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FINANCIAL STATEMENTS AND  
SINGLE AUDIT REPORTS

AUGUST 31, 2014 AND 2013



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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, 2014

BOARD OF REGENTS

		Term Expires <u>May 31,</u>
<u>OFFICERS</u>		
Mr. Armin Cantini – Chairperson	Galveston, Texas	2016
Mr. Raymond Lewis, Jr. – Vice Chairperson	Galveston, Texas	2020
Ms. Karen F. Flowers - Secretary	Galveston, Texas	2018

<u>MEMBERS</u>		
Mr. Carl E. Kelly	Galveston, Texas	2016
Mr. George F. Black	Galveston, Texas	2016
Mr. Florentino F. Gonzalez	Galveston, Texas	2018
Mr. Fred D. Raschke	Galveston, Texas	2018
Mr. Carroll G. Sunseri	Galveston, Texas	2020
Mr. Michael B. Hughes	Galveston, Texas	2020

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



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## INDEPENDENT AUDITOR'S REPORT

Board of Regents  
Galveston Community College District  
Galveston, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of Galveston Community College District (the "College") as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2014 and 2013, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary schedules on pages 40 through 43 and statistical section on pages 54 through 74 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

Houston, Texas  
November 12, 2014

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, 2014 and 2013. 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 2014**

- The College's net position as of August 31, 2014 is reported at \$30.2 million. This represents a 6% increase from the prior year.
- The College decreased its annual tax rate from \$0.1894 to \$0.1870 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$426,000 in property tax revenue was received over the previous period.
- Galveston College ended the fiscal year achieving 99% of its forecasted revenue budget and 91% of the expenditure budget.
- Galveston College renovated several areas on the main campus to revitalize and re-position the College to better serve the needs of the 21<sup>st</sup> century learner. Hallways of the Regents Hall and Moody Hall were repainted, removing outdated wallpaper and replacing it with calming and inviting color combinations. The 2<sup>nd</sup> and 3<sup>rd</sup> floor Regents Hall restrooms were remodeled to conform to ADA requirements and improving their look and functionality. The chemistry lab was also extensively redesigned based on input of faculty to advance the learning process. In addition, the College modernized the developmental education writing lab to increase capacity, refresh technology, and allow it to serve as a standard classroom or a computer lab.
- Grant Funds received in fiscal year 2014:

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
Dept. of Education - Federal	HSI – STEM Programs	10/01/13 – 09/30/14	\$1,070,400
Dept. of Education - Federal	Title V	10/01/13 – 09/30/14	\$593,700
Dept. of Education - Federal	Upward Bound Program	09/01/13 – 08/31/14	\$244,700
Scaling and Sustaining Success - State	Boost student success and college completion of underprepared students	09/01/13 – 08/31/14	\$85,800
GCPASS – State	Achieving the Dream Program	09/01/13 – 08/31/14	\$233,600
Dept. of Education - Federal	Building Bridges to Success	09/01/13 – 08/31/14	\$228,800
Carl Perkins- Federal	Applied Technology Support	09/01/13 – 08/31/14	\$90,400
HCCS Grant-State	Accelerated Texas	09/01/13 – 08/31/14	\$14,000
		TOTAL	\$2,561,400

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2014 - Continued**

- Computer and media equipment purchases in fiscal year 2014:

DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
Network Infrastructure Upgrade- Phase II	Title V Grant	\$116,600
General Computers (67)	Education & General	\$75,700
Computer Equipment & Software	Title V Grant	\$99,900
STEM Classrooms- Computers and Equipment	HSI – STEM Grant	\$246,300
	TOTAL	\$538,500

- Building renovations and furniture purchases in fiscal year 2014:

DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
Development Reading & Writing Lab \ Classroom Renovation N-346	Title V Grant	\$37,500
2 <sup>nd</sup> and 3 <sup>rd</sup> Floor Regents Restrooms Renovations	Education & General	\$70,000
Chemistry lab Renovation	HSI – STEM Grant	\$444,400
Painting and Re-finishing Regent and Moody Building Hallways	Education & General	\$64,500
	TOTAL	\$616,400

**Financial Highlights for 2013**

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



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2013 - Continued**

- Grant award notifications received in fiscal year 2013:

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

- Computer and Media hardware purchases in fiscal year 2013:

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2013 - Continued**

- Building renovations and furniture purchases in fiscal year 2013:

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

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

**Overview of Financial Statements**

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Overview of Financial Statements - Continued**

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.

**Financial Analysis – Statements of Net Position**

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

**Net Position  
(in thousands)**

	<u>2014</u>	<u>2013</u>	Increase (Decrease) 2014 - 2013	<u>2012</u>	Increase (Decrease) 2013 - 2012
<b>Assets:</b>					
Current Assets	\$ 14,535	\$ 13,315	\$ 1,220	\$ 14,629	\$ (1,314)
<b>Noncurrent Assets:</b>					
Capital Assets, Net of Depreciation	18,680	18,628	52	16,748	1,880
Other	<u>827</u>	<u>886</u>	<u>(59)</u>	<u>920</u>	<u>(34)</u>
Total Assets	<u>\$ 34,042</u>	<u>\$ 32,829</u>	<u>\$ 1,213</u>	<u>\$ 32,297</u>	<u>\$ 532</u>
<b>Liabilities:</b>					
Current Liabilities	\$ 3,490	\$ 3,375	\$ 115	\$ 3,366	\$ 9
Noncurrent Liabilities	<u>334</u>	<u>990</u>	<u>(656)</u>	<u>1,657</u>	<u>(667)</u>
Total Liabilities	<u>\$ 3,824</u>	<u>\$ 4,365</u>	<u>\$ (541)</u>	<u>\$ 5,023</u>	<u>\$ (658)</u>
<b>Net Position:</b>					
Invested in Capital Assets, Net of Related Debt	\$ 17,990	\$ 17,273	\$ 717	\$ 14,748	\$ 2,525
Restricted – Expendable	879	887	(8)	893	(6)
Unrestricted	<u>11,349</u>	<u>10,304</u>	<u>1,045</u>	<u>11,633</u>	<u>(1,329)</u>
Total Net Position	<u>\$ 30,218</u>	<u>\$ 28,464</u>	<u>\$ 1,754</u>	<u>\$ 27,274</u>	<u>\$ 1,190</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Analysis – Statements of Net Position - Continued**

***Fiscal Year 2014 Compared to 2013***

Total net position for fiscal year 2014 was \$30.2 million, representing a 6% increase or \$1.75 million from fiscal year 2013. Current assets mainly consist of cash investments in Logic, Lone Star, TexPool, and Texas Term Investment pools, collateralized Certificate of Deposits, and receivables. Cash and equivalents increased by \$1 million due to surplus funds from fiscal year 2014 operation. Capital assets increased slightly as the College capitalized approximately \$918,000 of renovation to Facilities, classrooms and labs, and purchases of equipment offset by \$865,000 of depreciation expense.

The steady reductions in liabilities indicate payments of the College's outstanding bond. During 2014 the College made a \$665,000 payment, resulting in an outstanding bond payable balance of \$690,000 compared to \$1.355 million for fiscal year 2013. The final bond payment will be made in 2015; consequently there is no noncurrent bond liability for fiscal year 2014.

***Fiscal Year 2013 Compared to 2012***

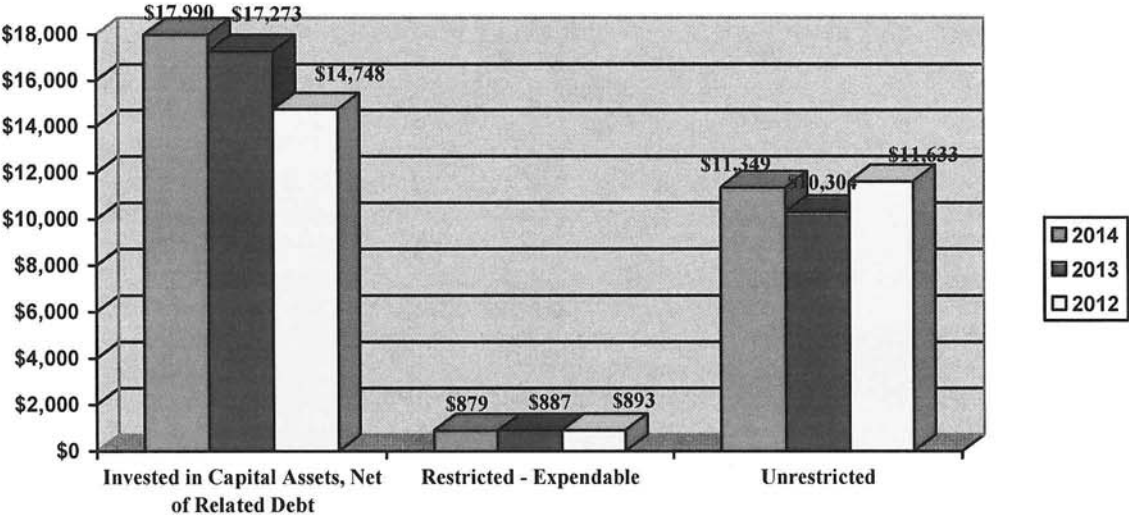
Total net position for fiscal year 2013 was \$28.5 million, which represents a \$1.2 million increase from fiscal year 2012. Current assets mainly consist of cash investments in Logic, Lone Star, TexPool and Texas Term investment pools, investment in certificates of deposit and receivables. Cash and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

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Analysis – Statements of Net Position - Continued**

The following is a graphic illustration of net position (in thousands) for the years ended August 31, 2012 through 2014. Total net position invested in capital assets, net of related debt have increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student and program growth. The increase in unrestricted net position in 2014 is due to the College reserving surplus funds from fiscal year 2014 operation.



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

**Operating Results  
(in thousands)**

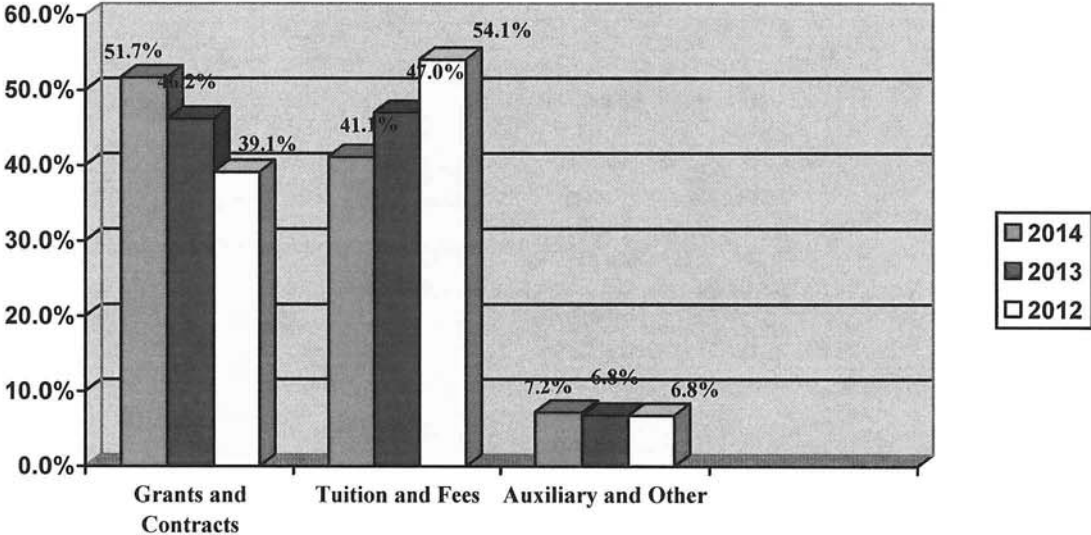
	2014	2013	Increase (Decrease) 2014 - 2013	2012	Increase (Decrease) 2013 - 2012
<b>Operating Revenues:</b>					
Tuition and Fees, Net of Scholarship Allowance	\$ 2,519	\$ 2,521	\$ (2)	\$ 2,524	\$ (3)
Grants and Contracts	3,168	2,481	687	1,826	655
Auxiliary Enterprises, Net	305	248	57	220	28
Other Operating Revenues	<u>141</u>	<u>115</u>	<u>26</u>	<u>97</u>	<u>18</u>
Total Operating Revenues	6,133	5,365	768	4,667	698
Less Operating Expenses	<u>22,861</u>	<u>21,871</u>	<u>990</u>	<u>20,330</u>	<u>1,541</u>
Operating Loss	<u>(16,728)</u>	<u>(16,506)</u>	<u>(222)</u>	<u>(15,663)</u>	<u>(843)</u>
<b>Non-Operating Revenues (Expenses):</b>					
State Appropriations	4,662	3,853	809	4,039	(186)
Property Taxes	10,512	10,086	426	9,483	603
Federal Student Assistance	3,343	3,809	(466)	4,189	(380)
Investment and Other Income	20	40	(20)	75	(35)
Interest on Capital Related Debt	(54)	(76)	22	(94)	18
Other Non-Operating Expense	<u>(1)</u>	<u>(16)</u>	<u>15</u>	<u>-</u>	<u>(16)</u>
Total Non-Operating Revenues, Net	<u>18,482</u>	<u>17,696</u>	<u>786</u>	<u>17,692</u>	<u>4</u>
Increase (Decrease) in Net Position	<u>\$ 1,754</u>	<u>\$ 1,190</u>	<u>\$ 564</u>	<u>\$ 2,029</u>	<u>\$ (839)</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

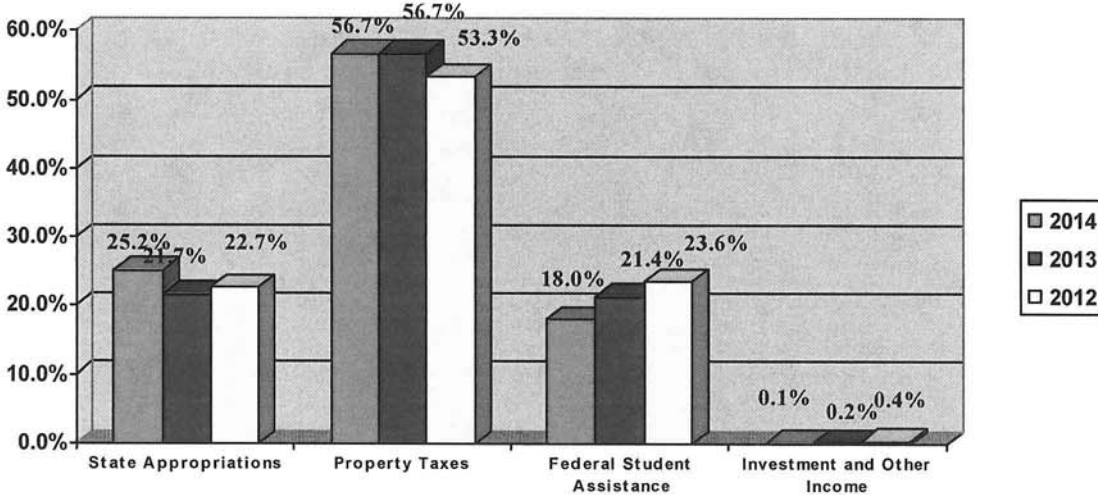
**Financial Analysis: Statements of Revenues, Expenses and Change in Net Position - Continued**

The following are graphic illustrations of revenues by source for the years ended August 31, 2012 through 2014:

**Revenue by Source  
Operating Revenues**



**Revenues by Source  
Non-Operating Revenues**



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

***Fiscal Year 2014 Compared to 2013***

Total revenue for Galveston College grew by \$1.5 million in 2014. The College has four major sources of revenues: property tax, state appropriations, grants and contracts, and tuition and fees. The College lowered the tax rate from 0.1894 to 0.1870 per \$100 assessed values. However due to a tax base growth of 5%, an additional \$426,000 revenue was received in fiscal year 2014. State appropriations increased by \$809,000 or 21% compared to 2013 reducing some of the financial pressure created by the State education funding cuts in the prior biennium. Tuition and fee rates and enrollment remained relatively stable when compared to 2013. Federal grants and contracts increased by \$510,000 as a result of the classroom and laboratory upgrade projects paid for by the STEM. (Science, Technology, Engineering and Math) grant. Federal Student Assistance is down by \$466,000 due to fewer students qualifying for Pell and a reduction in the amount of Federal Loan revenue received.

***Fiscal Year 2013 Compared to 2012***

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

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

**Operating Expenses  
(in thousands)**

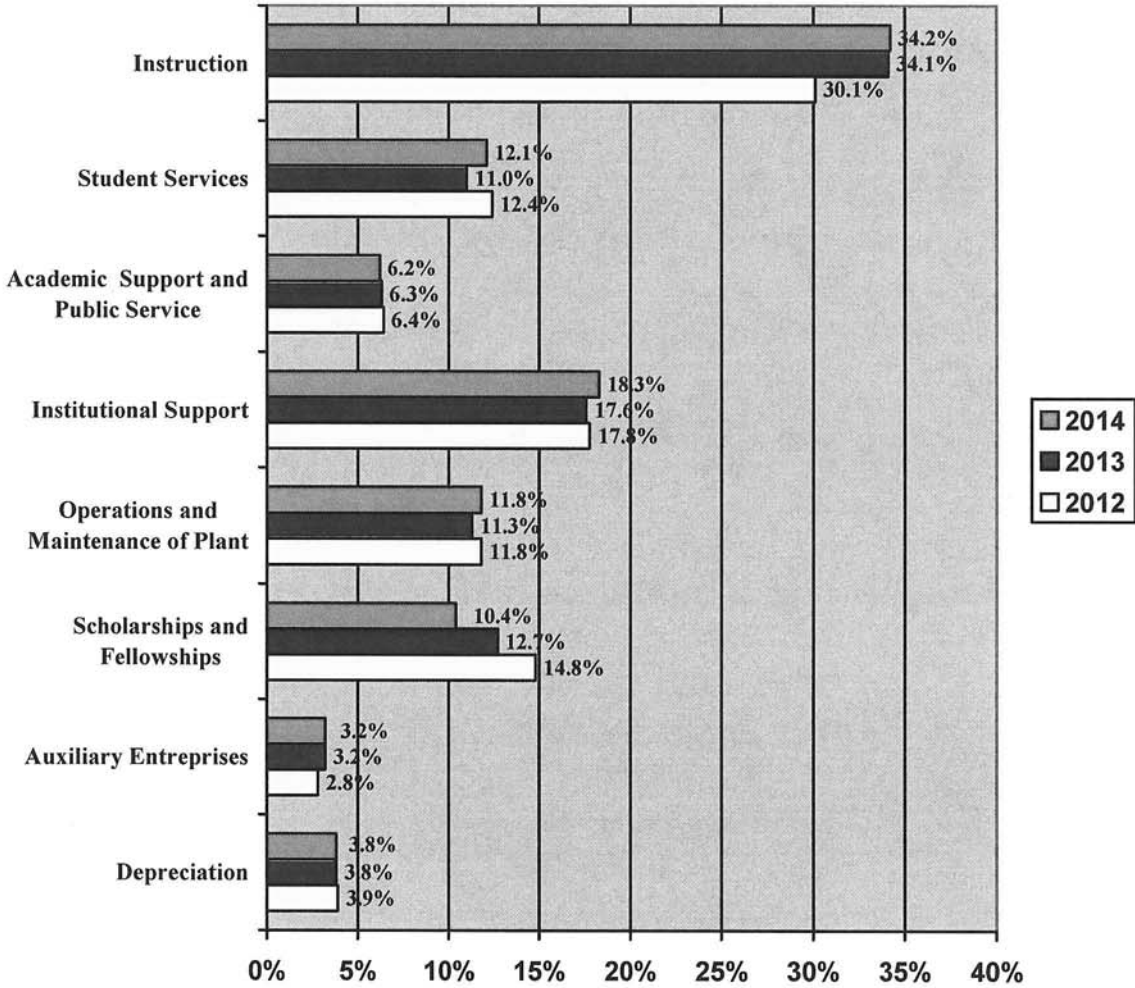
	2014	2013	Increase (Decrease) 2014-2013	2012	Increase (Decrease) 2013-2012
<b>Operating Expenses:</b>					
<b>Instruction</b>	\$ 7,811	\$ 7,464	\$ 347	\$ 6,121	\$ 1,343
<b>Public Service</b>	12	19	(7)	37	(18)
<b>Academic Support</b>	1,404	1,358	46	1,261	97
<b>Student Services</b>	2,760	2,405	355	2,527	(122)
<b>Institutional Support</b>	4,191	3,862	329	3,621	241
<b>Operation and Maintenance of   Plant</b>	2,695	2,469	226	2,391	78
<b>Scholarships and Fellowships</b>	2,392	2,770	(378)	3,008	(238)
<b>Auxiliary Enterprises</b>	731	698	33	577	121
<b>Depreciation</b>	865	826	39	787	39
<b>Total</b>	<u>\$ 22,861</u>	<u>\$ 21,871</u>	<u>\$ 990</u>	<u>\$ 20,330</u>	<u>\$ 1,541</u>



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Operating Expenses**



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

***Fiscal Year 2013 Compared to 2012***

Galveston College's operating expenses increased by \$990,000 or 5% in fiscal year 2014 as compared to fiscal year 2013. The College Board of Regents approved a salary increase of 3% for all employees and general inflation resulted in most expense categories increasing. The largest expense category remains instruction at 34%, which increased by about 5% in fiscal year 2014. Scholarship and fellowships decreased by \$378,000, due to 116 fewer students receiving Pell and 100 less receiving federal loans compared to fiscal year 2013. Student services increased by 15% due to new positions added in counseling and the addition of the Vice President of Student Services. These new positions allowed the college to sharpen its focus on student success by identifying and rapidly intervening to assist individual student's personal and academic challenges. Operation and maintenance of plant growth was due to the increased cost of property insurance and the completion of several campus renovation projects. The institutional support expense category escalated as a result of the first full year of operation of the restructured development \ foundation office, which added additional salary, benefits, and operating expenses.

***Fiscal Year 2013 Compared to 2012***

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Cash Flow Activity**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash Provided by (Used in):			
Operating Activities	\$(15,029)	\$(14,796)	\$(14,432)
Non-Capital Financing Activities	17,718	17,164	17,353
Capital and Related Financing Activities	(1,638)	(3,443)	(1,580)
Investing Activities	<u>9</u>	<u>(474)</u>	<u>(1,475)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,060	(1,549)	(134)
Cash and Cash Equivalents – Beginning of Year	<u>9,220</u>	<u>10,769</u>	<u>10,903</u>
Cash and Cash Equivalents – End of Year	<u>\$ 10,280</u>	<u>\$ 9,220</u>	<u>\$ 10,769</u>

The College's cash flow from operations is always reflected as a use of cash because the College relies heavily on property tax and state appropriation revenue to fund operations. Cash from non-capital financing activities escalated compared to fiscal year 2013, due to increases in property tax and state appropriation revenue, offset by a reduction in Federal student assistance. The reduction in capital and related financing activities resulted from the substantial completion of the Charlie Thomas Applied Technology Center in fiscal 2013; sharply reducing the expenditures on capital assets in fiscal year 2014. Investment remained relatively constant in fiscal year 2014 with minimal cash used, compared to 2013 when an additional \$500,000 was used to purchase short term investment. The amount of cash and cash equivalents increased about \$1 million as a result of an operational surplus in fiscal year 2014.

**Capital Asset and Long Term Debt Activity**

As shown in Footnote 6 to the financial statements, capital assets increased slightly as the College capitalized approximately \$918,000 of renovation to facilities, classrooms and labs, and purchases of equipment offset by \$865,000 of depreciation expense for the year. The following points explain the increase in capital asset categories during fiscal year 2014:

- The College's Construction in progress increase is mainly due to the chemistry lab renovations of \$444,000 and architect fees associated with the construction of a Student Life and Theater and Performing arts centers totaling \$118,000 in fiscal year 2014
- Buildings increased by \$268,000 as a result of additional capital improvements at the Charlie Thomas Applied Technology Center.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Capital Assets  
(in thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital Assets:			
Land and Improvements	\$ 5,845	\$ 5,845	\$ 5,811
Construction in Progress	832	256	1,820
Buildings	18,250	17,981	13,902
Equipment, Furniture, and Software	4,310	4,297	4,171
Library Books	<u>932</u>	<u>872</u>	<u>842</u>
Total	<u>\$ 30,169</u>	<u>\$ 29,251</u>	<u>\$ 26,546</u>
Less Accumulated Depreciation	<u>(11,489)</u>	<u>(10,623)</u>	<u>(9,798)</u>
Net Capital Assets	<u>\$ 18,680</u>	<u>\$ 18,628</u>	<u>\$ 16,748</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 \$665,000 and \$645,000 were made during the 2014 and 2013 fiscal years, respectively. The final principal bond payment will be made in fiscal year 2015 resulting in the College satisfying its outstanding bond indebtedness.

**Currently Known Facts, Decisions and Conditions**

- Fiscal year 2014 was the first year of biennium funding established in the 83<sup>rd</sup> legislative session. The College recovered 21% of the funding lost in the prior biennium, but is still down over \$1 million or 27% compared to historical appropriation levels. The State funding formula changed, awarding a standard amount to all community colleges for operation, contact hours funding based on enrollment, and a 10% allocation based on student success points. Student success points are earned as students successfully complete specific gateway courses and concludes at graduation with a degree or certificate. The cost of employee insurance increased by 7%, and as codified the College was required to pay 50% of eligible employee's retirement contribution, which was historically paid by the State. Galveston College anticipates the 84<sup>th</sup> legislature will maintain the funding levels established in the current biennium.
- The College maintained stable enrollment in fiscal year 2014, but has forecasted a slight reduction in fiscal year 2015 due to a smaller feeder high school graduating class as a result of families displaced by Hurricane Ike and improvements in the overall US economy. To maintain its tuition and fee revenue, the College has adjusted its fiscal year 2015 fees to counterbalance any enrollment declines.
- Based on the Texas Higher Education 2014 Almanac, 91.4% of graduates of academic programs and 91.8% of graduates of technical programs are either employed, enrolled in another two-year or four-year institution, or both. The percentage of students satisfying their TSI obligations (i.e., met eligibility requirements for college-level courses) has risen dramatically, and is well above the state average in each of the three subject areas: math 76.8% for GC vs 39.3% state average; reading 87.6% for GC vs 55.9% state average; writing 83.1% for GC vs 48.7% state average; ranking Galveston College #2 in the State for TSI satisfaction, when compared to all other two-year public institutions.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Currently Known Facts, Decisions and Conditions – Continued**

- Galveston College Charlie Thomas Family Applied Technology Center continues to expand its program offerings and students served. These programs were made available to dual credit high school students in 2014, allowing the College to serve the academic and vocational training needs of the young island community. The College continues to work jointly with local industry to assure graduates have the skills necessary to secure careers in their fields of study.
- The following grants will be active in fiscal year 2015:

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
Dept. of Education - Federal	HSI – STEM Programs	10/01/14 – 09/30/15	\$827,800
Dept. of Education - Federal	Title V	10/01/14 – 09/30/15	\$629,000
ATX-State	Accelerate Texas Grant	09/01/14 – 08/31/15	\$127,500
Dept. of Education - Federal	Upward Bound Program	09/01/14 – 08/31/15	\$250,000
Carl Perkins-Federal	Applied Technology Support	09/01/14 – 08/31/15	\$96,600
SS3 - State	Scaling and Sustaining Success	09/01/14 – 08/31/15	\$120,000
Fast Start II- Texas Workforce Commission	Pilot Pipefitters Training Program	09/01/14 – 08/31/15	\$210,700
GCPASS – State	Achieving the Dream Program	09/01/14 – 08/31/15	\$50,000
Dept. of Education - Federal	Building Bridges to Success	09/01/14 – 08/31/15	\$238,800
HCCS Grant-State	Accelerated Texas	09/01/14 – 08/31/15	\$127,500
		TOTAL	\$2,677,900

**Contacting the College's Financial Management**

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF NET POSITION  
AUGUST 31, 2014 AND 2013

Exhibit 1

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents (Note 4)	\$ 9,452,375	\$ 8,333,933
Short-Term Investment (Note 4)	2,012,033	2,000,000
Accounts Receivable (Note 5)	674,899	339,758
Property Tax Receivable, Net (Note 5)	568,738	601,942
Student Receivables, Net (Note 5)	1,246,141	1,404,644
Other Assets	580,667	634,878
Total Current Assets	14,534,853	13,315,155
<b>NONCURRENT ASSETS:</b>		
Restricted Cash and Cash Equivalents (Note 4)	717,600	791,434
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	109,700	94,981
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	4,109,839	3,534,059
Subjected to Depreciation	14,570,264	15,093,690
Total Noncurrent Assets	19,507,403	19,514,164
Total Assets	34,042,256	32,829,319
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable (Note 5)	664,501	416,318
Funds Held for Others - Agency	109,700	94,981
Unearned Revenues	1,980,478	2,154,413
Deposits	15,600	13,800
Compensated Absences - Current Portion (Notes 7 and 12)	30,000	30,000
Bonds Payable - Current Portion (Notes 7 and 8)	690,000	665,000
Total Current Liabilities	3,490,279	3,374,512
<b>NONCURRENT LIABILITIES:</b>		
Compensated Absences (Notes 7 and 12)	334,167	300,458
Bonds Payable (Notes 7 and 8)	-	690,000
Total Noncurrent Liabilities	334,167	990,458
Total Liabilities	3,824,446	4,364,970
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	17,990,103	17,272,748
Restricted - Expendable:		
Student Aid	160,812	168,914
Debt Service	717,600	718,400
Unrestricted	11,349,295	10,304,287
Total Net Position (Schedule D)	\$ 30,217,810	\$ 28,464,349

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

Exhibit 2

	2014	2013
<b>OPERATING REVENUES:</b>		
Tuition and Fees, Net of Scholarship Allowance of \$1,613,272 for 2014 and \$1,774,257 for 2013	\$ 2,519,438	\$ 2,520,989
Federal Grants and Contracts	2,222,051	1,712,408
State and Local Grants and Contracts	265,565	216,002
Private Grants and Scholarships	680,693	552,728
Auxiliary Enterprises, Net of Scholarship Allowance of \$181,342 for 2014 and \$168,540 for 2013	304,760	247,873
Other Operating Revenues	140,512	114,657
Total Operating Revenues (Schedule A)	6,133,019	5,364,657
<b>OPERATING EXPENSES:</b>		
Instruction	7,810,357	7,464,287
Public Service	12,355	18,957
Academic Support	1,403,811	1,358,225
Student Services	2,759,863	2,404,847
Institutional Support	4,190,963	3,862,331
Operation and Maintenance of Plant	2,694,685	2,468,967
Scholarships and Fellowships	2,391,918	2,770,364
Auxiliary Enterprises	731,060	697,719
Depreciation	865,397	825,410
Total Operating Expenses (Schedule B)	22,860,409	21,871,107
<b>OPERATING LOSS</b>	<b>(16,727,390)</b>	<b>(16,506,450)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
State Appropriations	4,662,085	3,853,582
Property Taxes	10,511,511	10,086,059
Federal Student Assistance (Title IV Grants)	3,342,545	3,809,295
Investment Income	19,910	27,366
Other Non-Operating Revenue	-	12,417
Interest on Capital Related Debt	(54,200)	(75,840)
Other Non-Operating Expense	(1,000)	(16,437)
Non-Operating Revenues, Net (Schedule C)	18,480,851	17,696,442
<b>INCREASE IN NET POSITION</b>	1,753,461	1,189,992
<b>NET POSITION, BEGINNING OF YEAR</b>	28,464,349	27,274,357
<b>NET POSITION, END OF YEAR</b>	<b>\$ 30,217,810</b>	<b>\$ 28,464,349</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, 2014 AND 2013

Exhibit 3

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Students and Other Customers	\$ 2,549,506	\$ 2,670,183
Receipts from Grants and Contracts	2,793,943	2,804,540
Payments to or on Behalf of Employees	(13,834,071)	(13,221,072)
Payments to Suppliers for Goods and Services	(4,592,340)	(4,641,683)
Payments for Scholarships	(2,391,918)	(2,770,364)
Other Cash Receipts	445,272	362,530
	<u>(15,029,608)</u>	<u>(14,795,866)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from State Appropriations	3,826,141	3,270,247
Proceeds from Property Taxes	10,544,715	10,142,253
Proceeds from Federal Student Assistance (Title IV Grants)	3,347,333	3,738,900
Proceeds from Other Contributions	-	12,417
	<u>17,718,189</u>	<u>17,163,817</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of Capital Assets	(917,751)	(2,705,227)
Principal Paid on Capital Debt	(665,000)	(645,000)
Payment of Interest on Capital Debt	(54,200)	(75,840)
Other Non-Operating Expense	(1,000)	(16,437)
	<u>(1,637,951)</u>	<u>(3,442,504)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Short-Term Investment	-	(500,000)
Reinvestment of Interest Income	(12,033)	-
Investment Income	20,730	26,166
	<u>8,697</u>	<u>(473,834)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,059,327</b>	<b>(1,548,387)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>9,220,348</b>	<b>10,768,735</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>10,279,675</u></b>	<b>\$ <u>9,220,348</u></b>

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, 2014 AND 2013

Exhibit 3 - Continued

	2014	2013
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (16,727,390)	\$ (16,506,450)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	865,397	825,410
Payments Made Directly by State for Benefits	840,580	594,871
Changes in Assets and Liabilities:		
Receivables, Net	(186,882)	396,450
Other Assets	54,211	(93,094)
Accounts Payable	248,183	(87,798)
Funds Held for Others - Agency Funds	14,719	(34,215)
Unearned Revenues	(173,935)	107,861
Deposits	1,800	2,500
Compensated Absences	33,709	(1,401)
Net Cash Used in Operating Activities	\$ (15,029,608)	\$ (14,795,866)

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 GASB 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, 2014 and 2013 and the cost of services provided by the System to the Foundation during the years then ended are not significant to the System. The Foundation has therefore not been included as a component unit in the financial statements of the System. Financial information for the Foundation may be obtained from its administrative office.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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

Tuition Discounting

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

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

Basis of Accounting

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

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

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

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

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

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

Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. The College's short term investments consist of certificates of deposit totaling \$2,012,033 and \$2,000,000 at August 31, 2014 and 2013, respectively.

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	40-50 years
Land Improvements	20 years
Library Books	15 years
Furniture, Equipment and Vehicles	5-10 years
Computer Systems	5 years

Unearned Revenues

Tuition, fees and other revenues related to periods after August 31, 2014 and 2013, respectively, have been deferred to the subsequent fiscal year.

Operating and Non-Operating Revenues and Expense Policy

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

Management Estimates

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The College is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2014 and 2013.

Subsequent Events

The College has evaluated subsequent events through November 12, 2014 which is the date the financial statements were available to be issued. No matters were identified that require disclosure or adjustment to these financial statements.

NOTE 3 – AUTHORIZED INVESTMENTS

The Board of Regents of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Regents' investment policy and the Public Funds Investment Act. Such investments include (1) obligations of the United States and its agencies, (2) directed obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and, (5) other instruments and obligations authorized by statute.

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, 2014 and 2013, the carrying amount of the College's deposits was \$553,163 and \$117,531, respectively; and bank balances equaled \$973,167 and \$1,294,065, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts.

The College's investment in certificates of deposits requires pledged collateral with a market value of at least 102% of the par value of the deposit. In addition, monthly collateral reports reporting the pledged securities and their market values are received from the College's financial institution. As of August 31, 2014 and 2013, the College had certificates of deposits in the amount of \$2,012,033 and \$2,000,000, respectively.

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 Position, as of August 31:

	2014	2013
Cash and Cash Equivalents:		
Petty Cash	\$ 1,200	\$ 1,455
Demand Deposits	553,163	117,531
Vanguard Admiral Treasury Money Market Fund	652,352	652,277
Investment Pools:		
Lone Star Investment Pool	2,562,518	668,073
Local Government Investment Cooperative	3,003,305	4,275,173
Texas Local Government Investment Pool	2,004,195	2,003,510
TexasTERM Local Government Investment Pool	<u>1,502,942</u>	<u>1,502,329</u>
Total Cash and Cash Equivalents	10,279,675	9,220,348
Certificates of Deposit	<u>2,012,033</u>	<u>2,000,000</u>
Total Deposits and Investments	<u>\$ 12,291,708</u>	<u>\$ 11,220,348</u>

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 2256, of the Texas Government Code. Lone Star is governed by trustees comprised of active participants in Lone Star. The board of trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy, of appointing investment officers, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. First Public is rated AAA by Standard & Poor's.

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of Texas Public Funds Investment Act. Standard & Poor rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor, as well as to the Office of Comptroller of Public Accounts, for review. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the market value of the position in TexPool is the same as the value of TexPool shares.

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

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	<u>2014</u>	<u>2013</u>
Student Receivables	\$ 1,549,002	\$ 1,657,037
Less Allowance for Doubtful Accounts	<u>(302,861)</u>	<u>(252,393)</u>
Total Student Receivable	<u>\$ 1,246,141</u>	<u>\$ 1,404,644</u>
Federal Receivables	\$ 616,923	\$ 280,309
Other Receivables	<u>57,976</u>	<u>59,449</u>
Total Accounts Receivable	<u>\$ 674,899</u>	<u>\$ 339,758</u>
Property Tax Receivable	\$ 653,799	\$ 677,544
Less Allowance for Doubtful Accounts	<u>(85,061)</u>	<u>(75,602)</u>
Total Property Tax Receivable	<u>\$ 568,738</u>	<u>\$ 601,942</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES – CONTINUED

Payables consist of the following at August 31:

Vendors Payable	\$ 661,306	\$ 414,310
Benefits Payable	<u>3,195</u>	<u>2,008</u>
 Total Payables	 \$ <u>664,501</u>	 \$ <u>416,318</u>

NOTE 6 – CAPITAL ASSETS

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

	Balance September 1, 2013	Increase	Decrease/ Transfers	Balance August 31, 2014
Not Depreciated:				
Land	\$ 3,277,722	\$ -	\$ -	\$ 3,277,722
Construction in Progress	<u>256,337</u>	<u>575,780</u>	<u>-</u>	<u>832,117</u>
Total Not Depreciated	\$ <u>3,534,059</u>	\$ <u>575,780</u>	\$ <u>-</u>	\$ <u>4,109,839</u>
Other Capital Assets:				
Buildings	\$ 17,981,476	\$ 268,195	\$ -	\$ 18,249,671
Land Improvements	2,566,963	-	-	2,566,963
Furniture, Equipment and Vehicles	2,036,235	12,919	-	2,049,154
Computer System	2,260,584	-	-	2,260,584
Library Books	<u>871,887</u>	<u>60,857</u>	<u>-</u>	<u>932,744</u>
Total Depreciated	<u>25,717,145</u>	<u>341,971</u>	<u>-</u>	<u>26,059,116</u>
Less Accumulated Depreciation:				
Buildings	6,094,520	368,273	-	6,462,793
Land Improvements	793,657	123,483	-	917,140
Furniture, Equipment and Vehicles	1,181,419	143,156	-	1,324,575
Computer System	1,887,726	195,101	-	2,082,827
Library Books	<u>666,133</u>	<u>35,384</u>	<u>-</u>	<u>701,517</u>
Total Accumulated Depreciation	<u>10,623,455</u>	<u>865,397</u>	<u>-</u>	<u>11,488,852</u>
Net Capital Assets	\$ <u>18,627,749</u>	\$ <u>52,354</u>	\$ <u>-</u>	\$ <u>18,680,103</u>



GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

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

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

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2014 was as follows:

	Balance September 1, 2013	Additions	Payments	Balance August 31, 2014	Current Portion
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 1,355,000	\$ -	\$ (665,000)	\$ 690,000	\$ 690,000
Other Liabilities -					
Compensated Absences	<u>330,458</u>	<u>75,118</u>	<u>(41,409)</u>	<u>364,167</u>	<u>30,000</u>
Total Noncurrent Liabilities	<u>\$ 1,685,458</u>	<u>\$ 75,118</u>	<u>\$ (706,409)</u>	<u>\$ 1,054,167</u>	<u>\$ 720,000</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

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

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

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, 2014 is \$717,600 which meets the full reserve requirement.

The principal and interest expense requirement for the next year is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ <u>690,000</u>	\$ <u>27,600</u>	\$ <u>717,600</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 2014, 2013 and 2012, and a state contribution rate of 6.8%, 6.4% and 6.0% for fiscal years 2014, 2013 and 2012, respectively. In certain instances the reporting district is required to make all or a portion of the state's 6.8%, 6.4% and 6.0% contribution for fiscal years 2014, 2013 and 2012, 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 contributed by the state and each participant in 2014 and 2013 were 6.6% and 6.65%, respectively of annual compensation. The corresponding percentages contributed by the state and each participant in 2013 and 2012 were 6.0% and 6.65%, respectively of annual compensation. In addition, for fiscal years 2014, 2013 and 2012, the College contributed 1.9%, 2.5%, and 2.5%, respectively, 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 \$10,104,265, \$9,593,440 and \$8,872,734 for the fiscal years ended August 31, 2014, 2013 and 2012, respectively. The total payroll of employees covered by TRS was \$7,235,080, \$6,706,679 and \$5,771,882 and the total payroll of employees covered by ORP was \$1,935,332, \$2,003,896 and \$2,021,884 for fiscal years August 31, 2014, 2013 and 2012, respectively.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

The retirement expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$255,526, \$210,935 and \$201,959 for the fiscal years ended August 31, 2014, 2013 and 2012, respectively.

NOTE 10 – DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code Section 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. As of August 31, 2014, the College had 26 employees participating in the program and a total of \$110,693 in contributions was invested in the plan during the fiscal year. As of August 31, 2013, the College had 28 employees participating in the program and a total of \$109,570 in contributions was invested in the plan during the fiscal year.

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 \$501 and \$470 per month for fiscal years 2014 and 2013, respectively. The State's maximum contribution for dependent coverage was \$982 and \$920 per month for fiscal years 2014 and 2013 respectively. The State's cost of providing those benefits for retirees was \$428,892 and \$393,903 for the years ended August 31, 2014 and 2013, respectively. The State's actual total cost of providing health insurance benefits to the College totaled \$647,350 and \$499,011 for the years ended August 31, 2014 and 2013, 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 \$364,167 and \$330,458 as of August 31, 2014 and 2013, 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>2014</u>	<u>2013</u>
Certified Taxable Valuation of the College	\$ 5,293,746,247	\$4,919,248,777
Adjustments	<u>269,061,879</u>	<u>331,813,388</u>
Net Assessed Valuation of the College	<u>\$5,562,808,126</u>	<u>\$5,251,062,165</u>
	<u>2014</u>	
	<u>Current</u>	<u>Debt</u>
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-
Assessed Tax rate per \$100 Valuation	\$.187000	-
	\$.270000	\$.187000
	<u>2013</u>	
	<u>Current</u>	<u>Debt</u>
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-
Assessed Tax rate per \$100 Valuation	\$.189400	-
	\$.270000	\$.189400

Taxes levied for the years ended August 31, 2014 and 2013, based on certified rolls, as reported by the taxing authorities amounted to \$10,402,527 and \$9,950,275, 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, 2014 and 2013 were as follows:

	2014	2013
Current Taxes Collected	\$ 10,144,188	\$ 9,536,705
Delinquent Taxes Collected	215,052	381,715
Penalties and Interest Collected	140,874	162,921
 Total Collections	 \$ 10,500,114	 \$ 10,081,341

Tax collections for the years ended August 31, 2014 and 2013 were 97.52% and 95.84%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

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

NOTE 14 – CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues as funds are actually expended. For contracts and grant awards, funds expended but not collected are reported as receivables. Funds received but not expended during the reporting period are deferred until earned. As of August 31, 2014 and 2013, \$303,861 and \$332,844, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET POSITION

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

NOTE 16 – COMMITMENTS

State and Federally Assisted Programs

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – COMMITMENTS – CONTINUED

Commitments

The College Board approved the purchase of Business Intelligence System (BIS) software. The three-year contract with the vendor will cost the College \$222,183. Annual support and upgrade costs will begin in fiscal year 2015-2016 at a cost of \$37,796 with estimated annual 5 percent escalations. Hardware and licensing costs for the college-housed server will be purchased from another vendor for a total of \$35,514. The BIS software will provide enhanced information gathering and reporting to facilitate business decisions of the College.

NOTE 17 – GASB Pronouncements

In fiscal year 2015, all Texas community colleges will implement GASB 68 *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*, which will require all governmental entities to record a “net pension liability” on their balance sheet.

NOTE 18 – 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 \$206,732 and \$249,244 to the College for scholarship awards during the years ended August 31, 2014 and 2013, respectively. The Foundation remitted \$44,674 to the College to fund grant programs during the year ended August 31, 2013. The Foundation did not fund any grant programs in 2014.

During the years ended August 31, 2014 and 2013, the College provided office space and staff assistance to the Foundation at no cost. The College’s management estimates the value of the salary, benefits, and operational expense provided to the Foundation to be approximately \$27,838 and 23,417 for fiscal years 2014 and 2013. As of August 31, 2013, the amount due from the Foundation was \$36,339. There was no amount due from the Foundation at the end of 2014.

SUPPLEMENTARY SCHEDULES

*a beacon of light guiding lifelong learning*



GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2014  
(With Memorandum Totals for the Year Ended August 31, 2013)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2014 Total	2013 Total
<b>Tuition:</b>						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 1,484,560	\$ -	\$ 1,484,560	\$ -	\$ 1,484,560	\$ 1,605,454
TPEG - Credit (set aside) *	82,569	-	82,569	-	82,569	105,169
Non-Resident Tuition	329,763	-	329,763	-	329,763	239,262
Non-State Funded Educational Programs	27,179	-	27,179	-	27,179	26,967
<b>Total Tuition</b>	<b>1,924,071</b>	<b>-</b>	<b>1,924,071</b>	<b>-</b>	<b>1,924,071</b>	<b>1,976,852</b>
<b>Fees:</b>						
Student Service Fee	-	-	-	68,926	68,926	72,933
Course Fees	472,894	-	472,894	-	472,894	481,230
Building Use Fee	917,422	-	917,422	-	917,422	972,636
Out of District Fee	275,206	-	275,206	-	275,206	276,339
General Service Fee	285,793	-	285,793	-	285,793	302,178
Registration Fee	188,398	-	188,398	-	188,398	213,078
<b>Total Fees</b>	<b>2,139,713</b>	<b>-</b>	<b>2,139,713</b>	<b>68,926</b>	<b>2,208,639</b>	<b>2,318,394</b>
<b>Scholarship Allowances and Discounts:</b>						
Scholarship Allowances	(251,608)	-	(251,608)	(4,020)	(255,628)	(240,032)
Remissions and Exemptions - State	(139,544)	-	(139,544)	-	(139,544)	(192,235)
Title IV Federal Grants to Students	(1,197,309)	-	(1,197,309)	(20,791)	(1,218,100)	(1,341,990)
<b>Total Scholarship Allowances and Discounts</b>	<b>(1,588,461)</b>	<b>-</b>	<b>(1,588,461)</b>	<b>(24,811)</b>	<b>(1,613,272)</b>	<b>(1,774,257)</b>
<b>Total Net Tuition and Fees</b>	<b>2,475,323</b>	<b>-</b>	<b>2,475,323</b>	<b>44,115</b>	<b>2,519,438</b>	<b>2,520,989</b>
<b>Additional Operating Revenues:</b>						
Federal Grants and Contracts	-	2,222,051	2,222,051	-	2,222,051	1,712,408
State Grants and Contracts	-	265,565	265,565	-	265,565	216,002
Private Grants and Scholarships	-	680,693	680,693	-	680,693	552,728
Other Operating Revenues	140,512	-	140,512	-	140,512	114,657
<b>Total Additional Operating Revenues</b>	<b>140,512</b>	<b>3,168,309</b>	<b>3,308,821</b>	<b>-</b>	<b>3,308,821</b>	<b>2,595,795</b>
<b>Auxiliary Enterprises:</b>						
Residential Life	-	-	-	262,929	262,929	244,402
Less Scholarship Allowances and Discounts	-	-	-	(181,342)	(181,342)	(168,540)
Bookstore Commissions	-	-	-	71,967	71,967	76,096
Vending Commissions	-	-	-	6,711	6,711	8,554
Other Auxiliary Revenue	-	-	-	144,495	144,495	87,361
<b>Total Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304,760</b>	<b>304,760</b>	<b>247,873</b>
<b>Total Operating Revenues</b>	<b>\$ 2,615,835</b>	<b>\$ 3,168,309</b>	<b>\$ 5,784,144</b>	<b>\$ 348,875</b>	<b>\$ 6,133,019</b>	<b>\$ 5,364,657</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code §56.003, \$82,569 and \$105,169 for years August 31, 2014 and 2013, 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, 2014  
 (With Memorandum Totals for the Year Ended August 31, 2013)

	Operating Expenses				2014 Total	2013 Total
	Salaries and Wages	State	Local	Other Expenses		
<b>Unrestricted - Educational Activities:</b>						
Instruction	\$ 4,392,564	\$ -	\$ 847,759	\$ 725,489	\$ 5,965,812	\$ 5,860,890
Public Service	6,291	-	661	5,403	12,355	18,957
Academic Support	951,286	-	200,506	125,075	1,276,867	1,255,802
Student Services	1,222,821	-	288,123	228,874	1,739,818	1,559,674
Institutional Support	1,828,957	-	483,662	1,681,268	3,993,887	3,705,262
Operation and Maintenance of Plant	478,044	-	190,366	2,026,275	2,694,685	2,468,967
<b>Total Unrestricted Educational Activities</b>	<b>8,879,963</b>	<b>-</b>	<b>2,011,077</b>	<b>4,792,384</b>	<b>15,683,424</b>	<b>14,869,552</b>
<b>Restricted - Educational Activities:</b>						
Instruction	564,585	451,990	153,089	674,881	1,844,545	1,603,397
Academic Support	-	126,944	-	-	126,944	102,423
Student Services	495,504	126,867	128,226	269,448	1,020,045	845,173
Institutional Support	-	197,076	-	-	197,076	157,069
Scholarships and Fellowships	-	-	-	2,391,918	2,391,918	2,770,364
<b>Total Restricted Educational Activities</b>	<b>1,060,089</b>	<b>902,877</b>	<b>281,315</b>	<b>3,336,247</b>	<b>5,580,528</b>	<b>5,478,426</b>
<b>Total Educational Activities</b>	<b>9,940,052</b>	<b>902,877</b>	<b>2,292,392</b>	<b>8,128,631</b>	<b>21,263,952</b>	<b>20,347,978</b>
Auxiliary Enterprises	109,177	-	51,049	570,834	731,060	697,719
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	491,756	491,756	427,087
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	373,641	373,641	398,323
<b>Total Operating Expenses</b>	<b>\$ 10,049,229</b>	<b>\$ 902,877</b>	<b>\$ 2,343,441</b>	<b>\$ 9,564,862</b>	<b>\$ 22,860,409</b>	<b>\$ 21,871,107</b>
					(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, 2014  
 (With Memorandum Totals for the Year Ended August 31, 2013)

	Unrestricted	Restricted	Auxiliary Enterprises	2014 Total	2013 Total
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 3,759,208	\$ -	\$ -	\$ 3,759,208	\$ 3,143,636
State Group Insurance	-	647,350	-	647,350	499,011
State Retirement Match	-	255,527	-	255,527	210,935
Total State Appropriations	<u>3,759,208</u>	<u>902,877</u>	<u>-</u>	<u>4,662,085</u>	<u>3,853,582</u>
Property Taxes	10,511,511	-	-	10,511,511	10,086,059
Federal Student Assistance (Title IV Grants)	-	3,342,545	-	3,342,545	3,809,295
Investment Income	19,845	65	-	19,910	27,366
Other Non-Operating Revenue	-	-	-	-	12,417
Total Non-Operating Revenues	<u>10,531,356</u>	<u>3,342,610</u>	<u>-</u>	<u>13,873,966</u>	<u>13,935,137</u>
Non-Operating Expenses:					
Interest on Capital Related Debt	54,200	-	-	54,200	75,840
Other Non-Operating Expense	1,000	-	-	1,000	16,437
Total Non-Operating Expenses	<u>55,200</u>	<u>-</u>	<u>-</u>	<u>55,200</u>	<u>92,277</u>
NET NON-OPERATING REVENUES	<u>\$ 14,235,364</u>	<u>\$ 4,245,487</u>	<u>\$ -</u>	<u>\$ 18,480,851</u>	<u>\$ 17,696,442</u>
				(Exhibit 2)	(Exhibit 2)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2014  
 (With Memorandum Totals for the Year Ended August 31, 2013)

	Detail by Source			Capital Assets Net of Depreciation & Related Debt	Total	Available for Current Operations	
	Restricted		Non-Expendable			Yes	No
	Unrestricted	Expendable					
Current:							
Unrestricted	\$ 10,793,551	\$ -	\$ -	\$ -	\$ 10,793,551	\$ 10,793,551	\$ -
Auxiliary	390,686	-	-	-	390,686	390,686	-
Scholarships	-	160,812	-	-	160,812	160,812	-
Plant:							
Unexpended	91,224	-	-	-	91,224	91,224	-
Debt Service	73,834	717,600	-	-	791,434	73,834	717,600
Investment in Plant	-	-	-	17,990,103	17,990,103	-	17,990,103
Total Net Position, August 31, 2014	11,349,295	878,412	-	17,990,103	30,217,810	11,510,107	18,707,703
Total Net Position, August 31, 2013	10,304,287	887,314	-	17,272,748	28,464,349	10,473,201	17,991,148
Net Increase (Decrease) in Net Position	\$ 1,045,008	\$ (8,902)	\$ -	\$ 717,355	\$ 1,753,461	\$ 1,036,906	\$ 716,555

(Exhibit 2)

See Independent Auditor's Report.

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

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

Board of Regents  
Galveston Community College District  
Galveston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 12, 2014.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **Texas Public Funds Investment Act**

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

### **Purpose of this Report**

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

*Car, Riggs & Ingram, L.L.C.*

Houston, Texas  
November 12, 2014



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

Board of Regents  
Galveston Community College District  
Galveston, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Galveston Community College District (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended August 31, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.



## Report on Internal Control over Compliance

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

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

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

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

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

Houston, Texas  
November 12, 2014

GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2014

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		\$ 65,242
Federal Work-Study Program	84.033		60,077
Federal Pell Grant Program	84.063		3,217,226
Federal Direct Student Loans	84.268		1,421,269
Trio Cluster:			
TRIO - Student Support Services	84.042		222,799
TRIO - Upward Bound	84.047		244,698
Title V Modern Strategies for Student Success	84.031S		593,722
Expanding S.T.E.M. Pathways	84.031C		1,070,386
Passed-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	142038	<u>90,446</u>
Total U.S. Department of Education			<u>6,985,865</u>
Total Expenditures of Federal Awards			<u>\$ 6,985,865</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, 2014

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, 2014. 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)	\$ 2,222,051
Federal Student Assistance, Non-Operating – (Schedule C)	<u>3,342,545</u>
 Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Position	 5,564,596
 Reconciling Item – Direct Student Loans	 <u>1,421,269</u>
 Total Federal Revenues per Schedule of Expenditures of Federal Awards	 <u>\$ 6,985,865</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, 2014

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Cluster of Programs – Student Financial Aid:	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED AUGUST 31, 2014

SECTION I – SUMMARY OF AUDITOR’S RESULTS – CONTINUED

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

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

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2013.

SUPPLEMENTARY INFORMATION – STATISTICAL SECTION (UNAUDITED)

These statistical tables provide selected financial and demographic information.

The statistical tables are for informational purposes only and are not audited

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Table 1

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

	For the Fiscal Year Ended August 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Invested in Capital Assets, Net of Related Debt	\$ 17,990	\$ 17,273	\$ 14,748	\$ 14,050	\$ 11,662	\$ 8,042	\$ 7,144	\$ 5,891	\$ 4,390	\$ 3,652
Restricted - Expendable	879	887	893	917	926	945	976	915	1,110	1,109
Unrestricted	11,349	10,304	11,633	10,279	10,862	11,836	10,695	10,206	8,147	6,902
Total Net Position	\$ 30,218	\$ 28,464	\$ 27,274	\$ 25,246	\$ 23,450	\$ 20,823	\$ 18,815	\$ 17,012	\$ 13,647	\$ 11,663

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)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and Fees (Net of Discounts)	\$ 2,519	\$ 2,521	\$ 2,524	\$ 1,942	\$ 1,715	\$ 1,384	\$ 1,738	\$ 1,313	\$ 1,276	\$ 1,425
Governmental Grants and Contracts:										
Federal Grants and Contracts	2,222	1,712	1,269	1,193	2,057	1,099	1,163	1,310	830	802
State Grants and Contracts	265	216	167	344	230	202	124	96	110	92
Non-Governmental Grants and Contracts	681	553	390	262	420	510	441	398	368	252
Sales and Services of Educational Activities	-	-	-	-	-	-	-	-	-	23
Auxiliary Enterprises	305	248	220	200	191	82	91	96	114	146
Other Operating Revenues	141	115	97	88	179	133	150	182	197	237
Total Operating Revenues	6,133	5,365	4,667	4,029	4,792	3,410	3,707	3,395	2,895	2,976
State Appropriations	4,662	3,853	4,039	5,710	5,770	6,570	6,146	6,078	5,985	5,725
Property Taxes	10,512	10,086	9,483	8,962	8,160	8,871	8,234	7,635	7,345	6,555
Federal Student Assistance	3,343	3,809	4,189	4,436	3,791	2,357	2,038	2,277	2,202	2,417
Investment and Other Income	20	40	75	25	1,678	208	533	398	334	134
Other Non-Operating Revenues	-	-	-	-	-	507	-	2,231	-	-
Total Non-Operating Revenues	18,537	17,788	17,786	19,133	19,399	18,513	16,951	18,619	15,866	14,831
Total Revenues	\$ 24,670	\$ 23,153	\$ 22,453	\$ 23,162	\$ 24,191	\$ 21,923	\$ 20,658	\$ 22,014	\$ 18,761	\$ 17,807

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and Fees (Net of Discounts)	10.21%	10.89%	11.24%	8.38%	7.09%	6.31%	8.41%	5.96%	6.80%	8.00%
Governmental Grants and Contracts:										
Federal Grants and Contracts	9.01%	7.39%	5.65%	5.15%	8.50%	5.01%	5.63%	5.95%	4.42%	4.50%
State Grants and Contracts	1.07%	0.93%	0.74%	1.49%	0.95%	0.92%	0.60%	0.44%	0.59%	0.52%
Non-Governmental Grants and Contracts	2.76%	2.39%	1.74%	1.13%	1.74%	2.33%	2.13%	1.81%	1.96%	1.41%
Sales and Services of Educational Activities	-	-	-	-	-	-	-	-	-	0.13%
Auxiliary Enterprises	1.24%	1.07%	0.98%	0.86%	0.79%	0.37%	0.44%	0.44%	0.61%	0.82%
Other Operating Revenues	0.57%	0.50%	0.43%	0.38%	0.74%	0.61%	0.73%	0.83%	1.05%	1.33%
Total Operating Revenues	24.86%	23.17%	20.79%	17.39%	19.81%	15.55%	17.94%	15.42%	15.43%	16.71%
State Appropriations	18.90%	16.64%	17.99%	24.65%	23.85%	29.97%	29.75%	27.61%	31.90%	32.15%
Property Taxes	42.61%	43.56%	42.23%	38.69%	33.73%	40.46%	39.86%	34.68%	39.15%	36.81%
Federal Student Assistance	13.55%	16.45%	18.66%	19.15%	15.67%	10.75%	9.87%	10.34%	11.74%	13.57%
Investment and Other Income	0.08%	0.17%	0.33%	0.11%	6.94%	0.95%	2.58%	1.81%	1.78%	0.75%
Other Non-Operating Revenues, Net of Expenses	-	-	-	-	-	2.31%	-	10.13%	-	-
Total Non-Operating Revenues	75.14%	76.83%	79.21%	82.61%	80.19%	84.45%	82.06%	84.58%	84.57%	83.29%
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)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	7,811	7,464	6,121	6,560	5,965	6,057	6,024	5,874	5,593	5,863
Public Service	12	19	37	76	103	83	118	223	52	25
Academic Support	1,404	1,358	1,261	1,377	1,985	1,936	2,081	1,956	1,663	1,468
Student Services	2,760	2,405	2,527	2,330	2,305	2,233	2,030	2,880	2,142	1,393
Institutional Support	4,191	3,862	3,621	3,844	4,678	4,335	3,619	3,702	3,551	3,647
Operation and Maintenance of Plant	2,695	2,469	2,391	2,394	1,868	2,017	1,829	1,906	1,422	1,099
Scholarships and Fellowships	2,392	2,770	3,008	3,191	3,318	2,178	1,742	1,341	1,348	1,343
Auxiliary Enterprises	731	698	577	662	637	247	199	131	165	141
Depreciation	865	826	787	746	579	481	470	467	643	623
Total Operating Expenses	22,861	21,871	20,330	21,180	21,438	19,567	18,112	18,480	16,579	15,602
Interest on Capital Related Debt	54	76	95	110	125	139	154	169	182	194
Other Expenses	1	16	-	76	1	-	590	-	-	-
Total Non-Operating Expenses	55	92	95	186	126	139	744	169	182	194
Total Expenses	22,916	21,963	20,425	21,366	21,564	19,706	18,856	18,649	16,761	15,796

See Independent Auditor's Report.

Table 3 - Continued

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

	For the Year Ended August 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	34.09%	33.98%	29.97%	30.70%	30.74%	30.74%	31.95%	31.50%	33.37%	37.12%
Public Service	0.05%	0.09%	0.18%	0.36%	0.42%	0.42%	0.63%	1.20%	0.31%	0.16%
Academic Support	6.13%	6.18%	6.17%	6.44%	9.82%	9.82%	11.04%	10.49%	9.92%	9.29%
Student Services	12.04%	10.95%	12.37%	10.91%	11.33%	11.33%	10.77%	15.44%	12.78%	8.82%
Institutional Support	18.29%	17.58%	17.73%	17.99%	22.00%	22.00%	19.19%	19.85%	21.19%	23.09%
Operation and Maintenance of Plant	11.76%	11.24%	11.71%	11.20%	10.24%	10.24%	9.70%	10.22%	8.48%	6.96%
Scholarships and Fellowships	10.44%	12.61%	14.73%	14.93%	11.05%	11.05%	9.24%	7.19%	8.04%	8.50%
Auxiliary Enterprises	3.19%	3.18%	2.82%	3.10%	1.25%	1.25%	1.06%	0.70%	0.98%	0.89%
Depreciation	3.77%	3.76%	3.85%	3.49%	2.44%	2.44%	2.49%	2.50%	3.84%	3.95%
Total Operating Expenses	99.76%	99.58%	99.53%	99.13%	99.29%	99.29%	96.05%	99.09%	98.91%	98.77%
Interest on Capital Related Debt	0.24%	0.35%	0.47%	0.51%	0.71%	0.71%	0.82%	0.91%	1.09%	1.23%
Other Expenses	0.00%	0.07%	-	0.36%	-	-	3.13%	-	-	-
Total Non-Operating Expenses	0.24%	0.42%	0.47%	0.87%	0.71%	0.71%	3.95%	0.91%	1.09%	1.23%
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	
2014	\$ 30	\$ 37	\$ 12	\$ 20	\$ -	\$ 15	\$ 50	\$ 779	\$ 923	0.00%	
2013	30	37	12	20	-	15	50	779	923	0.00%	
2012	30	37	12	20	-	15	50	779	923	0.00%	
2011	30	37	12	20	-	15	50	779	923	34.08%	
2010	25	30	-	12	-	15	37	581	581	0.00%	
2009	25	30	-	12	-	15	37	581	581	0.00%	
2008	25	30	-	12	-	15	37	581	581	0.00%	
2007	25	30	-	12	-	15	37	581	581	0.00%	
2006	25	30	-	12	-	15	37	581	581	7.79%	
2005	20	30	-	12	-	15	-	539	539	0.00%	

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	
2014	\$ 30	\$ 100	\$ 100	\$ 20	\$ -	\$ 15	\$ 50	\$ 1,679	\$ 1,679	0.00%	
2013	30	100	100	20	-	15	50	1,679	1,679	0.00%	
2012	30	100	100	20	-	15	50	1,679	1,679	0.00%	
2011	30	100	100	20	-	15	50	1,679	1,679	78.43%	
2010	25	60	60	12	-	15	37	941	941	0.00%	
2009	25	60	60	12	-	15	37	941	941	0.00%	
2008	25	60	60	12	-	15	37	941	941	0.00%	
2007	25	60	60	12	-	15	37	941	941	0.00%	
2006	25	60	60	12	-	15	37	941	941	4.67%	
2005	20	60	60	12	-	15	-	899	899	0.00%	

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

See Independent Auditor's Report.

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		
	Certified Taxable Valuation	Adjustments	Assessed Valuation of Property	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2013-14	\$ 5,293,746	\$ 269,062	\$ 5,562,808	95.16%	\$ 0.187000	\$ -	0.187000
2012-13	4,919,249	331,813	5,251,062	93.68%	0.189400	-	0.189400
2011-12	4,664,510	249,166	4,913,676	94.93%	0.189450	-	0.189450
2010-11	4,475,548	166,900	4,642,448	96.40%	0.189475	-	0.189475
2009-10	4,232,865	290,361	4,523,226	93.58%	0.190000	-	0.190000
2008-09	5,148,420	357,183	5,505,603	93.51%	0.170000	-	0.170000
2007-08	4,766,007	340,830	5,106,837	93.33%	0.170000	-	0.170000
2006-07	4,459,061	322,462	4,781,523	93.26%	0.170000	-	0.170000
2005-06	3,736,601	291,027	4,027,628	92.77%	0.191800	-	0.191800
2004-05	3,304,510	276,883	3,581,393	92.27%	0.195200	-	0.195200

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

See Independent Auditor's Report.

Table 6

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

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			Total Contact Hours	State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Continuing Education Contact Hours (c)		
2013-2014	\$ 3,759,208	1,483	\$ 2,535	619,467	401,440	11,335	1,032,242	\$ 3.64
2012-2013	3,143,636	1,560	2,015	677,200	375,472	5,333	1,058,005	2.97
2011-2012	3,364,137	1,575	2,136	701,232	346,672	10,216	1,058,120	3.18
2010-2011	4,378,534	1,651	2,652	702,176	393,088	25,320	1,120,584	3.91
2009-2010	4,398,215	1,522	2,891	648,896	348,880	38,437	1,036,213	4.24
2008-2009	4,729,347	1,324	3,571	561,408	338,380	16,876	916,664	5.16
2007-2008	4,729,793	1,378	3,431	547,520	343,888	34,309	925,717	5.11
2006-2007	4,720,440	1,459	3,234	598,224	369,636	39,051	1,006,911	4.69
2005-2006	4,729,349	1,435	3,295	615,904	378,272	24,630	1,018,806	4.64
2004-2005	5,724,768	1,631	3,511	714,780	388,232	43,243	1,146,255	4.99

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.

Table 7

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

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Business	Taxpayer										
Refinery	Blanchard Refining Co. LLC	\$ 1,331,771	\$ 1,277,844	\$ 580,719	\$ 563,156	\$ 547,376	\$ 737,214	\$ 789,303	\$ 776,700	\$ 324,300	\$ 275,400
Refinery	Valero Refining - Texas LP	624,770	589,302	225,231	178,597	129,179	134,120	165,910	153,000	281,700	111,100
Refinery	Marathon Petroleum Co., LLC	350,642	234,530	249,898	219,411	222,150	258,272	351,664	333,700	-	-
Refinery	Union Carbide Corp	241,915	269,300	178,245	176,234	141,357	130,000	360,516	289,100	668,500	452,400
Utilities	South Houston Green Power	232,068	94,699	169,821	171,220	173,279	179,607	197,696	169,400	115,800	116,700
Supplier	Praxair Inc.	203,332	207,861	164,334	156,054	113,992	121,552	155,126	156,700	114,100	124,300
Refinery	BP Amoco Chemical Co.	185,987	183,918	100,499	93,553	91,737	85,034	84,990	97,600	63,000	60,300
Utilities	Texas-New Mexico Power Co.	125,986	105,152	38,432	-	-	-	-	-	-	-
Refinery	Komatsu America Corp	109,981	75,406	92,488	90,424	92,158	89,391	93,843	90,900	50,000	44,900
Utilities	Centerpoint Energy Inc.	100,909	103,168	103,193	52,150	60,903	-	49,945	-	-	-
Retail	Galveston Outlets LLC	82,565	82,476	82,138	54,880	53,013	57,103	60,476	64,100	132,500	104,274
Supplier	Valero Marketing and Supply CO	80,519	90,271	47,616	-	-	-	-	-	-	-
Computers	ISP Technologies Inc.	68,414	84,530	35,166	37,453	-	32,977	-	-	-	-
Refinery	Eastman Chemical Inc.	61,563	65,554	35,085	31,210	-	33,037	33,767	34,700	-	-
Refinery	Styrolution America LLC	46,068	60,035	35,095	34,691	-	32,217	-	-	-	-
Hospitality	Feritta Hospitality INC	35,535	33,165	-	-	-	-	-	-	-	-
Insurance	American National INS Co	35,070	35,095	-	-	-	-	-	-	-	-
Supplier	Praxair Hydrogen Supply Inc.	34,811	-	35,085	37,431	35,911	35,911	38,575	35,300	-	-
Refinery	Walmart Stores Texas LP	33,805	33,216	39,302	41,046	40,663	40,663	26,421	-	-	-
Retail	TRAFIGURA INC	32,367	-	1,503,012	1,433,426	1,384,642	1,618,991	1,789,680	1,395,700	1,285,600	1,096,800
Refinery	GTE Southwest Inc.	-	-	37,981	-	-	57,266	47,261	48,000	68,800	51,100
Utilities	Comcast of Houston LLC	-	36,357	32,900	38,500	54,600	48,930	-	-	-	-
Utilities	BP Products (NA) Inc	-	36,052	44,968	44,968	46,580	55,409	88,038	-	155,100	177,400
Refinery	B.A.S.F. Corp	-	-	38,500	38,651	38,540	37,824	72,640	71,700	-	-
Refinery	BP Alternative Energy	-	-	31,248	31,248	35,846	39,451	42,749	-	-	-
Utilities	Sterling Chemicals Inc.	-	-	-	-	45,454	-	51,855	-	-	-
Utilities	Ineds Styrenics	-	-	-	-	36,616	-	-	-	-	-
Refinery	South Western Bell Telephone	-	-	-	-	-	-	-	-	-	-
Refinery	Houston Refining LP	-	-	-	-	-	-	-	-	-	-
Supplier	A-S 85 Victory Lakes	-	-	-	-	-	-	54,477	84,900	44,600	47,400
Utilities	National Onshore LP	-	-	-	-	-	-	-	-	35,500	35,200
Utilities	Calpine Central LP	-	-	-	-	-	-	-	-	26,800	-
Railroad	Texas City Terminal Railway Co.	-	-	-	-	-	-	-	-	-	-
Totals		4,018,078	3,698,131	3,801,827	3,524,303	3,378,236	3,824,969	4,554,932	3,801,500	3,366,300	2,752,574
Total Taxable Assessed Value		\$ 21,569,879	20,456,984	19,920,511	\$ 19,216,690	\$ 18,763,076	\$ 18,598,310	\$ 20,333,507	\$ 18,547,397	\$ 17,163,303	\$ 15,438,330

Source: Local County Appraisal District

See Independent Auditor's Report.

Table 7 - Continued

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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year													
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005				
Blanchard Refining Co. LLC	Refinery	6.17%	6.25%	-	-	2.92%	-	-	-	-	-	4.19%	1.89%	-	1.78%
Valero Refining - Texas LP	Refinery	2.90%	2.88%	2.93%	2.93%	0.93%	0.69%	0.72%	3.96%	0.82%	3.88%	0.82%	1.89%	1.89%	1.78%
Marathon Petroleum Co., LLC	Refinery	1.63%	1.15%	1.13%	0.93%	1.18%	1.18%	0.72%	0.72%	0.82%	0.82%	0.82%	1.64%	1.64%	0.72%
Union Carbide Corp	Refinery	1.12%	1.32%	1.25%	1.14%	1.08%	0.89%	1.39%	1.39%	1.73%	1.73%	1.80%	-	-	-
South Houston Green Power	Utilities	1.08%	0.46%	0.89%	0.92%	0.75%	0.70%	0.70%	0.70%	1.77%	1.77%	1.56%	3.89%	3.89%	2.93%
Praxair Inc.	Supplier	0.94%	1.02%	0.85%	0.89%	0.92%	0.92%	0.97%	0.97%	0.97%	0.97%	0.91%	0.67%	0.67%	0.76%
BP Amoco Chemical Co.	Refinery	0.86%	0.90%	0.82%	0.81%	0.81%	0.61%	0.65%	0.65%	0.76%	0.76%	0.84%	0.66%	0.66%	0.81%
Texas-New Mexico Power Co.	Utilities	0.58%	0.51%	0.50%	0.49%	0.49%	0.49%	0.46%	0.46%	0.42%	0.42%	0.53%	0.37%	0.37%	0.39%
Komatsu America Corp	Refinery	0.51%	0.37%	0.19%	0.47%	0.47%	0.49%	0.48%	0.48%	0.46%	0.46%	0.49%	0.29%	0.29%	0.29%
Centerpoint Energy Inc.	Utilities	0.47%	0.50%	0.46%	0.40%	0.40%	-	-	-	-	-	-	-	-	-
Galveston Outlets LLC	Retail	0.38%	0.40%	0.40%	0.40%	0.40%	-	-	-	-	-	-	-	-	-
Valero Marketing and Supply CO	Supplier	0.37%	0.44%	0.52%	0.27%	0.32%	0.32%	-	-	0.25%	0.25%	-	-	-	-
ISP Technologies Inc.	Computers	0.32%	0.41%	0.41%	0.29%	0.28%	0.31%	0.31%	0.31%	0.30%	0.30%	0.35%	0.77%	0.77%	0.68%
Eastman Chemical Inc.	Refinery	0.29%	0.32%	0.26%	-	-	-	-	-	-	-	-	-	-	-
Styrolution America LLC	Refinery	0.21%	0.29%	0.24%	-	-	-	-	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	0.16%	0.16%	-	-	-	0.18%	-	-	-	-	-	-	-	-
American National INS Co	Insurance	0.16%	0.17%	0.18%	0.19%	-	-	-	-	-	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	0.16%	0.17%	-	0.16%	-	0.18%	0.18%	0.18%	0.17%	0.17%	0.19%	-	-	-
Walmart Stores Texas LP	Retail	0.16%	0.16%	0.18%	0.18%	-	0.18%	0.17%	0.17%	-	-	-	-	-	-
TRAFIGURA INC	Refinery	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	-	0.18%	0.20%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	-	-	-
Comcast of Houston LLC	Utilities	-	0.18%	0.17%	0.21%	0.22%	0.22%	0.22%	0.22%	0.13%	0.13%	-	-	-	-
BP Products (NA) Inc	Refinery	-	-	7.55%	7.46%	7.38%	8.71%	8.71%	8.80%	8.80%	8.80%	7.53%	7.49%	7.49%	7.10%
B.A.S.F. Corp	Refinery	-	-	0.19%	-	-	0.31%	0.31%	0.31%	0.23%	0.23%	0.26%	0.40%	0.40%	0.33%
BP Alternative Energy	Utilities	-	-	0.17%	0.20%	0.29%	0.26%	0.26%	0.26%	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	-	-	-	0.23%	0.25%	0.30%	0.30%	0.30%	0.43%	0.43%	0.39%	0.90%	0.90%	1.15%
Ineos Styrenics	Refinery	-	-	-	0.20%	0.21%	0.20%	0.20%	0.20%	0.36%	0.36%	0.39%	-	-	-
SouthWestern Bell Telephone	Utilities	-	-	-	0.16%	0.19%	0.21%	0.21%	0.21%	0.21%	0.21%	-	-	-	-
Houston Refining LP	Refinery	-	-	-	-	0.24%	0.24%	0.24%	0.24%	0.26%	0.26%	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	-	-	-	0.20%	0.20%	0.20%	0.20%	0.27%	0.27%	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Calpine Central LP	Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals		18.63%	18.08%	19.08%	18.34%	18.00%	20.57%	22.40%	20.50%	19.61%	19.61%	20.50%	19.61%	19.61%	17.83%

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
2014	\$ 10,403	\$ 10,144	97.52%	\$ 215	\$ 10,359	99.58%
2013	9,950	9,537	95.85%	382	9,919	99.69%
2012	9,315	8,947	96.05%	350	9,297	99.81%
2011	8,801	8,518	96.78%	254	8,772	99.67%
2010	8,042	7,740	96.24%	271	8,011	99.61%
2009	8,752	8,408	96.07%	173	8,581	98.05%
2008	8,102	7,855	96.95%	213	8,068	99.58%
2007	7,575	7,302	96.40%	219	7,521	99.29%
2006	7,167	6,929	96.68%	241	7,170	100.04%
2005	6,450	6,243	96.78%	241	6,484	100.52%

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.

Table 9

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

	For the Year Ended August 31 (Amounts Expressed in Thousands)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue Bonds	\$ 690	\$ 1,355	\$ 2,000	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 690	\$ 1,355	\$ 2,000	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070
Total Outstanding Debt Ratios:										
Per Capita	2.25	4.51	6.76	9.01	11.28	13.70	15.53	17.56	19.92	22.31
Per Student	465	869	1,270	1,590	2,181	2,933	3,199	3,402	3,855	3,713
As a Percentage of Taxable Assessed Value	0.01%	0.03%	0.04%	0.05%	0.07%	0.07%	0.08%	0.11%	0.15%	0.18%

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.

Table 10

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

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)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	
2014	\$ 476	\$ 26	\$ 917	\$ -	\$ -	\$ -	\$ 1,419	\$ 665	\$ 54	\$ 719	1.97
2013	479	24	973	-	-	-	1,476	645	75	720	2.05
2012	502	70	979	-	-	-	1,551	625	94	719	2.16
2011	437	56	757	-	-	-	1,250	610	110	720	1.74
2010	156	107	541	-	-	-	804	595	125	720	1.12
2009	107	54	467	83	12	4	727	580	139	719	1.01
2008	82	72	494	95	21	3	767	570	153	723	1.06
2007	91	94	522	112	36	-	855	550	154	704	1.21
2006	87	94	513	108	23	-	825	540	181	721	1.14
2005	98	91	594	133	27	21	964	525	194	719	1.34

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
2013	306,782 •	\$ * \$	\$ *	6.2%
2012	300,484	13,652	45,433	6.9%
2011	295,747	12,849	43,444	8.7%
2010	291,309	12,510	42,945	9.2%
2009	287,428	12,075	42,011	8.2%
2008	288,489	12,068	41,833	5.8%
2007	283,540	11,334	39,973	4.6%
2006	278,865	10,366	37,171	5.1%
2005	274,494	9,414	34,295	5.7%
2004	269,569	8,733	32,396	6.8%

Sources:

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

\* 2013 update is not available at this time

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

See Independent Auditor's Report.

Table 13

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

Employer	2013	2012	2011	2010	2009
University of Texas Medical Branch		7,500	7,600	7,900	54.47%
Galveston Independent School District		1,366	1,105	1,044	7.20%
Landry's Inc. ****		1,300	-	-	-
American National Insurance Company		866	859	850	5.86%
Galveston County (on Island only)		864	1,132	1,210	8.34%
City of Galveston		722	743	758	5.23%
Landry's Seafood Inc. *		-	733	746	5.14%
Fertitta Hospitality **		-	709	743	5.12%
Mitchell Family Group		460	-	-	-
Texas A&M University of Galveston		423	352	329	2.27%
Galveston College		300	300	140	0.97%
Schlitterbahn ***		286	-	-	-
Moody Gardens		-	810	783	5.40%
Wal-Mart		-	-	-	-
U.S. Army Corps of Engineers		-	-	-	-
Total	14,087	14,343	14,503	100.00%	100.00%

Source:  
Galveston Economic Development Partnership (GEDP)

Notes:

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

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

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

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

See Independent Auditor's Report.

Table 14

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Faculty:</b>										
Full-Time	58	52	47	51	52	58	57	60	54	51
Part-Time	43	62	53	61	66	40	69	80	87	92
Total	101	114	100	112	118	98	126	140	141	143
<b>Percent:</b>										
Full-Time	57.4%	45.6%	47.0%	45.5%	44.1%	59.2%	45.2%	42.9%	38.3%	35.7%
Part-Time	42.6%	54.4%	53.0%	54.5%	55.9%	40.8%	54.8%	57.1%	61.7%	64.3%
<b>Staff and Administrators:</b>										
Full-Time	96	90	85	89	90	99	99	107	96	89
Part-Time	46	38	47	57	47	44	51	111	162	39
Total	142	128	132	146	137	143	150	218	258	128
<b>Percent:</b>										
Full-Time	67.6%	70.3%	64.4%	61.0%	65.7%	69.2%	66.0%	49.1%	37.2%	69.5%
Part-Time	32.4%	29.7%	35.6%	39.0%	34.3%	30.8%	34.0%	50.9%	62.8%	30.5%
FTSE per Full-time Faculty	25.6	30.0	33.5	32.4	28.5	22.5	24.2	19.5	19.7	18.9
FTSE per Full-Time Staff Member	15.4	17.3	18.5	18.6	16.5	13.2	13.9	7.5	10.9	15.1
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 64,779	\$ 65,613	\$ 62,016	\$ 59,858	\$ 58,136	\$ 53,498	\$ 49,429	\$ 46,179	\$ 46,127	\$ 44,374

See Independent Auditor's Report.

Table 15

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

Student Classification	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,354	63.57%	1,398	63.75%	1,463	66.08%	1,521	65.62%	1,367	63.08%	1,484	66.58%	1,368	66.93%	1,557	73.69%	1,631	73.63%
31-60 hours	496	23.29%	529	24.12%	503	22.72%	498	21.48%	433	19.98%	454	20.37%	401	19.62%	357	16.90%	394	17.79%
> 60 hours	98	4.60%	78	3.56%	68	3.07%	42	1.81%	145	6.69%	154	6.91%	162	7.93%	130	6.15%	140	6.32%
Unclassified	182	8.54%	188	8.57%	180	8.13%	257	11.09%	222	10.24%	137	6.15%	113	5.53%	69	3.27%	50	2.26%
Total	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%
Semester Hour Load	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Less than 3	17	0.80%	20	0.91%	26	1.17%	24	1.04%	34	1.57%	33	1.48%	28	1.37%	30	1.42%	35	1.58%
3-5 semester hours	526	24.69%	469	21.39%	452	20.42%	541	23.34%	514	23.72%	630	28.26%	580	28.38%	565	26.74%	599	27.04%
6-8 Semester hours	592	27.79%	669	30.51%	598	27.01%	582	25.11%	623	28.75%	601	26.96%	541	26.47%	483	22.95%	600	27.09%
9-11 semester hours	418	19.62%	421	19.20%	416	18.79%	398	17.17%	346	15.97%	371	16.64%	277	13.55%	293	13.87%	292	13.18%
12-14 semester hours	387	18.17%	478	21.80%	523	23.62%	565	24.37%	522	24.09%	477	21.40%	495	24.22%	583	27.59%	536	24.20%
15-17 semester hours	187	8.78%	134	6.11%	192	8.67%	202	8.71%	119	5.49%	113	5.07%	110	5.38%	148	7.00%	143	6.46%
18 & over	3	0.14%	2	0.09%	7	0.32%	6	0.26%	9	0.42%	4	0.18%	13	0.64%	9	0.43%	10	0.45%
Total	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%
Average Course Load	8.8		9.1		9.0		8.2		8.3		8.5		8.6		8.6		8.6	
Tuition Status	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Texas Resident (in-District)	1,106	51.92%	1,197	54.58%	1,207	54.52%	1,442	62.21%	2,069	95.48%	2,119	95.07%	1,951	95.45%	2,039	96.50%	2,111	95.30%
Texas Resident (out-of-District)	907	42.58%	897	40.90%	892	40.29%	786	33.91%	87	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-Resident Tuition	80	3.76%	72	3.28%	86	3.88%	82	3.54%	87	4.01%	110	4.93%	60	2.94%	73	3.45%	104	4.70%
Tuition Exemption/Waiver	37	1.74%	27	1.23%	29	1.31%	8	0.35%	11	0.51%	-	0.00%	33	1.61%	1	0.05%	-	0.00%
Total	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%

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

See Independent Auditor's Report.



Table 16

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

	Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>																		
Female	917	43.05%	1,298	59.19%	1,298	58.63%	1,390	59.97%	1,368	63.13%	1,459	65.46%	1,333	65.22%	1,409	66.68%	1,427	64.42%
Male	1,213	56.95%	895	40.81%	916	41.37%	928	40.03%	799	36.87%	770	34.54%	711	34.78%	704	33.32%	788	35.58%
Total	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%
<b>Ethnic Origin</b>																		
White	971	45.59%	971	44.28%	966	43.63%	1,049	45.25%	1,012	46.70%	1,078	48.36%	1,014	49.61%	1,073	50.78%	1,159	52.33%
Hispanic	634	29.77%	678	30.92%	639	28.86%	653	28.17%	603	27.83%	565	25.35%	521	25.49%	531	25.13%	535	24.15%
African American	357	16.76%	372	16.96%	420	18.97%	433	18.68%	424	19.57%	439	19.69%	401	19.62%	406	19.21%	414	18.69%
Asian	59	2.77%	67	3.06%	61	2.76%	65	2.80%	59	2.72%	65	2.92%	65	3.18%	54	2.56%	67	3.02%
International	14	0.66%	8	0.36%	4	0.18%	-	0.00%	19	0.88%	35	1.57%	32	1.57%	39	1.85%	33	1.49%
Native American	7	0.33%	7	0.32%	12	0.54%	17	0.73%	8	0.37%	11	0.49%	4	0.20%	10	0.47%	6	0.27%
Multi-racial	7	0.33%	9	0.41%	7	0.32%	1	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Native Hawaiian/Pacific Islander	-	0.00%	-	0.00%	1	0.05%	2	0.09%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unknown/Not Reported	81	3.80%	81	3.69%	104	4.70%	98	4.23%	42	1.94%	36	1.62%	7	0.34%	-	0.00%	1	0.05%
Total	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%
<b>Age</b>																		
Under 18	277	13.00%	262	11.95%	224	10.12%	209	9.02%	280	12.92%	313	14.04%	190	9.30%	205	9.70%	235	10.61%
18 - 21	741	34.79%	794	36.21%	826	37.31%	885	38.18%	794	36.64%	777	34.86%	738	36.11%	738	34.93%	754	34.04%
22 - 24	303	14.23%	318	14.50%	319	14.41%	354	15.27%	324	14.95%	333	14.94%	287	14.04%	285	13.49%	299	13.50%
25 - 35	501	23.52%	499	22.75%	546	24.66%	517	22.30%	465	21.46%	500	22.43%	483	23.63%	518	24.51%	533	24.06%
36 - 50	231	10.85%	245	11.17%	224	10.12%	260	11.22%	209	9.64%	226	10.14%	254	12.43%	274	12.97%	301	13.59%
51 & over	77	3.62%	75	3.42%	75	3.39%	93	4.01%	95	4.38%	80	3.59%	92	4.50%	93	4.40%	93	4.20%
Total	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%
Average Age	26		26		26		26		26		25		27		27		27	

Source:  
Data from THECB CBN4001 certified reports

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
 TRANSFERS TO SENIOR INSTITUTIONS  
 2012 STUDENTS AS OF FALL 2013  
 (Includes Only Public Senior Colleges in Texas)

Table 17

	Transfer	Transfer	Total of All Transfer Students	% of All Transfer Students
	Student Count <u>ACADEMIC</u>	Student Count <u>TECHNICAL</u>		
1 Lamar University	22	2	24	5.25%
2 Midwestern State University	1	4	5	1.09%
3 Prairie View A&M University	11	1	12	2.63%
4 Sam Houston State University	9		9	1.97%
5 Stephen F. Austin State University	6	2	8	1.75%
6 Tarleton State University	1		1	0.22%
7 Texas A&M International University	1		1	0.22%
8 Texas A&M University	41		41	8.97%
9 Texas A&M University - Commerce	2		2	0.44%
10 Texas A&M University - Corpus Christi	3		3	0.66%
11 Texas A&M University at Galveston	170	1	171	37.42%
12 Texas Southern University	9	1	10	2.19%
13 Texas State University - San Marcos	29	1	30	6.56%
14 Texas Tech University	2		2	0.44%
15 Texas Woman's University	1		1	0.22%
16 The University of Texas - Pan American	1		1	0.22%
17 The University of Texas at Arlington	6	1	7	1.53%
18 The University of Texas at Austin	24		24	5.25%
19 The University of Texas at Brownsville	1		1	0.22%
20 The University of Texas at Dallas	2		2	0.44%
21 The University of Texas at San Antonio	13		13	2.84%
22 University of Houston	20		20	4.38%
23 University of Houston - Clear Lake	58	3	61	13.35%
24 University of Houston - Victoria	2		2	0.44%
25 University of North Texas	3	1	4	0.88%
26 West Texas A&M	2		2	0.44%
Totals	<u>440</u>	<u>17</u>	<u>457</u>	<u>100%</u>

Source:

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

Table 18

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Academic buildings	6	6	6	6	5	4	4	4	4	4
Square footage (in thousands)	241	241	241	241	216	213	243	243	243	243
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	14	14	13	13	13	13
Number of Volumes (in thousands)	43	43	43	44	44	42	36	35	35	35
Administrative and support buildings	2	2	2	2	1	1	1	1	1	1
Square footage (in thousands)	53	53	53	53	46	46	46	46	46	46
Apartments	10	11	11	9	8	8	6	14	14	14
Square footage (in thousands)	22	23	23	20	19	19	14	14	14	14
Number of beds	65	65	65	61	55	55	35	35	56	56
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	8	8	8	8
Average daily customers	350	350	400	400	400	400	400	400	400	375
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	3	3	3	3	3	5	5	5	5	5
Buses	3	3	3	3	3	3	-	-	-	-

See Independent Auditor's Report.