,023</u>	<u>\$ (658)</u>	<u>\$ 5,422</u>	<u>\$ (399)</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	17,273	14,748	2,525	14,050	698
Restricted – Expendable	887	893	(6)	917	(24)
Unrestricted	10,304	11,633	(1,329)	10,279	1,354
Total Net Position	<u>\$ 28,464</u>	<u>\$ 27,274</u>	<u>\$ 1,190</u>	<u>\$ 25,246</u>	<u>\$ 2,029</u>

Financial Analysis – Statements of Net Position

Fiscal Year 2013 Compared to 2012

Total net position for fiscal year 2013 was \$28.5 million, which represents a \$1.2 million increase from fiscal year 2012. Current assets mainly consist of cash investments in Logic, Lone Star, TexPool and Texas Term investment pools, investment in certificates of deposit and receivables. Cash and cash equivalents declined by \$1.3 million in 2013 primarily to support capital expenditures during the year. Capital assets increased by \$1.9 million in 2013 as the College reached substantial completion of Phase II of renovations to the Charlie Thomas Family Applied Technology Center which alone accounted for a \$2.3 million increase in capital assets, before depreciation, in fiscal year 2013. The College's remaining capitalization of class lab and furniture equipment and purchase of two properties of \$400,000 is offset by \$800,000 of depreciation expense.

Decrease in total liabilities of the College of \$658,000 is a result of the continuing scheduled payment on outstanding debt. During 2013 the College made a \$645,000 payment, resulting in reducing the outstanding bond payable balance to \$1.355 million compared to \$2 million for fiscal year 2012.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

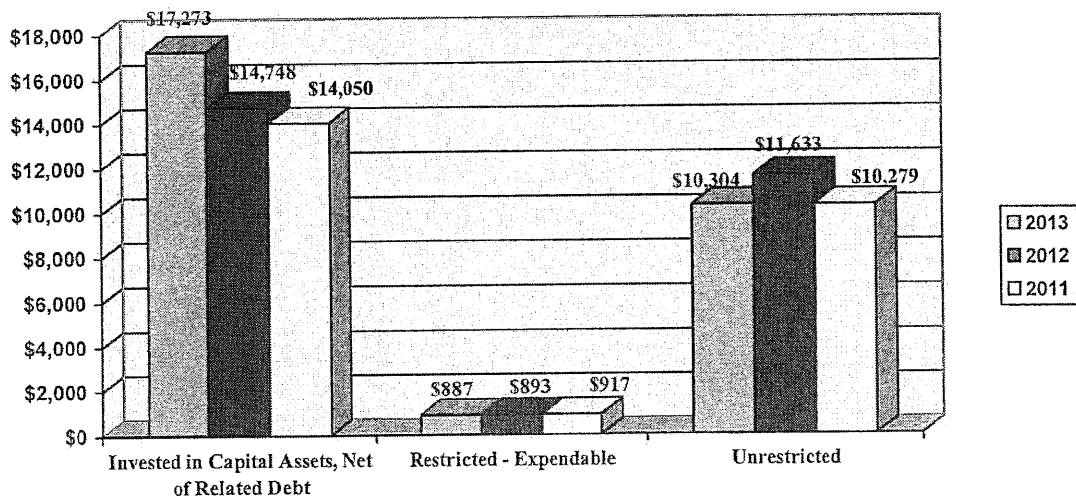
Financial Analysis – Statements of Net Position – Continued

Fiscal Year 2012 Compared to 2011

Total net position for fiscal year 2012 was \$27.3 million, which represents a \$2 million increase from fiscal year 2011. Current assets mainly consist of cash investments in Logic, Lone Star, TexPool and Texas Term investment pools, and receivables. In June 2012, the college purchased a \$1.5 million certificate of deposit due in one year bearing .6% interest. Capital assets remained relatively stable. The College's capitalization of approximately \$860,000 of renovation to classrooms and labs and purchases of computers is offset by \$787,000 of depreciation expense.

The steady reductions in liabilities indicate payments of the College's outstanding bond. During 2012 the College made a \$625,000 payment, resulting in an outstanding bond payable balance of \$2 million compared to \$2.63 million for fiscal year 2011.

The following is a graphic illustration of net position (in thousands) for the years ended August 31, 2011 through 2013. Total net position invested in capital assets, net of related debt have increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student and program growth. The decrease in unrestricted net position in 2013 is due to the College using reserved funds to invest in additional buildings, improvements, and equipment to better serve the College's diverse community's needs.



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statements of Revenues, Expenses and Change in Net Position

The following chart summarizes the College's operating results for the years ended August 31:

Operating Results
(in thousands)

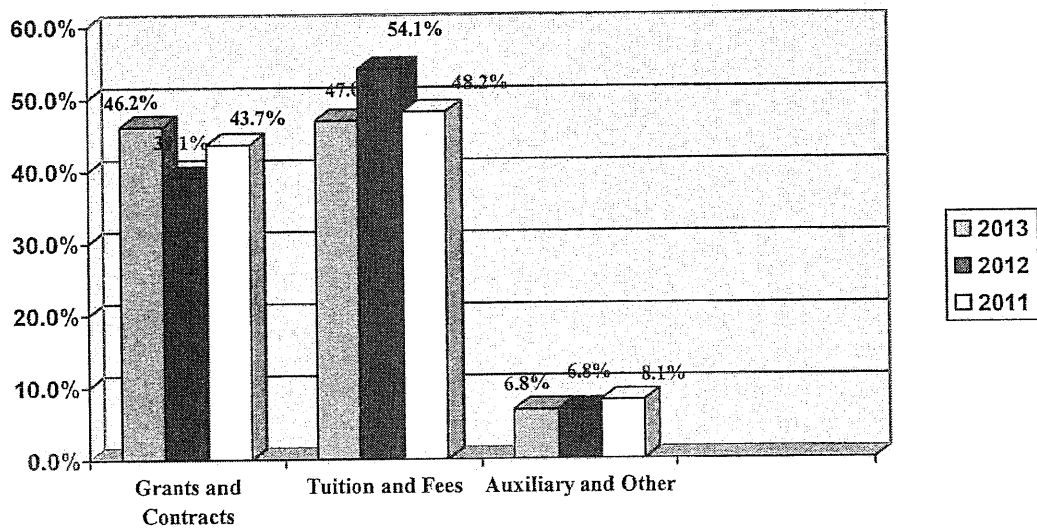
	<u>2013</u>	<u>2012</u>	Increase (Decrease) <u>2013 -</u> <u>2012</u>	<u>2011</u>	Increase (Decrease) <u>2012 -</u> <u>2011</u>
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 2,521	\$ 2,524	\$ (3)	\$ 1,942	\$ 582
Grants and Contracts	2,481	1,826	655	1,762	64
Auxiliary Enterprises, Net	248	220	28	200	20
Other Operating Revenues	<u>115</u>	<u>97</u>	<u>18</u>	<u>125</u>	<u>(28)</u>
Total Operating Revenues	5,365	4,667	698	4,029	638
Less Operating Expenses	<u>21,871</u>	<u>20,330</u>	<u>1,541</u>	<u>21,180</u>	<u>(850)</u>
Operating Loss	<u>(16,506)</u>	<u>(15,663)</u>	<u>(843)</u>	<u>(17,151)</u>	<u>1,488</u>
Non-Operating Revenues (Expenses):					
State Appropriations	3,853	4,039	(186)	5,710	(1,671)
Property Taxes	10,086	9,483	603	8,962	521
Federal Student Assistance	3,809	4,189	(380)	4,436	(247)
Investment and Other Income	40	75	(35)	25	50
Interest on Capital Related Debt	(76)	(94)	18	(110)	16
Other Non-Operating Expense	<u>(16)</u>	<u>-</u>	<u>(16)</u>	<u>(76)</u>	<u>76</u>
Total Non-Operating Revenues, Net	<u>17,696</u>	<u>17,692</u>	<u>4</u>	<u>18,947</u>	<u>(1,255)</u>
Increase in Net Position	<u>\$ 1,190</u>	<u>\$ 2,029</u>	<u>\$ (839)</u>	<u>\$ 1,796</u>	<u>\$ 233</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

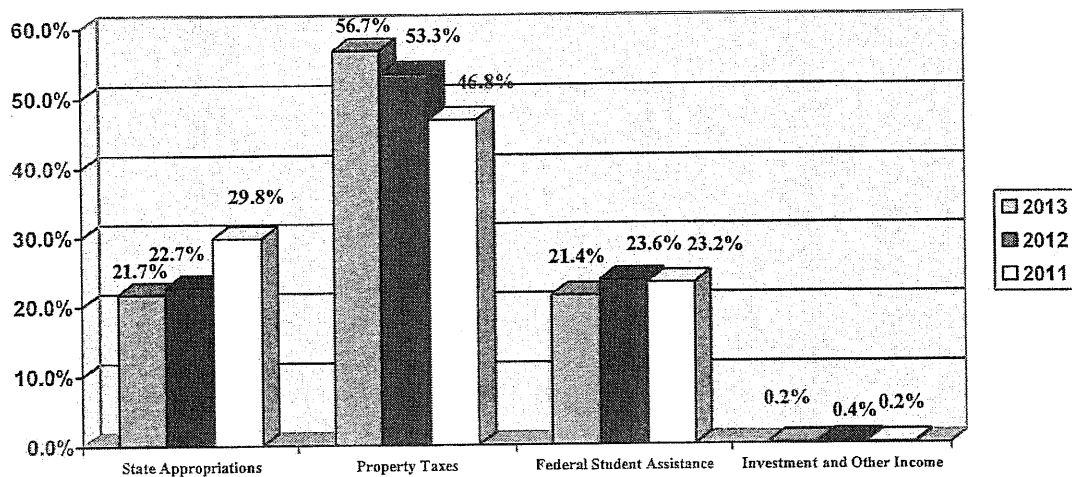
Financial Analysis – Statements of Revenues, Expenses and Change in Net Position – Continued

The following are graphic illustrations of revenues by source for the years ended August 31, 2011 through 2013:

**Revenue by Source
Operating Revenues**



**Revenues by Source
Non-Operating Revenues**



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statements of Revenues, Expenses and Change in Net Position – Continued

Fiscal Year 2013 Compared to 2012

The College has four major sources of revenues: property tax, state appropriations, grants and contracts, and tuition and fees. The largest source of revenue is property tax income which increased \$603,000 compared to 2012, due to a 6.9% increase in the tax base. State appropriations declined by \$186,000 or 4.6% compared to 2012. In addition to cutting the state general revenue appropriation, the Texas Legislature elected not to fully fund teacher retirement for community colleges. A shortfall of \$250,000 and \$205,000 for 2013 and 2012 respectively, was paid by the College out of own funds in the current year for teacher's retirements. In 2013, the College received the first year funding of \$627,000 Title V Modern Strategies for Student Success grant from the Department of Education. This grant primarily accounts for the increase in grants and contracts revenue of \$655,000 in 2013 and the increase in grants and contracts share in operating revenues by 7.1% in 2013. There was no change in tuition rates in 2013 and coupled with stable enrollment numbers, tuition and fee revenue has remained consistent with 2012.

Fiscal Year 2012 Compared to 2011

The College has four major sources of revenues: property tax, state appropriations, grants and contracts, and tuition and fees. In 2012, the state appropriation was reduced by \$1.6 million or 29% compared to 2011. In anticipation of the state revenue reduction, the 2012 budget was adjusted by decreasing expenses and budgeting an increase of tuition and fees revenue with a full year of higher tuition rates, and an increase in property tax revenue from a higher tax base. The largest source of revenue is property tax income which increased \$521,000 compared to 2011, due to a 5.8% increase in the tax base. Increases in tuition and fees were approved by the Board of Regents in fiscal year 2011. For fiscal year 2012, tuition and fee revenue increased by \$582,000 or 30% compared to 2011. In addition to cutting the state general revenue appropriation, the Texas Legislature elected not to fully fund teacher retirement for community colleges. This shortfall of approximately \$200,000 was expected to be paid by the State and was disclosed as a contingent liability in the footnotes of the 2012 financial statements. This expense was subsequently paid out by the College and an expense recorded in 2013.

Below is a schedule and a graphic illustration of operating expenses for the years ended August 31:

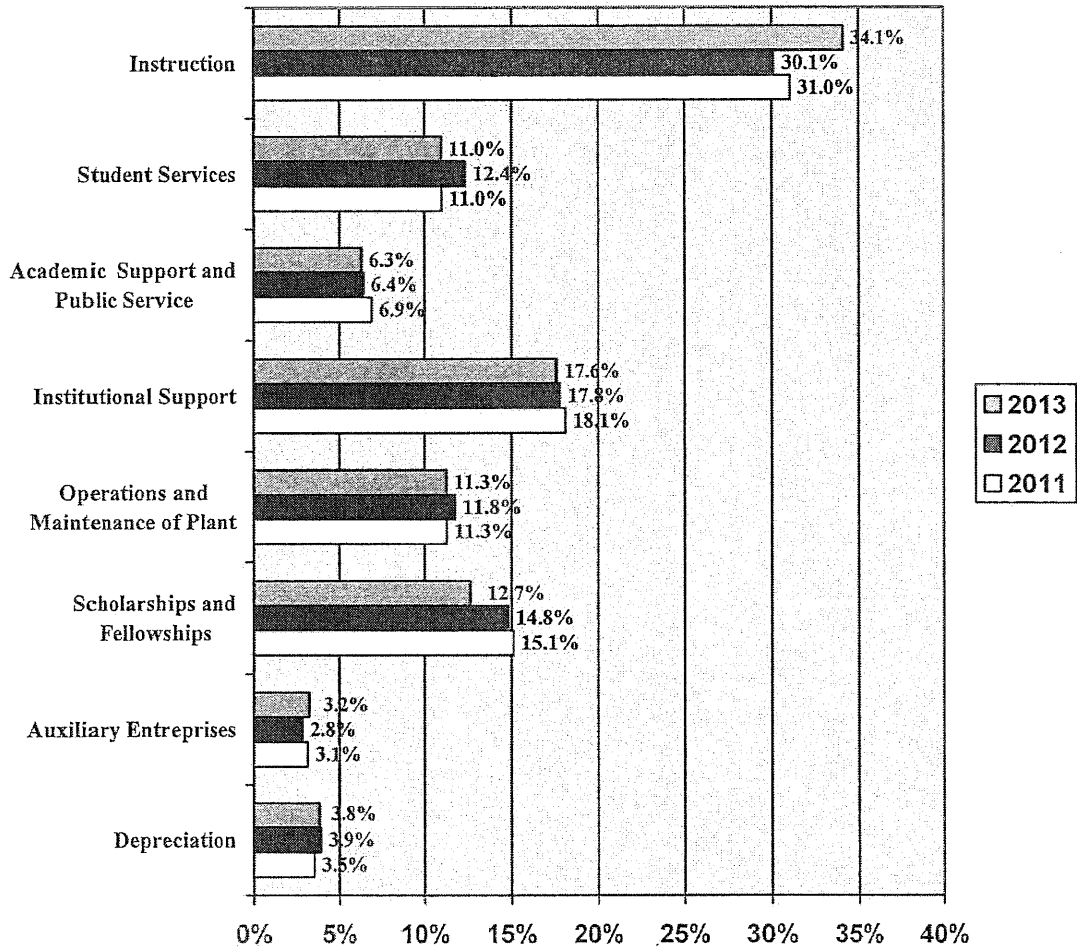
Operating Expenses
(in thousands)

	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Operating Expenses:					
Instruction	\$ 7,464	\$ 6,121	\$ 1,343	\$ 6,560	\$ (439)
Public Service	19	37	(18)	76	(39)
Academic Support	1,358	1,261	97	1,377	(116)
Student Services	2,405	2,527	(122)	2,330	197
Institutional Support	3,862	3,621	241	3,844	(223)
Operation and Maintenance of Plant	2,469	2,391	78	2,394	(3)
Scholarships and Fellowships	2,770	3,008	(238)	3,191	(183)
Auxiliary Enterprises	698	577	121	662	(85)
Depreciation	826	787	39	746	41
Total	\$ 21,871	\$ 20,330	\$ 1,541	\$ 21,180	\$ (850)

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis - Statements of Revenues, Expenses and Change in Net Position – Continued

Operating Expenses



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis - Statements of Revenues, Expenses and Change in Net Position – Continued

Fiscal Year 2013 Compared to 2012

Overall, total expenses increased by \$1.5 million in 2013, with instruction representing the largest percentage increase. A significant portion of this increase was due to the new Title V (\$488,000) and Scaling and Sustaining Success (\$57,000) grants. Instructional salaries increased due to new faculty positions added; benefits increased due to a new state mandate regarding retirement contribution expenses. In fiscal year 2012, Community Colleges and the State were intermingled in unsettled discussions regarding the liability surrounding the payment of 50% of eligible employees' retirement contributions. After careful consideration, the College decided not to recognize the related expense in 2012. However, in fiscal year 2013, the state mandated that the responsibility of these retirement contribution expenses rested with the community colleges bearing this expense for fiscal years 2012 (\$204,000) and 2013 (\$249,000). As a result, the College had to recognize the expense for both fiscal years in 2013 which ultimately skewed prior fiscal year comparisons. Public service is comprised primarily of continued education expenses which decreased in 2013 as the College looked to revitalize these program offerings. The position of Vice President of Student Services and that department's administrative staff were vacant the majority of 2013 resulting in a decrease in student services expenses. The total amount of Pell awards decreased by \$296,000 and the number of students decreased by 9%, reducing scholarships and fellowships expenses. The total amount of a Pell grant award per student depends on several factors such as hours enrolled, estimated family contribution, and satisfactory academic progress requirements.

Fiscal Year 2012 Compared to 2011

As a result of decreased state appropriation funding of \$1.6 million in 2012, the College implemented cost saving efforts that decreased expenses by \$850,000. All expense categories with the exception of student services decreased in 2012. Student services increased as a result of instituting a more precise method of tracking I.T. costs related to the student services usage of the ERP system. The new method transferred allocated costs of I.T. support to cost centers where they originated. The decrease in instructional expenses was the result of the College closing four low enrollment programs. Scholarships and fellowships decreased due to changes in the federal regulations on year round PELL grants, which temporarily allowed students to earn a higher PELL award in fiscal year 2011.

Cash Flow Activity

The following chart summarizes the statements of cash flows (rounded to the nearest thousand) for the fiscal years ended August 31:

	2013	2012	2011
Cash Provided by (Used in):			
Operating Activities	\$(14,796)	\$(14,432)	\$(14,763)
Non-Capital Financing Activities	17,164	17,353	18,379
Capital and Related Financing Activities	(3,443)	(1,580)	(2,963)
Investing Activities	(474)	(1,475)	23
Net Increase (Decrease) in Cash and Cash Equivalents	(1,549)	(134)	676
Cash and Cash Equivalents – Beginning of Year	<u>10,769</u>	<u>10,903</u>	<u>10,227</u>
Cash and Cash Equivalents – End of Year	<u>\$ 9,220</u>	<u>\$ 10,769</u>	<u>\$ 10,903</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash Flow Activity - Continued

The College's cash flow from operations is always reflected as a use of cash because the College relies heavily on State appropriations and property tax revenues to fund operations. There is no major change in cash flows from operating activities or from non-capital financing activities from 2012. Changes in capital and related financing activities are due to outflows on Phase II of renovations to the Charlie Thomas Family Applied Technology Center Operation and yearly bond principal and interest payments. Decline in outflows on investing activities is because the purchase of \$1.5 million certificate of deposit was recorded in fiscal year 2012. Additions to certificate of deposit in 2013 were only \$500,000.

Capital Asset and Long Term Debt Activity

As shown in Footnote 6 to the financial statement, capital assets increased from \$16.75 million to \$18.63 million. The following is a list of some of the major projects completed during fiscal year 2013:

- The College reached substantial completion on Phase II of renovations to the Charlie Thomas Family Applied Technology Center located at 7626 Broadway capitalizing \$2.3 million in buildings in fiscal year 2013. There was also a transfer of \$1.56 million from construction in progress to buildings to reflect the completion of this project.
- Two properties with houses were purchased by the College as follows: \$117,002 was paid for 3826 Avenue R; and \$109,636 was paid for 3814 Avenue R.
- Other capital assets increased by \$156,000 mainly due to the purchase of furniture for STEM classroom.

**Capital Assets
(in thousands)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Capital Assets:			
Land and Improvements	\$ 5,845	\$ 5,811	\$ 5,630
Construction in Progress	256	1,820	1,374
Buildings	17,981	13,902	13,902
Equipment, Furniture, and Software	4,297	4,171	3,966
Library Books	<u>872</u>	<u>842</u>	<u>814</u>
Total	<u>\$ 29,251</u>	<u>\$ 26,546</u>	<u>\$ 25,686</u>
Less Accumulated Depreciation	<u>(10,623)</u>	<u>(9,798)</u>	<u>(9,011)</u>
Net Capital Assets	<u>\$ 18,628</u>	<u>\$ 16,748</u>	<u>\$ 16,675</u>

The College issued \$6,595,000 of Revenue bonds in fiscal year 2004 to refund the 1994 Revenue bonds at lower interest rates, saving approximately \$1.1 million over the remaining life of the bonds. The bonds pay off totaled \$6,795,000. Scheduled principal payments of \$645,000 and \$625,000 were made during the 2013 and 2012 fiscal years, respectively.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions & Conditions

- Fiscal year 2013 was the second year of biennium funding established in the 82nd legislative session. The College had a reduction in funding tied to contact hours of 25%, a reduction in appropriation for health benefits of 48%, and the mandate to pay half of all state eligible employees' retirement contributions. The 83rd legislative session changed the state funding landscape again for fiscal year 2014, resulting in an increase of 20% for contact hours funding, 38% increase in health insurance funding, and codified the requirement for all community colleges to pay 50% of all eligible employee retirement contributions. Although not reinstated to historical state funding levels, this alleviated the pressure to increase property tax or tuition and fee rates for 2014 to provide adequate revenue to allow the college to maintain its current level of services provided to the island community.
- The increase in state funding allowed the College to reduce its tax rate for 2014 from 0.18940 to 0.18700. With the overall increase in property taxes, the College expects to collect an additional \$400,000.
- The College maintained stable enrollment and constant tuition and fee rates for 2013 and forecasts the same for 2014.
- The following grants will be active in fiscal year 2014:

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
Skills for Small Business - State	Cover Cost of CE Training Programs	09/01/13 - 08/31/14	\$20,000
Carl Perkins – Federal	Financial Aid	09/01/13 - 08/31/14	\$89,839
Scaling and Sustaining Success - State	Boost student success and college completion of underprepared students	01/01/13 - 12/31/13	\$146,930
GCPASS - State	Achieving the Dream Program	01/01/13 - 12/31/13	\$200,000
Dept. of Education - Federal	Building Bridges to Success	09/01/13 - 08/31/14	\$226,286
Dept. of Education - Federal	Upward Bound Program	09/01/13 - 08/31/14	\$236,925
Dept. of Education - Federal	Title V	10/1/13 - 09/30/14	\$644,365
Dept. of Education - Federal	HSI – STEM Programs	10/01/13 - 9/30/14	\$837,065
		TOTAL	\$2,401,410

- The College is investigating the construction of a Theater and Performing Arts Center. The College Board approved Phase I of the proposal submitted by WHR Architects for a base fee of \$111,700 plus reimbursables up to \$21,300 to provide renderings and clarification on construction costs and site location. The Center will provide the infrastructure necessary to develop new programs and opportunities to students and invigorate community involvement.

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, students, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at 4015 Avenue Q, Galveston, Texas 77550.

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31, 2013 AND 2012

Exhibit I

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Note 4)	\$ 8,333,933	\$ 9,848,105
Short-Term Investment (Note 4)	2,000,000	1,500,000
Accounts Receivable (Note 5)	339,758	482,908
Property Tax Receivable, Net (Note 5)	601,942	658,136
Student Receivables, Net (Note 5)	1,404,644	1,597,885
Other Assets	634,878	541,784
Total Current Assets	13,315,155	14,628,818
NONCURRENT ASSETS:		
Restricted Cash and Cash Equivalents (Note 4)	791,434	791,434
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	94,981	129,196
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	3,534,059	5,063,665
Subjected to Depreciation	15,093,690	11,684,267
Total Noncurrent Assets	19,514,164	17,668,562
Total Assets	32,829,319	32,297,380
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable (Note 5)	416,318	504,116
Funds Held for Others - Agency	94,981	129,196
Deferred Revenues	2,154,413	2,046,552
Deposits	13,800	11,300
Compensated Absences - Current Portion (Notes 7 and 12)	30,000	30,000
Bonds Payable - Current Portion (Notes 7 and 8)	665,000	645,000
Total Current Liabilities	3,374,512	3,366,164
NONCURRENT LIABILITIES:		
Compensated Absences (Notes 7 and 12)	300,458	301,859
Bonds Payable (Notes 7 and 8)	690,000	1,355,000
Total Noncurrent Liabilities	990,458	1,656,859
Total Liabilities	4,364,970	5,023,023
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Invested in Capital Assets, Net of Related Debt	17,272,748	14,747,932
Restricted - Expendable:		
Student Aid	168,914	174,304
Debt Service	718,400	718,880
Unrestricted	10,304,287	11,633,241
Total Net Position (Schedule D)	\$ 28,464,349	\$ 27,274,357

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

Exhibit 2

	2013	2012
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$1,774,257 for 2013 and \$1,819,028 for 2012	\$ 2,520,989	\$ 2,523,914
Federal Grants and Contracts	1,712,408	1,268,894
State and Local Grants and Contracts	216,002	167,032
Private Grants and Scholarships	552,728	390,173
Auxiliary Enterprises, Net of Scholarship Allowance of \$168,540 for 2013 and \$199,549 for 2012	247,873	220,304
Other Operating Revenues	114,657	96,535
Total Operating Revenues (Schedule A)	5,364,657	4,666,852
OPERATING EXPENSES:		
Instruction	7,464,287	6,120,920
Public Service	18,957	36,624
Academic Support	1,358,225	1,261,409
Student Services	2,404,847	2,527,036
Institutional Support	3,862,331	3,620,875
Operation and Maintenance of Plant	2,468,967	2,391,461
Scholarships and Fellowships	2,770,364	3,007,795
Auxiliary Enterprises	697,719	577,450
Depreciation	825,410	786,855
Total Operating Expenses (Schedule B)	21,871,107	20,330,425
OPERATING LOSS	(16,506,450)	(15,663,573)
NON-OPERATING REVENUES (EXPENSES):		
State Appropriations	3,853,582	4,039,458
Property Taxes	10,086,059	9,483,072
Federal Student Assistance (Title IV Grants)	3,809,295	4,189,383
Investment Income	27,366	26,533
Other Non-Operating Revenue	12,417	48,567
Interest on Capital Related Debt	(75,840)	(94,591)
Other Non-Operating Expense	(16,437)	-
Non-Operating Revenues, Net (Schedule C)	17,696,442	17,692,422
INCREASE IN NET POSITION	1,189,992	2,028,849
NET POSITION, BEGINNING OF YEAR	27,274,357	25,245,508
NET POSITION, END OF YEAR	\$ 28,464,349	\$ 27,274,357

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

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

Exhibit 3

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 2,670,183	\$ 2,653,014
Receipts from Grants and Contracts	2,804,540	1,507,371
Payments to or on Behalf of Employees	(13,221,072)	(11,617,796)
Payments to Suppliers for Goods and Services	(4,641,683)	(4,284,047)
Payments for Scholarships	(2,770,364)	(3,007,795)
Other Cash Receipts	362,530	316,839
Net Cash Used in Operating Activities	(14,795,866)	(14,432,414)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	3,270,247	3,528,736
Proceeds from Property Taxes	10,142,253	9,497,296
Proceeds from Federal Student Assistance (Title IV Grants)	3,738,900	4,278,558
Proceeds from Other Contributions	12,417	48,567
Net Cash Provided by Non-Capital Financing Activities	17,163,817	17,353,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	(2,705,227)	(859,920)
Principal Paid on Capital Debt	(645,000)	(625,000)
Payment of Interest on Capital Debt	(75,840)	(94,591)
Other Non-Operating Expense	(16,437)	-
Net Cash Used in Capital and Related Financing Activities	(3,442,504)	(1,579,511)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Short-Term Investment	(500,000)	(1,500,000)
Investment Income	26,166	24,733
Net Cash Used in Investing Activities	(473,834)	(1,475,267)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,548,387)	(134,035)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,768,735	10,902,770
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,220,348	\$ 10,768,735

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

Exhibit 3 - Continued

	2013	2012
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (16,506,450)	\$ (15,663,573)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	825,410	786,855
Payments Made Directly by State for Benefits	594,871	554,008
Changes in Assets and Liabilities:		
Receivables, Net	396,450	(329,940)
Other Assets	(93,094)	(6,327)
Accounts Payable	(87,798)	88,175
Funds Held for Others - Agency Funds	(34,215)	86,436
Deferred Revenues	107,861	52,251
Deposits	2,500	1,625
Compensated Absences	(1,401)	(1,924)
Net Cash Used in Operating Activities	\$ (14,795,866)	\$ (14,432,414)

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

Galveston Community College District (the “College”) was established in 1967, in accordance with the laws of the State of Texas, to serve the educational needs of the City of Galveston and the surrounding communities. The College is considered to be a special purpose, primary government. While the College receives funding from local, State, and Federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The Governmental Accounting Standards Board (GASB) gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. In 2011, the College adopted Governmental Accounting Standards Statement No. 61, *The Financial Reporting Entity: Omnibus*, which changed the criteria for a component unit. The Galveston College Foundation (the “Foundation”) is a legally separate not-for-profit corporation controlled by a separate board of trustees, whose sole purpose is provide scholarships and other benefits to the students and staff of the College. The Foundation does not provide a financial benefit or impose a financial burden on the College. The College 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, 2013 and 2012 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 College 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*.

The College reports as a special-purpose government engaged in business-type activities.

Tuition Discounting

Texas Public Education Grants – Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Title IV Higher Education Act (HEA) Program Funds – Certain Title IV funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

Other Tuition Discounts – The College awards tuition and fee scholarships from institutional funds to qualifying students. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

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

Net Position: The College's net position is classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represent resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Regents 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.

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Position. The governing board has designated public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

GALVESTON COMMUNITY COLLEGE DISTRICT
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 time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. As of August 31, 2013, the College had invested \$2,000,000 in certificates of deposit, expiring June 2014. As of August 31, 2012, the College had invested \$1,500,000 in a certificate of deposit, expiring June 2013.

Capital Assets

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

Buildings	45 years
Land Improvements	20 years
Library Books	15 years
Furniture, Equipment and Vehicles	5-10 years
Computer Systems	5 years

Deferred Revenues

Tuition, fees and other revenues related to periods after August 31, 2013 and 2012, respectively, have been deferred to the subsequent fiscal year.

Operating and Non-Operating Revenues and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College operates as a business-type activity and as a single, proprietary fund. The College defines operating activities, for purposes of reporting on the statements of revenues, expenses, and changes in net position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. The principal operating revenues are tuition, fees and grants. With the exception of interest expense on long-term indebtedness, substantially all College expenses are considered to be operating expenses. The major non-operating revenues are State appropriations, property tax and Title IV financial aid funds (i.e. Pell grants). The operations of the bookstore and food services are performed by a third party contracted by the College.

Management Estimates

The preparation of the 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, 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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The College is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2013 and 2012.

Adoption of New Accounting Standards

Effective with the fiscal year ended August 31, 2013, the College adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. With the implementation of GASB Statement No. 63, the Statement of Net Assets now becomes the Statement of Net Position. Along with the name change, the Standard requires that the Statement of Net Position now include two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are required to be reported in Statement of Net Position in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are required to be reported in Statement of Net Position in a separate section following liabilities. In addition, the totals of these two new classifications are now required to be added to the total for assets and liabilities, respectively. The College had no deferred inflows or outflows of resources for the years ended August 31, 2013 and 2012, and therefore, the adoption of this new standard did not impact the presentation of these financial statements, other than the change of name to Statement of Net Position as mentioned earlier.

Effective with the fiscal year ended August 31, 2013, the College early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Because the College had no deferred inflows or outflows of resources as of August 31, 2013 and 2012, the adoption of this standard had no impact on these financial statements.

Subsequent Events

The College has evaluated subsequent events through November 13, 2013 which is the date the financial statements were available to be issued. No matters were identified that require disclosure or adjustment to these financial statements.

NOTE 3 – AUTHORIZED INVESTMENTS

The Board of Regents of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Regents' investment policy and the Public Funds Investment Act. Such investments include (1) obligations of the United States and its agencies, (2) directed 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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of bank failure, the College's deposits may not be returned to it. All deposits with the depository bank must be collateralized in an amount equal to at least 102% of the amount of uninsured collected funds. The collateral must be held by a third-party collateral bank in the name of the College.

At August 31, 2013 and 2012, the carrying amount of the College's deposits was \$117,531 and \$232,119, respectively; and bank balances equaled \$1,294,065 and \$1,027,790, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts.

The College's investment in certificates of deposits requires pledged collateral with a market value of at least 102% of the par value of the deposit. In addition, monthly collateral reports reporting the pledged securities and their market values are received from the College's financial institution. As of August 31, 2013 and 2012, the College had certificates of deposits in the amount of \$2,000,000 and \$1,500,000, respectively.

The following table presents the cash and cash equivalents included in Exhibit 1, statement of net position, as of August 31:

	2013	2012
Cash and Cash Equivalents:		
Petty Cash	\$ 1,455	\$ 1,455
Demand Deposits	117,531	232,119
Vanguard Admiral Treasury Money Market Fund	652,277	652,174
Investment Pools:		
Lone Star Investment Pool	668,073	2,112,021
Local Government Investment Cooperative	4,275,173	4,268,642
Texas Local Government Investment Pool	2,003,510	2,001,418
TexasTERM Local Government Investment Pool	1,502,329	1,500,906
Total Cash and Cash Equivalents	9,220,348	10,768,735
Certificate of Deposit	2,000,000	1,500,000
Total Deposits and Investments	\$ 11,220,348	\$ 12,268,735

Interest risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods can be subjected to increased risk of adverse interest rate changes. In accordance with its investment policy, the College limits its exposure to interest risk by structuring its portfolio to provide for liquidity for operating funds and maximizing yields for funds not needed within a two year period. The investment policy limits the maximum maturity length of obligations of the United States government, its agencies and instrumentalities and government sponsoring enterprises to two years.

Credit risk is the risk that the issuer of the debt security will not pay its par value upon maturity. The College's investment policy limits credit risk based on meeting requirements of State law.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

The First Public (Lone Star Investment Pool or Lone Star) is a public funds investment pool established in accordance with the Inter-local Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 2256, of the 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 Investment Pool is rated AAA by Standard & Poor's.

Local Government Investment Cooperative (LOGIC or the Cooperative) was organized in conformity with the Inter-local Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. Participation in the Cooperative is limited to those eligible Government Entities which have become parties to the Participation Agreement. The Cooperative's governing body is a six-member Board of Directors (the Board) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Cooperative. The Board has entered into a contract with First Southwest Asset Management, Inc. and JPMorgan Asset Management, Inc. to provide administrative, investment management fund accounting, transfer agency, participant and marketing services for the Cooperative. In compliance with the Public Funds Investment Act, all portfolios will maintain a AAA or equivalent rating from at least one nationally recognized rating agency. LOGIC has been assigned a rating of AAAm by Standard & Poor's.

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed 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 invests in securities that meet the requirements of Texas Public Funds Investment Act. Standard & Poor rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor, as well as to the Office of Comptroller of Public Accounts, for review. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the market value of the position in TexPool is the same as the value of TexPool shares. The College reports investments in TexPool as cash and cash equivalents.

TexasTERM Local Government Investment Pool (TexasTERM) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "PPIA"). TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. TexasTERM provides four (4) investment options that offer investors the flexibility to manage cash flow and optimize earnings. The College has currently invested in TexasDAILY, a money market portfolio with daily liquidity that is rated AAAM by Standard & Poor's.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	<u>2013</u>	<u>2012</u>
Student Receivables	\$ 1,657,037	\$ 1,791,025
Less Allowance for Doubtful Accounts	<u>(252,393)</u>	<u>(193,140)</u>
Total Student Receivable	<u>\$ 1,404,644</u>	<u>\$ 1,597,885</u>
Federal Receivables	\$ 280,309	\$ 447,263
Other Receivables	<u>59,449</u>	<u>35,645</u>
Total Accounts Receivable	<u>\$ 339,758</u>	<u>\$ 482,908</u>
Property Tax Receivable	\$ 677,544	\$ 744,182
Less Allowance for Doubtful Accounts	<u>(75,602)</u>	<u>(86,046)</u>
Total Property Tax Receivable	<u>\$ 601,942</u>	<u>\$ 658,136</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 414,310	\$ 500,688
Benefits Payable	<u>2,008</u>	<u>3,428</u>
Total Payables	<u>\$ 416,318</u>	<u>\$ 504,116</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2013 was as follows:

	Balance September 1, 2012	Increase	Decrease/ Transfers	Balance August 31, 2013
Not Depreciated:				
Land	\$ 3,243,802	\$ 33,920	\$ -	\$ 3,277,722
Construction in Progress	<u>1,819,863</u>	<u>-</u>	<u>(1,563,526)</u>	<u>256,337</u>
Total Not Depreciated	<u>\$ 5,063,665</u>	<u>\$ 33,920</u>	<u>\$(1,563,526)</u>	<u>\$ 3,534,059</u>
Other Capital Assets:				
Buildings	\$ 13,902,188	\$ 2,515,762	\$ 1,563,526	\$ 17,981,476
Land Improvements	2,566,963	-	-	2,566,963
Furniture, Equipment and Vehicles	1,910,545	125,690	-	2,036,235
Computer System	2,260,584	-	-	2,260,584
Library Books	<u>842,032</u>	<u>29,855</u>	<u>-</u>	<u>871,887</u>
Total Depreciated	<u>21,482,312</u>	<u>2,671,307</u>	<u>1,563,526</u>	<u>25,717,145</u>
Less Accumulated Depreciation:				
Buildings	5,790,914	303,606	-	6,094,520
Land Improvements	670,174	123,483	-	793,657
Furniture, Equipment and Vehicles	1,042,565	138,854	-	1,181,419
Computer System	1,684,560	203,166	-	1,877,726
Library Books	<u>609,832</u>	<u>56,301</u>	<u>-</u>	<u>666,133</u>
Total Accumulated Depreciation	<u>9,798,045</u>	<u>825,410</u>	<u>-</u>	<u>10,623,455</u>
Net Capital Assets	<u>\$ 16,747,932</u>	<u>\$ 1,879,817</u>	<u>\$ -</u>	<u>\$ 18,627,749</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

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

	Balance September 1, 2011	Increase	Decrease/ Transfers	Balance August 31, 2012
Not Depreciated:				
Land	\$ 3,062,805	\$ 180,997	\$ -	\$ 3,243,802
Construction in Progress	<u>1,374,320</u>	<u>445,543</u>	<u>-</u>	<u>1,819,863</u>
Total Not Depreciated	<u>\$ 4,437,125</u>	<u>\$ 626,540</u>	<u>\$ -</u>	<u>\$ 5,063,665</u>
Other Capital Assets:				
Buildings	\$ 13,902,188	\$ -	\$ -	\$ 13,902,188
Land Improvements	2,566,963	-	-	2,566,963
Furniture, Equipment and Vehicles	1,854,762	55,783	-	1,910,545
Computer System	2,110,769	149,815	-	2,260,584
Library Books	<u>814,250</u>	<u>27,782</u>	<u>-</u>	<u>842,032</u>
Total Depreciated	<u>21,248,932</u>	<u>233,380</u>	<u>-</u>	<u>21,482,312</u>
Less Accumulated Depreciation:				
Buildings	5,493,396	297,518	-	5,790,914
Land Improvements	546,691	123,483	-	670,174
Furniture, Equipment and Vehicles	913,480	129,085	-	1,042,565
Computer System	1,502,229	182,331	-	1,684,560
Library Books	<u>555,394</u>	<u>54,438</u>	<u>-</u>	<u>609,832</u>
Total Accumulated Depreciation	<u>9,011,190</u>	<u>786,855</u>	<u>-</u>	<u>9,798,045</u>
Net Capital Assets	<u>\$ 16,674,867</u>	<u>\$ 73,065</u>	<u>\$ -</u>	<u>\$ 16,747,932</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2013 was as follows:

	Balance September 1, 2012	Additions	Payments	Balance August 31, 2013	Current Portion
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 2,000,000	\$ -	\$ (645,000)	\$ 1,355,000	\$ 665,000
Other Liabilities -					
Compensated Absences	<u>331,859</u>	<u>84,337</u>	<u>(85,738)</u>	<u>330,458</u>	<u>30,000</u>
Total Noncurrent Liabilities	<u>\$ 2,331,859</u>	<u>\$ 84,337</u>	<u>\$ (730,738)</u>	<u>\$ 1,685,458</u>	<u>\$ 695,000</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

Noncurrent liability activity for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Payments	Balance August 31, 2012	Current Portion
Combined Fee Revenue Refunding Bonds Series 2004	\$ 2,625,000	\$ -	\$ (625,000)	\$ 2,000,000	\$ 645,000
Other Liabilities - Compensated Absences	<u>333,783</u>	<u>12,897</u>	<u>(14,821)</u>	<u>331,859</u>	<u>30,000</u>
Total Noncurrent Liabilities	<u>\$ 2,958,783</u>	<u>\$ 12,897</u>	<u>\$ (639,821)</u>	<u>\$ 2,331,859</u>	<u>\$ 675,000</u>

NOTE 8 – BONDS PAYABLE

Bonds payable consist of Combined Fee Revenue Refunding Bonds, Series 2004. General information related to bonds payable is summarized below:

- Issued March 1, 2004.
- Refunded the 1994 Combined Revenue Bonds, and paid cost of issuing the new bonds.
- \$6,595,000, all authorized bonds have been issued.
- Interest rates range from 5.5% to 6.2%.
- Net proceeds from Refunding Series – \$682,235 after payment of \$168,285 in underwriting fees, insurance and other issuance costs.
- Additional \$680,437 of 1994 Series sinking fund monies was used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the 2004 Refunding Bonds Series.
- The 1994 Combined Fee Revenue Bonds are considered fully defeased and the liability for those bonds has been removed from the financial statements.
- Advanced refunding of the 1994 Series bonds reduced the College debt service payment approximately \$1,116,000 over the next 11 years.
- Economic gain—\$949,218 difference between the net present value of the old and new debt service payments.

The College is to maintain a reserve account equal to the maximum annual principal and interest requirements. The reserve balance at August 31, 2013 is \$791,434, which meets the full reserve requirement.

The principal and interest expense requirements for the next two years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 665,000	\$ 54,200	\$ 719,200
2015	<u>690,000</u>	<u>27,600</u>	<u>717,600</u>
Total	<u>\$ 1,355,000</u>	<u>\$ 81,800</u>	<u>\$ 1,436,800</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Retirement Expense – Continued

The retirement expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$210,935 and \$201,959 for the fiscal years ended August 31, 2013 and 2012, respectively. During 2013, the College also recorded the unexpended appropriations by the State for TRS of \$249,807 and \$204,911, for the years ended August 31, 2013 and 2012, respectively.

NOTE 10 – DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code Section 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. As of August 31, 2013, the College had 28 employees participating in the program and a total of \$109,570 in contributions was invested in the plan during the fiscal year. As of August 31, 2012, the College had 28 employees participating in the program and a total of \$113,410 in contributions was invested in the plan during the fiscal year.

NOTE 11 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for these benefits if they reach normal retirement age while working for the State. These and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's maximum contribution per full-time employee was \$470 and \$439 per month for fiscal years 2013 and 2012, respectively. The State's maximum contribution for dependent coverage was \$920 and \$940 per month for fiscal years 2013 and 2012 respectively. The State's cost of providing those benefits for retirees was \$393,903 and \$357,004 for the years ended August 31, 2013 and 2012, respectively. The State's actual total cost of providing health insurance benefits to the College totaled \$499,011 and \$473,362 for the years ended August 31, 2013 and 2012, respectively.

NOTE 12 – COMPENSATED ABSENCES

The College has three ways in which compensated absences can be earned.

Sick Leave

All full-time employees earn sick leave at the rate of one day per month. Sick leave can accumulate to a maximum of 60 days for the purpose of carry-over from year to year. Unused accrued sick leave is forfeited upon termination of employment with the College with one exception. Sick leave which was accrued prior to September 1, 1989, is compensated at the rate of one-half the accrued amount up to a maximum of 60 days based on the employee's salary at separation of service. The College's policy is to recognize sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – COMPENSATED ABSENCES – CONTINUED

Vacation

Classified and administrative full-time employees are eligible for vacation benefits at a rate of one day per full month of employment; and may accrue and carry forward from one year to the next a maximum of 30 vacation days. Upon termination of employment, not more than 30 vacation days shall be compensated. The College has recognized an accrued liability for unpaid vacation leave in the amount of \$330,458 and \$331,859 as of August 31, 2013 and 2012, respectively. Faculty employees are not eligible to earn vacation benefits.

Compensatory Time

For nonexempt employees, it is the policy of the College to compensate overtime hours worked with compensatory time calculated at the rate of 1.5 times for each hour worked over 40 hours per week. All compensatory hours should be used by the end of the month following that in which it was earned; however, a maximum of 40 hours may be accrued and carried forward from year to year. The liability is not shown in the financial statements since experience indicates the expenditure of compensatory time to be minimal.

NOTE 13 – PROPERTY TAX

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, business/land personal property located in the tax area of the College. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	<u>2013</u>	<u>2012</u>	
At August 31:			
Certified Taxable Valuation of the College	\$4,919,248,777	\$4,664,510,244	
Adjustments	<u>331,813,388</u>	<u>249,165,816</u>	
Net Assessed Valuation of the College	\$ <u>5,251,062,165</u>	\$ <u>4,913,676,060</u>	
	<u>2013</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.189400	-	\$.189400
	<u>2012</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.189450	-	\$.189450

Taxes levied for the years ended August 31, 2013 and 2012, based on certified rolls, as reported by the taxing authorities amounted to \$9,950,275 and \$9,314,656, respectively. Galveston County Tax Assessor and Collector is the collecting agency for the levy and remits collections to the College, net of a collection fee.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX – CONTINUED

Tax collections for the years ended August 31, 2013 and 2012 were as follows:

	2013	2012
Current Taxes Collected	\$ 9,536,705	\$ 8,947,078
Delinquent Taxes Collected	381,715	350,245
Penalties and Interest Collected	162,921	177,086
Total Collections	\$ 10,081,341	\$ 9,474,409

Tax collections for the years ended August 31, 2013 and 2012 were 95.84% and 96.05%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

Property taxes are an imposed non-exchange revenue. Assets from non-exchange transactions are recorded with the entity has an enforceable legal claim to the asset or when the entity receives the resources, whichever comes first. The enforceable legal claim date is the assessment date. Accordingly, the College has recognized all assessed taxes in the current year and has recorded a receivable for uncollected taxes.

NOTE 14 – CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues as funds are actually expended. For contracts and grant awards, funds expended but not collected are reported as receivables. Funds received but not expended during the reporting period are deferred until earned. As of August 31, 2013 and 2012, \$332,844 and \$212,651, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET POSITION

In fiscal year 2011, the Board approved \$5,128,890 of unrestricted net position to be designated in the event of a natural disaster.

NOTE 16 – COMMITMENTS

State and Federally Assisted Programs

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – COMMITMENTS – CONTINUED

Commitments

The College is investigating the construction of a Theater and Performing Arts Center. The College Board approved Phase I of the proposal submitted by WHR Architects for a base fee of \$111,700 plus reimbursables up to \$21,300 to provide renderings and clarification on construction costs and site location. The Center will provide the infrastructure necessary to develop new programs and opportunities to students and invigorate community involvement.

NOTE 17 – GALVESTON COLLEGE FOUNDATION

The Foundation is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College.

The Foundation remitted \$249,244 and \$226,420 to the College for scholarship awards during the years ended August 31, 2013 and 2012, respectively. The Foundation remitted \$44,674 to the College to fund grant programs during the year ended August 31, 2013. The Foundation did not fund any grant programs in 2012.

During the years ended August 31, 2013 and 2012, the College provided office space and staff assistance to the Foundation at no cost. The College's management estimates the value of the salary, benefits, and operational expense provided to the Foundation to be approximately \$23,417 and 23,155 for fiscal years 2013 and 2012. As of August 31, 2013 and 2012, the amount due from the Foundation was \$36,339 and \$40,240, respectively.

REQUIRED SUPPLEMENTARY SCHEDULES

a beacon of light guiding lifelong learning

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2013
(With Memorandum Totals for the Year Ended August 31, 2012)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2013 Total	2012 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 1,605,454	\$ -	\$ 1,605,454	\$ -	\$ 1,605,454	\$ 1,664,676
TPEG - Credit (set aside) *	105,169	-	105,169	-	105,169	105,055
Non-Resident Tuition	239,262	-	239,262	-	239,262	227,326
Non-State Funded Educational Programs	26,967	-	26,967	-	26,967	69,182
Total Tuition	<u>1,976,852</u>	<u>-</u>	<u>1,976,852</u>	<u>-</u>	<u>1,976,852</u>	<u>2,066,239</u>
Fees:						
Student Service Fee	-	-	-	72,933	72,933	72,508
Course Fees	481,230	-	481,230	-	481,230	432,482
Building Use Fee	972,636	-	972,636	-	972,636	979,391
Out of District Fee	276,339	-	276,339	-	276,339	281,667
General Service Fee	302,178	-	302,178	-	302,178	298,763
Registration Fee	213,078	-	213,078	-	213,078	211,892
Total Fees	<u>2,245,461</u>	<u>-</u>	<u>2,245,461</u>	<u>72,933</u>	<u>2,318,394</u>	<u>2,276,703</u>
Scholarship Allowances and Discounts:						
Scholarship Allowances	(240,032)	-	(240,032)	-	(240,032)	(216,510)
Remissions and Exemptions - State	(192,235)	-	(192,235)	-	(192,235)	(62,102)
Title IV Federal Grants to Students	(1,341,990)	-	(1,341,990)	-	(1,341,990)	(1,540,416)
Total Scholarship Allowances and Discounts	<u>(1,774,257)</u>	<u>-</u>	<u>(1,774,257)</u>	<u>-</u>	<u>(1,774,257)</u>	<u>(1,819,028)</u>
Total Net Tuition and Fees	<u>2,448,056</u>	<u>-</u>	<u>2,448,056</u>	<u>72,933</u>	<u>2,520,989</u>	<u>2,523,914</u>
Additional Operating Revenues:						
Federal Grants and Contracts	-	1,712,408	1,712,408	-	1,712,408	1,268,894
State Grants and Contracts	-	216,002	216,002	-	216,002	167,032
Private Grants and Scholarships	-	552,728	552,728	-	552,728	390,173
Other Operating Revenues	114,657	-	114,657	-	114,657	96,535
Total Additional Operating Revenues	<u>114,657</u>	<u>2,481,138</u>	<u>2,595,795</u>	<u>-</u>	<u>2,595,795</u>	<u>1,922,634</u>
Auxiliary Enterprises:						
Residential Life	-	-	-	244,402	244,402	199,549
Less Scholarship Allowances and Discounts	-	-	-	(168,540)	(168,540)	(199,549)
Bookstore Commissions	-	-	-	76,096	76,096	104,066
Vending Commissions	-	-	-	8,554	8,554	9,779
Other Auxiliary Revenue	-	-	-	87,361	87,361	106,459
Total Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,873</u>	<u>247,873</u>	<u>220,304</u>
Total Operating Revenues	<u>\$ 2,562,713</u>	<u>\$ 2,481,138</u>	<u>\$ 5,043,851</u>	<u>\$ 320,806</u>	<u>\$ 5,364,657</u>	<u>\$ 4,666,852</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.003, \$105,169 and \$105,055 for years August 31, 2013 and 2012, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 2013
 (With Memorandum Totals for the Year Ended August 31, 2012)

	Operating Expenses			2013 Total	2012 Total
	Salaries and Wages	Benefits State Local	Other Expenses		
Unrestricted - Educational Activities:					
Instruction	\$ 4,369,399	\$ -	\$ 954,412	\$ 537,079	\$ 5,860,890
Public Service	11,835	-	1,253	5,869	18,957
Academic Support	887,827	-	220,411	147,564	1,255,802
Student Services	1,054,137	-	316,254	189,283	1,559,674
Institutional Support	1,619,928	-	493,490	1,591,844	3,705,262
Operation and Maintenance of Plant	436,326	-	174,882	1,857,759	2,468,967
Total Unrestricted Educational Activities	<u>8,379,452</u>	<u>-</u>	<u>2,160,702</u>	<u>4,329,398</u>	<u>14,869,552</u>
Restricted - Educational Activities:					
Instruction	524,454	372,209	124,228	582,506	1,603,397
Public Service	-	-	-	-	18
Academic Support	-	102,423	-	-	102,423
Student Services	493,014	78,245	113,927	159,987	845,173
Institutional Support	-	157,069	-	-	157,069
Scholarships and Fellowships	-	-	-	2,770,364	2,770,364
Total Restricted Educational Activities	<u>1,017,468</u>	<u>709,946</u>	<u>238,155</u>	<u>3,512,857</u>	<u>5,478,426</u>
Total Educational Activities	<u>9,396,920</u>	<u>709,946</u>	<u>2,398,857</u>	<u>7,842,255</u>	<u>20,347,978</u>
Auxiliary Enterprises	109,173	-	45,184	543,362	697,719
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	427,087	427,087
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	398,323	398,323
Total Operating Expenses	<u>\$ 9,506,093</u>	<u>\$ 709,946</u>	<u>\$ 2,444,041</u>	<u>\$ 9,211,027</u>	<u>\$ 21,871,107</u>
				(Exhibit 2)	(Exhibit 2)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2013
 (With Memorandum Totals for the Year Ended August 31, 2012)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2013 Total	2012 Total
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 3,143,636	\$ -	\$ -	\$ 3,143,636	\$ 3,364,137
State Group Insurance	-	499,011	-	499,011	473,362
State Retirement Match	-	210,935	-	210,935	201,959
Total State Appropriations	3,143,636	709,946	-	3,853,582	4,039,458
Property Taxes	10,086,059	-	-	10,086,059	9,483,072
Federal Student Assistance (Title IV Grants)	-	3,809,295	-	3,809,295	4,189,383
Investment Income	27,263	103	-	27,366	26,533
Other Non-Operating Revenue	-	-	12,417	12,417	48,567
Total Non-Operating Revenues	10,113,322	3,809,398	12,417	13,935,137	13,747,555
Non-Operating Expenses:					
Interest on Capital Related Debt	75,840	-	-	75,840	94,591
Other Non-Operating Expense	16,437	-	-	16,437	-
Total Non-Operating Expenses	92,277	-	-	92,277	94,591
NET NON-OPERATING REVENUES	\$ 13,164,681	\$ 4,519,344	\$ 12,417	\$ 17,696,442 (Exhibit 2)	\$ 17,692,422 (Exhibit 2)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2013
(With Memorandum Totals for the Year Ended August 31, 2012)

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 9,706,187	\$ -	\$ -	\$ -	\$ 9,706,187	\$ 9,706,187	\$ -
Auxiliary	215,857	-	-	-	215,857	215,857	-
Scholarships	-	168,914	-	-	168,914	168,914	-
Plant:							
Unexpended	309,209	-	-	-	309,209	309,209	-
Debt Service	73,034	718,400	-	-	791,434	73,034	718,400
Investment in Plant	-	-	-	17,272,748	17,272,748	-	17,272,748
Total Net Position, August 31, 2013	10,304,287	887,314	-	17,272,748	28,464,349 (Exhibit 1)	10,473,201	17,991,148
Total Net Position, August 31, 2012	11,633,241	893,184	-	14,747,932	27,274,357 (Exhibit 1)	11,807,545	15,466,812
Net Increase (Decrease) in Net Position	\$ (1,328,954)	\$ (5,870)	\$ -	\$ 2,524,816	\$ 1,189,992 (Exhibit 2)	\$ (1,334,344)	\$ 2,524,336

See Independent Auditor's Report.

SINGLE AUDIT REPORTS
AND REQUIRED SUPPLEMENTAL SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

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

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Texas Public Funds Investment Act

We also performed tests of the College's compliance with the requirements of the Texas Public Funds Investment Act (the Act). The results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carri Riggs & Ingram, L.L.C.

November 13, 2013
Houston, Texas



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Regents
Galveston Community College District
Galveston, Texas

Report on Compliance for Each Major Federal Program

We have audited Galveston Community College District (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended August 31, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

November 13, 2013
Houston, Texas

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 44,921
Federal Work-Study Program	84.033		78,998
Federal Pell Grant Program	84.063		3,685,376
Federal Direct Student Loans	84.268		1,789,843
Trio Cluster:			
TRIO - Student Support Services	84.042		237,288
TRIO - Upward Bound	84.047		242,227
Title V Modern Strategies for Student Success	84.031S		546,158
Expanding S.T.E.M. Pathways	84.031C		581,724
Passed-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	134232	<u>105,011</u>
Total U.S. Department of Education			<u>7,311,546</u>
Total Expenditures of Federal Awards			<u>\$ 7,311,546</u>

See Independent Auditor's Report and Accompanying Notes to the Schedule of Expenditures of Federal Awards.

GALVESTON COMMUNITY COLLEGE DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The schedule of expenditures of Federal awards presents the activity of Federal financial assistance programs of the College for the year ended August 31, 2013. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues:	
Federal Grants and Contracts – (Schedule A)	\$ 1,712,408
Federal Student Assistance, Non-Operating – (Schedule C)	<u>3,809,295</u>
Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Position	5,521,703
Reconciling Item – Direct Student Loans	<u>1,789,843</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 7,311,546</u>

NOTE 3 – RELATIONSHIP TO FEDERAL REPORTS

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of Federal awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported	
Type of auditors’ report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ yes	_____ <u>X</u> no	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Cluster of Programs – Student Financial Aid:	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
Cluster of Programs – TRIO:	
84.042	Student Support Services
84.047	Upward Bound
84.031S	Title V Modern Strategies for Student Success

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS – CONTINUED

Dollar threshold used to distinguish between
Type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

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

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2012.

SUPPLEMENTARY INFORMATION – STATISTICAL SECTION (UNAUDITED)

These statistical tables provide selected financial and demographic information.
The statistical tables are for informational purposes only and are not audited

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

Table 1

	For the Fiscal Year Ended August 31,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Invested in Capital Assets, Net of Related Debt	\$ 17,273	\$ 14,748	\$ 14,050	\$ 11,662	\$ 8,042	\$ 7,144	\$ 5,891	\$ 4,390	\$ 3,652	\$ 2,437
Restricted - Expendable	887	893	917	926	945	976	915	1,110	1,109	1,076
Unrestricted	10,304	11,633	10,279	10,862	11,836	10,695	10,206	8,147	6,902	6,138
Total Net Position	<u>\$ 28,464</u>	<u>\$ 27,274</u>	<u>\$ 25,246</u>	<u>\$ 23,450</u>	<u>\$ 20,823</u>	<u>\$ 18,815</u>	<u>\$ 17,012</u>	<u>\$ 13,647</u>	<u>\$ 11,663</u>	<u>\$ 9,651</u>

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

Table 2

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tuition and Fees (Net of Discounts)	\$ 2,521	\$ 2,524	\$ 1,942	\$ 1,715	\$ 1,384	\$ 1,738	\$ 1,313	\$ 1,276	\$ 1,425	\$ 1,723
Governmental Grants and Contracts:										
Federal Grants and Contracts	1,712	1,269	1,193	2,057	1,099	1,163	1,310	830	802	413
State Grants and Contracts	216	167	344	230	202	124	96	110	92	191
Non-Governmental Grants and Contracts	553	390	262	420	510	441	398	368	252	137
Sales and Services of Educational Activities	-	-	-	-	-	-	-	-	23	16
Auxiliary Enterprises	248	220	200	191	82	91	96	114	146	129
Other Operating Revenues	115	97	88	179	133	150	182	197	237	282
Total Operating Revenues	<u>5,365</u>	<u>4,667</u>	<u>4,029</u>	<u>4,792</u>	<u>3,410</u>	<u>3,707</u>	<u>3,395</u>	<u>2,895</u>	<u>2,976</u>	<u>2,890</u>
State Appropriations	3,853	4,039	5,710	5,770	6,570	6,146	6,078	5,985	5,725	5,790
Property Taxes	10,086	9,483	8,962	8,160	8,871	8,234	7,635	7,345	6,555	6,196
Federal Student Assistance	3,809	4,189	4,436	3,791	2,357	2,038	2,277	2,202	2,417	2,417
Investment and Other Income	40	75	25	1,678	208	533	398	334	134	78
Other Non-Operating Revenues	-	-	-	-	507	-	2,231	-	-	-
Total NonOperating Revenues	<u>17,788</u>	<u>17,786</u>	<u>19,133</u>	<u>19,399</u>	<u>18,513</u>	<u>16,951</u>	<u>18,619</u>	<u>15,866</u>	<u>14,831</u>	<u>14,482</u>
Total Revenues	<u>\$ 23,153</u>	<u>\$ 22,453</u>	<u>\$ 23,162</u>	<u>\$ 24,191</u>	<u>\$ 21,923</u>	<u>\$ 20,658</u>	<u>\$ 22,014</u>	<u>\$ 18,761</u>	<u>\$ 17,807</u>	<u>\$ 17,372</u>

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

Table 2 - Continued

	For the Year Ended August 31.									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tuition and Fees (Net of Discounts)	10.89%	11.24%	8.38%	7.09%	6.31%	8.41%	5.96%	6.80%	8.00%	9.92%
Governmental Grants and Contracts:										
Federal Grants and Contracts	7.39%	5.65%	5.15%	8.50%	5.01%	5.63%	5.95%	4.42%	4.50%	2.38%
State Grants and Contracts	0.93%	0.74%	1.49%	0.95%	0.92%	0.60%	0.44%	0.59%	0.52%	1.10%
Non-Governmental Grants and Contracts	2.39%	1.74%	1.13%	1.74%	2.33%	2.13%	1.81%	1.96%	1.41%	0.79%
Sales and Services of Educational Activities	-	-	-	-	-	-	-	0.00%	0.13%	0.09%
Auxiliary Enterprises	1.07%	0.98%	0.86%	0.79%	0.37%	0.44%	0.44%	0.61%	0.82%	0.74%
Other Operating Revenues	0.50%	0.43%	0.38%	0.74%	0.61%	0.73%	0.83%	1.05%	1.33%	1.62%
Total Operating Revenues	<u>23.17%</u>	<u>20.79%</u>	<u>17.39%</u>	<u>19.81%</u>	<u>15.55%</u>	<u>17.94%</u>	<u>15.42%</u>	<u>15.43%</u>	<u>16.71%</u>	<u>16.64%</u>
State Appropriations	16.64%	17.99%	24.65%	23.85%	29.97%	29.75%	27.61%	31.90%	32.15%	33.33%
Property Taxes	43.56%	42.23%	38.69%	33.73%	40.46%	39.86%	34.68%	39.15%	36.81%	35.67%
Federal Student Assistance	16.45%	18.66%	19.15%	15.67%	10.75%	9.87%	10.34%	11.74%	13.57%	13.91%
Investment and Other Income	0.17%	0.33%	0.11%	6.94%	0.95%	2.58%	1.81%	1.78%	0.75%	0.45%
Other Non-Operating Revenues, Net of Expenses	-	-	-	-	2.31%	-	10.13%	-	-	-
Total Non-Operating Revenues	<u>76.83%</u>	<u>79.21%</u>	<u>82.61%</u>	<u>80.19%</u>	<u>84.45%</u>	<u>82.06%</u>	<u>84.58%</u>	<u>84.57%</u>	<u>83.29%</u>	<u>83.36%</u>
Total Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Table 3

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction	\$ 7,464	\$ 6,121	\$ 6,560	\$ 5,965	\$ 6,057	\$ 6,024	\$ 5,874	\$ 5,593	\$ 5,863	\$ 5,499
Public Service	19	37	76	103	83	118	223	52	25	150
Academic Support	1,358	1,261	1,377	1,985	1,936	2,081	1,956	1,663	1,468	1,702
Student Services	2,405	2,527	2,330	2,305	2,233	2,030	2,880	2,142	1,393	1,401
Institutional Support	3,862	3,621	3,844	4,678	4,335	3,619	3,702	3,551	3,647	3,454
Operation and Maintenance of Plant	2,469	2,391	2,394	1,868	2,017	1,829	1,906	1,422	1,099	1,534
Scholarships and Fellowships	2,770	3,008	3,191	3,318	2,178	1,742	1,341	1,348	1,343	1,447
Auxiliary Enterprises	698	577	662	637	247	199	131	165	141	158
Depreciation	826	787	746	579	481	470	467	643	623	587
Total Operating Expenses	21,871	20,330	21,180	21,438	19,567	18,112	18,480	16,579	15,602	15,932
Interest on Capital Related Debt	76	95	110	125	139	154	169	182	194	252
Other Expenses	16	-	76	1	-	590	-	-	-	45
Total NonOperating Expenses	92	95	186	126	139	744	169	182	194	297
Total Expenses	\$ 21,963	\$ 20,425	\$ 21,366	\$ 21,564	\$ 19,706	\$ 18,856	\$ 18,649	\$ 16,761	\$ 15,796	\$ 16,229

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Table 3 - Continued

	For the Year Ended August 31,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction	33.98%	29.97%	30.70%	30.74%	30.74%	31.95%	31.50%	33.37%	37.12%	33.89%
Public Service	0.09%	0.18%	0.36%	0.42%	0.42%	0.63%	1.20%	0.31%	0.16%	0.92%
Academic Support	6.18%	6.17%	6.44%	9.82%	9.82%	11.04%	10.49%	9.92%	9.29%	10.48%
Student Services	10.95%	12.37%	10.91%	11.33%	11.33%	10.77%	15.44%	12.78%	8.82%	8.63%
Institutional Support	17.58%	17.73%	17.99%	22.00%	22.00%	19.19%	19.85%	21.19%	23.09%	21.28%
Operation and Maintenance of Plant	11.24%	11.71%	11.20%	10.24%	10.24%	9.70%	10.22%	8.48%	6.96%	9.45%
Scholarships and Fellowships	12.61%	14.73%	14.93%	11.05%	11.05%	9.24%	7.19%	8.04%	8.50%	8.92%
Auxiliary Enterprises	3.18%	2.82%	3.10%	1.25%	1.25%	1.06%	0.70%	0.98%	0.89%	0.97%
Depreciation	3.76%	3.85%	3.49%	2.44%	2.44%	2.49%	2.50%	3.84%	3.95%	3.62%
Total Operating Expenses	<u>99.58%</u>	<u>99.53%</u>	<u>99.13%</u>	<u>99.29%</u>	<u>99.29%</u>	<u>96.05%</u>	<u>99.09%</u>	<u>98.91%</u>	<u>98.77%</u>	<u>98.17%</u>
Interest on Capital Related Debt	0.35%	0.47%	0.51%	0.71%	0.71%	0.82%	0.91%	1.09%	1.23%	1.55%
Other Expenses	0.07%	-	0.36%	-	-	3.13%	-	-	-	0.28%
Total NonOperating Expenses	<u>0.42%</u>	<u>0.47%</u>	<u>0.87%</u>	<u>0.71%</u>	<u>0.71%</u>	<u>3.95%</u>	<u>0.91%</u>	<u>1.09%</u>	<u>1.23%</u>	<u>1.83%</u>
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
TUITION AND FEES
LAST TEN ACADEMIC YEARS
(Unaudited)

Table 4

Academic Year (Fall)	Registration Fee (per student)	Resident Fees per Semester Credit Hour (SCH)						General Service Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		In-District Tuition	Out-of-District Tuition	Building Use Fee	Technology Fees	Student Activity Fees (per student)						
2013	\$ 30	\$ 37	\$ 12	\$ 20	\$ -	\$ 15	\$ 50	\$ 779	\$ 923	0.00%	0.00%	
2012	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2011	30	37	12	20	-	15	50	779	923	34.08%	58.86%	
2010	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2009	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2008	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2007	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2006	25	30	-	12	-	15	37	581	581	7.79%	7.79%	
2005	20	30	-	12	-	15	-	539	539	0.00%	0.00%	
2004	20	30	-	12	-	15	-	539	539	0.00%	0.00%	

Academic Year (Fall)	Registration Fee (per student)	Non - Resident Fees per Semester Credit Hour (SCH)						General Service Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
		Non-Resident Tuition Out of State	Non-Resident Tuition International	Building Use Fee	Technology Fees	Student Activity Fees						
2013	\$ 30	\$ 100	\$ 100	\$ 20	\$ -	\$ 15	\$ 50	\$ 1,679	\$ 1,679	0.00%	0.00%	
2012	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2011	30	100	100	20	-	15	50	1,679	1,679	78.43%	78.43%	
2010	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2009	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2008	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2007	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2006	25	60	60	12	-	15	37	941	941	4.67%	4.67%	
2005	20	60	60	12	-	15	-	899	899	0.00%	0.00%	
2004	20	60	60	12	-	15	-	899	899	0.00%	0.00%	

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

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)

Table 5

Fiscal Year	(Amounts Expressed in Thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Certified Taxable Valuation	Adjustments	Assessed Valuation of Property		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2012-13	\$ 4,919,249	\$ 331,813	\$ 5,251,062	93.68%	\$ 0.189400	\$ -	0.189400
2011-12	4,664,510	249,166	4,913,676	94.93%	0.189450	-	0.189450
2010-11	4,475,548	166,900	4,642,448	96.40%	0.189475	-	0.189475
2009-10	4,232,865	290,361	4,523,226	93.58%	0.190000	-	0.190000
2008-09	5,148,420	357,183	5,505,603	93.51%	0.170000	-	0.170000
2007-08	4,766,007	340,830	5,106,837	93.33%	0.170000	-	0.170000
2006-07	4,459,061	322,462	4,781,523	93.26%	0.170000	-	0.170000
2005-06	3,736,601	291,027	4,027,628	92.77%	0.191800	-	0.191800
2004-05	3,304,510	276,883	3,581,393	92.27%	0.195200	-	0.195200
2003-04	3,105,138	266,107	3,371,245	92.11%	0.195200	-	0.195200

Source: Galveston Central Appraisal District
 Notes: Property is assessed at full market value.
 (a) per \$100 Taxable Assessed Valuation

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 STATE APPROPRIATION PER FULL TIME STUDENT EQUIVALENT AND CONTACT HOURS
 LAST TEN FISCAL YEARS
 (Unaudited)

Table 6

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour				
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Continuing Education Contact Hours (c)	Total Contact Hours	State Appropriation per Contact Hour
2012-2013	\$ 3,143,636	1,560	\$ 2,015	677,200	375,472	5,333	1,058,005	\$ 2.97
2011-2012	3,364,137	1,575	2,136	701,232	346,672	10,216	1,058,120	3.18
2010-2011	4,378,534	1,651	2,652	702,176	393,088	25,320	1,120,584	3.91
2009-2010	4,398,215	1,522	2,891	648,896	348,880	38,437	1,036,213	4.24
2008-2009	4,729,347	1,324	3,571	561,408	338,380	16,876	916,664	5.16
2007-2008	4,729,793	1,378	3,431	547,520	343,888	34,309	925,717	5.11
2006-2007	4,720,440	1,459	3,234	598,224	369,636	39,051	1,006,911	4.69
2005-2006	4,729,349	1,435	3,295	615,904	378,272	24,630	1,018,806	4.64
2004-2005	5,724,768	1,631	3,511	714,780	388,232	43,243	1,146,255	4.99
2003-2004	5,790,433	1,542	3,754	677,724	372,292	49,334	1,099,350	5.27

Notes:

Full-Time Student Equivalent (FTSE) = Total annual semester credit hours (b) divided by 30 plus total annual continuing education contact hours (c) divided by 900.

- (a) - Source - Galveston College Board Report, Revenue Summary Sheet
- (b) - Source - CBM004
- (c) - Source - CBM00C

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 PRINCIPAL TAXPAYERS
 LAST TEN TAX YEARS
 (Unaudited)

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)												
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004			
Blanchard Refining Co. LLC	Refinery	\$ 1,277,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Valero Refining - Texas LP	Refinery	589,502	580,719	563,156	547,376	737,214	789,303	776,700	324,300	275,400	323,900	-	-	-
Union Carbide Corp	Refinery	269,300	249,898	219,411	222,150	258,272	351,664	333,700	-	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	234,530	225,231	178,597	129,179	134,120	165,910	153,000	281,700	111,100	119,000	-	-	-
Praxair Inc.	Supplier	207,861	169,821	171,220	173,279	179,607	197,696	169,400	115,800	116,700	184,700	-	-	-
BP Amoco Chemical Co.	Refinery	183,918	164,334	156,054	113,992	121,552	155,126	156,700	114,100	124,300	110,800	-	-	-
Texas-New Mexico Power Co.	Utilities	105,152	100,499	93,553	91,737	85,034	84,990	97,600	63,000	60,300	28,200	-	-	-
Centerpoint Energy Inc.	Utilities	103,168	92,488	90,424	92,158	89,391	93,843	90,900	50,000	44,900	47,300	-	-	-
South Houston Green Power	Utilities	94,699	178,245	176,234	141,357	130,000	360,516	289,100	668,500	452,400	211,900	-	-	-
Valero Marketing and Supply CO	Supplier	90,271	103,193	52,150	60,903	-	49,945	-	-	-	-	-	-	-
ISP Technologies Inc.	Computers	84,530	82,138	54,880	53,013	57,103	60,476	64,100	132,500	104,274	78,900	-	-	-
Galveston Outlets LLC	Retail	82,476	-	-	-	-	-	-	-	-	-	-	-	-
Komatsu America Corp	Refinery	75,406	38,432	-	-	-	-	-	-	-	-	-	-	-
Eastman Chemical Inc.	Refinery	65,554	51,430	-	-	-	-	-	-	-	-	-	-	-
Styrolution America LLC	Refinery	60,035	47,616	-	-	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	36,357	39,302	37,431	35,911	35,911	38,575	35,300	-	-	-	-	-	-
Comcast of Houston LLC	Utilities	36,052	34,337	41,046	40,663	40,663	26,421	-	-	-	-	-	-	-
American National INS Co	Insurance	35,095	35,166	37,453	-	-	-	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	33,216	35,085	34,691	34,240	32,217	-	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	33,165	-	-	-	32,977	-	-	-	-	-	-	-	-
BP Products (NA) Inc	Refinery	-	1,503,012	1,433,426	1,384,642	1,618,991	1,789,680	1,395,700	1,285,600	1,096,800	795,500	-	-	-
B.A.S.F. Corp	Refinery	-	37,981	-	-	57,266	47,261	48,000	68,800	51,100	46,800	-	-	-
BP Alternative Energy	Utilities	-	32,900	38,500	54,600	48,930	-	-	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	-	-	44,968	46,580	55,409	88,038	-	155,100	177,400	174,800	-	-	-
Ineos Styrenics	Refinery	-	-	38,651	38,540	37,824	72,640	71,700	-	-	-	-	-	-
SouthWestern Bell Telephone	Utilities	-	-	31,248	35,846	39,451	42,749	-	-	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	-	-	31,210	-	33,037	33,767	34,700	-	-	240,000	-	-	-
Houston Refining LP	Refinery	-	-	-	45,454	-	51,855	-	-	-	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	-	-	36,616	-	-	-	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	-	54,477	84,900	44,600	47,400	46,700	-	-	-
Calpine Central LP	Utilities	-	-	-	-	-	-	-	35,500	35,200	34,000	-	-	-
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	-	26,800	55,300	64,700	-	-	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	-	-	31,100	-	-	-
Totals		3,698,131	3,801,827	3,524,303	3,378,236	3,824,969	4,554,932	3,801,500	3,366,300	2,752,574	2,538,300			
Total Taxable Assessed Value		\$ 20,456,984	\$ 19,920,511	\$ 19,216,690	\$ 18,763,026	\$ 18,598,310	\$ 20,333,507	\$ 18,547,397	\$ 17,163,303	\$ 15,438,330	\$ 13,961,922			

Source: Local County Appraisal District

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
(Unaudited)

Table 7 - Continued

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year												
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004			
Blanchard Refining Co. LLC	Refinery	6.25%	-	-	-	-	-	-	-	-	-	-	-	-
Valero Refining - Texas LP	Refinery	2.88%	2.92%	2.93%	2.92%	3.96%	3.88%	4.19%	1.89%	1.78%	2.32%	-	-	-
Union Carbide Corp	Refinery	1.32%	1.25%	1.14%	1.18%	1.39%	1.73%	1.80%	-	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	1.15%	1.13%	0.93%	0.69%	0.72%	0.82%	0.82%	1.64%	0.72%	0.85%	-	-	-
Praxair Inc.	Supplier	1.02%	0.85%	0.89%	0.92%	0.97%	0.97%	0.97%	0.67%	0.76%	1.32%	-	-	-
BP Amoco Chemical Co.	Refinery	0.90%	0.82%	0.81%	0.61%	0.65%	0.76%	0.84%	0.66%	0.81%	0.79%	-	-	-
Texas-New Mexico Power Co.	Utilities	0.51%	0.50%	0.49%	0.49%	0.46%	0.42%	0.53%	0.37%	0.39%	0.20%	-	-	-
Centerpoint Energy Inc.	Utilities	0.50%	0.46%	0.47%	0.49%	0.48%	0.46%	0.49%	0.29%	0.29%	0.34%	-	-	-
South Houston Green Power	Utilities	0.46%	0.89%	0.92%	0.75%	0.70%	1.77%	1.56%	3.89%	2.93%	1.52%	-	-	-
Valero Marketing and Supply CO	Supplier	0.44%	0.52%	0.27%	0.32%	-	0.25%	-	-	-	-	-	-	-
ISP Technologies Inc.	Computers	0.41%	0.41%	0.29%	0.28%	0.31%	0.30%	0.35%	0.77%	0.68%	0.57%	-	-	-
Galveston Outlets LLC	Retail	0.40%	-	-	-	-	-	-	-	-	-	-	-	-
Komatsu America Corp	Refinery	0.37%	0.19%	-	-	-	-	-	-	-	-	-	-	-
Eastman Chemical Inc.	Refinery	0.32%	0.26%	-	-	-	-	-	-	-	-	-	-	-
Styrolution America LLC	Refinery	0.29%	0.24%	-	-	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	0.18%	0.20%	0.19%	0.19%	0.19%	0.19%	0.19%	-	-	-	-	-	-
Comcast of Houston LLC	Utilities	0.18%	0.17%	0.21%	0.22%	0.22%	0.13%	-	-	-	-	-	-	-
American National INS Co	Insurance	0.17%	0.18%	0.19%	-	-	-	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	0.16%	0.18%	0.18%	0.18%	-	-	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	0.16%	-	-	-	0.18%	-	-	-	-	-	-	-	-
BP Products (NA) inc	Refinery	-	7.55%	7.46%	7.38%	8.71%	8.80%	7.53%	7.49%	7.10%	5.70%	-	-	-
B.A.S.F. Corp	Refinery	-	0.19%	-	-	0.31%	0.23%	0.26%	0.40%	0.33%	0.34%	-	-	-
BP Alternative Energy	Utilities	-	0.17%	0.20%	0.29%	0.26%	-	-	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	-	-	0.23%	0.25%	0.30%	0.43%	-	0.90%	1.15%	1.25%	-	-	-
Ineds Styrenics	Refinery	-	-	0.20%	0.21%	0.20%	0.36%	0.39%	-	-	-	-	-	-
SouthWestern Bell Telephone	Utilities	-	-	0.16%	0.19%	0.21%	0.21%	-	-	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	-	-	0.16%	-	0.18%	0.17%	0.19%	-	-	-	-	-	1.72%
Houston Refining LP	Refinery	-	-	-	0.24%	-	0.26%	-	-	-	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	-	-	0.20%	-	-	-	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	-	0.27%	0.46%	0.26%	0.31%	0.33%	-	-	-
Calpine Central LP	Utilities	-	-	-	-	-	-	-	0.21%	0.23%	0.24%	-	-	-
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	-	0.16%	0.36%	0.46%	-	-	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	-	-	0.22%	-	-	-
Totals		18.08%	19.08%	18.34%	18.00%	20.57%	22.40%	20.50%	19.61%	17.83%	18.18%			

Source: Local County Appraisal District

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS
(Unaudited)
(Amounts Expressed in Thousands)

Table 8

Fiscal Year Ended August 31	Levy (a)	Collections - Year of Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections	Percentage of Current and Prior Levies
2013	\$ 9,950	\$ 9,537	95.85%	\$ 382	\$ 9,919	99.69%
2012	9,315	8,947	96.05%	350	9,297	99.81%
2011	8,801	8,518	96.78%	254	8,772	99.67%
2010	8,042	7,740	96.24%	271	8,011	99.61%
2009	8,752	8,408	96.07%	173	8,581	98.05%
2008	8,102	7,855	96.95%	213	8,068	99.58%
2007	7,575	7,302	96.40%	219	7,521	99.29%
2006	7,167	6,929	96.68%	241	7,170	100.04%
2005	6,450	6,243	96.78%	241	6,484	100.52%
2004	6,212	5,793	93.26%	243	6,036	97.17%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in the notes to the financial statements for the year of the levy.

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

GALVESTON COMMUNITY COLLEGE DISTRICT
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(Unaudited)

Table 9

	For the Year Ended August 31 (Amounts Expressed in Thousands)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenue Bonds	\$ 1,355	\$ 2,000	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	<u>\$ 1,355</u>	<u>\$ 2,000</u>	<u>\$ 2,625</u>	<u>\$ 3,235</u>	<u>\$ 3,830</u>	<u>\$ 4,410</u>	<u>\$ 4,980</u>	<u>\$ 5,530</u>	<u>\$ 6,070</u>	<u>\$ 6,595</u>
Total Outstanding Debt Ratios:										
Per Capita	4.51	6.76	9.01	11.28	13.70	15.53	17.56	19.92	22.31	24.71
Per Student	869	1,270	1,590	2,181	2,933	3,199	3,402	3,855	3,713	4,276
As a Percentage of Taxable Assessed Value	0.03%	0.04%	0.05%	0.07%	0.07%	0.08%	0.11%	0.15%	0.18%	0.24%

Notes: Galveston College has no general obligation bonds.
Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

Table 10

Note: Galveston College has no general obligation bonds, therefore, this statistical schedule is not required to be completed.

	For the Year Ended August 31 (Amount Expressed in Thousands)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Taxable Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Statutory Limit for Debt Service over Current Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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.

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)

Table 11

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)							Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	Community Education Fees	Building Use Fees	Photocopy Fees	Testing Fees	Misc. Fees	Total	Principal	Interest	Total	
2013	\$ 479	\$ 24	\$ 973	\$ -	\$ -	\$ -	1,476	\$ 645	\$ 75	\$ 720	2.05
2012	502	70	979	-	-	-	1,551	625	94	719	2.16
2011	437	56	757	-	-	-	1,250	610	110	720	1.74
2010	156	107	541	-	-	-	804	595	125	720	1.12
2009	107	54	467	83	12	4	727	580	139	719	1.01
2008	82	72	494	95	21	3	767	570	153	723	1.06
2007	91	94	522	112	36	-	855	550	154	704	1.21
2006	87	94	513	108	23	-	825	540	181	721	1.14
2005	98	91	594	133	27	21	964	525	194	719	1.34
2004	86	112	537	120	15	18	888	6,795	252	7,047	0.13

Note: 2004 principal payment includes bond refunding.

See Independent Auditor's Report.

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

Table 12

Calendar Year	Galveston County Population	Galveston County Personal Income (in millions of dollars)	Galveston County Personal Income Per Capita	Galveston County Unemployment Rate
2012	300,484 •	\$ *	\$ *	6.9%
2011	295,747	12,849	43,444	8.7%
2010	291,309	12,510	42,945	9.2%
2009	287,428	12,075	42,011	8.2%
2008	288,489	12,068	41,833	5.8%
2007	283,540	11,334	39,973	4.6%
2006	278,865	10,366	37,171	5.1%
2005	274,494	9,414	34,295	5.7%
2004	269,569	8,733	32,396	6.8%
2003	265,136	8,402	31,689	7.2%

Sources:

- County Population from U.S. Bureau of the Economic Analysis <http://www.bea.gov/> (Note: 2010 from US Census, 2011 from Texas Association of Counties - County Profile)
- Personal Income data from U.S. Bureau of Economic Analysis <http://www.bea.gov/regional/reis/drill.cfm>
- Unemployment Rate from Texas Labor and Market Information <http://www.lmci.state.tx.us/>

* 2012 update is not available at this time

- estimate (Texas Association of Counties -- <http://www.county.org>)

GALVESTON COMMUNITY COLLEGE DISTRICT
PRINCIPAL EMPLOYERS
LAST FOUR YEARS
(Unaudited)

Table 13

Employer	2012		2011		2010		2009	
University of Texas Medical Branch	7,500	53.24%	7,600	52.99%	7,900	54.47%	12,000	58.84%
Galveston Independent School District	1,366	9.70%	1,105	7.70%	1,044	7.20%	1,221	5.99%
Landry's Inc. ****	1,300	9.23%	-	-	-	-	-	-
American National Insurance Company	866	6.15%	859	5.99%	850	5.86%	1,476	7.24%
Galveston County (on Island only)	864	6.13%	1,132	7.89%	1,210	8.34%	969	4.75%
City of Galveston	722	5.13%	743	5.18%	758	5.23%	825	4.04%
Landry's Seafood Inc. *	-	-	733	5.11%	746	5.14%	1,245	6.10%
Fertitta Hospitality **	-	-	709	4.94%	743	5.12%	698	3.42%
Mitchell Family Group	460	3.27%	-	-	-	-	-	-
Texas A&M University of Galveston	423	3.00%	352	2.45%	329	2.27%	400	1.96%
Galveston College	300	2.13%	300	2.09%	140	0.97%	-	-
Schlitterbahn ***	286	2.03%	-	-	-	-	-	-
Moody Gardens	-	-	810	5.65%	783	5.40%	840	4.12%
Wal-Mart	-	-	-	-	-	-	410	2.01%
U.S. Army Corps of Engineers	-	-	-	-	-	-	312	1.53%
Total	14,087	100.00%	14,343	100.00%	14,503	100.00%	20,396	100.00%

Source:

Galveston Economic Development Partnership (GEDP)

Notes:

* Landry's SeaFood Inc. includes Landry's Seafood House at The San Luis Resort; Joe's Crab Shack (two locations), Fish Tales, Willie G's Seafood & Steakhouse; Rainforest Café, Fisherman's Wharf and Landry's Oster Bar.

** Fertitta Hospitality, LLC includes The San Luis Resort, Spa & Conference Center; Hilton Resort Galveston Island; International House of Pancakes (IHOP), and Holiday Inn Resort on the B

*** Schlitterbahn: Employment increases to almost 700 during the summer.

**** Landry's Inc.: Employment increases by 45% - almost 600 additional jobs during the summer.

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 FACULTY, STAFF, AND ADMINISTRATORS STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Table 14

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Faculty:										
Full-Time	52	47	51	52	58	57	60	54	51	51
Part-Time	62	53	61	66	40	69	80	87	92	86
Total	<u>114</u>	<u>100</u>	<u>112</u>	<u>118</u>	<u>98</u>	<u>126</u>	<u>140</u>	<u>141</u>	<u>143</u>	<u>137</u>
Percent:										
Full-Time	45.6%	47.0%	45.5%	44.1%	59.2%	45.2%	42.9%	38.3%	35.7%	37.2%
Part-Time	54.4%	53.0%	54.5%	55.9%	40.8%	54.8%	57.1%	61.7%	64.3%	62.8%
Staff and Administrators:										
Full-Time	90	85	89	90	99	99	107	96	89	95
Part-Time	38	47	57	47	44	51	111	162	39	72
Total	<u>128</u>	<u>132</u>	<u>146</u>	<u>137</u>	<u>143</u>	<u>150</u>	<u>218</u>	<u>258</u>	<u>128</u>	<u>167</u>
Percent:										
Full-Time	70.3%	64.4%	61.0%	65.7%	69.2%	66.0%	49.1%	37.2%	69.5%	56.9%
Part-Time	29.7%	35.6%	39.0%	34.3%	30.8%	34.0%	50.9%	62.8%	30.5%	43.1%
FTSE per Full-time Faculty	30.0	33.5	32.4	28.5	22.5	24.2	19.5	19.7	18.9	19.9
FTSE per Full-Time Staff Member	17.3	18.5	18.6	16.5	13.2	13.9	7.5	10.9	15.1	13.4
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 65,613	\$ 62,016	\$ 59,858	\$ 58,136	\$ 53,498	\$ 49,429	\$ 46,179	\$ 46,127	\$ 44,374	\$ 38,802

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
ENROLLMENT DETAILS
LAST NINE FISCAL YEARS
(Unaudited)

Table 15

Student Classification	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	00-30 hours	1,398	63.75%	1,463	66.08%	1,521	65.62%	1,367	63.08%	1,484	66.58%	1,368	66.93%	1,557	73.69%	1,631	73.63%	1,863
31-60 hours	529	24.12%	503	22.72%	498	21.48%	433	19.98%	454	20.37%	401	19.62%	357	16.90%	394	17.79%	245	10.42%
> 60 hours	78	3.56%	68	3.07%	42	1.81%	145	6.69%	154	6.91%	162	7.93%	130	6.15%	140	6.32%	148	6.29%
Unclassified	188	8.57%	180	8.13%	257	11.09%	222	10.24%	137	6.15%	113	5.53%	69	3.27%	50	2.26%	96	4.08%
Total	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%

Semester Hour Load	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Less than 3	20	0.91%	26	1.17%	24	1.04%	34	1.57%	33	1.48%	28	1.37%	30	1.42%	35	1.58%	37
3-5 semester hours	469	21.39%	452	20.42%	541	23.34%	514	23.72%	630	28.26%	580	28.38%	565	26.74%	599	27.04%	646	27.47%
6-8 semester hours	669	30.51%	598	27.01%	582	25.11%	623	28.75%	601	26.96%	541	26.47%	485	22.95%	600	27.09%	530	22.53%
9-11 semester hours	421	19.20%	416	18.79%	398	17.17%	346	15.97%	371	16.64%	277	13.55%	293	13.87%	292	13.18%	352	14.97%
12-14 semester hours	478	21.80%	523	23.62%	565	24.37%	522	24.09%	477	21.40%	495	24.22%	583	27.59%	536	24.20%	622	26.45%
15-17 semester hours	134	6.11%	192	8.67%	202	8.71%	119	5.49%	113	5.07%	110	5.38%	148	7.00%	143	6.46%	144	6.12%
18 & over	2	0.09%	7	0.32%	6	0.26%	9	0.42%	4	0.18%	13	0.64%	9	0.43%	10	0.45%	21	0.89%
Total	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%
Average Course Load	8.8		9.1		9.0		8.2		8.3		8.5		8.6		8.6		8.8	

Tuition Status	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Texas Resident (in-District)	1,197	54.58%	1,207	54.52%	1,442	62.21%	2,069	95.48%	2,119	95.07%	1,951	95.45%	2,039	96.50%	2,111	95.30%	2,266
Texas Resident (out-of-District)	897	40.90%	892	40.29%	786	33.91%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-Resident Tuition	72	3.28%	86	3.88%	82	3.54%	87	4.01%	110	4.93%	60	2.94%	73	3.45%	104	4.70%	86	3.66%
Tuition Exemption/Wavier	27	1.23%	29	1.31%	8	0.35%	11	0.51%	-	0.00%	33	1.61%	1	0.05%	-	0.00%	-	0.00%
Total	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%

Source:

Data from THECB CBM001 certified reports, does not include flex entry

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
STUDENT PROFILE
LAST NINE FISCAL YEARS
(Unaudited)

Table 16

	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender																		
Female	1,298	59.19%	1,298	58.63%	1,390	59.97%	1,368	63.13%	1,459	65.46%	1,333	65.22%	1,409	66.68%	1,427	64.42%	1,528	68.98%
Male	895	40.81%	916	41.37%	928	40.03%	799	36.87%	770	34.54%	711	34.78%	704	33.32%	788	35.58%	824	37.20%
Total	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%
Ethnic Origin																		
White	971	44.28%	966	43.63%	1,049	45.25%	1,012	46.70%	1,078	48.36%	1,014	49.61%	1,073	50.78%	1,159	52.33%	1,253	53.27%
Hispanic	678	30.92%	639	28.86%	653	28.17%	603	27.83%	565	25.35%	521	25.49%	535	25.13%	535	24.15%	542	23.04%
African American	372	16.96%	420	18.97%	433	18.68%	424	19.57%	439	19.69%	401	19.62%	406	19.21%	414	18.69%	430	19.13%
Asian	67	3.06%	61	2.76%	65	2.80%	59	2.72%	65	2.92%	65	3.18%	54	2.56%	67	3.02%	61	2.59%
International	8	0.36%	4	0.18%	-	0.00%	19	0.88%	35	1.57%	32	1.57%	39	1.85%	33	1.49%	38	1.62%
Native American	7	0.32%	12	0.54%	17	0.73%	8	0.37%	11	0.49%	4	0.20%	10	0.47%	6	0.27%	5	0.21%
Multi-racial	9	0.41%	7	0.32%	1	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Native Hawaiian/Pacific Islander	-	0.00%	1	0.05%	2	0.09%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unknown/Not Reported	81	3.69%	104	4.70%	98	4.23%	42	1.94%	36	1.62%	7	0.34%	-	0.00%	1	0.05%	3	0.13%
Total	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%
Age																		
Under 18	262	11.95%	224	10.12%	209	9.02%	280	12.92%	313	14.04%	190	9.30%	205	9.70%	235	10.61%	248	10.54%
18 - 21	794	36.21%	826	37.31%	885	38.18%	794	36.64%	777	34.86%	738	36.11%	738	34.93%	754	34.04%	778	33.08%
22 - 24	318	14.50%	319	14.41%	354	15.27%	324	14.95%	333	14.94%	287	14.04%	285	13.49%	299	13.50%	374	15.90%
25 - 35	499	22.75%	546	24.66%	517	22.30%	465	21.46%	500	22.43%	483	23.63%	518	24.51%	533	24.06%	546	23.21%
36 - 50	245	11.17%	224	10.12%	260	11.22%	209	9.64%	226	10.14%	254	12.43%	274	12.97%	301	13.59%	310	13.18%
51 & over	75	3.42%	75	3.39%	93	4.01%	95	4.38%	80	3.59%	92	4.50%	93	4.40%	93	4.20%	96	4.08%
Total	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%
Average Age	26		26		26		26		25		27		27		27		27	

Source:
Data from THECB CBM001 certified reports

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2011 STUDENTS AS OF FALL 2012
 (Includes Only Public Senior Colleges in Texas)

Table 17

	Transfer	Transfer	Total of All Transfer Students	% of All Transfer Students
	Student Count ACADEMIC	Student Count TECHNICAL		
1 Angelo State University	1	-	1	0.22%
2 Baylor College of Medicine	1	-	1	0.22%
3 Lamar University	27	1	28	6.13%
4 Prairie View A&M University	10	-	10	2.19%
5 Sam Houston State University	7	-	7	1.53%
6 Stephen F. Austin State University	9	-	9	1.97%
7 Tarleton State University	1	-	1	0.22%
8 Texas A&M University	28	-	28	6.13%
9 Texas A&M University - Corpus Christi	2	-	2	0.44%
10 Texas A&M University at Galveston	192	1	193	42.23%
11 Texas Southern University	4	-	4	0.88%
12 Texas State University - San Marcos	14	-	14	3.06%
13 Texas Tech University	4	-	4	0.88%
14 Texas Tech University Health Sciences Center	1	1	2	0.44%
15 Texas Woman's University	2	-	2	0.44%
16 The University of Texas - Pan American	-	1	1	0.22%
17 The University of Texas at Arlington	2	2	4	0.88%
18 The University of Texas at Austin	14	-	14	3.06%
19 The University of Texas at Dallas	2	-	2	0.44%
20 The University of Texas at San Antonio	5	-	5	1.09%
21 The University of Texas at Tyler	1	-	1	0.22%
22 The University of Texas M.D. Anderson Cancer Center	-	1	1	0.22%
23 The University of Texas Medical Branch at Galveston	24	7	31	6.78%
24 University of Houston	19	1	20	4.38%
25 University of Houston - Clear Lake	56	4	60	13.13%
26 University of Houston - Downtown	1	3	4	0.88%
27 University of Houston - Victoria	2	-	2	0.44%
28 University of North Texas	4	-	4	0.88%
29 University of North Texas Health Science Center	1	1	2	0.44%
Totals	<u>434</u>	<u>23</u>	<u>457</u>	<u>100%</u>

Source:
 Data from THECB Automated Student and Adult Learner Follow-Up System - Students Pursuing Additional Education by Institution

GALVESTON COMMUNITY COLLEGE DISTRICT
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Table 18

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Academic buildings	6	6	6	5	4	4	4	4	4	4
Square footage (in thousands)	241	241	241	216	213	243	243	243	243	243
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	14	13	13	13	13	13
Number of Volumes (in thousands)	43	43	44	44	42	36	35	35	35	34
Administrative and support buildings	2	2	2	1	1	1	1	1	1	1
Square footage (in thousands)	53	53	53	46	46	46	46	46	46	46
Apartments	11	11	9	8	8	6	14	14	14	10
Square footage (in thousands)	23	23	20	19	19	14	14	14	14	10
Number of beds	65	65	61	55	55	35	35	56	56	52
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	8	8	8	8	8
Average daily customers	350	400	400	400	400	400	400	400	375	350
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	3	3	3	3	5	5	5	5	5	4
Buses	3	3	3	3	3	-	-	-	-	-

See Independent Auditor's Report.