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FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS  
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

GAINER DONNELLY & DESROCHES

GALVESTON COMMUNITY COLLEGE DISTRICT

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GALVESTON COMMUNITY COLLEGE DISTRICT

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GALVESTON COMMUNITY COLLEGE DISTRICT  
ORGANIZATIONAL DATA  
FOR THE YEAR ENDED AUGUST 31, 2011

BOARD OF REGENTS

		Term Expires <u>May 31,</u>
<u>OFFICERS</u>		
Mr. Tino F. Gonzalez – Chairman	Galveston, Texas	2012
Mr. George F. Black – Vice Chairman	Galveston, Texas	2016
Ms. Barbara K. Crews - Secretary	Galveston, Texas	2012

<u>MEMBERS</u>		
Paul J. Cunningham, M.D.	Galveston, Texas	2014
Mr. Carl Kelly	Galveston, Texas	2016
Mr. Armin Cantini	Galveston, Texas	2016
Mr. Carroll G. Sunseri	Galveston, Texas	2014
Gregory Roof, Ph.D	Galveston, Texas	2012
Mr. Raymond Lewis, Jr.	Galveston, Texas	2012

<u>KEY OFFICERS</u>	
Myles Shelton, Ed.D.	President
Gaynelle Hayes, Ed.D.	Vice-President for Administration
Phyllis Mingus-Pepin, Ed.D	Vice-President for Student Services

INDEPENDENT AUDITOR'S REPORT

Board of Regents  
Galveston Community College District  
Galveston, Texas

We have audited the accompanying financial statements of Galveston Community College District (the "College") as of and for the years ended August 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 27, 2011 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the College as a whole. The required supplemental schedules on pages 36 through 39 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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 financial statements. The required supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section, shown on pages 50 through 70, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Gainer Donnelly & Desroches LLP

November 4, 2011

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, 2011 and 2010. 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 2011**

- The College's net assets as of August 31, 2011 are reported at \$25.2 million. This represents a 7.6% increase from the prior year.
- The College decreased its annual tax rate from \$0.19 to \$0.189475 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$803,000 in property tax revenue was received over the previous period.
- In September 2010, the execution of a general construction contract valued at \$1,044,181 for additional renovations to the largest of the four buildings (Building #2) of the Vocational-Technical Training Center was approved by the Board. The facility is located on a 4.3 acre tract three miles from the main campus. The Board also approved an \$87,500 contract for a related roof replacement. Spring 2011 semester classes began in the newly renovated space, and as of August 31, 2011 the punch-list phase was nearing an end.
- In September 2010 the College purchased a house located at 3920 Avenue R for \$106,000. The house will be utilized for additional student housing, and represents the last parcel within the footprint of the main campus that was not in the possession of the College.
- In October 2010, the College entered into a new contract effective December 1, 2010 with EduServe International for I.T. management, replacing SunGard Higher Education. An annual fee of \$581,600 was approved.
- Construction of the Abe and Annie Seibel Wing of the Cheney Student Center was completed, and the building was formally accepted by the Board of Regents at its February 2011 meeting. The total cost of construction was \$1,570,208. This expenditure was offset by a \$1,500,000 gift from the Abe and Annie Seibel Foundation, plus \$107,000 of cumulative interest earned since July 2005.
- Facility upgrades during the year included the expansion, repaving and upgrading of a 52 space parking lot across Avenue Q from Moody Hall at a cost of \$71,284.
- During 2011 the Board approved (1) a Technology Refresh plan in the amount of \$123,000 to purchase 142 personal computers, and (2) a \$50,000 expenditure to purchase computer server equipment.
- In June 2011 the Board approved the updating of the College's Facilities Master Plan, including a contract with Morris Architects for up to \$45,000 in related professional services. The initial workshop was held in August 2011, with completion of the updated plan scheduled for January 2012.

**Financial Highlights for 2010**

- The College's net assets as of August 31, 2010 are reported at \$23.5 million. This represents a 13% increase from the prior year.
- In an effort to be sensitive to effects of Hurricane Ike on the Galveston community, the Board of Regents adopted a tax rate resulting in a decrease of property tax revenue of \$700,000 compared to the prior year.
- Construction on the Abe and Annie Seibel Wing began in January 2010 as an addition to the existing Cheney Student Center. The total cost of construction was budgeted at \$1,606,000. The total cost of construction is being offset by a \$1,500,000 gift from the Abe and Annie Seibel Foundation, plus \$107,000 of cumulative interest earned since July 2005.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2010 – Continued**

- In March 2010, a 4.3 acre industrial site in Galveston was purchased for the development of a Vocational-Technical Training Center. The \$1,250,000 cost was paid from College reserves. The first phase of renovation was started in April 2010 and was completed in June 2010 at a cost of \$150,000. Further renovations of the property will run through 2011.
- Federal funding has covered the cost of approximately \$442,000 of the new equipment for the Vocational-Technical Training Center.
- The new Datatel Colleague Enterprise Resource Planning (ERP) system implementation was substantially complete as of August 31, 2010, with a total disbursed to-date of \$1,125,000 on the project that was contracted in June 2008.

**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 assets, a statement of revenues, expenses and changes in net assets, 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 assets' 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 assets 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 assets, and increases and decreases to net assets 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 assets 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 assets 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: State appropriations, tuition and fees, and local property taxes. 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 Assets**

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

**Net Assets  
(in thousands)**

	<u>2011</u>	<u>2010</u>	Increase (Decrease) 2011 - 2010	<u>2009</u>	Increase (Decrease) 2010 - 2009
<b>Assets:</b>					
Current Assets	\$ 13,110	\$ 13,022	\$ 88	\$ 13,594	\$ (572)
Noncurrent Assets:					
Capital Assets, Net of Depreciation	16,675	14,897	1,778	11,872	3,025
Other	<u>882</u>	<u>1,032</u>	<u>(150)</u>	<u>993</u>	<u>39</u>
Total Assets	<u>\$ 30,667</u>	<u>\$ 28,951</u>	<u>\$ 1,716</u>	<u>\$ 26,459</u>	<u>\$ 2,492</u>
<b>Liabilities:</b>					
Current Liabilities	\$ 3,118	\$ 2,583	\$ 535	\$ 2,150	\$ 433
Noncurrent Liabilities	<u>2,304</u>	<u>2,918</u>	<u>(614)</u>	<u>3,486</u>	<u>(568)</u>
Total Liabilities	<u>\$ 5,422</u>	<u>\$ 5,501</u>	<u>\$ (79)</u>	<u>\$ 5,636</u>	<u>\$ (135)</u>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	14,050	11,662	2,388	8,042	3,620
Restricted – Expendable	917	926	(9)	945	(19)
Unrestricted	<u>10,279</u>	<u>10,862</u>	<u>(583)</u>	<u>11,836</u>	<u>(974)</u>
Total Net Assets	<u>\$ 25,246</u>	<u>\$ 23,450</u>	<u>\$ 1,796</u>	<u>\$ 20,823</u>	<u>\$ 2,627</u>

**Financial Analysis – Statements of Net Assets**

Fiscal Year 2011 Compared to 2010

Total net assets for fiscal year 2011 were \$25.2 million, which represents a \$1.8 million increase from fiscal year 2010. Current assets mainly consist of cash, investments in Logic and Lone Star investment pools, and receivables. Current assets remained relatively stable while capital assets grew again this year by \$1.8 million, as the College completed the first phase of renovation and equipment purchases for the Vocational -Technology Training Center (Voc-Tech Center) site and the new Abe and Annie Seibel Wing of the Cheney Student Center (See page 15 for more discussion on the change in capital assets).

Total liabilities of the College declined to \$5.4 million, while non-current liabilities decreased by \$614,000 as a result of the continuing scheduled payment on outstanding debt. The total outstanding balance on bonds payable at the end of fiscal year 2011 was \$2.63 million compared to \$3.24 for fiscal year 2010. Current liabilities increased as more fall 2011 tuition was deferred, due to an increase in tuition and fee rates.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

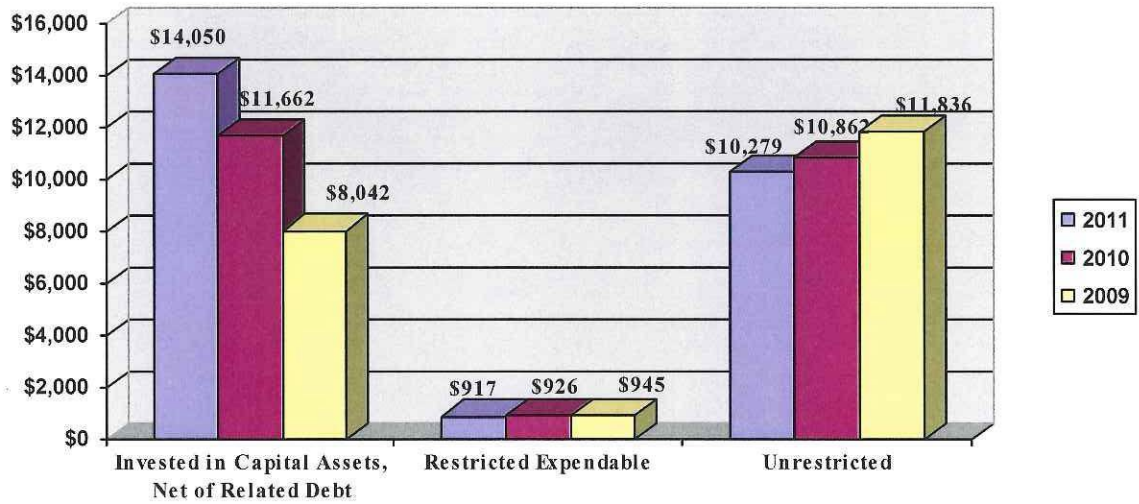
**Financial Analysis – Statements of Net Assets – Continued**

Fiscal Year 2010 Compared to 2009

Current assets decreased as the College used \$1.25 million of reserve funds for the purchase of the Vocational - Technology Training Center (Voc-Tech Center) site. Capital assets grew as the College purchased and started renovation to the Voc-Tech Center and constructed a wing for the student center.

Liabilities remained consistent and the College continues to make scheduled debt payments on outstanding bonds.

The following is a graphic illustration of net assets (in thousands) for the years ended August 31, 2009 through 2011. Total net assets 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 growth. The decrease in unrestricted net assets over the past three years 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 Assets**

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

**Operating Results  
(in thousands)**

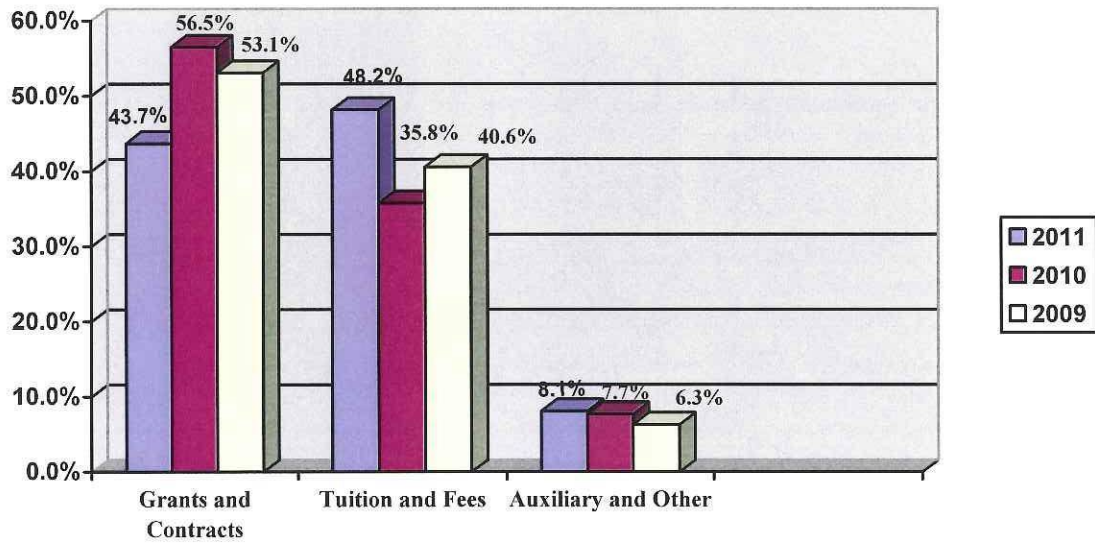
	2011	2010	Increase (Decrease) 2011 - 2010	2009	Increase (Decrease) 2010 - 2009
<b>Operating Revenues:</b>					
Tuition and Fees, Net of Scholarship Allowance	\$ 1,942	\$ 1,715	\$ 227	\$ 1,384	\$ 331
Grants and Contracts	1,762	2,707	(945)	1,811	896
Auxiliary Enterprises, Net	200	191	9	82	109
Other Operating Revenues	<u>125</u>	<u>179</u>	<u>(54)</u>	<u>133</u>	<u>46</u>
Total Operating Revenues	4,029	4,792	(763)	3,410	1,382
Less Operating Expenses	<u>21,180</u>	<u>21,438</u>	<u>(258)</u>	<u>19,567</u>	<u>1,871</u>
Operating Loss	<u>(17,151)</u>	<u>(16,646)</u>	<u>(505)</u>	<u>(16,157)</u>	<u>(489)</u>
<b>Non-Operating Revenues (Expenses):</b>					
State Appropriations	5,710	5,770	(60)	6,570	(800)
Property Taxes	8,962	8,160	802	8,871	(711)
Federal Student Assistance	4,436	3,791	645	2,357	1,434
Contribution for Student Center	-	1,607	(1,607)	-	1,607
Disaster Assistance	-	-	-	507	(507)
Investment and Other Income	25	71	(46)	208	(137)
Hurricane Ike Related Expense	-	-	-	(209)	209
Interest on Capital Related Debt	(110)	(125)	15	(139)	14
Other Non-Operating Expense	<u>(76)</u>	<u>(1)</u>	<u>(75)</u>	<u>-</u>	<u>(1)</u>
Total Non-Operating Revenues, Net	<u>18,947</u>	<u>19,273</u>	<u>(326)</u>	<u>18,165</u>	<u>1,108</u>
Increase in Net Assets	<u>\$ 1,796</u>	<u>\$ 2,627</u>	<u>\$ (831)</u>	<u>\$ 2,008</u>	<u>\$ 619</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

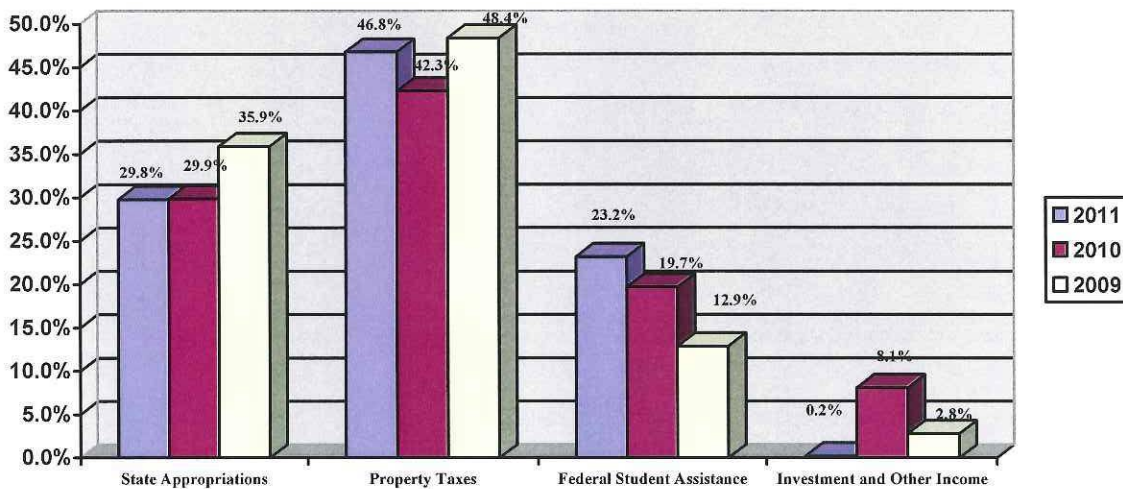
**Financial Analysis – Statements of Revenues, Expenses and Change in Net Assets – Continued**

The following are graphic illustrations of revenues by source for the years ended August 31, 2009 through 2011:

**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 Assets – Continued**

Fiscal Year 2011 Compared to 2010

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 which increased \$802,000 compared to 2010, because of an 11% increase in the tax base that allowed the Board of Regents to lower the tax rate from \$0.19 to \$0.189475 per \$100 assessed valuation. Tuition and fees revenue increased due to increased enrollment in fiscal year 2011 and an increase in tuition and fee rates beginning spring 2011. The increase in tuition and fee was done in anticipation of future state appropriation cuts in the coming years. Federal student assistance increased by \$645,000 in fiscal year 2011 compared to 2010 due to an increase in Pell award amounts of \$600,000, and the implementation of year-round Pell awards. State appropriations remained relatively stable over the past two years, at 25% and 24% of total revenue for fiscal year 2011 and 2010, respectively.

Fiscal Year 2010 Compared to 2009

The largest source of revenue for both 2010 and 2009 for the College is property taxes at 33% and 41%, of total revenue, respectively. The decrease in overall tax revenue is due to the 18% decrease in assessed valuation in Galveston County due to the damages from Hurricane Ike. State appropriations are the second largest revenue source at 24% and 30% of total revenue in 2010 and 2009, respectively. The College Federal Funds increased significantly in 2010. The College received over \$1.4 million in Pell Funds. The College also received approximately \$442,000 in new Federal grants to purchase equipment for the Voc-Tech Center. The College received a \$1.5 million contribution from a private foundation for the construction of a new wing for the student center.

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

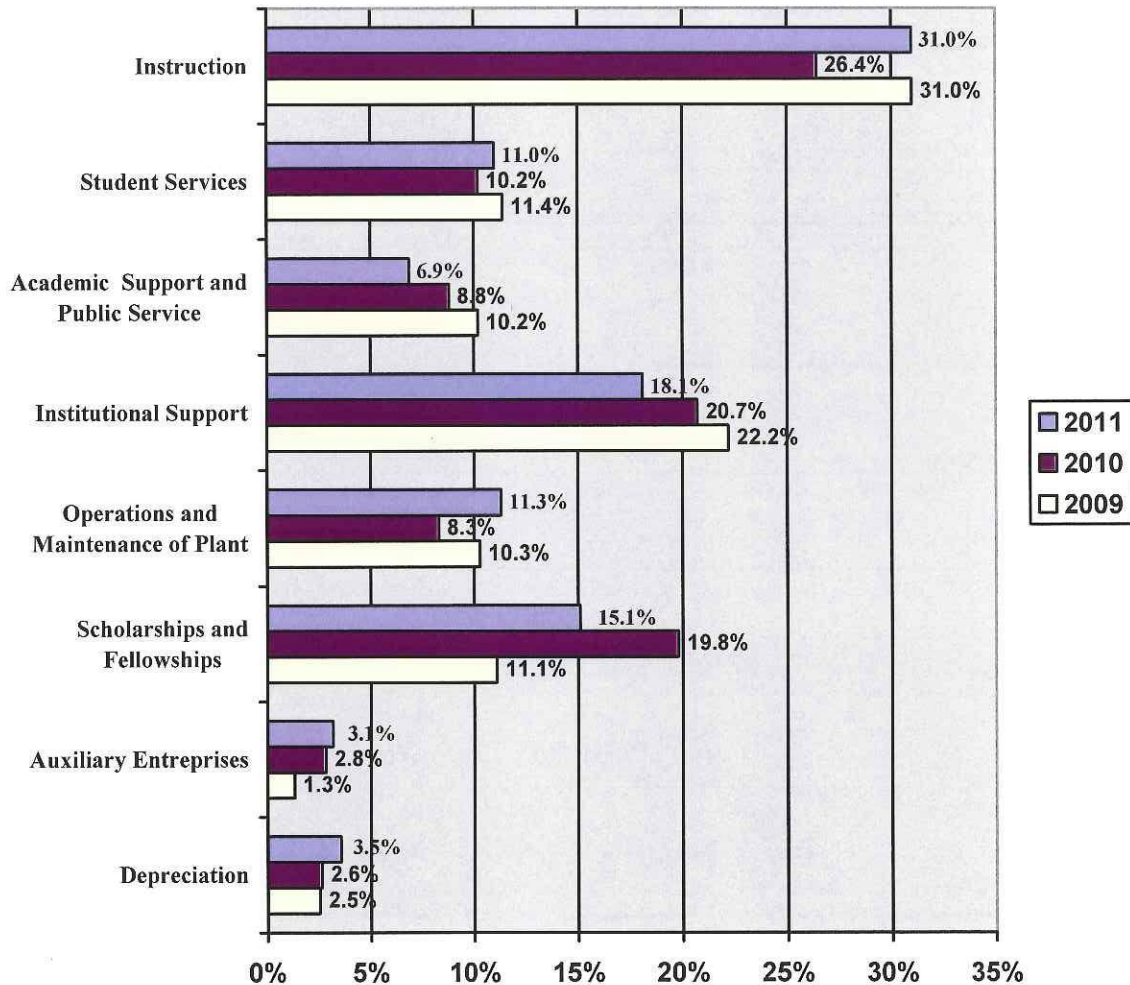
**Operating Expenses  
(in thousands)**

	2011	2010	Increase (Decrease) 2011-2010	2009	Increase (Decrease) 2010-2009
<b>Operating Expenses:</b>					
<b>Instruction</b>	\$ 6,560	\$ 5,965	\$ 595	\$ 6,057	\$ (92)
<b>Public Service</b>	76	103	(27)	83	20
<b>Academic Support</b>	1,377	1,985	(608)	1,936	49
<b>Student Services</b>	2,330	2,305	25	2,233	72
<b>Institutional Support</b>	3,844	4,678	(834)	4,335	343
<b>Operation and Maintenance of</b>					
<b>Plant</b>	2,394	1,868	526	2,017	(149)
<b>Scholarships and Fellowships</b>	3,191	3,318	(127)	2,178	1,140
<b>Auxiliary Enterprises</b>	662	637	25	247	390
<b>Depreciation</b>	746	579	167	481	98
<b>Total</b>	<u>\$ 21,180</u>	<u>\$ 21,438</u>	<u>\$ (258)</u>	<u>\$ 19,567</u>	<u>\$ 1,871</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Operating Expenses**



**Fiscal Year 2011 Compared to 2010**

Overall, operating expenses decreased by \$258,000 in fiscal year 2011 as compared to fiscal year 2010. The largest category of Operating expense remains Instruction, which increased by \$595,000 in fiscal year 2011, or 10%. Operation and maintenance of plant expense increased mainly due to additional costs at the Vocational-Technical Training Center, which initiated a full program schedule in the spring 2011 semester, and the completion of several other facility upgrades as well. Institutional support expense decreased in fiscal year 2011 because most software and training costs associated with the implementation of the new ERP system were recorded in fiscal year 2010. Academic support decreased by \$608,000 mainly due to the completion of the Title V grant at the beginning of fiscal year 2011, reducing Title V expenditures from \$776,000 in fiscal year 2010 to only \$44,000 in fiscal year 2011.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fiscal Year 2010 Compared to 2009

Total operating expenses between fiscal years 2010 and 2009 increased \$1.87 million or 10%. The largest increase being \$1.4 million in additional Pell awards. The Pell award amount to a student increased from \$4,731 in 2009 to \$5,350 in 2010, or \$619 per student. Also approximately 300 more students applied to receive financial assistance. The increase in auxiliary enterprise expense is due to additional institutional scholarships being awarded and moving the athletic department salaries from instruction to auxiliary. The increase in institutional support relates to the cost incurred in training personnel on the College's new software.

**Cash Flow Activity**

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

	2011	2010	2009
Cash Provided by (Used in):			
Operating Activities	\$(14,763)	\$(15,131)	\$(15,905)
Non-Capital Financing Activities	18,379	16,067	18,153
Capital and Related Financing Activities	(2,963)	(3,074)	(1,728)
Investing Activities	<u>23</u>	<u>30</u>	<u>4,503</u>
Net Increase (Decrease) in Cash and Cash Equivalents	676	(2,108)	5,023
Cash and Cash Equivalents – Beginning of Year	<u>10,227</u>	<u>12,335</u>	<u>7,312</u>
Cash and Cash Equivalents – End of Year	<u>\$ 10,903</u>	<u>\$ 10,227</u>	<u>\$ 12,335</u>

The College's cash flow from operations will always be a use of cash as the College relies heavily on State appropriations and property tax revenues to fund operations. The increases in cash from non-capital financing activities are a result of continued increases in property tax revenues and an increase in student financial aid (Title IV) awards. Changes in capital and related financing activities are due to construction of new facilities and yearly bond principal and interest payments.

**Capital Asset and Long Term Debt Activity**

As shown in Footnote 6 to the financial statements, net capital assets increased from \$14.9 million to \$16.7 million. The following is a list of some of the major projects completed during 2011:

- Land and Improvements increased by \$106,000 due to the completion of the main campus parking lot on Avenue Q and additional lighting installed at the Vocational-Technical Training Center.
- A net change of \$476,000 in construction in progress occurred from a decrease of \$1.6 million from the completions of the Abe and Annie Seibel Wing, offset by the ongoing renovations to the Vocational-Technical Training Center, which increased by \$1.1 million.
- Buildings increased by \$2.2 million due to the completion of the Abe and Annie Seibel Wing, and the property purchased on Avenue R.
- Equipment increased by \$641,000 mainly due to equipment purchases for the Vocational-Technical Training Center.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Capital Asset and Long Term Debt Activity – Continued**

**Capital Assets  
(in thousands)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capital Assets:			
Land and Improvements	\$ 5,630	\$ 5,524	\$ 3,801
Construction in Progress	1,374	1,850	892
Buildings	13,902	11,702	11,702
Equipment, Furniture, and Software	3,966	3,325	2,477
Library Books	<u>814</u>	<u>761</u>	<u>731</u>
Total	<u>\$ 25,686</u>	<u>\$ 23,162</u>	<u>\$ 19,603</u>
Less Accumulated Depreciation	<u>(9,011)</u>	<u>(8,265)</u>	<u>(7,731)</u>
Net Capital Assets	<u>\$ 16,675</u>	<u>\$ 14,897</u>	<u>\$ 11,872</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 \$610,000 and \$595,000 were made during the 2011 and 2010 fiscal years, respectively.

**Currently Known Facts, Decisions & Conditions**

- The College continues to sustain strong enrollment figures by being ahead of the trend line.
- A new tax rate of \$0.189450 was adopted by the Board of Regents in September 2011 for fiscal year 2012. This represents a decrease from the current fiscal year 2011 rate of \$0.189475. However, due to an improved property tax base, the new rate is estimated to provide \$384,989 in additional tax revenues.
- For fiscal year 2012, the Board of Regents approved various cost-cutting measures to address the reduction in State Appropriations both in the current biennium and the upcoming biennium. Measures included a faculty and staff hiring freeze, elimination of the volleyball program, and the elimination of other non-performing academic programs. Projected annual savings from these measures are \$1.2 million, with an additional \$600,000 from an increase in tuition and fees, and another \$400,000 from increased tax revenues.
- In September 2011, the College received notification of being awarded a \$4.02 million Hispanic-Serving Institution – Science, Technology, Engineering, and Mathematics (HIS-STEM) Grant. The total grant award will be spread over 5 years, with \$869,533 scheduled for receipt in fiscal year 2012. The grant will fund new science curriculum development, related laboratory instrumentation, joint development of Engineering, Engineering Technology, and Computer Science Technology transferrable degree programs, as well as additional comprehensive student support services to ensure accomplishment of the stated goals.



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 ASSETS  
AUGUST 31, 2011 AND 2010

Exhibit 1

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents (Note 4)	\$ 10,020,793	\$ 9,194,553
Accounts Receivable (Note 5)	269,304	1,114,711
Contribution Receivable (Note 5)	-	357,577
Property Tax Receivable, Net (Note 5)	672,360	693,287
Student Receivables, Net (Note 5)	1,612,210	1,232,107
Other Assets	<u>535,457</u>	<u>429,412</u>
Total Current Assets	<u>13,110,124</u>	<u>13,021,647</u>
<b>NONCURRENT ASSETS:</b>		
Restricted Cash and Cash Equivalents (Note 4)	839,217	949,180
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	42,760	83,295
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	4,437,125	4,912,536
Subjected to Depreciation	<u>12,237,742</u>	<u>9,984,509</u>
Total Noncurrent Assets	<u>17,556,844</u>	<u>15,929,520</u>
Total Assets	<u>30,666,968</u>	<u>28,951,167</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable (Note 5)	415,941	337,275
Funds Held for Others - Agency	42,760	83,295
Deferred Revenues	1,994,301	1,514,415
Deposits	9,675	8,400
Compensated Absences - Current Portion (Notes 7 and 12)	30,000	30,000
Bonds Payable - Current Portion (Notes 7 and 8)	<u>625,000</u>	<u>610,000</u>
Total Current Liabilities	<u>3,117,677</u>	<u>2,583,385</u>
<b>NONCURRENT LIABILITIES:</b>		
Compensated Absences (Notes 7 and 12)	303,783	292,779
Bonds Payable (Notes 7 and 8)	<u>2,000,000</u>	<u>2,625,000</u>
Total Noncurrent Liabilities	<u>2,303,783</u>	<u>2,917,779</u>
Total Liabilities	<u>5,421,460</u>	<u>5,501,164</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	14,049,867	11,662,045
Restricted - Expendable:		
Student Aid	148,716	205,215
Debt Service	768,303	720,365
Unrestricted	<u>10,278,622</u>	<u>10,862,378</u>
Total Net Assets (Schedule D)	<u>\$ 25,245,508</u>	<u>\$ 23,450,003</u>

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

Exhibit 2

	2011	2010
<b>OPERATING REVENUES:</b>		
Tuition and Fees, Net of Scholarship Allowance of \$1,687,919 for 2011 and \$1,243,509 for 2010	\$ 1,941,971	\$ 1,715,256
Federal Grants and Contracts	1,156,467	2,057,064
State and Local Grants and Contracts	343,557	230,096
Private Grants and Scholarships	262,025	419,719
Auxiliary Enterprises, Net of Scholarship Allowance of \$159,812 for 2011 and \$147,007 for 2010	199,965	191,123
Other Operating Revenues	124,642	178,635
Total Operating Revenues (Schedule A)	4,028,627	4,791,893
<b>OPERATING EXPENSES:</b>		
Instruction	6,559,869	5,965,094
Public Service	76,009	102,750
Academic Support	1,376,673	1,985,037
Student Services	2,329,831	2,305,007
Institutional Support	3,843,676	4,677,567
Operation and Maintenance of Plant	2,394,083	1,868,371
Scholarships and Fellowships	3,191,571	3,318,332
Auxiliary Enterprises	662,386	637,428
Depreciation	746,253	578,844
Total Operating Expenses (Schedule B)	21,180,351	21,438,430
<b>OPERATING LOSS</b>	<b>(17,151,724)</b>	<b>(16,646,537)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
State Appropriations	5,710,175	5,769,750
Property Taxes	8,962,451	8,159,628
Federal Student Assistance (Title IV Grants)	4,435,671	3,791,069
Contribution for Student Center	-	1,607,577
Investment Income	22,452	30,509
Other Non-Operating Revenue	2,700	41,392
Interest on Capital Related Debt	(110,365)	(125,240)
Other Non-Operating Expense	(75,855)	(1,000)
Non-Operating Revenues, Net (Schedule C)	18,947,229	19,273,685
<b>INCREASE IN NET ASSETS</b>	1,795,505	2,627,148
<b>NET ASSETS, BEGINNING OF YEAR</b>	23,450,003	20,822,855
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 25,245,508</b>	<b>\$ 23,450,003</b>

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, 2011 AND 2010

Exhibit 3

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Students and Other Customers	\$ 2,044,196	\$ 1,734,614
Receipts from Grants and Contracts	2,134,374	2,480,811
Payments to or on Behalf of Employees	(11,678,073)	(10,089,805)
Payments to Suppliers for Goods and Services	(4,396,270)	(6,328,649)
Payments for Scholarships	(3,191,571)	(3,318,332)
Other Cash Receipts	324,607	390,140
Net Cash Used in Operating Activities	(14,762,737)	(15,131,221)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from State Appropriations	4,472,246	4,564,548
Proceeds from Property Taxes	8,983,378	8,202,950
Proceeds from Federal Student Assistance (Title IV Grants)	4,920,421	3,201,570
Proceeds from Federal Disaster Assistance	-	56,613
Proceeds from Other Contributions	2,700	41,392
Net Cash Provided by Non-Capital Financing Activities	18,378,745	16,067,073
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Contribution for Student Center	357,577	1,250,000
Purchases of Capital Assets	(2,524,075)	(3,603,616)
Principal Paid on Capital Debt	(610,000)	(595,000)
Payment of Interest on Capital Debt	(110,365)	(125,240)
Other Non-Operating Expense	(75,855)	(1,000)
Net Cash Used in Capital and Related Financing Activities	(2,962,718)	(3,074,856)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Income	22,452	30,509
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	675,742	(2,108,495)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	10,227,028	12,335,523
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 10,902,770	\$ 10,227,028

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, 2011 AND 2010

Exhibit 3 - Continued

	2011	2010
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (17,151,724)	\$ (16,646,537)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	746,253	578,844
Payments Made Directly by State for Benefits	1,184,559	1,193,552
Changes in Assets and Liabilities:		
Receivables, Net	33,925	(514,933)
Other Assets	(106,046)	(201,656)
Accounts Payable	78,666	89,748
Funds Held for Others - Agency Funds	(40,535)	19,267
Deferred Revenues	479,886	310,213
Deposits	1,275	(875)
Compensated Absences	11,004	41,156
	\$ (14,762,737)	\$ (15,131,221)
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Write-Off of Capital Assets	\$ 37,636	\$ -

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, 2011 and 2010 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 applies all applicable codifications of the GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

*Texas Public Education Grants* – Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). 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.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

*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.

*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 Assets: The College's net assets are 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 Assets – Expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Unrestricted Net Assets:* Unrestricted net assets 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.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. The governing board has designated public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

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, 2011 and 2010, the College held no investments.

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

Deferred revenues, primarily consisting of tuition and fees, relate to academic terms in the next fiscal year and as such, have been deferred. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Classification of Revenues and Expenses

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 statement of revenues, expenses, and changes in net assets, 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.



GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2011 and 2010.

Subsequent Events

The College has evaluated subsequent events through October 27, 2011, which is the date the financial statements were available to be issued. No matters were identified affecting the accompanying financial statements that have not already been disclosed elsewhere in these financial statements or related disclosures.

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.

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, 2011 and 2010, the carrying amount of the College's deposits was \$828,832 and \$730,692, respectively; and bank balances equaled \$1,193,522 and \$1,224,824, 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.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

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

	2011	2010
Cash and Cash Equivalents:		
Petty Cash	\$ 1,455	\$ 1,456
Demand Deposits	828,832	730,692
Vanguard Admiral Treasury Money Market Fund	652,103	651,997
Investment Pools:		
Lone Star Investment Pool	4,161,313	3,594,377
Local Government Investment Cooperative	5,259,067	5,248,506
Cash and Cash Equivalents	\$ 10,902,770	\$ 10,227,028

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.

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 225, 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 225, 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 AAA 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>2011</u>	<u>2010</u>
Student Receivables	\$ 1,734,673	\$ 1,354,569
Less Allowance for Doubtful Accounts	<u>(122,463)</u>	<u>(122,462)</u>
Total Student Receivable	\$ <u>1,612,210</u>	\$ <u>1,232,107</u>
Total Contribution Receivable	\$ <u>-</u>	\$ <u>357,577</u>
Federal Receivables	\$ 194,726	\$ 1,047,335
Other Receivables	<u>74,578</u>	<u>67,376</u>
Total Accounts Receivable	\$ <u>269,304</u>	\$ <u>1,114,711</u>
Property Tax Receivable	\$ 768,014	\$ 782,185
Less Allowance for Doubtful Accounts	<u>(95,654)</u>	<u>(88,898)</u>
Total Property Tax Receivable	\$ <u>672,360</u>	\$ <u>693,287</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 354,380	\$ 320,439
Benefits Payable	<u>61,561</u>	<u>16,836</u>
Total Payables	\$ <u>415,941</u>	\$ <u>337,275</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

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

	Balance September 1, 2010	Increase	Decrease/ Transfers	Balance August 31, 2011
<b>Not Depreciated:</b>				
Land	\$ 3,062,805	\$ -	\$ -	\$ 3,062,805
Construction in Progress	<u>1,849,731</u>	<u>1,173,399</u>	<u>(1,648,810)</u>	<u>1,374,320</u>
<b>Total Not Depreciated</b>	<b>\$ <u>4,912,536</u></b>	<b>\$ <u>1,173,399</u></b>	<b>\$ <u>(1,648,810)</u></b>	<b>\$ <u>4,437,125</u></b>
<b>Other Capital Assets:</b>				
Buildings	\$ 11,701,686	\$ 596,661	\$ 1,603,841	\$ 13,902,188
Land Improvements	2,461,663	97,967	7,333	2,566,963
Furniture, Equipment and Vehicles	1,287,093	567,669	-	1,854,762
Computer System	2,037,873	72,896	-	2,110,769
Library Books	<u>761,131</u>	<u>53,119</u>	<u>-</u>	<u>814,250</u>
<b>Total Depreciated</b>	<b><u>18,249,446</u></b>	<b><u>1,388,312</u></b>	<b><u>1,611,174</u></b>	<b><u>21,248,932</u></b>
<b>Less Accumulated Depreciation:</b>				
Buildings	5,204,625	288,771	-	5,493,396
Land Improvements	425,221	121,470	-	546,691
Furniture, Equipment and Vehicles	799,910	113,570	-	913,480
Computer System	1,330,824	171,405	-	1,502,229
Library Books	<u>504,357</u>	<u>51,037</u>	<u>-</u>	<u>555,394</u>
<b>Total Accumulated Depreciation</b>	<b><u>8,264,937</u></b>	<b><u>746,253</u></b>	<b><u>-</u></b>	<b><u>9,011,190</u></b>
<b>Net Capital Assets</b>	<b>\$ <u>14,897,045</u></b>	<b>\$ <u>1,815,458</u></b>	<b>\$ <u>(37,636)</u></b>	<b>\$ <u>16,674,867</u></b>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

Capital assets activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Increase	Decrease/ Transfers	Balance August 31, 2010
<b>Not Depreciated:</b>				
Land	\$ 1,819,930	\$ 1,242,875	\$ -	\$ 3,062,805
Construction in Progress	<u>892,346</u>	<u>1,488,142</u>	<u>(530,757)</u>	<u>1,849,731</u>
Total Not Depreciated	<u>\$ 2,712,276</u>	<u>\$ 2,731,017</u>	<u>\$ (530,757)</u>	<u>\$ 4,912,536</u>
<b>Other Capital Assets:</b>				
Buildings	\$ 11,701,686	\$ -	\$ -	\$ 11,701,686
Land Improvements	1,981,284	480,379	-	2,461,663
Furniture, Equipment and Vehicles	1,129,850	202,194	(44,951)	1,287,093
Computer System	1,346,740	160,376	530,757	2,037,873
Library Books	<u>731,481</u>	<u>29,650</u>	<u>-</u>	<u>761,131</u>
Total Depreciated	<u>16,891,041</u>	<u>872,599</u>	<u>485,806</u>	<u>18,249,446</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	4,952,927	251,698	-	5,204,625
Land Improvements	322,907	102,314	-	425,221
Furniture, Equipment and Vehicles	777,977	66,884	(44,951)	799,910
Computer System	1,221,901	108,923	-	1,330,824
Library Books	<u>455,332</u>	<u>49,025</u>	<u>-</u>	<u>504,357</u>
Total Accumulated Depreciation	<u>7,731,044</u>	<u>578,844</u>	<u>(44,951)</u>	<u>8,264,937</u>
Net Capital Assets	<u>\$ 11,872,273</u>	<u>\$ 3,024,772</u>	<u>\$ -</u>	<u>\$ 14,897,045</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2011 was as follows:

	Balance September 1, 2010	Additions	Payments	Balance August 31, 2011	Current Portion
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 3,235,000	\$ -	\$ (610,000)	\$ 2,625,000	\$ 625,000
Other Liabilities -					
Compensated Absences	<u>322,779</u>	<u>12,593</u>	<u>(1,589)</u>	<u>333,783</u>	<u>30,000</u>
Total Noncurrent Liabilities	<u>\$ 3,557,779</u>	<u>\$ 12,593</u>	<u>\$ (611,589)</u>	<u>\$ 2,958,783</u>	<u>\$ 655,000</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

Noncurrent liability activity for the year ended August 31, 2010 was as follows:

	<u>Balance</u> <u>September 1,</u> <u>2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>August 31,</u> <u>2010</u>	<u>Current</u> <u>Portion</u>
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 3,830,000	\$ -	\$ (595,000)	\$ 3,235,000	\$ 610,000
Other Liabilities -					
Compensated Absences	<u>281,623</u>	<u>222,700</u>	<u>(181,544)</u>	<u>322,779</u>	<u>30,000</u>
 Total Noncurrent Liabilities	 <u>\$ 4,111,623</u>	 <u>\$ 222,700</u>	 <u>\$ (776,544)</u>	 <u>\$ 3,557,779</u>	 <u>\$ 640,000</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, 2011 is \$718,590, which meets the full reserve requirement.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 625,000	\$ 93,590	\$ 718,590
2013	645,000	74,840	719,840
2014	665,000	54,200	719,200
2015	<u>690,000</u>	<u>27,600</u>	<u>717,600</u>
 Total	 <u>\$ 2,625,000</u>	 <u>\$ 250,230</u>	 <u>\$ 2,875,230</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS

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

Teacher Retirement System of Texas

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011 and 2010 and a state contribution rate of 6.64% and 6.66% for fiscal years 2011 and 2010, respectively. In certain instances the reporting district is required to make all or a portion of the state's 6.64% and 6.66% contribution for fiscal years 2011 and 2010, respectively.

Optional Retirement Plan

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65%, respectively of annual compensation. In addition, the College contributes 1.92% of annual compensation for each participant hired on or before August 31, 2005. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

Retirement Expense

The total payroll for all College employees was \$9,176,813 and \$8,962,165 for the fiscal years ended August 31, 2011 and 2010, respectively. The total payroll of employees covered by TRS was \$5,845,771 and \$5,714,651 and the total payroll of employees covered by ORP was \$2,305,741 and \$2,231,968 for fiscal years August 31, 2011 and 2010, respectively.

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 was \$473,756 and \$441,167 for the fiscal years ended August 31, 2011 and 2010, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

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, 2011, the College had 27 employees participating in the program and a total of \$116,700 in contributions was invested in the plan during the fiscal year. As of August 31, 2010, the College had 28 employees participating in the program and a total of \$128,109 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 \$413 per month and maximum contribution for dependent coverage was \$808 per month for both years. The State's cost of providing those benefits for retirees was \$326,676 and \$331,176 for the years ended August 31, 2011 and 2010, respectively. The State's actual total cost of providing health insurance benefits to the College totaled \$857,885 and \$889,368 for the years ended August 31, 2011 and 2010, 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 \$333,783 and \$322,779 as of August 31, 2011 and 2010, 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.

At August 31:	<u>2011</u>	<u>2010</u>
Assessed Valuation of the College	\$4,642,447,972	\$4,523,226,284
Less Exemptions	<u>(166,899,847)</u>	<u>(290,361,029)</u>
Net Assessed Valuation of the College	\$ <u>4,475,548,125</u>	\$ <u>4,232,865,255</u>
	<u>2011</u>	
	<u>Current</u>	<u>Debt</u>
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.2700	-
Assessed Tax rate per \$100 Valuation	\$.1895	-
	\$ .2700	\$.2700
	\$.1895	\$.1895
	<u>2010</u>	
	<u>Current</u>	<u>Debt</u>
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.2700	-
Assessed Tax rate per \$100 Valuation	\$.1900	-
	\$ .2700	\$.2700
	\$.1900	\$.1900

Taxes levied for the years ended August 31, 2011 and 2010, based on certified rolls, as reported by the taxing authorities amounted to \$8,800,902 and \$8,042,444, 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, 2011 and 2010 were as follows:

	2011	2010
Current Taxes Collected	\$ 8,518,149	\$ 7,740,468
Delinquent Taxes Collected	253,648	271,037
Penalties and Interest Collected	161,144	143,897
 Total Collections	 \$ 8,932,941	 \$ 8,155,402

Tax collections for the years ended August 31, 2011 and 2010 were 96.49% and 96.25%, 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.

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, 2011 and 2010, \$187,114 and \$228,815, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET ASSETS

The Board has approved \$5,128,890 of unrestricted net assets to be designated in the event of a natural disaster. This amount represents six months of fiscal year 2011 budgeted salaries and benefits.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

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 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 \$130,230 and \$245,194 to the College for scholarship awards during the years ended August 31, 2011 and 2010, respectively. The Foundation remitted \$380,277 and \$250,000 to the College to fund grant programs during the years ended August 31, 2011 and 2010, respectively.

During the years ended August 31, 2011 and 2010, the College provided office space and staff assistance to the Foundation at no cost. The College's management estimates the value of the service provided to the Foundation in fiscal years 2011 and 2010 to be approximately \$237,000 and \$229,000, respectively. As of August 31, 2011 and 2010, the amount due from the Foundation was \$48,294 and \$44,191, respectively.

REQUIRED SUPPLEMENTAL SCHEDULES

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GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2011  
(With Memorandum Totals for the Year Ended August 31, 2010)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2011 Total	2010 Total
<b>Tuition:</b>						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 1,589,126	\$ -	\$ 1,589,126	\$ -	\$ 1,589,126	\$ 1,415,187
TPEG - Credit (set aside) *	96,010	-	96,010	-	96,010	69,151
Non-Resident Tuition	183,988	-	183,988	-	183,988	141,087
Non-State Funded Educational Programs	55,905	-	55,905	-	55,905	72,274
<b>Total Tuition</b>	<b>1,925,029</b>	<b>-</b>	<b>1,925,029</b>	<b>-</b>	<b>1,925,029</b>	<b>1,697,699</b>
<b>Fees:</b>						
Student Service Fee	-	-	-	75,119	75,119	71,230
Laboratory Fee	383,458	-	383,458	-	383,458	249,830
Building Use Fee	756,654	-	756,654	-	756,654	540,812
Out of District Fee	48,580	-	48,580	-	48,580	-
General Service Fee	245,835	-	245,835	-	245,835	219,808
Registration Fee	195,215	-	195,215	-	195,215	179,386
<b>Total Fees</b>	<b>1,629,742</b>	<b>-</b>	<b>1,629,742</b>	<b>75,119</b>	<b>1,704,861</b>	<b>1,261,066</b>
<b>Scholarship Allowances and Discounts:</b>						
Scholarship Allowances	(214,001)	-	(214,001)	-	(214,001)	(145,113)
Remissions and Exemptions - State	(41,757)	-	(41,757)	-	(41,757)	(34,234)
Title IV Federal Grants to Students	(1,432,161)	-	(1,432,161)	-	(1,432,161)	(1,064,162)
<b>Total Scholarship Allowances and Discounts</b>	<b>(1,687,919)</b>	<b>-</b>	<b>(1,687,919)</b>	<b>-</b>	<b>(1,687,919)</b>	<b>(1,243,509)</b>
<b>Total Net Tuition and Fees</b>	<b>1,866,852</b>	<b>-</b>	<b>1,866,852</b>	<b>75,119</b>	<b>1,941,971</b>	<b>1,715,256</b>
<b>Additional Operating Revenues:</b>						
Federal Grants and Contracts	-	1,156,467	1,156,467	-	1,156,467	2,057,064
State Grants and Contracts	-	343,557	343,557	-	343,557	230,096
Private Grants and Scholarships	-	262,025	262,025	-	262,025	419,719
Other Operating Revenues	124,642	-	124,642	-	124,642	178,635
<b>Total Additional Operating Revenues</b>	<b>124,642</b>	<b>1,762,049</b>	<b>1,886,691</b>	<b>-</b>	<b>1,886,691</b>	<b>2,885,514</b>
<b>Auxiliary Enterprises:</b>						
Residential Life	-	-	-	159,812	159,812	147,007
Less Scholarship Allowances and Discounts	-	-	-	(159,812)	(159,812)	(147,007)
Bookstore Commissions	-	-	-	82,586	82,586	86,034
Vending Commissions	-	-	-	8,483	8,483	7,111
Other Auxiliary Revenue	-	-	-	108,896	108,896	97,978
<b>Total Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,965</b>	<b>199,965</b>	<b>191,123</b>
<b>Total Operating Revenues</b>	<b>\$ 1,991,494</b>	<b>\$ 1,762,049</b>	<b>\$ 3,753,543</b>	<b>\$ 275,084</b>	<b>\$ 4,028,627</b>	<b>\$ 4,791,893</b>
				(Exhibit 2)	(Exhibit 2)	

\* In accordance with Education Code 56.003, \$96,010 and \$69,151 for years August 31, 2011 and 2010, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF OPERATING EXPENSES BY OBJECT  
 FOR THE YEAR ENDED AUGUST 31, 2011  
 (With Memorandum Totals for the Year Ended August 31, 2010)

	Salaries and Wages	Operating Expenses			2011 Total	2010 Total
		State	Benefits	Local		
Unrestricted - Educational Activities:						
Instruction	\$ 4,458,565	\$ -	\$ 457,450	\$ 604,133	\$ 5,520,148	\$ 4,866,926
Public Service	18,390	-	1,818	55,749	75,957	102,218
Academic Support	945,848	-	91,876	113,455	1,151,179	1,186,200
Student Services	1,172,335	-	110,755	204,664	1,487,754	1,351,635
Institutional Support	1,517,089	-	334,361	1,825,652	3,677,102	4,348,622
Operation and Maintenance of Plant	412,865	-	175,145	1,806,073	2,394,083	1,868,371
Total Unrestricted Educational Activities	8,525,092	-	1,171,405	4,609,726	14,306,223	13,723,972
Restricted - Educational Activities:						
Instruction	115,613	724,772	23,988	175,348	1,039,721	1,098,168
Public Service	-	52	-	-	52	532
Academic Support	6,302	193,150	1,736	24,306	225,494	798,837
Student Services	318,502	258,330	62,555	202,690	842,077	953,372
Institutional Support	4,309	155,337	1,050	5,878	166,574	328,945
Scholarships and Fellowships	-	-	-	3,191,571	3,191,571	3,318,332
Total Restricted Educational Activities	444,726	1,331,641	89,329	3,599,793	5,465,489	6,498,186
Total Educational Activities	8,969,818	1,331,641	1,260,734	8,209,519	19,771,712	20,222,158
Auxiliary Enterprises	105,467	-	43,466	513,453	662,386	637,428
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	410,241	410,241	354,012
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	336,012	336,012	224,832
Total Operating Expenses	\$ 9,075,285	\$ 1,331,641	\$ 1,304,200	\$ 9,469,225	\$ 21,180,351	\$ 21,438,430

(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, 2011  
 (With Memorandum Totals for the Year Ended August 31, 2010)

	Unrestricted	Restricted	Auxiliary Enterprises	2011 Total	2010 Total
<b>Non-Operating Revenues:</b>					
<b>State Appropriations:</b>					
Education and General State Support	\$ 4,378,534	\$ -	\$ -	4,378,534	\$ 4,439,215
State Group Insurance	-	857,885	-	857,885	889,368
State Retirement Match	-	473,756	-	473,756	441,167
<b>Total State Appropriations</b>	<u>4,378,534</u>	<u>1,331,641</u>	<u>-</u>	<u>5,710,175</u>	<u>5,769,750</u>
Property Taxes	8,962,451	-	-	8,962,451	8,159,628
Federal Student Assistance (Title IV Grants)	-	4,435,671	-	4,435,671	3,791,069
Contribution to Student Center	-	-	-	-	1,607,577
Investment Income	22,452	-	-	22,452	30,509
Other Non-Operating Revenue	2,700	-	-	2,700	41,392
<b>Total Non-Operating Revenues</b>	<u>8,987,603</u>	<u>4,435,671</u>	<u>-</u>	<u>13,423,274</u>	<u>13,630,175</u>
<b>Non-Operating Expenses:</b>					
Interest on Capital Related Debt	110,365	-	-	110,365	125,240
Other Non-Operating Expense	75,855	-	-	75,855	1,000
<b>Total Non-Operating Expenses</b>	<u>186,220</u>	<u>-</u>	<u>-</u>	<u>186,220</u>	<u>126,240</u>
<b>NET NON-OPERATING REVENUES</b>	<u>\$ 13,179,917</u>	<u>\$ 5,767,312</u>	<u>\$ -</u>	<u>\$ 18,947,229</u>	<u>\$ 19,273,685</u>
				(Exhibit 2)	(Exhibit 2)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2011  
 (With Memorandum Totals for the Year Ended August 31, 2010)

	Detail by Source				Capital Assets		Available for Current Operations	
	Unrestricted	Restricted		Net of Depreciation & Related Debt	Total	Yes	No	
		Expendable	Non-Expendable					
<b>Current:</b>								
Unrestricted	\$ 9,396,981	\$ -	\$ -	\$ 9,396,981	\$ 9,396,981	\$ -	-	
Auxiliary	356,768	-	-	356,768	356,768	-	-	
Scholarships	-	148,716	-	148,716	148,716	-	-	
<b>Plant:</b>								
Unexpended	245,532	-	-	245,532	245,532	-	-	
Debt Service	279,341	768,303	-	1,047,644	279,341	768,303	768,303	
Investment in Plant	-	-	14,049,867	14,049,867	-	14,049,867	14,049,867	
Total Net Assets, August 31, 2011	10,278,622	917,019	14,049,867	25,245,508	10,427,338	14,818,170	14,818,170	
				(Exhibit 1)				
Total Net Assets, August 31, 2010	10,862,378	925,580	11,662,045	23,450,003	11,067,593	12,382,410	12,382,410	
				(Exhibit 1)				
Net Increase (Decrease) in Net Assets	\$ (583,756)	\$ (8,561)	\$ 2,387,822	\$ 1,795,505	\$ (640,255)	\$ 2,435,760	2,435,760	
				(Exhibit 2)				

See Independent Auditor's Report.



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

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

Board of Regents  
Galveston Community College District  
Galveston, Texas

We have audited the financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2011, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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.

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

*Gainer Donnelly & Desroches LLP*

November 4, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Regents  
Galveston Community College District  
Galveston, Texas

Compliance

We have audited the 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 the College's major federal programs for the year ended August 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, Galveston Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Gainer Donnelly & Desroches LLP

November 4, 2011

GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2011

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		\$ 63,651
Federal Work-Study Program	84.033		79,031
Federal Pell Grant Program	84.063		4,231,750
Federal Family Education Loans	84.268		1,383,135
Academic Competiveness Grant	84.375		61,239
Trio Cluster:			
TRIO - Student Support Services	84.042		229,245
TRIO - Upward Bound	84.047		253,824
Strengthening Institutions - Title V	84.031S		43,580
Passed-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	94218	107,877
Leveraging Educational Assistance Partnership	84.069A		2,751
State Leveraging Educational Assistance Partnership	84.069B		<u>3,752</u>
Total U.S. Department of Education			<u>6,459,835</u>
U.S. Department of Labor			
Passed-Through From:			
WIA Programs Cluster:			
ARRA Workforce Investment Act - Adult	17.258A		135,553
ARRA Workforce Investment Act - Dislocated Worker	17.260A		<u>379,885</u>
Total U.S. Department of Labor			<u>515,438</u>
Total Expenditures of Federal Awards			<u>\$ 6,975,273</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, 2011

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, 2011. 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)	\$ 1,156,467
Federal Student Assistance, Non-Operating – (Schedule C)	<u>4,435,671</u>
Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Assets	5,592,138
Reconciling Item – Direct Student Loans	<u>1,383,135</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 6,975,273</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, 2011

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ yes        X   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 Family Educational Loans
84.375	Academic Competiveness Grant

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

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no



GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2011

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, 2010.

SUPPLEMENTARY INFORMATION – STATISTICAL SECTION

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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Table 1

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

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in Capital Assets, Net of Related Debt	\$ 14,050	\$ 11,662	\$ 8,042	\$ 7,144	\$ 5,891	\$ 4,390	\$ 3,652	\$ 2,437	\$ 2,988	\$ 2,737
Restricted - Expendable	917	926	945	976	915	1,110	1,109	1,076	980	1,021
Restricted - Nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	10,279	10,862	11,836	10,695	10,206	8,147	6,902	6,138	4,947	4,507
Total Primary Government Net Assets	\$ 25,246	\$ 23,450	\$ 20,823	\$ 18,815	\$ 17,012	\$ 13,647	\$ 11,663	\$ 9,651	\$ 8,915	\$ 8,265

See Independent Auditor's Report.

Table 2

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

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$ 1,942	\$ 1,715	\$ 1,384	\$ 1,738	\$ 1,313	\$ 1,276	\$ 1,425	\$ 1,723	\$ 1,538	\$ 1,281
Governmental Grants and Contracts:										
Federal Grants and Contracts	1,193	2,057	1,099	1,163	1,310	830	802	413	738	646
State Grants and Contracts	344	230	202	124	96	110	92	191	103	123
Non-Governmental Grants and Contracts	262	420	510	441	398	368	252	137	-	-
Sales and Services of Educational Activities	-	-	-	-	-	-	23	16	3	-
Auxiliary Enterprises	200	191	82	91	96	114	146	129	114	313
Other Operating Revenues	88	179	133	150	182	197	237	282	270	385
Total Operating Revenues	<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>	<u>2,765</u>	<u>2,748</u>
State Appropriations	5,710	5,770	6,570	6,146	6,078	5,985	5,725	5,790	6,028	6,312
Property Taxes	8,962	8,160	8,871	8,234	7,635	7,345	6,555	6,196	5,583	5,349
Federal Student Assistance	4,436	3,791	2,357	2,038	2,277	2,202	2,417	2,417	1,475	1,711
Contribution for Student Center	-	1,607	-	-	-	-	-	-	-	-
Investment and Other Income	25	71	208	533	398	334	134	78	70	123
Other Non-Operating Revenues, Net of Expenses	-	-	507	-	2,231	-	-	-	-	-
Total Non-Operating Revenues	<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>	<u>13,156</u>	<u>13,495</u>
Total Revenues	<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>	<u>\$ 15,921</u>	<u>\$ 16,243</u>

See Independent Auditor's Report.

Table 2 - Continued

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

	For the Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	8.38%	7.09%	6.37%	8.41%	5.96%	6.80%	8.00%	9.92%	9.66%	7.89%
Governmental Grants and Contracts:										
Federal Grants and Contracts	5.15%	8.50%	5.06%	5.63%	5.95%	4.42%	4.50%	2.38%	4.64%	3.98%
State Grants and Contracts	1.49%	0.95%	0.93%	0.60%	0.44%	0.59%	0.52%	1.10%	0.65%	0.76%
Non-Governmental Grants and Contracts	1.13%	1.74%	2.35%	2.13%	1.81%	1.96%	1.41%	0.79%	-	-
Sales and Services of Educational Activities	-	-	-	-	-	-	0.13%	0.09%	0.02%	-
Auxiliary Enterprises	0.86%	0.79%	0.38%	0.44%	0.44%	0.61%	0.82%	0.74%	0.72%	1.93%
Other Operating Revenues	0.38%	0.74%	0.61%	0.73%	0.83%	1.05%	1.33%	1.62%	1.70%	2.37%
Total Operating Revenues	17.39%	19.81%	15.70%	17.94%	15.42%	15.43%	16.71%	16.64%	17.37%	16.92%
State Appropriations	24.65%	23.85%	30.26%	29.75%	27.61%	31.90%	32.15%	33.33%	37.86%	38.86%
Ad Valorem Taxes	38.69%	33.73%	40.85%	39.86%	34.68%	39.15%	36.81%	35.67%	35.07%	32.93%
Federal Student Assistance	19.15%	15.67%	10.85%	9.87%	10.34%	11.74%	13.57%	13.91%	9.26%	10.53%
Contribution for Student Center	0.00%	6.64%	-	-	-	-	-	-	-	-
Investment and Other Income	0.11%	0.29%	0.96%	2.58%	1.81%	1.78%	0.75%	0.45%	0.44%	0.76%
Other Non-Operating Revenues, Net of Expenses	-	-	1.37%	-	10.13%	-	-	-	-	-
Total Non-Operating Revenues	82.61%	80.19%	84.30%	82.06%	84.58%	84.57%	83.29%	83.36%	82.63%	83.08%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See Independent Auditor's Report.

Table 3

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

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 6,560	\$ 5,965	\$ 6,057	\$ 6,024	\$ 5,874	\$ 5,593	\$ 5,863	\$ 5,499	\$ 5,727	\$ 6,070
Public Service	76	103	83	118	223	52	25	150	93	139
Academic Support	1,377	1,985	1,936	2,081	1,956	1,663	1,468	1,702	1,523	1,516
Student Services	2,330	2,305	2,233	2,030	2,880	2,142	1,393	1,401	1,068	1,259
Institutional Support	3,844	4,678	4,335	3,619	3,702	3,551	3,647	3,454	3,378	2,866
Operation and Maintenance of Plant	2,394	1,868	2,017	1,829	1,906	1,422	1,099	1,534	1,492	1,229
Scholarships and Fellowships	3,191	3,318	2,178	1,742	1,341	1,348	1,343	1,447	804	1,375
Auxiliary Enterprises	662	637	247	199	131	165	141	158	231	215
Depreciation	746	579	481	470	467	643	623	587	528	465
Total Operating Expenses	21,180	21,438	19,567	18,112	18,480	16,579	15,602	15,932	14,844	15,134
Interest on Capital Related Debt	110	125	139	154	169	182	194	252	428	451
Other Expenses	76	1	-	590	-	-	-	45	-	-
Total Non-Operating Expenses	186	126	139	744	169	182	194	297	428	451
Total Expenses	\$ 21,366	\$ 21,564	\$ 19,706	\$ 18,856	\$ 18,649	\$ 16,761	\$ 15,796	\$ 16,229	\$ 15,272	\$ 15,585

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,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	30.70%	27.66%	30.74%	31.95%	31.50%	33.37%	37.12%	33.89%	37.50%	38.95%
Public Service	0.36%	0.48%	0.42%	0.63%	1.20%	0.31%	0.16%	0.92%	0.61%	0.89%
Academic Support	6.44%	9.21%	9.82%	11.04%	10.49%	9.92%	9.29%	10.48%	9.97%	9.73%
Student Services	10.91%	10.69%	11.33%	10.77%	15.44%	12.78%	8.82%	8.63%	6.99%	8.08%
Institutional Support	17.99%	21.69%	22.00%	19.19%	19.85%	21.19%	23.09%	21.28%	22.12%	18.39%
Operation and Maintenance of Plant	11.20%	8.66%	10.24%	9.70%	10.22%	8.48%	6.96%	9.45%	9.77%	7.89%
Scholarships and Fellowships	14.93%	15.39%	11.05%	9.24%	7.19%	8.04%	8.50%	8.92%	5.27%	8.82%
Auxiliary Enterprises	3.10%	2.95%	1.25%	1.06%	0.70%	0.98%	0.89%	0.97%	1.51%	1.38%
Depreciation	3.49%	2.69%	2.44%	2.49%	2.50%	3.84%	3.95%	3.62%	3.46%	2.98%
Total Operating Expenses	99.13%	99.42%	99.29%	96.05%	99.09%	98.91%	98.77%	98.17%	97.20%	97.11%
Interest on Capital Related Debt	0.51%	0.58%	0.71%	0.82%	0.91%	1.09%	1.23%	1.55%	2.80%	2.89%
Other Expenses	0.36%	-	-	3.13%	-	-	-	0.28%	-	-
Total Non-Operating Expenses	0.87%	0.58%	0.71%	3.95%	0.91%	1.09%	1.23%	1.83%	2.80%	2.89%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See Independent Auditor's Report.

Table 4

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

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)										Increase from Prior Year Out-of-District
	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Building Use Fee	Technology Fees	Student Activity Fees (per student)	General Service Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	
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%
2003	20	30	-	12	-	15	-	539	539	55.33%	55.33%
2002	20	9	-	12	5	15	-	347	347	7.43%	7.43%

Academic Year (Fall)	Non - Resident Fees per Semester Credit Hour (SCH)										Increase from Prior Year International
	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Building Use Fee	Technology Fees	Student Activity Fees	General Service Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	
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%
2003	20	60	60	12	-	15	-	899	899	50.08%	50.08%
2002	20	30	30	12	5	15	-	599	599	2.04%	2.04%

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.



Table 5  
**GALVESTON COMMUNITY COLLEGE DISTRICT**  
**ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

Fiscal Year	(Amounts Expressed in Thousands)			Direct Rate			
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2010-11	\$ 4,642,448	\$ 166,900	\$ 4,475,548	96.40%	\$ 0.189475	\$ -	0.189475
2009-10	4,523,226	290,361	4,232,865	93.58%	0.190000	-	0.190000
2008-09	5,505,603	357,183	5,148,420	93.51%	0.170000	-	0.170000
2007-08	5,106,837	340,830	4,766,007	93.33%	0.170000	-	0.170000
2006-07	4,781,523	322,462	4,459,061	93.26%	0.170000	-	0.170000
2005-06	4,027,628	291,027	3,736,601	92.77%	0.191800	-	0.191800
2004-05	3,581,393	276,883	3,304,510	92.27%	0.195200	-	0.195200
2003-04	3,371,245	266,107	3,105,138	92.11%	0.195200	-	0.195200
2002-03	2,929,690	229,164	2,700,525	92.18%	0.195200	-	0.195200
2001-02	2,881,049	236,163	2,644,886	91.80%	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
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
2002-2003	6,027,560	1,589	3,793	657,488	353,698	148,378	1,159,564	5.20
2001-2002	6,312,399	1,515	4,166	682,176	309,040	101,135	1,092,351	5.78

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)									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BP Products (NA) Inc	Refinery	\$ 1,433,426	\$ 1,384,642	\$ 1,618,991	\$ 1,789,680	\$ 1,395,700	\$ 1,285,600	\$ 1,096,800	\$ 795,500	\$ 644,400	\$ 618,800
Valero Refining - Texas LP	Refinery	563,156	547,376	737,214	789,303	776,700	324,300	275,400	323,900	289,000	371,800
Union Carbide Corp	Refinery	219,411	222,150	258,272	351,664	333,700	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	178,597	129,179	134,120	165,910	153,000	281,700	111,100	119,000	67,500	-
South Houston Green Power	Utilities	176,234	141,357	130,000	360,516	289,100	668,500	452,400	211,900	226,600	209,600
Praxair Inc.	Supplier	171,220	173,279	179,607	197,696	169,400	115,800	116,700	184,700	157,800	166,800
BP Amoco Chemical Co.	Refinery	156,054	113,992	121,552	155,126	156,700	114,100	124,300	110,800	85,500	72,700
Texas-New Mexico Power Co.	Utilities	93,553	91,737	85,034	84,990	97,600	63,000	60,300	28,200	40,500	30,400
Centerpoint Energy Inc.	Utilities	90,424	92,158	89,391	93,843	90,900	50,000	44,900	47,500	43,200	38,800
ISP Technologies Inc.	Computers	54,880	53,013	57,103	60,476	64,100	132,500	104,274	78,900	46,300	49,000
Valero Marketing and Supply CO	Supplier	52,150	60,903	-	-	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	44,968	46,580	55,409	88,038	-	155,100	177,400	174,800	197,800	197,700
Concast of Houston LLC	Utilities	41,046	40,663	40,663	26,421	-	-	-	-	-	-
Ineds Styrenics	Refinery	38,651	38,540	37,824	72,640	71,700	-	-	-	-	-
BP Alternative Energy	Utilities	38,500	54,600	48,930	-	-	-	-	-	-	-
American National INS Co	Insurance	37,453	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	37,431	35,911	35,911	38,575	35,300	-	-	-	-	81,200
Walmart Stores Texas LP	Retail	34,691	34,240	32,217	-	-	-	-	-	-	-
South Western 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	32,900	-
Houston Refining LP	Refinery	-	45,454	-	51,855	-	-	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	36,616	-	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	-	-	57,266	47,261	48,000	68,800	51,100	46,800	47,700	49,000
Feritta Hospitality INC	Hospitality	-	-	32,977	-	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	-	54,477	84,900	44,600	47,400	46,700	44,100	102,700
Valero Marketing & Supplies	Refinery	-	-	-	49,945	-	-	-	-	-	-
Calpine Central LP	Utilities	-	-	-	-	-	35,500	35,200	34,000	33,800	33,800
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	26,800	55,300	64,700	71,600	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	31,100	-	48,500
Totals		3,524,303	3,378,236	3,824,969	4,554,932	3,801,500	3,366,300	2,752,574	2,538,300	2,028,700	2,070,800
Total Taxable Assessed Value		\$ 19,216,690	\$ 18,763,026	\$ 18,598,310	\$ 20,333,507	\$ 18,547,397	\$ 17,163,303	\$ 15,438,330	\$ 13,961,922	\$ 12,734,317	\$ 11,797,654

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									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BP Products (NA) Inc	Refinery	7.46%	7.38%	8.71%	8.80%	7.53%	7.49%	7.10%	5.70%	5.06%	5.25%
Valero Refining - Texas LP	Refinery	2.93%	2.92%	3.96%	3.88%	4.19%	1.89%	1.78%	2.32%	2.27%	3.15%
Union Carbide Corp	Refinery	1.14%	1.18%	1.39%	1.73%	1.80%	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	0.93%	0.69%	0.72%	0.82%	0.82%	1.64%	0.72%	0.85%	0.53%	-
South Houston Green Power	Utilities	0.92%	0.75%	0.70%	1.77%	1.56%	3.89%	2.93%	1.52%	1.78%	1.78%
Praxair Inc.	Supplier	0.89%	0.92%	0.97%	0.97%	0.91%	0.67%	0.76%	1.32%	1.24%	1.41%
BP Amoco Chemical Co.	Refinery	0.81%	0.61%	0.65%	0.76%	0.84%	0.66%	0.81%	0.79%	0.67%	0.62%
Texas-New Mexico Power Co.	Utilities	0.49%	0.49%	0.46%	0.42%	0.53%	0.37%	0.39%	0.20%	0.32%	0.26%
Centerpoint Energy Inc.	Utilities	0.47%	0.49%	0.48%	0.46%	0.49%	0.29%	0.29%	0.34%	0.34%	0.33%
ISP Technologies Inc.	Computers	0.29%	0.28%	0.31%	0.30%	0.35%	0.77%	0.68%	0.57%	0.36%	0.42%
Valero Marketing & Supplies	Refinery	0.27%	0.32%	-	0.25%	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	0.23%	0.25%	0.30%	0.43%	-	0.90%	1.15%	1.25%	1.55%	1.68%
Comcast of Houston LLC	Utilities	0.21%	0.22%	0.22%	0.13%	-	-	-	-	-	-
Ineeds Styrenics	Refinery	0.20%	0.21%	0.20%	0.36%	0.39%	-	-	-	-	-
BP Alternative Energy	Utilities	0.20%	0.29%	0.26%	-	-	-	-	-	-	-
American National INS Co	Insurance	0.19%	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	0.19%	0.19%	0.19%	0.19%	0.19%	-	-	-	-	0.69%
Walmart Stores Texas LP	Retail	0.18%	0.18%	0.17%	-	-	-	-	-	-	-
SouthWestern Bell Telephone	Utilities	0.16%	0.19%	0.21%	-	-	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	0.16%	0.18%	0.18%	0.17%	0.19%	-	-	1.72%	0.26%	-
Houston Refining LP	Refinery	-	0.24%	-	0.26%	-	-	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	0.20%	-	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	-	-	0.31%	0.23%	0.26%	0.40%	0.33%	0.34%	0.37%	0.42%
Feritta Hospitality INC	Hospitality	-	-	0.18%	-	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	-	0.27%	0.46%	0.26%	0.31%	0.33%	0.35%	0.87%
Valero Marketing & Supplies	Refinery	-	-	-	0.25%	-	-	-	-	-	-
Calpine Central LP	Utilities	-	-	-	-	-	0.21%	0.23%	0.24%	0.27%	0.29%
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	0.16%	0.36%	0.46%	0.56%	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	0.22%	-	0.41%
Totals		18.34%	18.01%	20.57%	22.65%	20.50%	19.61%	17.83%	18.18%	15.93%	17.55%

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
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%
2003	5,386	5,259	97.64%	209	5,468	101.52%
2002	5,163	5,029	97.40%	209	5,238	101.46%

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.

See Independent Auditor's Report.

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

	For the Year Ended August 31 (Amounts Expressed in Thousands)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue Bonds	\$ 2,625	3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795	\$ 7,180
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795	\$ 7,180
Total Outstanding Debt Ratios:										
Per Capita	9.01	11.28	13.70	15.53	17.56	19.92	22.31	24.71	26.05	28.17
Per Student	1,590	2,181	2,933	3,199	3,402	3,855	3,713	4,276	7,276	4,739
As a Percentage of Taxable Assessed Value	0.05%	0.07%	0.07%	0.08%	0.11%	0.15%	0.18%	0.24%	0.26%	0.29%

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.

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)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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.

Table 11

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

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	
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
2003	77	117	533	107	4	11	849	385	428	813	1.04
2002	82	82	442	124	4	17	751	515	451	966	0.78

Note: 2004 principle 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
2010	291,309	\$ 12,694 *	\$ 43,576 *	9.2%
2009	286,814	11,937	41,621	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%
2002	260,102	8,077	31,053	6.5%
2001	254,545	7,767	30,513	5.2%

Sources:

- County Population from U.S. Bureau of the Economic Analysis <http://www.bea.gov/> (Note: 2010 from US Census)
- 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/>

\* Forecasted amount using linear regression.

See Independent Auditor's Report.

Table 13  
**GALVESTON COMMUNITY COLLEGE DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**LAST FIVE YEARS**  
(Unaudited)

Employer	2011 *	2010	2009	2008	2007
University of Texas Medical Branch	7,900	7,900	12,000	12,000	10,081
Galveston County (on Island only)	1,210	1,210	969	969	901
Galveston Independent School District	1,044	1,044	1,221	1,221	1,320
American National Insurance Company	850	850	1,476	1,476	1,406
Moody Gardens	783	783	840	840	840
City of Galveston	758	758	825	825	750
Landry's Seafood Inc. *	746	746	1,245	1,245	1,245
Fertitta Hospitality **	743	743	698	698	687
Texas A&M University of Galveston	329	329	400	400	429
Wal-Mart	-	-	410	410	-
U.S. Army Corps of Engineers	-	-	312	312	312
Galveston College	140	140	-	-	-
<b>Total</b>	<b>14,503</b>	<b>14,503</b>	<b>20,396</b>	<b>20,396</b>	<b>17,971</b>
	<b>54.47%</b>	<b>54.47%</b>	<b>58.84%</b>	<b>58.84%</b>	<b>56.10%</b>
	<b>8.34%</b>	<b>8.34%</b>	<b>4.75%</b>	<b>4.75%</b>	<b>5.01%</b>
	<b>7.20%</b>	<b>7.20%</b>	<b>5.99%</b>	<b>5.99%</b>	<b>7.35%</b>
	<b>5.86%</b>	<b>5.86%</b>	<b>7.24%</b>	<b>7.24%</b>	<b>7.82%</b>
	<b>5.40%</b>	<b>5.40%</b>	<b>4.12%</b>	<b>4.12%</b>	<b>4.67%</b>
	<b>5.23%</b>	<b>5.23%</b>	<b>4.04%</b>	<b>4.04%</b>	<b>4.17%</b>
	<b>5.14%</b>	<b>5.14%</b>	<b>6.10%</b>	<b>6.10%</b>	<b>6.93%</b>
	<b>5.12%</b>	<b>5.12%</b>	<b>3.42%</b>	<b>3.42%</b>	<b>3.82%</b>
	<b>2.27%</b>	<b>2.27%</b>	<b>1.96%</b>	<b>1.96%</b>	<b>2.39%</b>
	<b>-</b>	<b>-</b>	<b>2.01%</b>	<b>2.01%</b>	<b>0.00%</b>
	<b>0.97%</b>	<b>0.97%</b>	<b>1.53%</b>	<b>1.53%</b>	<b>1.74%</b>
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source:  
Galveston Economic Development Partnership (GEDP)

Notes:

\* Landry's Restaurants, 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 Beach.

\* 2011 update is not available at this time

Table 14

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Faculty:</b>										
Full-Time	51	52	58	57	60	54	51	51	56	43
Part-Time	61	66	40	69	80	87	92	86	92	104
Total	112	118	98	126	140	141	143	137	148	147
<b>Percent:</b>										
Full-Time	45.5%	44.1%	59.2%	45.2%	42.9%	38.3%	35.7%	37.2%	37.8%	29.3%
Part-Time	54.5%	55.9%	40.8%	54.8%	57.1%	61.7%	64.3%	62.8%	62.2%	70.7%
<b>Staff and Administrators:</b>										
Full-Time	89	90	99	99	107	96	89	95	100	103
Part-Time	57	47	44	51	111	162	39	72	86	35
Total	146	137	143	150	218	258	128	167	186	138
<b>Percent:</b>										
Full-Time	61.0%	65.7%	69.2%	66.0%	49.1%	37.2%	69.5%	56.9%	53.8%	74.6%
Part-Time	39.0%	34.3%	30.8%	34.0%	50.9%	62.8%	30.5%	43.1%	46.2%	25.4%
FTSE per Full-time Faculty	32.4	28.5	22.5	24.2	19.5	19.7	18.9	19.9	17.5	22.0
FTSE per Full-Time Staff Member	18.6	16.5	13.2	13.9	7.5	10.9	15.1	13.4	11.8	14.9
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 59,858	\$ 58,136	\$ 53,498	\$ 49,429	\$ 46,179	\$ 46,127	\$ 44,374	\$ 38,802	\$ 42,536	\$ 41,425

See Independent Auditor's Report.

Table 15

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

Student Classification	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,521	65.62%	1,367	63.08%	1,484	66.93%	1,368	66.93%	1,557	73.69%	1,631	73.63%	1,863	79.21%	1,750	78.13%	1,683	73.40%
31-60 hours	498	21.48%	433	19.98%	454	20.37%	401	19.62%	357	16.90%	394	17.79%	245	10.42%	257	11.47%	361	15.74%
> 60 hours	42	1.81%	145	6.69%	154	6.91%	162	7.93%	130	6.15%	140	6.32%	148	6.29%	138	6.16%	119	5.19%
Unclassified	257	11.09%	222	10.24%	137	6.15%	113	5.53%	69	3.27%	50	2.26%	96	4.08%	95	4.24%	130	5.67%
Total	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%	2,240	100.00%	2,293	100.00%
Semester Hour Load																		
Less than 3	24	1.04%	34	1.57%	33	1.48%	28	1.37%	30	1.42%	35	1.58%	37	1.57%	35	1.56%	48	2.09%
3-5 semester hours	541	23.34%	514	23.72%	630	28.26%	580	28.38%	565	26.74%	599	27.04%	646	27.47%	634	28.30%	608	26.52%
6-8 Semester hours	582	25.11%	623	28.75%	601	26.96%	541	26.47%	485	22.95%	600	27.09%	530	22.53%	524	23.39%	609	26.56%
9-11 semester hours	398	17.17%	346	15.97%	371	16.64%	277	13.55%	293	13.87%	292	13.18%	352	14.97%	314	14.02%	381	16.62%
12-14 semester hours	565	24.37%	522	24.09%	477	21.40%	495	24.22%	583	27.59%	536	24.20%	622	26.45%	602	26.88%	484	21.11%
15-17 semester hours	202	8.71%	119	5.49%	113	5.07%	110	5.38%	148	7.00%	143	6.46%	144	6.12%	118	5.27%	145	6.32%
18 & over	6	0.26%	9	0.42%	4	0.18%	13	0.64%	9	0.43%	10	0.45%	21	0.89%	13	0.58%	18	0.78%
Total	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%	2,240	100.00%	2,293	100.00%
Average Course Load	9.0		8.2		8.3		8.5		8.6		8.6		8.8		8.6		8.5	
Tuition Status																		
Texas Resident (in-District)	1,442	62.21%	2,069	95.48%	2,119	95.07%	1,951	95.43%	2,039	96.50%	2,111	95.30%	2,266	96.34%	2,165	96.65%	2,208	96.29%
Texas Resident (out-of-District)	786	33.91%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-Resident Tuition	82	3.54%	87	4.01%	110	4.93%	60	2.94%	73	3.45%	104	4.70%	86	3.66%	75	3.35%	85	3.71%
Tuition Exemption/Wavier	8	0.35%	11	0.51%	-	0.00%	33	1.61%	1	0.05%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	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%	2,240	100.00%	2,293	100.00%

Source:  
 Data from THECB CBM001 certified reports

Table 16

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

Gender	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	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	64.97%	1,475	65.85%	1,494	65.15%
Male	928	40.03%	799	36.87%	770	34.54%	711	34.78%	704	33.32%	788	35.58%	824	35.03%	765	34.15%	799	34.85%
Total	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%	2,240	100.00%	2,293	100.00%

Ethnic Origin	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	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%	1,181	52.72%	1,183	51.59%
Hispanic	653	28.17%	603	27.83%	565	25.35%	521	25.49%	531	25.13%	535	24.15%	542	23.04%	520	23.21%	515	22.46%
African American	433	18.68%	424	19.57%	439	19.69%	401	19.62%	406	19.21%	414	18.69%	450	19.13%	422	18.84%	480	20.93%
Asian	65	2.80%	59	2.72%	65	2.92%	65	3.18%	54	2.56%	67	3.02%	61	2.59%	67	2.99%	65	2.83%
International	-	0.00%	19	0.88%	35	1.57%	32	1.57%	39	1.85%	33	1.49%	38	1.62%	38	1.70%	38	1.66%
Native American	17	0.73%	8	0.37%	11	0.49%	4	0.20%	10	0.47%	6	0.27%	5	0.21%	8	0.36%	8	0.35%
Multi-racial	1	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Native Hawaiian/Pacific Islander	2	0.09%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unknown/Not Reported	98	4.23%	42	1.94%	36	1.62%	7	0.34%	-	0.00%	1	0.05%	3	0.13%	4	0.18%	4	0.17%
Total	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%	2,240	100.00%	2,293	100.00%

Age	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	209	9.02%	280	12.92%	313	14.04%	190	9.30%	205	9.70%	235	10.61%	248	10.54%	267	11.92%	276	12.04%
18 - 21	885	38.18%	794	36.64%	777	34.86%	738	36.11%	738	34.93%	754	34.04%	778	33.08%	764	34.11%	750	32.71%
22 - 24	354	15.27%	324	14.95%	333	14.94%	287	14.04%	285	13.49%	299	13.50%	374	15.90%	328	14.64%	318	13.87%
25 - 35	517	22.30%	465	21.46%	500	22.43%	483	23.63%	518	24.51%	533	23.21%	546	23.21%	501	22.37%	538	23.46%
36 - 50	260	11.22%	209	9.64%	226	10.14%	254	12.43%	274	12.97%	301	13.59%	310	13.18%	292	13.04%	314	13.69%
51 & over	93	4.01%	95	4.38%	80	3.59%	92	4.50%	93	4.40%	93	4.20%	96	4.08%	88	3.93%	97	4.23%
Total	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%	2,240	100.00%	2,293	100.00%

Average Age	26	26	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	28

Source: Data from THECB CBM001 certified reports

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GALVESTON COMMUNITY COLLEGE DISTRICT  
 TRANSFERS TO SENIOR INSTITUTIONS  
 2009 STUDENTS AS OF FALL 2010  
 (Includes Only Public Senior Colleges in Texas)

Table 17

	Transfer Student Count <u>ACADEMIC</u>	Transfer Student Count <u>TECHNICAL</u>	Total of All Transfer Students	% of All Transfer Students
1 Angelo State University	1	-	1	0.24%
2 Lamar University	30	1	31	7.56%
3 Midwestern State University	1	3	4	0.98%
4 Prairie View A&M University	7	-	7	1.71%
5 Sam Houston State University	10	2	12	2.93%
6 Stephen F. Austin State University	5	2	7	1.71%
7 Texas A&M University	39	1	40	9.76%
8 Texas A&M University - Corpus Christi	1	-	1	0.24%
9 Texas A&M University at Galveston	123	1	124	30.24%
10 Texas Southern University	3	1	4	0.98%
11 Texas State University	18	4	22	5.37%
12 Texas Tech University	3	-	3	0.73%
13 Texas Woman's University	1	-	1	0.24%
14 The University of Texas - Pan American	1	1	2	0.49%
15 The University of Texas at Arlington	6	-	6	1.46%
16 The University of Texas at Austin	25	-	25	6.10%
17 The University of Texas at Brownsville	1	-	1	0.24%
18 The University of Texas at Dallas	1	-	1	0.24%
19 The University of Texas at San Antonio	12	1	13	3.17%
20 University of Houston	19	1	20	4.88%
21 University of Houston - Downtown	3	1	4	0.98%
22 University of Houston at Clear Lake	40	3	43	10.49%
23 University of Houston at Victoria	2	-	2	0.49%
24 University of North Texas	8	-	8	1.95%
25 Texas Tech University Health Sciences Center	1	-	1	0.24%
26 The University of Texas Health Science Center at Houston	1	-	1	0.24%
27 The University of Texas Medical Branch at Galveston	19	7	26	6.34%
Totals	<u>381</u>	<u>29</u>	<u>410</u>	<u>100.00%</u>

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Table 18

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Academic buildings	6	5	4	4	4	4	4	4	4	4
Square footage (in thousands)	241	216	213	243	243	243	243	243	243	243
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	13	13	13	13	13	13	13
Number of Volumes (in thousands)	44	44	42	36	35	35	35	34	34	34
Administrative and support buildings	2	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	53	46	46	46	46	46	46	46	46	46
Apartments	9	8	8	6	14	14	14	10	10	10
Square footage (in thousands)	20	19	19	14	14	14	14	10	10	10
Number of beds	61	55	55	35	35	56	56	52	52	52
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	8	8	8	8	8	8	8
Average daily customers	400	400	400	400	400	400	375	350	325	300
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	5	5	5	5	5	4	4	3
Busses	3	3	3	-	-	-	-	-	-	-

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