



FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEARS ENDED August 31, 2009 AND 2008

GAINER DONNELLY & DESROCHES

GALVESTON COMMUNITY COLLEGE DISTRICT

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GALVESTON COMMUNITY COLLEGE DISTRICT

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GALVESTON COMMUNITY COLLEGE DISTRICT
 ORGANIZATIONAL DATA
 FOR THE YEAR ENDED AUGUST 31, 2009

BOARD OF REGENTS

| | | Term Expires <u>May 31,</u> |
|--|------------------|--------------------------------|
| <u>OFFICERS</u> | | |
| Mr. Florentino Gonzalez – Chair Person | Galveston, Texas | 2012 |
| Mr. George Black – Vice Chair Person | Galveston, Texas | 2010 |
| Dr. Gregory Roof, Ph.D - Secretary | Galveston, Texas | 2012 |

| | | |
|--------------------------|------------------|------|
| <u>MEMBERS</u> | | |
| Ms. Barbara K. Crews | Galveston, Texas | 2012 |
| Paul J. Cunningham, M.D. | Galveston, Texas | 2014 |
| Mr. Carl Kelly | Galveston, Texas | 2010 |
| Mr. Ross Novelli, Jr. | Galveston, Texas | 2014 |
| Mr. F. A. (“Andy”) Odom | Galveston, Texas | 2010 |
| Mr. Carroll G. Sunseri | Galveston, Texas | 2014 |

| | |
|-----------------------------|-------------------------------------|
| <u>KEY OFFICERS</u> | |
| Myles Shelton, Ed.D. | President |
| Gaynelle Hayes, Ed.D. | Vice-President for Administration |
| Phyllis Mingus-Pepin, Ed.D | Vice-President for Student Services |
| Harry (“Buddy”) Powell Ed.D | Vice-President for Instruction |

INDEPENDENT AUDITOR'S REPORT

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited the accompanying financial statements of Galveston Community College District (the College) as of and for the years ended August 31, 2009 and 2008, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We did not audit the financial statements of the Galveston College Foundation (the Foundation), a discretely presented component unit, as of and for the year ended December 31, 2008. These statements were audited by other auditors whose report dated July 31, 2009 has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Foundation is based solely on the report of the other auditors.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 11, 2009 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 2009 audit was performed for the purpose of forming an opinion on the 2009 basic financial statements of the College, taken as a whole. The supplemental schedules (Schedules A through D) and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the 2009 basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, accordingly, we express no opinion on them. The accompanying Schedule of Expenditures of Federal Awards (Schedule E) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis and is not a part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2009 basic financial statements taken as a whole.

Gainer Donnelly & Desroches LLP

November 11, 2009

**GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

This section of the Galveston Community College District's (the College) Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2009 and 2008. 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 basic 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 2009

- The College's net assets as of August 31, 2009 are reported at \$20.8 million. This represents an 11% increase from the prior year.
- The College maintained its annual tax rate at \$0.0017 while still receiving an additional \$637,000 in property tax revenue over the previous period.
- Although the College escaped catastrophic damage from floodwaters and winds associated with Hurricane Ike, losses totaled \$1,250,000 in replacement cost value (excluding loss of revenue). As of August 31, 2009 most physical repairs had been completed, with the exception of parking lot light poles, and parking lot resurfacing. The college has received roughly \$630,000 in reimbursement from insurance and an additional \$162,000 from FEMA; these funds have been used to cover the cost of repairs.
- Implementation and training for the new Datatel Colleague (ERP system) was delayed by the hurricane, but commenced in January 2009. Additional payments totaling \$155,000 were made. The total disbursed as of August 31, 2009 was \$650,300 toward the revised total software cost of \$1,022,500.
- Facility upgrades during the year included the completion of a project to totally replace the 3-chiller HVAC system with energy efficient, environmentally sensitive units (started in fiscal year 2008), and a complete refurbishment of the Cheney Student Center.

Financial Highlights for 2008

- The College's net assets as of August 31, 2008 are reported at \$18.8 million. This represents an 11% increase from the prior year.
- The College purchased two properties for future expansion to better serve the needs of students.
- The College maintained its annual tax rate at \$0.0017 while still receiving an additional \$600,000 in property tax revenue over the previous period.
- Facility upgrades during the year included the replacement of the Regents and Northen building roofs, Northen building elevator upgrade, new carpet throughout the Regents building, and the refurbishment of the Counseling Center.
- The College began the process of replacing the College's 3-chiller HVAC system by purchasing the first unit in fiscal year 2008.
- The College began the process of implementing a new fully integrated Enterprise Resource Planning (ERP) system. The Datatel Colleague Solution was approved to replace the SunGard Bi-Tech administrative information system. \$492,000 of the \$982,000 total software cost was disbursed in fiscal year 2008.

Overview of Financial Statements

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

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

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

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

Three criteria are applied to determine whether certain affiliated organizations should be reported discretely in the financial statements as components units. The criteria include whether 1) the parent organization provides financial support to the affiliated organization and the economic resources received or held by the affiliate are entirely or almost entirely for the direct benefit of the parent organization 2) the parent organization is entitled to or otherwise has the ability to access the majority of the economic resources received or held by the affiliate and 3) such resources are significant to the parent organization.

Having met all three criteria, the Galveston College Foundation (the Foundation) is considered a component unit of the College and is discretely presented in the College's financial statements. Because the Foundation's financial statements are presented in a different format from the College and incompatible with the College's financial statements, the Foundation's financial statements are presented on separate pages from the College's financial statements. The Foundation is a nonprofit organization established in 1996 to generate philanthropic support for the College with a primary emphasis on Universal Access. The Universal Access program provides Galveston College Scholarships to graduates of Galveston high schools, thereby encouraging universal access to higher education. Complete financial statements of Galveston College Foundation can be obtained from their office.

Financial Analysis - Statement of Net Assets

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

Net Assets (in thousands)

| | 2009 | 2008 | Increase (Decrease) 2009 - 2008 | 2007 | Increase (Decrease) 2008 - 2007 |
|--|------------------|------------------|--|------------------|--|
| Assets: | | | | | |
| Current Assets | \$ 13,594 | \$ 8,280 | \$ 5,314 | \$ 9,009 | \$ (729) |
| Noncurrent Assets: | | | | | |
| Capital Assets, Net of Depreciation | 11,872 | 11,553 | 319 | 10,871 | 682 |
| Other | <u>993</u> | <u>5,309</u> | <u>(4,316)</u> | <u>4,002</u> | <u>1,307</u> |
| Total Assets | \$ <u>26,459</u> | \$ <u>25,142</u> | \$ <u>1,317</u> | \$ <u>23,882</u> | \$ <u>1,260</u> |
| Liabilities: | | | | | |
| Current Liabilities | \$ 2,150 | \$ 2,237 | \$ (87) | \$ 2,219 | \$ (18) |
| Noncurrent Liabilities | <u>3,486</u> | <u>4,090</u> | <u>(604)</u> | <u>4,651</u> | <u>(541)</u> |
| Total Liabilities | \$ <u>5,637</u> | \$ <u>6,327</u> | \$ <u>(691)</u> | \$ <u>6,870</u> | \$ <u>(543)</u> |
| Net Assets: | | | | | |
| Invested in Capital Assets, Net of Related Debt | 8,042 | 7,144 | 898 | 5,891 | 1,253 |
| Restricted - Expendable | 945 | 976 | (31) | 915 | 61 |
| Unrestricted | <u>11,836</u> | <u>10,695</u> | <u>1,141</u> | <u>10,206</u> | <u>489</u> |
| Total Net Assets | \$ <u>20,823</u> | \$ <u>18,815</u> | \$ <u>2,008</u> | \$ <u>17,012</u> | \$ <u>1,803</u> |

Fiscal Year 2009 Compared to 2008

A review of assets reveals a shift between current assets and noncurrent assets mainly due to a shift in investments. As \$4.28 million of long term investment (Federal Home Loan Bank Notes) matured, the funds were shifted into investment pools. Investment pools are considered cash equivalents because the investments are available on demand. Net capital assets increased approximately \$800,000 as the college replaced their chillers offset by approximately \$480,000 of depreciation expense (See page 14 for more discussion on the change in capital assets).

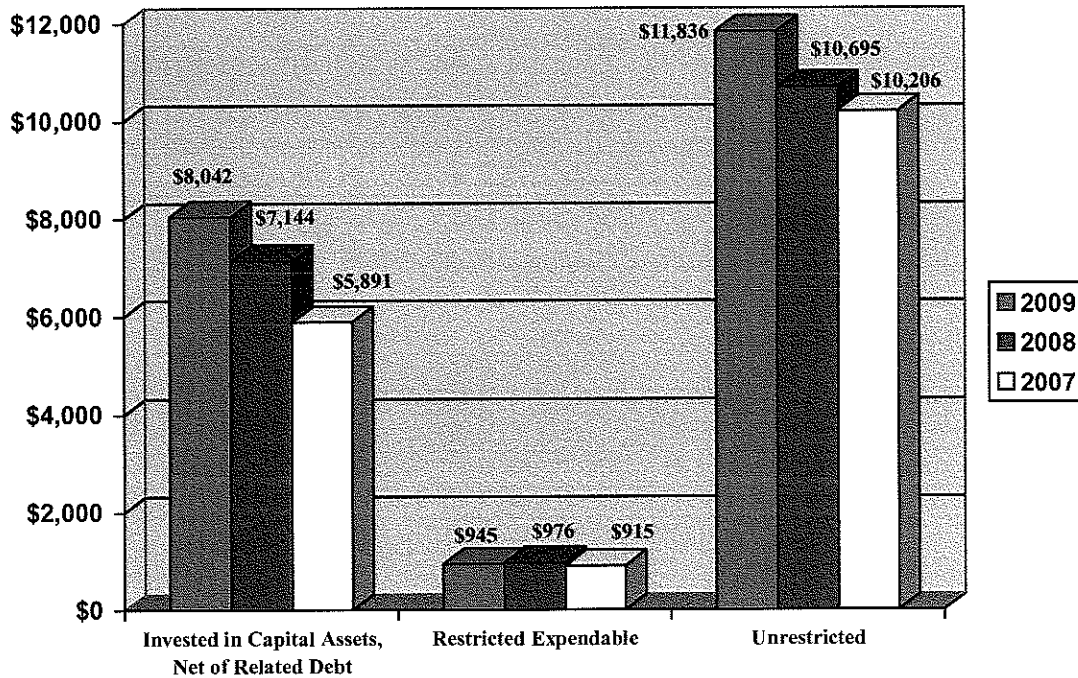
The steady reductions in liabilities indicate payments on outstanding bonds. During 2009, the College made scheduled principal payment of \$580,000.

Fiscal Year 2008 Compared to 2007

Overall, total assets increased \$1.26 million during 2008. Current assets consist mainly of cash, investments in Lone Star and Logic, receivables, and other assets. Cash and short term investments decreased approximately \$1 million as short term investments came due and were reinvested in Federal Home Loan Bank Notes that will mature in 2009 (long term investments). The College paid their 2008/2009 commercial liability and flood insurance premiums in August 2008, increasing current assets by \$267,000. The increase in capital assets is due to \$1.2 million in additions offset by \$469,000 of depreciation expense.

Total liabilities of the College decreased \$543,000 to \$6.3 million. The majority of the decrease is due to \$570,000 in bond principal payments bringing the total outstanding balance on bonds payable to \$4.41 million compared to \$4.98 million for 2007. Current liabilities for the year ended 2008 and 2007 remained consistent.

The following is a graphical illustration of net assets (in thousands) for the years ended August 31, 2007 through 2009. Total net assets invested in capital assets, net of related debt have increased over the past three years as the College continues to make improvements to buildings and implementation of a new Enterprise Resource Planning (ERP) system. The increases in unrestricted net assets reflects the increases gained from property tax and state appropriations revenues.



Financial Analysis - Statement of Revenues, Expenses and Change in Net Assets

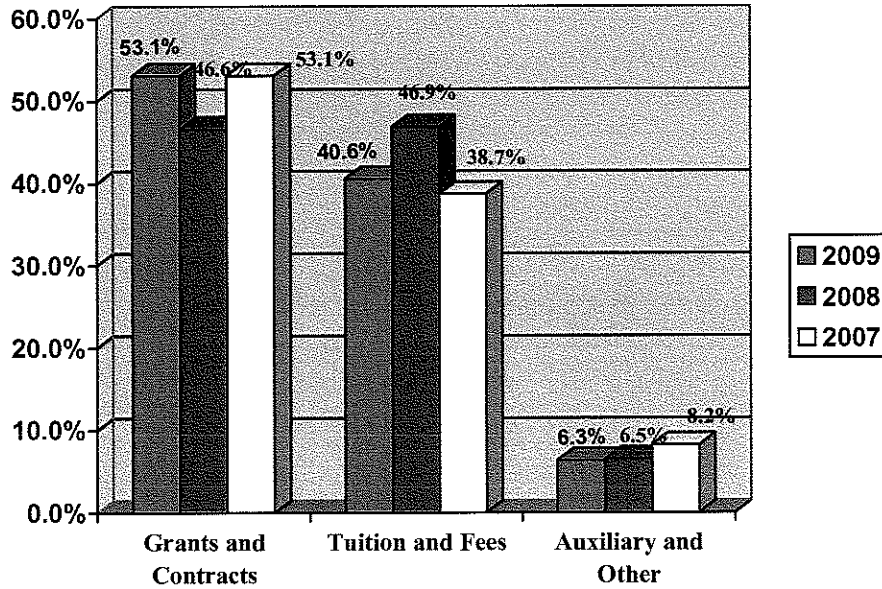
The following chart summarizes the College's operating results for the years ended August 31:

**Operating Results
(in thousands)**

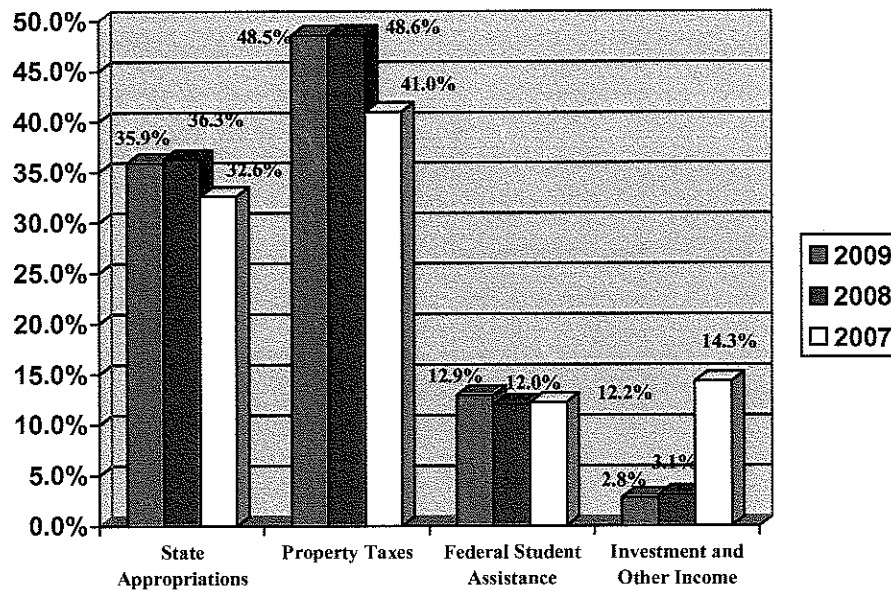
| | <u>2009</u> | <u>2008</u> | Increase (Decrease) 2009 - 2008 | <u>2007</u> | Increase (Decrease) 2008 - 2007 |
|---|-----------------|-----------------|--|-----------------|--|
| Operating Revenues: | | | | | |
| Tuition and Fees, Net of Scholarship Allowance | \$ 1,384 | \$ 1,738 | \$ (354) | \$ 1,313 | \$ 425 |
| Grants and Contracts | 1,811 | 1,728 | 83 | 1,804 | (76) |
| Auxiliary Enterprises, Net | 82 | 91 | (9) | 96 | (5) |
| Other Operating Revenues | <u>133</u> | <u>150</u> | <u>(17)</u> | <u>182</u> | <u>(32)</u> |
| Total Operating Revenues | 3,410 | 3,707 | (297) | 3,395 | 312 |
| Less Operating Expenses | <u>19,567</u> | <u>18,112</u> | <u>1,455</u> | <u>18,480</u> | <u>(368)</u> |
| Operating Loss | <u>(16,157)</u> | <u>(14,405)</u> | <u>(1,752)</u> | <u>(15,085)</u> | <u>680</u> |
| Nonoperating Revenues (Expenses): | | | | | |
| State Appropriations | 6,570 | 6,147 | 423 | 6,078 | 69 |
| Property Taxes | 8,871 | 8,234 | 637 | 7,635 | 599 |
| Federal Student Assistance | 2,357 | 2,038 | 319 | 2,277 | (239) |
| Disaster Assistance | 507 | - | 507 | - | - |
| Investment and Other Income | 208 | 533 | (325) | 2,629 | (2,096) |
| Hurricane Ike Related Expense | (209) | - | (209) | - | - |
| Interest on Capital Related Debt | (139) | (154) | 15 | (169) | 15 |
| Other Nonoperating Expense | <u>-</u> | <u>(590)</u> | <u>590</u> | <u>-</u> | <u>(590)</u> |
| Total Non-operating Revenues, Net | <u>18,165</u> | <u>16,208</u> | <u>1,957</u> | <u>18,450</u> | <u>(2,242)</u> |
| Increase in Net Assets | \$ <u>2,008</u> | \$ <u>1,803</u> | \$ <u>205</u> | \$ <u>3,365</u> | \$ <u>(1,562)</u> |

The following are graphic illustrations of revenues by source for the years ended August 31, 2007 through 2009.

Revenue by Source
Operating Revenues



Nonoperating Revenues



Fiscal Year 2009 Compared to 2008

Tuition and fees decrease approximately 20% due to the effects of Hurricane Ike. When the College reopened after being closed a month, approximately 31% of the students did not return to complete the fall semester. The College extended the 70% refund paid to students affected by the hurricane causing more refunds.

The most recent Governmental Accounting Standards Board implementation guide has directed community colleges to report student financial aid (Title IV) grants as non-operating revenue. Accordingly student financial aid, along with state appropriations and property taxes are reported as non-operating revenues. The College received an additional \$407,000 on July 22, 2009 in state appropriations for Hurricane Ike relief. These funds will be spent in fiscal year 2010 for continued repairs. Property tax revenues increased \$637,000, due to an increase in the certified tax roll of 8%. Increase in Federal student assistance is due to the increase in the annual Pell award amount. For 2009 the maximum Pell award amount was \$4,731 up from \$4,310.

The College incurred approximately \$208,000 of damages due to Hurricane Ike net of \$630,000 of insurance proceeds. Hurricane Ike caused extensive roof damage and damages to the dorms (air conditioning units needed to be replaced). In addition to the insurance proceeds, the College received \$507,000 from federal relief grants.

Fiscal Year 2008 Compared to 2007

Property tax revenue increased 8%, due to an increase in property valuations within the taxing district and remains the College's largest source of revenue. There were no significant changes in tuition and fees between the two years, as enrollment stayed the same. Federal financial assistance (Title IV funds) decreased approximately \$574,000 or 15% due to students not being eligible due to grades, academic standing, hours attempted, and defaults on loans.

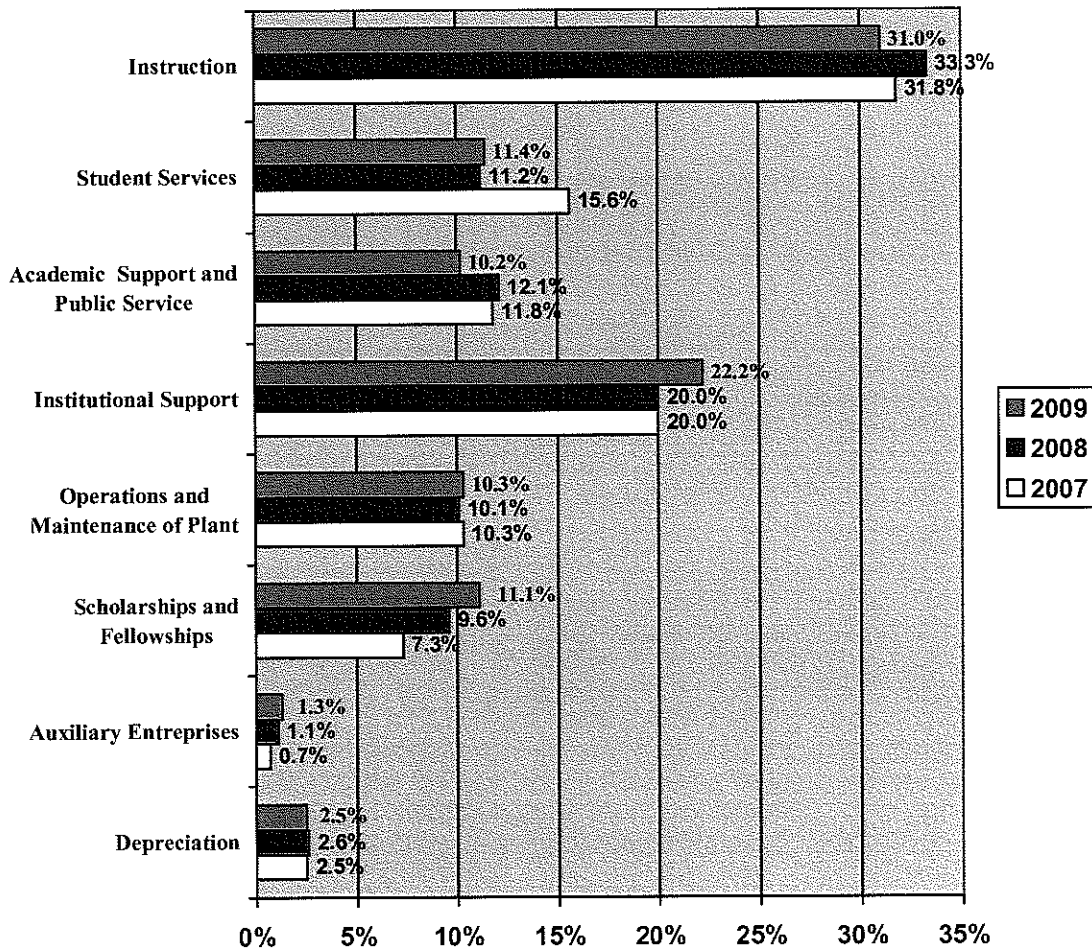
State appropriations remain stable with a slight increase attributable to approximately \$82,000 more for group health insurance. Investment income increased \$136,000 as more funds were invested due to the sale of Fort Crockett in 2007.

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

**Operating Expenses
(in thousands)**

| | 2009 | 2008 | Increase (Decrease) 2009-2008 | 2007 | Increase (Decrease) 2008-2007 |
|---------------------------------------|------------------|------------------|-------------------------------------|------------------|-------------------------------------|
| Operating Expenses: | | | | | |
| Instruction | \$ 6,057 | \$ 6,024 | \$ 33 | \$ 5,874 | \$ 150 |
| Public Service | 83 | 118 | (35) | 223 | (105) |
| Academic Support | 1,936 | 2,081 | (145) | 1,956 | 125 |
| Student Services | 2,233 | 2,030 | 203 | 2,880 | (850) |
| Institutional Support | 4,335 | 3,619 | 716 | 3,702 | (83) |
| Operation and Maintenance of Plant | 2,017 | 1,829 | 188 | 1,906 | (77) |
| Scholarships and Fellowships | 2,178 | 1,742 | 436 | 1,341 | 401 |
| Auxiliary Enterprises | 247 | 199 | 48 | 131 | 68 |
| Depreciation | 481 | 470 | 11 | 467 | 3 |
| Total | \$ 19,567 | \$ 18,112 | \$ 1,455 | \$ 18,480 | \$ (368) |

Operating Expenses



Fiscal Year 2009 Compared to 2008

Total operating expenses between fiscal year 2009 and 2008 increased \$1.45 million or 8%. The greatest increases in operating expenses relate to student services, institutional support, operations and maintenance of plant and scholarships and fellowships. Student services expense increased \$203,000 as the position of Vice President of Student Services was filled for the year and the College was able to fill all open counselor positions. The College hired Sunguard Higher Education to provide information technology (IT) management to the College under a 24 month contract. The contract was signed in January 2009. During fiscal year 2009, \$572,520 was paid under the contract and charged to institutional support. Sunguard is overseeing the College's IT department and providing support with the implementation of the new Datatel Colleague ERP system. Increased in operations and maintenance of plant is due to the College completing \$107,000 of repair and maintenance projects during the year. The College repaired leaks to the fine arts building totaling \$68,000, patched the concrete of the northern building totaling \$11,000 and painted the dorms for \$28,000. Scholarships and fellowship increase \$436,000 due to the increase in the annual Pell award amount. The annual award amount increased from \$4,310 (2008) to \$4,731 (2009). The College awarded student financial aid to approximately 1,000 students each year.

Fiscal Year 2008 Compared to 2007

There were no significant changes in total operating expenses between fiscal year 2008 and 2007. For the 2008 fiscal year, the Board of Regents approved a one step increase, which would increase salaries across the board approximately 2%. However, salary expense decreased approximately \$300,000 or 3%, due a decrease in full time employees of 6% and a decrease in part time employees of 37%. Title V funds used to pay instructor stipends for planning and organizing courses to better meet the needs of students requiring remediation was recorded as instruction expense in 2008 versus as a student service expense in 2007.

Included in non-operating expenses, is the College's refund to the Texas Higher Education Coordinating Board of \$589,000 for over reporting contact hours in prior years.

Cash Flow Activity

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

| | 2009 | 2008 | 2007 |
|--|------------------|-----------------|-----------------|
| Cash Provided by (Used in): | | | |
| Operating Activities | \$ (15,905) | \$(12,836) | \$ (13,330) |
| Non-Capital Financing Activities | 18,153 | 15,137 | 14,820 |
| Capital and Related Financing Activities | (1,728) | (2,466) | 94 |
| Investing Activities | <u>4,503</u> | <u>1,287</u> | <u>(1,681)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 5,023 | 1,121 | (97) |
| Cash and Cash Equivalents – Beginning of Year | <u>7,312</u> | <u>6,191</u> | <u>6,288</u> |
| Cash and Cash Equivalents – End of Year | \$ <u>12,335</u> | \$ <u>7,312</u> | \$ <u>6,191</u> |

The College's cash flow from operations will always be a use of cash as the College relies heavily on State Appropriations and property tax revenues to fund operations. The increases in cash from non-capital financing activities are a result of continued increases in property tax revenues and increase in student financial aid (Title IV) awards. Changes in capital and related financing activities are due to construction of new facilities, implementation of a new ERP system, and yearly bond principal and interest payments. In 2007, cash was provided by capital and related financing activities due to the sale of the Fort Crocket Campus. Changes in cash flow from investing activities are due to the College purchasing or selling investments.

Capital Asset and Noncurrent Debt Activity

The College's capital assets as August 31, 2009 totaled \$11.6 million (net of accumulated depreciation). The following is a list of some of the major projects and changes in the College's capital assets for 2009 and 2008. In 2009, the College completed the installation of a new energy efficient chiller HVAC system, purchased \$102,000 of computer equipment and continued planning a new student center. The changes in the College's capital assets for 2008 included \$142,000 of land purchases, and \$704,000 of construction in progress; \$187,000 towards a new student center and \$517,000 towards a new Enterprise Resource Planning (ERP) system.

Capital Assets
(in thousands)

| | 2009 | 2008 | 2007 |
|------------------------------------|------------------|------------------|------------------|
| Capital Assets: | | | |
| Land and Improvements | \$ 3,801 | \$ 3,308 | \$ 3,144 |
| Construction in Progress | 892 | 704 | |
| Buildings | 11,702 | 11,702 | 11,505 |
| Equipment, Furniture, and Software | 2,477 | 2,374 | 2,464 |
| Library Books | <u>731</u> | <u>715</u> | <u>702</u> |
| Total | 19,603 | 18,803 | 17,815 |
| Less Accumulated Depreciation | <u>(7,731)</u> | <u>(7,250)</u> | <u>(6,944)</u> |
| Net Capital Assets | <u>\$ 11,872</u> | <u>\$ 11,553</u> | <u>\$ 10,871</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 \$580,000 and \$570,000 were made during the 2009 and 2008 fiscal years, respectively.

Currently Known Facts, Decisions & Conditions

- Although the College was disrupted by Hurricane Ike in September 2008, with only 69% of students (1,538) returning, the community and student population rebounded by the spring. Spring 2009 enrollment was back up to 1,946 students, and fall 2009 credit enrollment reached 2,166. These increases in enrollment have been a positive effect and reflect the resurgence of the Galveston community and College efforts to return to normal as quickly as possible.
- The 2009 appraisals were significantly depressed from widespread damages by the hurricane, resulting in an 18% net taxable value decrease. Therefore, fiscal year 2010 ad valorem tax revenues are projected to be \$798,283 lower. The hurricane also resulted in an increase of \$85,000 to the cost of property insurance and an anticipated higher unemployment insurance rate.
- Although fiscal year 2010 revenues from state appropriations will remain constant, the College responded to the tax revenue shortfall by taking three significant actions: 1) the overall budget for fiscal year 2010 was reduced by 8% (2 the Board of Regents adopted a 2¢ increase to the annual ad valorem tax rate (from \$0.0017 to \$0.0019) and (3 a transfer of approximately \$2 million from fund reserves was approved. These funds generated for fiscal year 2010 will be used in addition to normal operations for covering the cost of:
 - The ongoing Datatel ERP system conversion/implementation
 - New programs developed to attract new students
 - The enhancement of existing facilities
- In fiscal year 2010, the College will expand its services to students by adding a new wing to the existing Student Center building. The \$1.5 million cost will be covered by a designated donation on deposit with the Foundation. Also, new Vocational / Technical programs will be developed to accommodate increased demand. The programs will be partially funded by a Community Development Block Grant (CDBG) from the City of Galveston, and from the fund reserves transfer, mentioned above.

Contacting the College's Financial Management

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

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
AUGUST 31, 2009 AND 2008

Exhibit 1

| ASSETS | <u>2009</u> | <u>2008</u> |
|---|----------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash and Cash Equivalents | \$ 11,342,822 | \$ 6,289,999 |
| Accounts Receivable | 344,109 | 215,570 |
| Property Tax Receivable, Net | 736,609 | 590,152 |
| Student Receivables, Net | 943,240 | 898,595 |
| Other Assets | <u>227,756</u> | <u>285,522</u> |
| Total Current Assets | <u>13,594,536</u> | <u>8,279,838</u> |
| NONCURRENT ASSETS: | | |
| Restricted Cash and Cash Equivalents | 928,673 | 986,892 |
| Restricted Agency Funds Cash and Cash Equivalents | 64,028 | 35,533 |
| Long Term Investments | - | 4,285,945 |
| Capital Assets, Net: | | |
| Not Subjected to Depreciation | 2,712,276 | 2,523,358 |
| Subjected to Depreciation | <u>9,159,997</u> | <u>9,030,155</u> |
| Total Noncurrent Assets | <u>12,864,974</u> | <u>16,861,883</u> |
| Total Assets | <u>26,459,510</u> | <u>25,141,721</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES: | | |
| Accounts Payable | 247,527 | 253,556 |
| Funds Held for Others - Agency | 64,028 | 35,533 |
| Deferred Revenues | 1,204,202 | 1,324,459 |
| Deposits | 9,275 | 12,850 |
| Compensated Absences - Current Portion | 30,000 | 30,000 |
| Bonds Payable - Current Portion | <u>595,000</u> | <u>580,000</u> |
| Total Current Liabilities | <u>2,150,032</u> | <u>2,236,398</u> |
| NONCURRENT LIABILITIES: | | |
| Compensated Absences | 251,623 | 260,450 |
| Bonds Payable | <u>3,235,000</u> | <u>3,830,000</u> |
| Total Noncurrent Liabilities | <u>3,486,623</u> | <u>4,090,450</u> |
| Total Liabilities | <u>5,636,655</u> | <u>6,326,848</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 8,042,273 | 7,143,513 |
| Restricted - Expendable: | | |
| Student Aid | 225,242 | 256,803 |
| Debt Service | 720,240 | 719,740 |
| Unrestricted | <u>11,835,100</u> | <u>10,694,817</u> |
| Total Net Assets | <u>\$ 20,822,855</u> | <u>\$ 18,814,873</u> |

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

GALVESTON COLLEGE FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
DECEMBER 31, 2008
(With Comparative Totals for 2007)

Exhibit 1A

| | 2008 | | | | 2007 Total |
|---|----------------------------|--------------------------------------|----------------------------|----------------------------|----------------------------|
| | Universal Access | Galveston College Scholarships | Other Funds | Total | |
| ASSETS | | | | | |
| Cash | \$ 100 | \$ - | \$ - | \$ 100 | \$ 2,923 |
| Investments (at Fair Value) | 3,764,715 | 577,077 | 1,986,807 | 6,328,599 | 6,796,093 |
| Total Assets | <u>\$ 3,764,815</u> | <u>\$ 577,077</u> | <u>\$ 1,986,807</u> | <u>\$ 6,328,699</u> | <u>\$ 6,799,016</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Liabilities: | | | | | |
| Bank overdraft | \$ - | \$ - | \$ 652 | \$ 652 | \$ - |
| Accrued Expenses | 63,939 | - | - | 63,939 | 33,629 |
| Agency Transactions Due to Others | - | - | 103,827 | 103,827 | 52,201 |
| Total Liabilities | <u>63,939</u> | <u>-</u> | <u>104,479</u> | <u>168,418</u> | <u>85,830</u> |
| Net Assets: | | | | | |
| Unrestricted | 511,064 | - | 182,574 | 693,638 | 1,379,479 |
| Temporarily Restricted | - | 455,577 | 1,699,754 | 2,155,331 | 2,022,895 |
| Permanently Restricted | 3,189,812 | 121,500 | - | 3,311,312 | 3,310,812 |
| Total Net Assets | <u>3,700,876</u> | <u>577,077</u> | <u>1,882,328</u> | <u>6,160,281</u> | <u>6,713,186</u> |
| Total Liabilities and Net Assets | <u>\$ 3,764,815</u> | <u>\$ 577,077</u> | <u>\$ 1,986,807</u> | <u>\$ 6,328,699</u> | <u>\$ 6,799,016</u> |

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008

Exhibit 2

| | <u>2009</u> | <u>2008</u> |
|---|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Tuition and Fees, Net of Scholarship Allowance of \$1,063,870 for 2009 and \$941,607 for 2008 | \$ 1,383,929 | \$ 1,737,945 |
| Federal Grants and Contracts | 1,099,565 | 1,162,844 |
| State and Local Grants and Contracts | 201,017 | 124,517 |
| Private Grants and Scholarships | 510,226 | 441,002 |
| Auxiliary Enterprises, Net of Scholarship Allowance of \$136,360 for 2009 and \$142,563 for 2008 | 82,605 | 90,907 |
| Other Operating Revenues | <u>132,704</u> | <u>149,821</u> |
| Total Operating Revenues (Schedule A) | <u>3,410,046</u> | <u>3,707,036</u> |
| OPERATING EXPENSES: | | |
| Instruction | 6,057,075 | 6,024,593 |
| Public Service | 82,800 | 118,210 |
| Academic Support | 1,936,036 | 2,080,965 |
| Student Services | 2,233,277 | 2,029,684 |
| Institutional Support | 4,335,278 | 3,618,524 |
| Operation and Maintenance of Plant | 2,016,860 | 1,828,914 |
| Scholarships and Fellowships | 2,177,865 | 1,742,044 |
| Auxiliary Enterprises | 246,900 | 198,997 |
| Depreciation | <u>481,046</u> | <u>469,817</u> |
| Total Operating Expenses (Schedule B) | <u>19,567,137</u> | <u>18,111,748</u> |
| Operating Loss | <u>(16,157,091)</u> | <u>(14,404,712)</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| State Appropriations | 6,570,194 | 6,146,448 |
| Property Taxes | 8,871,140 | 8,234,235 |
| Federal Student Assistance | 2,357,210 | 2,037,632 |
| FEMA Disaster Relief | 162,982 | - |
| Department of Education Disaster Relief | 344,435 | - |
| Interest Income | 157,332 | 533,131 |
| Other Nonoperating Revenue | 50,514 | - |
| Interest on Capital Related Debt | (139,740) | (153,990) |
| Hurricane IKE Related Expenses (Net of Recoveries) | (208,994) | - |
| Other Nonoperating Expense | <u>-</u> | <u>(589,873)</u> |
| Total Nonoperating Revenues, Net (Schedule C) | <u>18,165,073</u> | <u>16,207,583</u> |
| INCREASE IN NET ASSETS | 2,007,982 | 1,802,871 |
| NET ASSETS, BEGINNING OF YEAR | <u>18,814,873</u> | <u>17,012,002</u> |
| NET ASSETS, END OF YEAR | <u>\$ 20,822,855</u> | <u>\$ 18,814,873</u> |

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

GALVESTON COLLEGE FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for 2007)

Exhibit 2A

| | 2008 | | | Total | 2007 Total |
|---|-------------------|---------------------------|---------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | | |
| SUPPORT AND REVENUE: | | | | | |
| Contributions and Grants | \$ 102,354 | 353,942 | \$ 500 | \$ 456,796 | \$ 976,525 |
| Sales | - | - | - | - | 1,184 |
| Other Revenue | 5,173 | - | - | 5,173 | 6,685 |
| Special Event Revenue | 155 | - | - | 155 | 2,280 |
| Donated Facilities and Services | 51,836 | - | - | 51,836 | 60,882 |
| Interest and Dividends | 242,266 | 23,726 | - | 265,992 | 289,444 |
| Realized Gains (Losses) on Investments, Net | (128,587) | (12,593) | - | (141,180) | 123,465 |
| Unrealized Depreciation on Investments | (584,686) | (57,262) | - | (641,948) | (224,982) |
| Net Assets Released from Restriction | 175,377 | (175,377) | - | - | - |
| Total Support and Revenue | (136,112) | 132,436 | 500 | (3,176) | 1,235,483 |
| EXPENSES: | | | | | |
| Donated Facilities and Services | 51,836 | - | - | 51,836 | 60,882 |
| Investment Fees | 50,814 | - | - | 50,814 | 50,806 |
| Foreign Taxes | 422 | - | - | 422 | 454 |
| Community Involvement | 7,709 | - | - | 7,709 | - |
| Program Expenses: | | | | | |
| Workforce Development | 24,059 | - | - | 24,059 | 15,332 |
| Galveston College Scholarships | 45,441 | - | - | 45,441 | 58,706 |
| Universal Access Scholarships | 195,183 | - | - | 195,183 | 156,219 |
| EMS Scholarships | 2,379 | - | - | 2,379 | - |
| Lumina Foundation Grant | - | - | - | - | 98,500 |
| President's Partner Fund | - | - | - | - | 707 |
| DreamKeepers Match | 63,302 | - | - | 63,302 | 35,000 |
| Beacon Square | - | - | - | - | 146 |
| Athletics | 2,920 | - | - | 2,920 | 10,891 |
| Other | 3,756 | - | - | 3,756 | 7,442 |
| Dual Credit Scholarships | 59,685 | - | - | 59,685 | - |
| Gulf Coast Intercollegiate Conference | 15,917 | - | - | 15,917 | - |
| Grant to Galveston College | 10,000 | - | - | 10,000 | - |
| Miscellaneous | 16,306 | - | - | 16,306 | 16,164 |
| Total Expenses | 549,729 | - | - | 549,729 | 511,249 |
| INCREASE (DECREASE) IN NET ASSETS | (685,841) | 132,436 | 500 | (552,905) | 724,234 |
| NET ASSETS, BEGINNING OF YEAR | 1,379,479 | 2,022,895 | 3,310,812 | 6,713,186 | 6,010,308 |
| Transfer of Net Assets from (to) Other Entities | - | - | - | - | (21,356) |
| NET ASSETS, END OF YEAR | \$ 693,638 | \$ 2,155,331 | \$ 3,311,312 | \$ 6,160,281 | \$ 6,713,186 |

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008

Exhibit 3

| | 2009 | 2008 |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from Students and Other Customers | \$ 1,302,665 | \$ 1,846,196 |
| Receipts from Grants and Contracts | 1,625,976 | 1,738,173 |
| Payments to or on Behalf of Employees | (11,659,864) | (10,366,918) |
| Payments to Suppliers for Goods and Services | (5,205,452) | (4,551,803) |
| Payments for Scholarships | (2,177,865) | (1,742,044) |
| Other Cash Receipts | 209,588 | 240,728 |
| Net Cash Used by Operating Activities | (15,904,952) | (12,835,668) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Proceeds from State Appropriations | 6,570,194 | 4,858,679 |
| Proceeds from Property Taxes | 8,724,683 | 8,240,296 |
| Proceeds from Federal Student Assistance | 2,357,210 | 2,037,632 |
| Proceeds from Federal Disaster Assistance | 450,804 | - |
| Proceeds from Other Contributions | 50,514 | - |
| Net Cash Provided by Non-Capital Financing Activities | 18,153,405 | 15,136,607 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Purchases of Capital Assets | (799,806) | (1,152,121) |
| Principal Paid on Capital Debt | (580,000) | (570,000) |
| Payment of Interest on Capital Debt | (139,740) | (153,990) |
| Other Non-Operating Expense | (208,994) | (589,873) |
| Net Cash Used In Capital and Related Financing Activities | (1,728,540) | (2,465,984) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds From Maturities of Investments | 4,285,945 | 2,099,653 |
| Purchases of Investments | - | (1,285,945) |
| Investment Income | 217,241 | 473,222 |
| Net Cash Provided by Investing Activities | 4,503,186 | 1,286,930 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 5,023,099 | 1,121,885 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 7,312,424 | 6,190,539 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 12,335,523 | \$ 7,312,424 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | |
| Operating Loss | \$ (16,157,091) | \$ (14,404,712) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | | |
| Depreciation Expense | 481,046 | 469,817 |
| Noncash State Appropriations for Employee Benefits | - | 1,287,769 |
| Changes in Assets and Liabilities: | | |
| Receivables, Net | (176,480) | 42,728 |
| Other Assets | 57,766 | (257,717) |
| Accounts Payable | (6,029) | (67,767) |
| Funds Held for Others - Agency Funds | 28,495 | 31,648 |
| Deferred Revenues | (120,257) | 42,260 |
| Deposits | (3,575) | 1,425 |
| Compensated Absences | (8,827) | 18,881 |
| Net Cash Used by Operating Activities | \$ (15,904,952) | \$ (12,835,668) |

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

GALVESTON COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for 2007)

Exhibit 3A

| | <u>2008</u> | <u>2007</u> |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (Decrease) in Net Assets | \$ (552,905) | \$ 724,234 |
| Unrealized Depreciation on Investments | 641,948 | 224,982 |
| Realized Losses (Gains) on Investments | 141,180 | (123,465) |
| Transfer of Net Assets to Other Entities | - | (21,356) |
| Changes in Assets and Liabilities: | | |
| Bank overdraft | 652 | - |
| Accrued Expenses | 30,310 | (57,901) |
| Agency Transactions Due to Others | 51,626 | 50,546 |
| Net Cash Provided by Operating Activities | <u>312,811</u> | <u>797,040</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of Investment Securities | (7,906,247) | (7,954,300) |
| Sales of Investment Securities | 7,590,613 | 7,156,290 |
| Net Cash Used by Investing Activities | <u>(315,634)</u> | <u>(798,010)</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS | (2,823) | (970) |
| CASH, BEGINNING OF YEAR | <u>2,923</u> | <u>3,893</u> |
| CASH, END OF YEAR | <u>\$ 100</u> | <u>\$ 2,923</u> |

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC 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) Statement No. 39, *Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No. 14*, 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. It requires reporting as a component unit if the organization raises and holds economic resources for the direct benefit of the governmental unit and the component unit is significant compared to the primary government. GASB Statement No. 39 has been applied as required in the preparation of these basic financial statements and accordingly, the Galveston College Foundation (the Foundation) is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Statements in accordance with generally accepted accounting principles. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made* and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The College furnished certain services, such as office space, supplies and staff assistance to the Foundation amounting to approximately \$66,500 and \$95,000 for the years ended August 31, 2009 and 2008, respectively. The costs of these services were not significant to the College. Complete financial statements for the Foundation can be obtained from their offices.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The basic financial statements of the College are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. The College is reported as a special purpose government engaged in business type activities. The basic financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows. The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reporting Guidelines – Continued

The significant accounting policies followed by the College in preparing these basic financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The accompanying financial statements of the College are presented in accordance with accounting principles generally accepted in the United States of America. The College applies all applicable GASB pronouncements and all applicable FASB statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

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 restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

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

Basis of Accounting

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

Net Assets: The College's net assets are classified as follows:

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

Restricted Net Assets - Expendable: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting – Continued

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

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

Budgetary Data

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The governing board has designated public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

Investments

Investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Capital Assets

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Revenues

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

Classification of Revenues and Expenses

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

Management Estimates

The preparation of the basic 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 collectibility of tuition and taxes receivable, the useful lives of property and equipment, and the allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Income Taxes

The College is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2009 and 2008.

Reclassifications

Certain 2008 amounts have been reclassified to conform with the fiscal 2009 presentation. Student Financial Aid (Title IV) grants were previously reported as operating revenues. Recent GASB implementation requires these funds to be reported as non-operating revenue. Therefore the 2008 financial statements and schedules reflect this change for comparative purpose.

Subsequent Events

The College has evaluated subsequent events through the time of issuance of the financial statements on November 11, 2009. No matters were identified affecting the 2009 financial statements.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC 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, 2009 and 2008, the carrying amount of the College's deposits was \$674,606 and \$321,294, respectively; and bank balances equaled \$1,346,474 and \$813,127, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The following table presents the cash and cash equivalents included in Exhibit 1, statement of net assets, as of August 31:

| | 2009 | 2008 |
|---|---------------|--------------|
| Cash and Cash Equivalents: | | |
| Petty Cash | \$ 1,456 | \$ 1,456 |
| Demand Deposits | 674,606 | 321,294 |
| Investment Pools: | | |
| Lone Star Investment Pool | 5,772,213 | 5,544,945 |
| Vanguard Admiral Treasury Money Market Fund | 651,825 | 647,304 |
| Local Government Investment Cooperative | 5,235,423 | 797,425 |
| Cash and Cash Equivalents | \$ 12,335,523 | \$ 7,312,424 |

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.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer.. At August 31, 2008, the College's long term investments portfolio consisted of \$4,285,945 of Federal Home Loan Mortgage Corporation Notes. With the exception of United States Government obligations, instrumentalities and government sponsored enterprises and authorized local government investment pools, no more than fifty percent (50%) of the total investment portfolio can be invested in any one security or with a single financial institution.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

| | 2009 | 2008 |
|--------------------------------------|-------------------|-------------------|
| Student Receivables, Net | \$ <u>943,240</u> | \$ <u>898,595</u> |
| Federal Receivables | 323,727 | 140,704 |
| Interest Receivable | - | 59,909 |
| Other Receivables | <u>20,382</u> | <u>14,957</u> |
| Total Accounts Receivable | \$ <u>344,109</u> | \$ <u>215,570</u> |
| Property Tax Receivable | \$ 868,141 | 707,085 |
| Less Allowance for Doubtful Accounts | <u>(131,532)</u> | <u>(116,933)</u> |
| Total Property Tax Receivable | \$ <u>736,609</u> | \$ <u>590,152</u> |

Payables consist of the following at August 31:

| | | |
|------------------|-------------------|-------------------|
| Vendors Payable | \$ 236,502 | \$ 252,259 |
| Benefits Payable | <u>11,025</u> | <u>1,297</u> |
| | \$ <u>247,527</u> | \$ <u>253,556</u> |

NOTE 6 – CAPITAL ASSETS

Capital assets activities for the years ended August 31:

| | 2009 | | | Balance August 31, 2009 |
|-----------------------------------|---------------------------------|-------------------|----------|-------------------------------|
| | Balance September 1, 2008 | Increase | Decrease | |
| Not Depreciated: | | | | |
| Land | \$ 1,818,749 | \$ 1,181 | \$ - | \$ 1,819,930 |
| Construction in Progress | <u>704,609</u> | <u>187,737</u> | - | <u>892,346</u> |
| Total Not Depreciated | \$ <u>2,523,358</u> | \$ <u>188,918</u> | \$ - | \$ <u>2,712,276</u> |
| Other Capital Assets: | | | | |
| Buildings | \$ 11,701,686 | \$ - | \$ - | \$ 11,701,686 |
| Land Improvements | 1,489,366 | 491,918 | - | 1,981,284 |
| Furniture, Equipment and Vehicles | 1,129,850 | - | - | 1,129,850 |
| Computer System | 1,244,740 | 102,000 | - | 1,346,740 |
| Library Books | <u>714,511</u> | <u>16,970</u> | - | <u>731,481</u> |
| Total Depreciated | <u>16,280,153</u> | <u>610,888</u> | - | <u>16,891,041</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings | 4,699,920 | 253,007 | - | 4,952,927 |
| Land Improvements | 241,412 | 81,495 | - | 322,907 |
| Furniture, Equipment and Vehicles | 715,126 | 62,851 | - | 777,977 |
| Computer System | 1,185,842 | 36,059 | - | 1,221,901 |
| Library Books | <u>407,698</u> | <u>47,634</u> | - | <u>455,332</u> |
| Total Accumulated Depreciation | <u>7,249,998</u> | <u>481,046</u> | - | <u>7,731,044</u> |
| Net Capital Assets | \$ <u>11,553,513</u> | \$ <u>318,760</u> | - | \$ <u>11,872,273</u> |

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

| | 2008 | | | Balance August 31, 2008 |
|---------------------------------------|---------------------------------|-------------------|----------------|-------------------------------|
| | Balance September 1, 2007 | Increase | Decrease | |
| Not Depreciated: | | | | |
| Land | \$ 1,676,743 | \$ 142,006 | \$ - | \$ 1,818,749 |
| Construction in Progress | - | 704,609 | - | 704,609 |
| Total Not Depreciated | \$ 1,676,743 | \$ 846,615 | \$ - | \$ 2,523,358 |
| Other Capital Assets: | | | | |
| Buildings | \$ 11,504,693 | \$ 196,993 | \$ - | \$ 11,701,686 |
| Land Improvements | 1,467,576 | 21,790 | - | 1,489,366 |
| Furniture, Equipment and Vehicles | 1,107,374 | 74,200 | 51,723 | 1,129,850 |
| Computer System | 1,356,739 | - | 112,000 | 1,244,740 |
| Library Books | 701,988 | 12,523 | - | 714,511 |
| Total Depreciated | 16,138,370 | 305,506 | 163,723 | 16,280,153 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 4,452,908 | 247,012 | - | 4,699,920 |
| Land Improvements | 172,898 | 68,514 | - | 241,412 |
| Furniture, Equipment and Vehicles | 687,348 | 79,501 | 51,723 | 715,126 |
| Computer System | 1,269,851 | 27,991 | 112,000 | 1,185,842 |
| Library Books | 360,899 | 46,799 | - | 407,698 |
| Total Accumulated Depreciation | 6,943,904 | 469,817 | 163,723 | 7,249,998 |
| Net Capital Assets | \$ 10,871,209 | \$ 682,304 | \$ - | \$ 11,553,513 |

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activities for the years ended August 31:

| | 2009 | | | | |
|-----------------------------|---------------------------------|-------------------|---------------------|-------------------------------|--------------------|
| | Balance September 1, 2008 | Additions | Payments | Balance August 31, 2009 | Current Portion |
| Combined Fee Revenue | | | | | |
| Refunding Bonds Series 2004 | \$ 4,410,000 | \$ - | \$ (580,000) | \$ 3,830,000 | \$ 595,000 |
| Other Liabilities - | | | | | |
| Compensated Absences | 290,450 | 194,759 | (203,586) | 281,623 | 30,000 |
| Total | \$ 4,700,450 | \$ 194,759 | \$ (783,586) | \$ 4,111,623 | \$ 625,000 |

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

| | 2008 | | | | |
|-----------------------------|---------------------------------|-------------------|---------------------|-------------------------------|--------------------|
| | Balance September 1, 2007 | Additions | Payments | Balance August 31, 2008 | Current Portion |
| Combined Fee Revenue | | | | | |
| Refunding Bonds Series 2004 | \$ 4,980,000 | \$ - | \$ (570,000) | \$ 4,410,000 | \$ 580,000 |
| Other Liabilities - | | | | | |
| Compensated Absences | <u>271,569</u> | <u>217,278</u> | <u>(198,397)</u> | <u>290,450</u> | <u>30,000</u> |
| Total | <u>\$ 5,251,569</u> | <u>\$ 217,278</u> | <u>\$ (768,397)</u> | <u>\$ 4,700,450</u> | <u>\$ 610,000</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, 2009 is \$720,240, which meets the full reserve requirement.

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

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------------|-------------------|---------------------|
| 2010 | \$ 595,000 | \$ 125,240 | \$ 720,240 |
| 2011 | 610,000 | 110,365 | 720,365 |
| 2012 | 625,000 | 93,590 | 718,590 |
| 2013 | 645,000 | 74,840 | 719,840 |
| 2014 | 665,000 | 54,200 | 719,200 |
| 2015 | <u>690,000</u> | <u>27,600</u> | <u>717,600</u> |
| Total | <u>\$ 3,830,000</u> | <u>\$ 485,835</u> | <u>\$ 4,315,835</u> |

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC 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, 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 2009 and 2008 and a state contribution rate of 6.58% for fiscal years 2009 and 2008. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal years 2009 and 2008.

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.58% and 6.65%, respectively. The College contributes 7.31% for employees who were participating in ORP prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

Retirement Expense

The total payroll for all College employees was \$9,122,410 and \$9,076,727 for the fiscal years ended August 31, 2009 and 2008, respectively. The total payroll of employees covered by TRS was \$5,738,207 and \$5,239,384 and the total payroll of employees covered by ORP was \$2,627,146 and \$2,851,595 for fiscal years August 31, 2009 and 2008, respectively.

The retirement expense to the State for the College was \$479,398 and \$474,082 for the fiscal years ended August 31, 2009 and 2008, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2009 the College had 34 employees participating in the program and a total of \$111,051 in contributions was invested in the plan during the fiscal year. As of August 31, 2008, the College had 44 employees participating in the program and a total of \$193,598 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 \$360 per month and maximum contribution for dependent coverage was \$705 per month for both years. The cost of providing those benefits for retirees was \$321,550 and \$323,155 for August 31, 2009 and 2008, respectively. The actual total cost of providing health insurance benefits to the College totaled \$954,043 and \$943,016 for August 31, 2009 and 2008, 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.

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 \$281,623 and \$290,450 as of August 31, 2009 and 2008, 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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

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>2009</u> | <u>2008</u> | |
| Assessed Valuation of the College | \$ 5,505,603,806 | \$ 5,106,837,596 | |
| Less Exemptions | <u>(357,183,339)</u> | <u>(340,830,144)</u> | |
| Net Assessed Valuation of the College | \$ <u>5,148,420,467</u> | \$ <u>4,766,007,452</u> | |

| | <u>2009</u> | | |
|---|-------------------------------|-------------------------|--------------|
| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
| Authorized Tax rate per \$100 Valuation | \$.2700 | - | \$.2700 |
| Assessed Tax rate per \$100 Valuation | \$.1700 | - | \$.1700 |

| | <u>2008</u> | | |
|---|-------------------------------|-------------------------|--------------|
| | <u>Current Operations</u> | <u>Debt Service</u> | <u>Total</u> |
| Authorized Tax rate per \$100 Valuation | \$.2700 | - | \$.2700 |
| Assessed Tax rate per \$100 Valuation | \$.1700 | - | \$.1700 |

Taxes levied for the years ended August 31, 2009 and 2008, based on certified rolls, as reported by the taxing authorities amounted to \$8,752,315 and \$8,102,377, respectively. Galveston County Tax Assessor and Collector is the collecting agency for the levy and remit collections to the College, net of a collection fee.

| | | | |
|---------------------------------------|---------------------|---------------------|--|
| <u>Taxes Collected for August 31:</u> | <u>2009</u> | <u>2008</u> | |
| Current Taxes Collected | \$ 8,408,354 | \$ 7,885,139 | |
| Delinquent Taxes Collected | 173,260 | 212,584 | |
| Penalties and Interest Collected | <u>143,069</u> | <u>142,573</u> | |
| Total Collections | \$ <u>8,724,683</u> | \$ <u>8,240,296</u> | |

Tax collections for the years ended August 31, 2009 and 2008 were 96.07% and 96.95%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

NOTE 14 – CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues as funds are actually expended. For contracts and grant awards, funds expended but not collected are reported as receivables. Funds received but not expended during the reporting period are deferred until earned. As of August 31, 2009 and 2008, \$208,433 and \$267,152, respectively, of grant funds have been received in advance.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 15 – DISASTER RELIEF FUNDS

The College received an additional \$407,406 in state appropriation for Hurricane Ike relief. These funds will be spent in 2010 for continued campus repairs and recovery expenses.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

State and Federally Assisted Programs

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

Commitments

The College has entered into a contract to provide oversight of the College's information technology department and implementation of the new ERP system. Commitments remaining under the contract as of August 31, 2009 totaled \$1,145,040.

SUPPLEMENTAL SCHEDULES

a beacon of light guiding lifelong learning

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DETAILED OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2009
(With Memorandum Totals for the Year Ended August 31, 2008)

Schedule A

| | 2009 | | | | | 2008 Total |
|---|----------------------|---------------------|-------------------------|-------------------|---------------------|---------------------|
| | Educational Activity | | Total | Auxiliary | Total | |
| | Unrestricted | Restricted | Educational Activity | Enterprises | | |
| Tuition: | | | | | | |
| State Funded Courses: | | | | | | |
| In-District Resident Tuition | \$ 1,206,673 | \$ - | \$ 1,206,673 | \$ - | \$ 1,206,673 | \$ 1,141,159 |
| TPEG (set aside) * | 72,093 | - | 72,093 | - | 72,093 | 76,784 |
| Non-Resident Tuition | 121,941 | - | 121,941 | - | 121,941 | 132,135 |
| Non-State Funded Continuing Education | 57,691 | - | 57,691 | - | 57,691 | 300,348 |
| Total Tuition | <u>1,458,398</u> | <u>-</u> | <u>1,458,398</u> | <u>-</u> | <u>1,458,398</u> | <u>1,650,426</u> |
| Fees: | | | | | | |
| Student Service Fee | - | - | - | 62,766 | 62,766 | 65,541 |
| Laboratory Fee | 109,155 | - | 109,155 | - | 109,155 | 104,751 |
| Building Use Fee | 467,929 | - | 467,929 | - | 467,929 | 494,029 |
| General Service Fee | 194,581 | - | 194,581 | - | 194,581 | 203,559 |
| Registration Fee | 154,970 | - | 154,970 | - | 154,970 | 161,246 |
| Total Fees | <u>926,635</u> | <u>-</u> | <u>926,635</u> | <u>62,766</u> | <u>989,401</u> | <u>1,029,126</u> |
| Scholarship Allowances and Discounts: | | | | | | |
| Scholarship Allowances | (103,977) | - | (103,977) | - | (103,977) | (90,653) |
| Remissions and Exemptions - State | (24,102) | - | (24,102) | - | (24,102) | (35,077) |
| Title IV Federal Grants to Students | (935,791) | - | (935,791) | - | (935,791) | (815,877) |
| Total Scholarship Allowances and Discounts | <u>(1,063,870)</u> | <u>-</u> | <u>(1,063,870)</u> | <u>-</u> | <u>(1,063,870)</u> | <u>(941,607)</u> |
| Total Net Tuition and Fees | <u>1,321,163</u> | <u>-</u> | <u>1,321,163</u> | <u>62,766</u> | <u>1,383,929</u> | <u>1,737,945</u> |
| Other Operating Revenues: | | | | | | |
| Federal Grants and Contracts | - | 1,099,565 | 1,099,565 | - | 1,099,565 | 1,162,844 |
| State Grants and Contracts | - | 201,017 | 201,017 | - | 201,017 | 124,517 |
| Private Grants and Scholarships | - | 510,226 | 510,226 | - | 510,226 | 441,002 |
| Other Operating Revenues | 132,704 | - | 132,704 | - | 132,704 | 149,821 |
| Total Other Operating Revenues | <u>132,704</u> | <u>1,810,808</u> | <u>1,943,512</u> | <u>-</u> | <u>1,943,512</u> | <u>1,878,184</u> |
| Auxiliary Enterprises: | | | | | | |
| Residential Life | - | - | - | 136,360 | 136,360 | 142,563 |
| Less Scholarship Allowances and Discounts | - | - | - | (136,360) | (136,360) | (142,563) |
| Bookstore Commissions | - | - | - | 70,951 | 70,951 | 65,919 |
| Vending Commissions | - | - | - | 10,606 | 10,606 | 18,324 |
| Other Auxiliary Revenue | - | - | - | 1,048 | 1,048 | 6,664 |
| Total Auxiliary Enterprises | <u>-</u> | <u>-</u> | <u>-</u> | <u>82,605</u> | <u>82,605</u> | <u>90,907</u> |
| Total Operating Revenues | <u>\$ 1,453,867</u> | <u>\$ 1,810,808</u> | <u>\$ 3,264,675</u> | <u>\$ 145,371</u> | <u>\$ 3,410,046</u> | <u>\$ 3,707,036</u> |
| | | | | (Exhibit 2) | (Exhibit 2) | (Exhibit 2) |

* Public Education Grants (TPEG).

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 2009
 (With Memorandum Totals for the Year Ended August 31, 2008)

| | 2009 | | | | | 2008 | |
|---|---------------------|---------------------|-------------|---------------------|---------------------|----------------------|----------------------|
| | Salaries and Wages | State | Benefits | Local | Other Expenses | Total | Total |
| Unrestricted - Educational Activities: | | | | | | | |
| Instruction | \$ 4,204,802 | \$ - | \$ - | \$ 455,896 | \$ 345,903 | \$ 5,006,601 | \$ 4,899,362 |
| Public Service | 26,362 | - | - | 2,308 | 53,707 | 82,377 | 117,900 |
| Academic Support | 1,241,922 | - | - | 124,296 | 188,801 | 1,555,019 | 1,806,758 |
| Student Services | 1,229,597 | - | - | 115,948 | 73,954 | 1,419,499 | 1,162,356 |
| Institutional Support | 1,382,577 | - | - | 175,008 | 2,473,787 | 4,031,372 | 3,283,696 |
| Operation and Maintenance of Plant | 449,803 | - | - | 102,311 | 1,464,746 | 2,016,860 | 1,828,914 |
| Total Unrestricted Educational Activities | 8,535,063 | - | - | 975,767 | 4,600,898 | 14,111,728 | 13,098,986 |
| Restricted - Educational Activities: | | | | | | | |
| Instruction | 121,078 | 662,778 | 423 | 8,250 | 258,368 | 1,050,474 | 1,125,231 |
| Public Service | - | - | - | - | - | 423 | 310 |
| Academic Support | 115,608 | 225,933 | 39,476 | 71,693 | - | 381,017 | 274,207 |
| Student Services | 350,661 | 240,401 | - | - | 151,023 | 813,778 | 867,328 |
| Institutional Support | - | 303,906 | - | - | - | 303,906 | 334,828 |
| Scholarships and Fellowships | - | - | - | - | 2,177,865 | 2,177,865 | 1,742,044 |
| Total Restricted Educational Activities | 587,347 | 1,433,441 | 423 | 119,419 | 2,587,256 | 4,727,463 | 4,343,948 |
| Total Educational Activities | 9,122,410 | 1,433,441 | - | 1,095,186 | 7,188,154 | 18,839,191 | 17,442,934 |
| Auxiliary Enterprises | - | - | - | - | 246,900 | 246,900 | 198,997 |
| Depreciation Expense - Buildings and Other Real Estate Improvements | - | - | - | - | 334,502 | 334,502 | 315,526 |
| Depreciation Expense - Equipment, Furniture and Library Books | - | - | - | - | 146,544 | 146,544 | 154,291 |
| Total Operating Expenses | \$ 9,122,410 | \$ 1,433,441 | \$ - | \$ 1,095,186 | \$ 7,916,100 | \$ 19,567,137 | \$ 18,111,748 |
| | | | | | | (Exhibit 2) | (Exhibit 2) |

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2009
 (With Memorandum Totals for the Year Ended August 31, 2008)

| | 2009 | | | 2008 Total |
|---|----------------------|---------------------|--------------------------|----------------------|
| | Unrestricted | Restricted | Auxiliary Enterprises | |
| Nonoperating Revenues: | | | | |
| State Appropriations: | | | | |
| Education and General State Support | \$ 4,729,347 | \$ - | \$ - | 4,729,347 |
| National Disaster | 407,406 | - | - | 407,406 |
| State Group Insurance | - | 954,043 | - | 943,016 |
| State Retirement Match | - | 479,398 | - | 474,082 |
| Total State Appropriations | 5,136,753 | 1,433,441 | - | 6,570,194 |
| Property Taxes | 8,871,140 | - | - | 8,871,140 |
| Federal Student Assistance | - | 2,357,210 | - | 2,357,210 |
| FEMA Disaster Recovery Relief | - | 162,982 | - | 162,982 |
| Department of Education Disaster Relief | - | 344,435 | - | 344,435 |
| Investment Income | 157,332 | - | - | 157,332 |
| Other Nonoperating Revenue | 50,514 | - | - | 50,514 |
| Total Nonoperating Revenues | 9,078,986 | 2,864,627 | - | 10,804,998 |
| Nonoperating Expenses: | | | | |
| Interest on Capital Related Debt | 139,740 | - | - | 139,740 |
| Other Nonoperating Expense | 208,994 | - | - | 208,994 |
| Total Nonoperating Expenses | 348,734 | - | - | 348,734 |
| Total Nonoperating Revenues, Net | \$ 13,867,005 | \$ 4,298,068 | \$ - | \$ 18,165,073 |
| | | | | (Exhibit 2) |
| | | | | 16,207,583 |
| | | | | (Exhibit 2) |

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
 FOR THE YEAR ENDED AUGUST 31, 2009
 (With Memorandum Totals for the Year Ended August 31, 2008)

| | Detail by Source | | | | Capital Assets Net of Depreciation and Related Debt | Total | Available for Current Operations | | |
|-----------------------------------|------------------|-------------|----------------|----------------|---|--------------|----------------------------------|------|----|
| | Unrestricted | Restricted | | Non-Expendable | | | Total | Yes | No |
| | | Expendable | Non-Expendable | | | | | | |
| Current: | | | | | | | | | |
| Unrestricted | \$ 7,177,162 | \$ - | \$ - | \$ - | \$ 7,177,162 | \$ 7,177,162 | \$ - | \$ - | |
| Auxiliary | 484,387 | - | - | - | 484,387 | 484,387 | - | - | |
| Scholarships | - | 225,242 | - | - | 225,242 | 225,242 | - | - | |
| Plant: | | | | | | | | | |
| Unexpended | 1,395,331 | - | - | - | 1,395,331 | 1,395,331 | - | - | |
| Debt Service | 2,778,220 | 720,240 | - | - | 3,498,460 | 2,778,220 | 720,240 | - | |
| Investment in Plant | - | - | - | 8,042,273 | 8,042,273 | - | 8,042,273 | - | |
| Total Net Assets, August 31, 2009 | 11,835,100 | 945,482 | - | 8,042,273 | 20,822,855 | 12,060,342 | 8,762,513 | - | |
| Total Net Assets, August 31, 2008 | 10,694,817 | 976,543 | - | 7,143,513 | 18,814,873 | 10,951,620 | 7,863,253 | - | |
| Net Increase in Net Assets | \$ 1,140,283 | \$ (31,061) | \$ - | \$ 898,760 | \$ 2,007,982 | \$ 1,108,722 | \$ 899,260 | \$ - | |

**SINGLE AUDIT REPORTS
AND SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

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

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited the financial statements of Galveston Community College District (the College) as of and for the year ended August 31, 2009, and have issued our report thereon dated November 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

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

Compliance and Other Matters

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

Texas Public Funds Investment Act

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

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

Gainer Donnelly & Desroches LLP

November 11, 2009

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Regents
Galveston Community College District
Galveston, Texas

Compliance

We have audited the compliance of Galveston Community College District (the College), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in the College's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the College's internal control.

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

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

Gainer Donnelly & Desroches LLP

November 11, 2009

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2009

Schedule E

| <u>Federal Grantor/Pass-Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures and Pass-Through Disbursements</u> |
|---|------------------------------------|--|--|
| <u>U.S. Department of Education</u> | | | |
| Direct Programs: | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | (1) | \$ 99,800 |
| Strengthening Institutions - Title V | 84.031S | | 362,674 |
| Federal Work-Study Program | 84.033 | (1) | 115,494 |
| TRIO - Student Support Services | 84.042 | (2) | 238,790 |
| TRIO - Upward Bound | 84.047 | (2) | 248,591 |
| Federal Pell Grant Program | 84.063 | (1) | 2,234,587 |
| Academic Competitiveness Grant | 84.375 | N/A | 22,823 |
| Higher Education Disaster Relief | 84.938R | N/A | <u>344,435</u> |
| Total Direct Programs | | | <u>3,667,194</u> |
| Passed-Through From: | | | |
| Texas Higher Education Coordinating Board: | | | |
| Carl Perkins Annual Application | 84.048 | 94218 | 127,482 |
| Leveraging Educational Assistance Partnership | 84.069A | N/A | 2,858 |
| State Leveraging Educational Assistance Partnership | 84.069B | N/A | <u>3,676</u> |
| Total Passed Through Programs | | | <u>134,016</u> |
| Total U.S. Department of Education | | | <u>3,801,210</u> |
| <u>Department of Homeland Security</u> | | | |
| Pass-Through From | | | |
| Texas Department of Public Safety - Division of Emergency Management Disaster Grant (Presidentially Declared Disasters) | 97.036 | N/A | <u>162,982</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,964,192</u> |

(1) Cluster Student Financial Aid

(2) Cluster TRIO Programs

See accompanying notes to Schedule of Expenditures of Federal Awards

GALVESTON COMMUNITY COLLEGE DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2009

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, 2009. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award 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: | | |
| Restricted Federal Grants and Contracts – (Schedule A) | \$ | 1,099,565 |
| Add Nonoperating – (Schedule C) | | |
| Title IV Financial Aid | | 2,357,210 |
| Disaster Relief | | <u>507,417</u> |
| Total Expenditures of Federal Awards | \$ | <u>3,964,192</u> |

NOTE 3 – STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED – Not Included in Schedule

| Federal Grantor/ CFDA Number/Program Name | New Loans Processed | Administrative Costs Recovered | Total Loans Processed and Administrative Costs Recovered |
|--|------------------------|--------------------------------------|---|
| Department of Education 84.268 Direct Loans | \$ <u>992,577</u> | \$ <u> -</u> | \$ <u>992,577</u> |

NOTE 4 – 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, 2009

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal and State Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 84.007 | Student Financial Aid Cluster Federal Supplemental Educational Opportunity Grants |
| 84.033 | Federal Work-Study Program |
| 84.063 | Federal Pell Grant Program |
| 84.268 | Federal Family Education Loans |
| 84.375 | Academic Competiveness Grant |
| 84.031S | Strengthening Institutions (Title V) |
| 84.938R | Higher Education Disaster Relief |

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

None

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

None

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, 2008.

STATISTICAL SECTION

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

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Table 1

GALVESTON COMMUNITY COLLEGE DISTRICT
 NET ASSETS BY COMPONENT
 FISCAL YEARS 2002 TO 2009
 (amounts expressed in thousands)
 (Unaudited)

| | For the Year Ended August 31, | | | | | | | | |
|---|-------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|--|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | |
| Invested in Capital Assets, Net of Related Debt | \$ 8,042 | \$ 7,144 | \$ 5,891 | \$ 4,390 | \$ 3,652 | \$ 2,437 | \$ 2,988 | \$ 2,737 | |
| Restricted - Expendable | 945 | 976 | 915 | 1,110 | 1,109 | 1,076 | 980 | 1,021 | |
| Unrestricted | 11,836 | 10,695 | 10,206 | 8,147 | 6,902 | 6,138 | 4,947 | 4,507 | |
| Total Primary Government Net Assets | <u>\$ 20,823</u> | <u>\$ 18,815</u> | <u>\$ 17,012</u> | <u>\$ 13,647</u> | <u>\$ 11,663</u> | <u>\$ 9,651</u> | <u>\$ 8,915</u> | <u>\$ 8,265</u> | |

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2009 are available.

Table 2

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2009
(Unaudited)

| | For the Year Ended August 31, (amounts expressed in thousands) | | | | | | | |
|---|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Tuition and Fees (Net of Discounts) | \$ 1,384 | \$ 1,738 | \$ 1,313 | \$ 1,276 | \$ 1,425 | \$ 1,723 | \$ 1,538 | \$ 1,281 |
| Governmental Grants and Contracts: | | | | | | | | |
| Federal Grants and Contracts | 1,099 | 1,163 | 1,310 | 830 | 802 | 413 | 738 | 646 |
| State Grants and Contracts | 201 | 124 | 96 | 110 | 92 | 191 | 103 | 123 |
| Non-Governmental Grants and Contracts | 510 | 441 | 398 | 368 | 252 | 137 | - | - |
| Sales and Services of Educational Activities | - | - | - | - | 23 | 16 | 3 | - |
| Auxiliary Enterprises | 83 | 91 | 96 | 114 | 146 | 129 | 114 | 313 |
| Other Operating Revenues | 133 | 150 | 182 | 197 | 237 | 282 | 270 | 385 |
| Total Operating Revenues | <u>3,410</u> | <u>3,707</u> | <u>3,395</u> | <u>2,895</u> | <u>2,976</u> | <u>2,890</u> | <u>2,765</u> | <u>2,748</u> |
| State Appropriations | 6,570 | 6,146 | 6,078 | 5,985 | 5,725 | 5,790 | 6,028 | 6,312 |
| Property Taxes | 8,871 | 8,234 | 7,635 | 7,345 | 6,555 | 6,196 | 5,583 | 5,349 |
| Federal Student Assistance | 2,357 | 2,038 | 2,277 | 2,202 | 2,417 | 2,417 | 1,475 | 1,711 |
| Investment and Other Income | 208 | 533 | 398 | 334 | 134 | 78 | 70 | 123 |
| Other Non-Operating Revenues, net of expenses | 298 | - | 2,231 | - | - | - | - | - |
| Total Non-Operating Revenues | <u>18,304</u> | <u>16,951</u> | <u>18,619</u> | <u>15,866</u> | <u>14,831</u> | <u>14,482</u> | <u>13,156</u> | <u>13,495</u> |
| Total Revenues | \$ <u>21,714</u> | \$ <u>20,658</u> | \$ <u>22,014</u> | \$ <u>18,761</u> | \$ <u>17,807</u> | \$ <u>17,372</u> | \$ <u>15,921</u> | \$ <u>16,243</u> |

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2009 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2009
(Unaudited)

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

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2009 are available.

Table 3

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2009
(Unaudited)

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

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2009 are available.

Table 3-Cont.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2009
(Unaudited)

| | For the Year Ended August 31, | | | | | | | |
|------------------------------------|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Instruction | 30.74% | 31.95% | 31.50% | 33.37% | 37.12% | 33.89% | 37.50% | 38.95% |
| Public Service | 0.42% | 0.63% | 1.20% | 0.31% | 0.16% | 0.92% | 0.61% | 0.89% |
| Academic Support | 9.82% | 11.04% | 10.49% | 9.92% | 9.29% | 10.48% | 9.97% | 9.73% |
| Student Services | 11.33% | 10.77% | 15.44% | 12.78% | 8.82% | 8.63% | 6.99% | 8.08% |
| Institutional Support | 22.00% | 19.19% | 19.85% | 21.19% | 23.09% | 21.28% | 22.12% | 18.39% |
| Operation and Maintenance of Plant | 10.24% | 9.70% | 10.22% | 8.48% | 6.96% | 9.45% | 9.77% | 7.89% |
| Scholarships and Fellowships | 11.05% | 9.24% | 7.19% | 8.04% | 8.50% | 8.92% | 5.27% | 8.82% |
| Auxiliary Enterprises | 1.25% | 1.06% | 0.70% | 0.98% | 0.89% | 0.97% | 1.51% | 1.38% |
| Depreciation | 2.44% | 2.49% | 2.50% | 3.84% | 3.95% | 3.62% | 3.46% | 2.98% |
| Total Operating Expenses | 99.29% | 96.05% | 99.09% | 98.91% | 98.77% | 98.17% | 97.20% | 97.11% |
| Interest on Capital Related Debt | 0.71% | 0.82% | 0.91% | 1.09% | 1.23% | 1.55% | 2.80% | 2.89% |
| Other Expenses | - | 3.13% | - | - | - | 0.28% | - | - |
| Total Non-Operating Expenses | 0.71% | 3.95% | 0.91% | 1.09% | 1.23% | 1.83% | 2.80% | 2.89% |
| Total Expenses | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2009 are available.

Table 4

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

| Academic Year (Fall) | Resident | | | | | | | | | | Increase from Prior Year In- District | Increase from Prior Year Out- of-District |
|-------------------------|--------------------------------------|-------------------------------------|---------------------|--------------------|---|---------------------|--------------------|------------------------|--------------------------------|------------------------------------|---|---|
| | Registration Fee (per student) | Fees per Semester Credit Hour (SCH) | | | Student Activity Fees (per student) | | | General Service Fee | Cost for 12 SCH In-District | Cost for 12 SCH Out-of-District | | |
| | In-District Tuition | Out-of-District Tuition | Building Use Fee | Technology Fees | Student Activity Fees | Building Use Fee | Technology Fees | General Service Fee | SCH In-District | Out-of-District | | |
| 2009 | \$ 25 | \$ 30 | \$ 12 | \$ - | \$ 15 | \$ 12 | \$ - | \$ 37 | \$ 581 | \$ 581 | 0.00% | 0.00% |
| 2008 | 25 | 30 | 12 | - | 15 | 12 | - | 37 | 581 | 581 | 0.00% | 0.00% |
| 2007 | 25 | 30 | 12 | - | 15 | 12 | - | 37 | 581 | 581 | 0.00% | 0.00% |
| 2006 | 25 | 30 | 12 | - | 15 | 12 | - | 37 | 581 | 581 | 7.79% | 7.79% |
| 2005 | 20 | 30 | 12 | - | 15 | 12 | - | - | 539 | 539 | 0.00% | 0.00% |
| 2004 | 20 | 30 | 12 | - | 15 | 12 | - | - | 539 | 539 | 55.33% | 55.33% |
| 2003 | 20 | 9 | 12 | 5 | 15 | 12 | 5 | - | 347 | 347 | 7.43% | 7.43% |
| 2002 | 20 | 8 | 12 | 4 | 15 | 12 | 4 | - | 323 | 323 | 7.31% | 7.31% |
| 2001 | 10 | 8 | 12 | 3 | 15 | 12 | 3 | - | 301 | 301 | 0.00% | 0.00% |
| 2000 | 10 | 8 | 12 | 3 | 15 | 12 | 3 | - | 301 | 301 | 0.00% | 0.00% |

| Academic Year (Fall) | Non - Resident | | | | | | | | | | Increase from Prior Year International | Increase from Prior Year Out of State |
|-------------------------|---|--|---------------------|--------------------|--------------------------|---------------------|--------------------|------------------------|------------------------------------|-------------------------------------|--|---|
| | Registration Fee (per student) | Fees per Semester Credit Hour (SCH) | | | Student Activity Fees | | | General Service Fee | Cost for 12 SCH Out of State | Cost for 12 SCH International | | |
| | Non-Resident Tuition Out of State | Non-Resident Tuition International | Building Use Fee | Technology Fees | Student Activity Fees | Building Use Fee | Technology Fees | General Service Fee | SCH Out of State | International | | |
| 2009 | \$ 60 | \$ 60 | \$ 12 | \$ - | \$ 15 | \$ 12 | \$ - | \$ 37 | \$ 941 | \$ 941 | 0.00% | 0.00% |
| 2008 | 60 | 60 | 12 | - | 15 | 12 | - | 37 | 941 | 941 | 0.00% | 0.00% |
| 2007 | 60 | 60 | 12 | - | 15 | 12 | - | 37 | 941 | 941 | 0.00% | 0.00% |
| 2006 | 60 | 60 | 12 | - | 15 | 12 | - | 37 | 941 | 941 | 4.67% | 4.67% |
| 2,005 | 60 | 60 | 12 | - | 15 | 12 | - | 37 | 899 | 899 | 0.00% | 0.00% |
| 2,004 | 60 | 60 | 12 | - | 15 | 12 | - | 37 | 899 | 899 | 50.08% | 50.08% |
| 2,003 | 30 | 30 | 12 | 5 | 15 | 12 | 5 | 37 | 599 | 599 | 2.04% | 2.04% |
| 2,002 | 30 | 30 | 12 | 4 | 15 | 12 | 4 | 37 | 587 | 587 | 31.91% | 31.91% |
| 2,001 | 20 | 20 | 12 | 3 | 15 | 12 | 3 | 37 | 445 | 445 | 0.00% | 0.00% |
| 2,000 | 20 | 20 | 12 | 3 | 15 | 12 | 3 | 37 | 445 | 445 | 0.00% | 0.00% |

Source: Galveston Community College

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

Table 5

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

| Fiscal Year | (Amounts Expressed in Thousands) | | | | Direct Rate | | |
|-------------|--------------------------------------|---------------------|------------------------------------|---|------------------------------------|---------------------|--------------|
| | Assessed Valuation of Property | Less: Exemptions | Taxable Assessed Value (TAV) | Ratio of Taxable Assessed Value to Assessed Value | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
| 2008-09 | \$ 5,505,701 | 357,183 | \$ 5,148,518 | 93.51% | 0.170000 | - | 0.170000 |
| 2007-08 | 5,106,837 | 340,830 | 4,766,007 | 93.33% | 0.170000 | - | 0.170000 |
| 2006-07 | 4,781,523 | 322,462 | 4,459,061 | 93.26% | 0.170000 | - | 0.170000 |
| 2005-06 | 4,027,628 | 291,027 | 3,736,601 | 92.77% | 0.191800 | - | 0.191800 |
| 2004-05 | 3,581,393 | 276,883 | 3,304,510 | 92.27% | 0.195200 | - | 0.195200 |
| 2003-04 | 3,371,245 | 266,107 | 3,105,138 | 92.11% | 0.195200 | - | 0.195200 |
| 2002-03 | 2,929,690 | 229,164 | 2,700,525 | 92.18% | 0.195200 | - | 0.195200 |
| 2001-02 | 2,881,049 | 236,163 | 2,644,886 | 91.80% | 0.195200 | - | 0.195200 |
| 2000-01 | 2,652,097 | 213,231 | 2,438,866 | 91.96% | 0.197800 | - | 0.197800 |
| 1999-00 | 2,498,993 | 196,849 | 2,302,144 | 92.12% | 0.197800 | - | 0.197800 |

Source: Galveston Central Appraisal District

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

Table 6

GALVESTON COMMUNITY COLLEGE DISTRICT
STATE APPROPRIATION PER FTSE AND CONTACT HOUR
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Appropriation per FTSE | | | Appropriation per Contact Hour | | | | State Appropriation per Contact Hour |
|-------------|------------------------|-------------|------------------------------------|----------------------------------|----------------------------------|--------------------------------------|---------------------------|---|
| | State Appropriation | FTSE (a) | State Appropriation per FTSE | Academic Contact Hours (b) | Voc/Tech Contact Hours (b) | Continuing Education Hours (c) | Total Contact Hours | |
| 2008-09 | \$ 4,729,347 | 1,306 | 3,621 | 561,408 | 338,380 | 16,876 | 916,664 | 5.16 |
| 2007-08 | 4,729,350 | 1,378 | 3,432 | 547,520 | 343,888 | 34,309 | 925,717 | 5.11 |
| 2006-07 | 4,729,349 | 1,464 | 3,231 | 589,744 | 371,556 | 39,051 | 1,000,351 | 4.73 |
| 2005-06 | 4,729,349 | 1,434 | 3,297 | 597,664 | 376,480 | 24,520 | 998,664 | 4.74 |
| 2004-05 | 4,720,362 | 1,635 | 2,888 | 718,476 | 388,232 | 43,243 | 1,149,951 | 4.10 |
| 2003-04 | 4,720,440 | 1,542 | 3,061 | 677,724 | 372,292 | 49,334 | 1,099,350 | 4.29 |
| 2002-03 | 4,907,632 | 1,589 | 3,088 | 657,488 | 353,698 | 148,378 | 1,159,564 | 4.23 |
| 2001-02 | 4,996,789 | 1,515 | 3,298 | 682,176 | 309,040 | 101,135 | 1,092,351 | 4.57 |
| 2000-01 | 5,359,724 | 1,708 | 3,138 | 687,936 | 295,128 | 275,262 | 1,258,326 | 4.26 |
| 1999-00 | 4,533,544 | 1,686 | 2,689 | 686,320 | 282,340 | 264,167 | 1,232,827 | 3.68 |

Notes:

Full time students equivalents = Total semester credit hours divided by 30 plus continuing education contact hours divided by 900.

(a) August 2008 Board Report, Revenue Summary Sheet

(b) Source CBM004

(c) Source CBM00C

GALVESTON COMMUNITY COLLEGE DISTRICT
PRINCIPAL TAXPAYERS
LAST EIGHT YEARS
(Unaudited)

Table 7

| Taxpayer | Type of Business | Taxable Assessed Value (TAV) by Tax Year (\$000 omitted) | | | | | | | |
|-------------------------------------|------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| BP Products (NA) Inc | Refinery | 1,618,991 | 1,789,680 | 1,395,700 | 1,285,600 | 1,096,800 | 795,500 | 644,400 | 618,800 |
| Valero Refining - Texas LP | Refinery | 737,214 | 789,303 | 776,700 | 324,300 | 275,400 | 323,900 | 289,000 | 371,800 |
| Union Carbide Corp | Refinery | 258,272 | 351,664 | 333,700 | - | - | - | - | - |
| Praxair Inc. | Supplier | 179,607 | 197,696 | 169,400 | 115,800 | 116,700 | 184,700 | 157,800 | 166,800 |
| Marathon Petroleum Co., LLC | Refinery | 134,120 | 165,910 | 153,000 | 281,700 | 111,100 | 119,000 | 67,500 | - |
| South Houston Green Power | Utilities | 130,000 | 360,516 | 289,100 | 668,500 | 452,400 | 211,900 | 226,600 | 209,600 |
| BP Amoco Chemical Co. | Refinery | 121,552 | 155,126 | 156,700 | 114,100 | 124,300 | 110,800 | 85,500 | 72,700 |
| Centerpoint Energy Inc. | Utilities | 89,391 | 93,843 | 90,900 | 50,000 | 44,900 | 47,300 | 43,200 | 38,800 |
| Texas-New Mexico Power Co. | Utilities | 85,034 | 84,990 | 97,600 | 63,000 | 60,300 | 28,200 | 40,500 | 30,400 |
| B.A.S.F. Corp | Refinery | 57,266 | 47,261 | 48,000 | 68,800 | 51,100 | 46,800 | 47,700 | 49,000 |
| ISP Technologies Inc. | Computers | 57,103 | 60,476 | 64,100 | 132,500 | 104,274 | 78,900 | 46,300 | 49,000 |
| Sterling Chemicals Inc. | Refinery | 55,409 | 88,038 | - | 155,100 | 177,400 | 174,800 | 197,800 | 197,700 |
| BP Alternative Energy | Utilities | 48,930 | - | - | - | - | - | - | - |
| Comcast of Houston LLC | Utilities | 40,663 | 26,421 | - | - | - | - | - | - |
| SouthWestern Bell Telephone | Utilities | 39,451 | 42,749 | - | - | - | - | - | - |
| Ineds Styrenics | Refinery | 37,824 | 72,640 | 71,700 | - | - | - | - | - |
| GTE Southwest Inc. | Utilities | 35,911 | 38,575 | 35,300 | - | - | - | - | 81,200 |
| Praxair Hydrogen Supply Inc. | Supplier | 33,037 | 33,767 | 34,700 | - | - | 240,000 | 32,900 | - |
| Feritta Hospitality INC | Hospitality | 32,977 | - | - | - | - | - | - | - |
| Walmart Stores Texas LP | Retail | 32,217 | - | - | - | - | - | - | - |
| National Onshore LP | Utilities | - | 54,477 | 84,900 | 44,600 | 47,400 | 46,700 | 44,100 | 102,700 |
| Houston Refining LP | Refinery | - | 51,855 | - | - | - | - | - | - |
| Valero Marketing & Supplies | Refinery | - | 49,945 | - | - | - | - | - | - |
| Calpine Central LP | Utilities | - | - | - | 35,500 | 35,200 | 34,000 | 33,800 | 33,800 |
| Texas City Terminal Railway Co. | Railroad | - | - | - | 26,800 | 55,300 | 64,700 | 71,600 | - |
| Lyondell-Citgo Refining LP | Refinery | - | - | - | - | - | 31,100 | - | 48,500 |
| Totals | | 3,824,969 | 4,554,932 | 3,801,500 | 3,366,300 | 2,752,574 | 2,538,300 | 2,028,700 | 2,070,800 |
| Total Taxable Assessed Value | | \$ 18,598,310 | \$ 20,333,507 | \$ 18,547,397 | \$ 17,163,303 | \$ 15,438,330 | \$ 13,961,922 | \$ 12,734,317 | \$ 11,797,654 |

| Taxpayer | Type of Business | % of Taxable Assessed Value (TAV) by Tax Year | | | | | | | |
|---------------------------------|------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| BP Products (NA) Inc | Refinery | 8.71% | 8.80% | 7.53% | 7.49% | 7.10% | 5.70% | 5.06% | 5.25% |
| Valero Refining - Texas LP | Refinery | 3.96% | 3.88% | 4.19% | 1.89% | 1.78% | 2.32% | 2.27% | 3.15% |
| Union Carbide Corp | Refinery | 1.39% | 1.73% | 1.80% | - | - | - | - | - |
| Praxair Inc. | Supplier | 0.97% | 0.97% | 0.91% | 0.67% | 0.76% | 1.32% | 1.24% | 1.41% |
| Marathon Petroleum Co., LLC | Refinery | 0.72% | 0.82% | 0.82% | 1.64% | 0.72% | 0.85% | 0.53% | - |
| South Houston Green Power | Utilities | 0.70% | 1.77% | 1.56% | 3.89% | 2.93% | 1.52% | 1.78% | 1.78% |
| BP Amoco Chemical Co. | Refinery | 0.65% | 0.76% | 0.84% | 0.66% | 0.81% | 0.79% | 0.67% | 0.62% |
| Centerpoint Energy Inc. | Utilities | 0.48% | 0.46% | 0.49% | 0.29% | 0.29% | 0.34% | 0.34% | 0.33% |
| Texas-New Mexico Power Co. | Utilities | 0.46% | 0.42% | 0.53% | 0.37% | 0.39% | 0.20% | 0.32% | 0.26% |
| B.A.S.F. Corp | Refinery | 0.31% | 0.23% | 0.26% | 0.40% | 0.33% | 0.34% | 0.37% | 0.42% |
| ISP Technologies Inc. | Computers | 0.31% | 0.30% | 0.35% | 0.77% | 0.68% | 0.57% | 0.36% | 0.42% |
| Sterling Chemicals Inc. | Refinery | 0.30% | 0.43% | - | 0.90% | 1.15% | 1.25% | 1.55% | 1.68% |
| BP Alternative Energy | Utilities | 0.26% | - | - | - | - | - | - | - |
| Comcast of Houston LLC | Utilities | 0.22% | 0.13% | - | - | - | - | - | - |
| SouthWestern Bell Telephone | Utilities | 0.21% | 0.21% | - | - | - | - | - | - |
| Ineds Styrenics | Refinery | 0.20% | 0.36% | 0.39% | - | - | - | - | - |
| GTE Southwest Inc. | Utilities | 0.19% | 0.19% | 0.19% | - | - | - | - | 0.69% |
| Praxair Hydrogen Supply Inc. | Supplier | 0.18% | 0.17% | 0.19% | - | - | 1.72% | 0.26% | - |
| Feritta Hospitality INC | Hospitality | 0.18% | - | - | - | - | - | - | - |
| Walmart Stores Texas LP | Retail | 0.17% | - | - | - | - | - | - | - |
| National Onshore LP | Utilities | - | 0.27% | 0.46% | 0.26% | 0.31% | 0.33% | 0.35% | 0.87% |
| Houston Refining LP | Refinery | - | 0.26% | - | - | - | - | - | - |
| Valero Marketing & Supplies | Refinery | - | 0.25% | - | - | - | - | - | - |
| Calpine Central LP | Utilities | - | - | - | 0.21% | 0.23% | 0.24% | 0.27% | 0.29% |
| Texas City Terminal Railway Co. | Railroad | - | - | - | 0.16% | 0.36% | 0.46% | 0.56% | - |
| Lyondell-Citgo Refining LP | Refinery | - | - | - | - | - | 0.22% | - | 0.41% |
| Totals | | 20.57% | 22.40% | 20.50% | 19.61% | 17.83% | 18.18% | 15.93% | 17.55% |

Source: Local County Appraisal District

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 | Total Tax Levy (a) | Collections - Current Levy (b) | Percentage | Current Collections of Prior Levies (b) | Total Collections | Percentage of Current Levy |
|-----------------------------------|--------------------------|--------------------------------------|------------|--|----------------------|-------------------------------|
| 2009 | \$ 8,752 | \$ 8,408 | 96.07% | \$ 173 | \$ 8,581 | 98.05% |
| 2008 | 8,102 | 7,855 | 96.95% | 213 | 8,068 | 99.58% |
| 2007 | 7,575 | 7,302 | 96.40% | 219 | 7,521 | 99.29% |
| 2006 | 7,167 | 6,929 | 96.68% | 241 | 7,170 | 100.04% |
| 2005 | 6,450 | 6,243 | 96.78% | 241 | 6,484 | 100.52% |
| 2004 | 6,212 | 5,793 | 93.26% | 243 | 6,036 | 97.17% |
| 2003 | 5,386 | 5,259 | 97.64% | 209 | 5,468 | 101.52% |
| 2002 | 5,163 | 5,029 | 97.40% | 209 | 5,238 | 101.46% |
| 2001 | 4,824 | 4,592 | 95.19% | 108 | 4,700 | 97.44% |
| 2000 | 4,554 | 4,344 | 95.40% | 119 | 4,463 | 98.02% |

Source: Local Tax Assessor/Collector and District records.

(a) As of August 31st

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

Statement No. 44 of the Governmental Accounting Standards Board

Information about Property Tax Levies and Collections

21. If a government presents revenue capacity information about a property tax, it should also present information about property tax levies and collections. For each of the last ten periods for which a property tax is levied, a government should present:

- a. The amount levied for that period
- b. The amount collected prior to the end of that period and the percentage of the total levy that amount represents.
- c. The amount of the levy collected in subsequent years, the total amount collected to date, and the percentage of the total levy that has been collected to date.

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) | | | | | | | | | |
|---|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Revenue Bonds | \$ 3,830 | \$ 4,410 | \$ 4,980 | \$ 5,530 | \$ 6,070 | \$ 6,595 | \$ 6,795 | \$ 7,180 | \$ 7,695 | \$ 7,895 |
| Notes | - | - | - | - | - | - | - | - | - | - |
| Capital Lease Obligations | - | - | - | - | - | - | - | - | - | - |
| Total Outstanding Debt | \$ 3,830 | \$ 4,410 | \$ 4,980 | \$ 5,530 | \$ 6,070 | \$ 6,595 | \$ 6,795 | \$ 7,180 | \$ 7,695 | \$ 7,895 |
| Total Outstanding Debt Ratios: | | | | | | | | | | |
| Per Capita | 13.7 | 15.53 | 17.56 | 19.92 | 22.31 | 24.71 | 26.05 | 28.17 | 30.76 | 31.72 |
| Per Student | 2,933 | 3,199 | 3,402 | 3,855 | 3,713 | 4,276 | 7,276 | 4,739 | 4,505 | 4,683 |
| As a Percentage of Taxable Assessed Value | 0.07% | 0.08% | 0.11% | 0.15% | 0.18% | 0.24% | 0.26% | 0.29% | 0.33% | 0.36% |

Note: Galveston College has no general obligation bonds.
Notes: 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) | | | | | | | | | |
|--|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| 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 | |
| 2009 | \$ 107 | \$ 54 | \$ 467 | \$ 83 | \$ 12 | \$ 4 | \$ 727 | \$ 580 | \$ 139 | \$ 719 | 1.01 |
| 2008 | 82 | 72 | 494 | 95 | 21 | 3 | 767 | 570 | 153 | 723 | 1.06 |
| 2007 | 91 | 94 | 522 | 112 | 36 | - | 855 | 550 | 154 | 704 | 1.21 |
| 2006 | 87 | 94 | 513 | 108 | 23 | - | 825 | 540 | 181 | 721 | 1.14 |
| 2005 | 98 | 91 | 594 | 133 | 27 | 21 | 964 | 525 | 194 | 719 | 1.34 |
| 2004 | 86 | 112 | 537 | 120 | 15 | 18 | 888 | 6,795 | 252 | 7,047 | 0.13 |
| 2003 | 77 | 117 | 533 | 107 | 4 | 11 | 849 | 385 | 428 | 813 | 1.04 |
| 2002 | 82 | 82 | 442 | 124 | 4 | 17 | 751 | 515 | 451 | 966 | 0.78 |
| 2001 | 129 | 145 | 555 | - | - | 10 | 839 | 350 | 466 | 816 | 1.03 |
| 2000 | 127 | 141 | 551 | - | - | 10 | 829 | 330 | 483 | 813 | 1.02 |

Notes: Years 2000 and 2001 are estimated based upon 1997 and 1998 data included in the Official Statement of the 1994 Series Combined Fee Revenue & Refunding Bonds
 2004 principal payment includes bond refunding.

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

Table 12

| Calendar Year | County of Galveston Population | Galveston County Personal Income (in millions of dollars) | Galveston County Personal Income Per Capita | County Unemployment Rate |
|------------------|--------------------------------------|---|---|--------------------------------|
| 2008 (a) | 279,604 | \$ 10,913 | \$ 39,030 | 5.8% |
| 2007 | 283,987 | 10,304 | 36,284 | 4.6% |
| 2006 | 283,551 | 9,124 | 32,175 | 4.2% |
| 2005 | 277,563 | 9,237 | 32,747 | 5.2% |
| 2004 | 272,024 | 8,720 | 32,005 | 5.6% |
| 2003 | 266,858 | 8,356 | 31,313 | 6.1% |
| 2002 | 260,825 | 7,965 | 30,537 | 5.9% |
| 2001 | 254,923 | 6,660 | 26,564 | 4.7% |
| 2000 | 250,158 | 6,387 | 25,662 | 4.6% |
| 1999 | 248,893 | 6,251 | 25,446 | 4.9% |

Sources:

Population from U.S. Bureau of the Census
 Personal income from U.S. Bureau of Economic Analysis
 Unemployment rate from Texas Workforce Commission

Notes:

a. Personal income amounts from 2008 are preliminary.

GALVESTON COMMUNITY COLLEGE DISTRICT
 PRINCIPAL EMPLOYERS
 AUGUST 31, 2009
 (Unaudited)

Table 13

| Employer | Number of Employees | Percentage of Total Employment |
|---------------------------------------|------------------------|--------------------------------------|
| University of Texas Medical Branch | 10,000 | 56.35% |
| American National Insurance Company | 1,475 | 8.31% |
| Galveston Independent School District | 1,200 | 6.76% |
| Landry's Restaurants | 1,045 | 5.89% |
| Galveston County (on Island only) | 969 | 5.46% |
| Moody Gardens | 840 | 4.73% |
| City of Galveston | 825 | 4.65% |
| Fertitta Hospitality | 582 | 3.28% |
| Wal-Mart | 410 | 2.31% |
| Texas A&M University of Galveston | 400 | 2.25% |
| Total | 17,746 | 100.00% |

Source:

Galveston Chamber of Commerce, GEDP survey

Note:

Percentages are calculated using the midpoints of the ranges.

This institution previously did not present this schedule and chose to implement prospectively.

Table 14

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Faculty: | | | | | | | | | | |
| Full-Time | 58 | 57 | 60 | 54 | 51 | 51 | 56 | 43 | 50 | 49 |
| Part-Time | 40 | 69 | 80 | 87 | 92 | 86 | 92 | 104 | 92 | 100 |
| Total | 98 | 126 | 140 | 141 | 143 | 137 | 148 | 147 | 142 | 149 |
| Percent: | | | | | | | | | | |
| Full-Time | 59.2% | 45.2% | 42.9% | 38.3% | 35.7% | 37.2% | 37.8% | 29.3% | 35.2% | 32.9% |
| Part-Time | 40.8% | 54.8% | 57.1% | 61.7% | 64.3% | 62.8% | 62.2% | 70.7% | 64.8% | 67.1% |
| Staff and Administrators: | | | | | | | | | | |
| Full-Time | 99 | 99 | 107 | 96 | 89 | 95 | 100 | 103 | 104 | 105 |
| Part-Time | 44 | 51 | 111 | 162 | 39 | 72 | 86 | 35 | 45 | 54 |
| Total | 143 | 150 | 218 | 258 | 128 | 167 | 186 | 138 | 149 | 159 |
| Percent: | | | | | | | | | | |
| Full-Time | 69.20% | 66.00% | 49.08% | 37.2% | 69.5% | 56.9% | 53.8% | 74.6% | 69.8% | 66.0% |
| Part-Time | 30.80% | 34.00% | 50.92% | 62.8% | 30.5% | 43.1% | 46.2% | 25.4% | 30.2% | 34.0% |
| FTSE per Full-Time Faculty | 22.5 | 24.2 | 19.5 | 19.7 | 18.9 | 19.9 | 17.5 | 22.0 | 20.9 | 19.9 |
| FTSE per Full-Time Staff Member | 13.2 | 13.9 | 7.5 | 10.9 | 15.1 | 13.4 | 11.8 | 14.9 | 14.2 | 13.3 |
| Average Faculty Salary Equated to 9 Month Contract | \$ 53,498 | \$ 49,429 | \$ 46,179 | \$ 46,127 | \$ 44,374 | \$ 38,802 | \$ 42,536 | \$ 41,425 | \$ 40,645 | \$ 39,864 |

Notes:
The number of full-time and part-time staff and administrators for years 1999 and 2000 are estimated based on prior and subsequent year data available. The average faculty salary equaled to 9 month contract for year 2000 is estimated based on prior year data available.

Table 15

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

| Student Classification | Fall 2008 | | Fall 2007 | | Fall 2006 | | Fall 2005 | | Fall 2004 | | Fall 2003 | | Fall 2002 | |
|----------------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 00-30 Hours | 1,484 | 66.58% | 1,368 | 66.93% | 1,557 | 73.69% | 1,631 | 73.63% | 1,863 | 79.21% | 1,750 | 78.13% | 1,683 | 73.40% |
| 31-60 Hours | 454 | 20.37% | 401 | 19.62% | 357 | 16.90% | 394 | 17.79% | 245 | 10.42% | 257 | 11.47% | 361 | 15.74% |
| > 60 Hours | 154 | 6.91% | 162 | 7.93% | 130 | 6.15% | 140 | 6.32% | 148 | 6.29% | 138 | 6.16% | 119 | 5.19% |
| Unclassified | 137 | 6.15% | 113 | 5.53% | 69 | 3.27% | 50 | 2.26% | 96 | 4.08% | 95 | 4.24% | 130 | 5.67% |
| Total | 2,229 | 100.00% | 2,044 | 100.00% | 2,113 | 100.00% | 2,215 | 100.00% | 2,352 | 100.00% | 2,240 | 100.00% | 2,293 | 100.00% |
| Semester Hour Load | | | | | | | | | | | | | | |
| Less than 3 | 33 | 1.48% | 28 | 1.37% | 30 | 1.42% | 35 | 1.58% | 37 | 1.57% | 35 | 1.56% | 48 | 2.09% |
| 3-5 Semester Hours | 630 | 28.26% | 580 | 28.38% | 565 | 26.74% | 599 | 27.04% | 646 | 27.47% | 634 | 28.30% | 608 | 26.52% |
| 6-8 Semester Hours | 601 | 26.96% | 541 | 26.47% | 485 | 22.95% | 600 | 27.09% | 530 | 22.53% | 524 | 23.39% | 609 | 26.56% |
| 9-11 Semester Hours | 371 | 16.64% | 277 | 13.55% | 293 | 13.87% | 292 | 13.18% | 352 | 14.97% | 314 | 14.02% | 381 | 16.62% |
| 12-14 Semester Hours | 477 | 21.40% | 495 | 24.22% | 583 | 27.59% | 536 | 24.20% | 622 | 26.45% | 602 | 26.88% | 484 | 21.11% |
| 15-17 Semester Hours | 113 | 5.07% | 110 | 5.38% | 148 | 7.00% | 143 | 6.46% | 144 | 6.12% | 118 | 5.27% | 145 | 6.32% |
| 18 & Over | 4 | 0.18% | 13 | 0.64% | 9 | 0.43% | 10 | 0.45% | 21 | 0.89% | 13 | 0.58% | 18 | 0.78% |
| Total | 2,229 | 100.00% | 2,044 | 100.00% | 2,113 | 100.00% | 2,215 | 100.00% | 2,352 | 100.00% | 2,240 | 100.00% | 2,293 | 100.00% |
| Average Course Load | 8.3 | | 8.5 | | 8.6 | | 8.6 | | 8.8 | | 8.6 | | 8.5 | |
| Tuition Status | | | | | | | | | | | | | | |
| Texas Resident (In-District) | 2,090 | 93.76% | 1,951 | 95.45% | 2,039 | 96.50% | 2,126 | 95.98% | 2,266 | 96.34% | 2,165 | 96.65% | 2,208 | 96.29% |
| Texas Resident (Out-of-District) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-Resident Tuition | 139 | 6.24% | 93 | 4.55% | 74 | 3.50% | 89 | 4.02% | 86 | 3.66% | 75 | 3.35% | 85 | 3.71% |
| Total | 2,229 | 100.00% | 2,044 | 100.00% | 2,113 | 100.00% | 2,215 | 100.00% | 2,352 | 100.00% | 2,240 | 100.00% | 2,293 | 100.00% |

Source: Data from CBM001 reports and CBM01A.

Table 16

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

| | Fall 2008 | | Fall 2007 | | Fall 2006 | | Fall 2005 | | Fall 2004 | | Fall 2003 | | Fall 2002 | |
|----------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Gender | | | | | | | | | | | | | | |
| Female | 1,459 | 65.46% | 1,333 | 65.22% | 1,275 | 60.34% | 1,427 | 64.42% | 1,528 | 64.97% | 1,475 | 65.85% | 1,494 | 65.15% |
| Male | 770 | 34.54% | 711 | 34.78% | 838 | 39.66% | 788 | 35.58% | 824 | 35.03% | 765 | 34.15% | 799 | 34.85% |
| Total | 2,229 | 100.00% | 2,044 | 100.00% | 2,113 | 100.00% | 2,215 | 100.00% | 2,352 | 100.00% | 2,240 | 100.00% | 2,293 | 100.00% |
| Ethnic Origin | | | | | | | | | | | | | | |
| White | 1,078 | 48.36% | 1,014 | 49.61% | 1,073 | 50.78% | 1,159 | 54.85% | 1,253 | 56.57% | 1,181 | 52.72% | 1,183 | 51.59% |
| Hispanic | 565 | 25.35% | 521 | 25.49% | 531 | 25.13% | 535 | 25.32% | 542 | 24.47% | 520 | 23.21% | 515 | 22.46% |
| African American | 439 | 19.69% | 401 | 19.62% | 406 | 19.21% | 414 | 19.59% | 450 | 20.32% | 422 | 18.84% | 480 | 20.93% |
| Asian | 65 | 2.92% | 65 | 3.18% | 54 | 2.56% | 67 | 3.17% | 61 | 2.75% | 67 | 2.99% | 65 | 2.83% |
| Foreign | 35 | 1.57% | 32 | 1.57% | 39 | 1.85% | 33 | 1.56% | 38 | 1.72% | 38 | 1.70% | 38 | 1.66% |
| Native American | 11 | 0.49% | 4 | 0.20% | 10 | 0.47% | 6 | 0.28% | 5 | 0.23% | 8 | 0.36% | 8 | 0.35% |
| Unknown/Not Reported | 36 | 1.62% | 7 | 0.34% | - | - | 1 | 0.05% | 3 | 0.13% | 4 | 0.18% | 4 | 0.17% |
| Total | 2,229 | 100.00% | 2,044 | 100.00% | 2,113 | 100.00% | 2,215 | 104.83% | 2,352 | 106.18% | 2,240 | 100.00% | 2,293 | 100.00% |
| Age | | | | | | | | | | | | | | |
| Under 18 | 313 | 14.11% | 190 | 9.30% | 205 | 9.70% | 235 | 10.61% | 248 | 10.54% | 267 | 11.92% | 276 | 12.04% |
| 18 - 21 | 777 | 35.02% | 738 | 36.11% | 738 | 34.93% | 754 | 34.04% | 778 | 33.08% | 764 | 34.11% | 750 | 32.71% |
| 22 - 24 | 333 | 15.01% | 287 | 14.04% | 285 | 13.49% | 299 | 13.50% | 374 | 15.90% | 328 | 14.64% | 318 | 13.87% |
| 25 - 35 | 500 | 22.53% | 483 | 23.63% | 518 | 24.51% | 533 | 24.06% | 546 | 23.21% | 501 | 22.37% | 538 | 23.46% |
| 36 - 50 | 226 | 10.18% | 254 | 12.43% | 274 | 12.97% | 301 | 13.59% | 310 | 13.18% | 292 | 13.04% | 314 | 13.69% |
| 51 & Over | 70 | 3.15% | 92 | 4.50% | 93 | 4.40% | 93 | 4.20% | 96 | 4.08% | 88 | 3.93% | 97 | 4.23% |
| Total | 2,219 | 100.00% | 2,044 | 100.00% | 2,113 | 100.00% | 2,215 | 100.00% | 2,352 | 100.00% | 2,240 | 100.00% | 2,293 | 100.00% |
| Average Age | 25 | | 27 | | 27 | | 27 | | 27 | | 26 | | 27 | |

Source: Data from CBM001 reports and CBM01A.

GALVESTON COMMUNITY COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2007 FALL STUDENTS AS OF FALL 2008
 (Includes only public senior colleges in Texas)
 (Unaudited)

Table 17

| | Transfer Student Count Academic | Transfer Student Count Technical | Transfer Student Count Tech-Prep | Total of All Transfer Students | % of All Transfer Students |
|---|--|---|---|---|-------------------------------------|
| University of Houston at Clear Lake | 39 | 4 | 3 | 46 | 18.3% |
| Texas A&M University | 37 | 1 | | 38 | 15.1% |
| Lamar University | 30 | | | 30 | 11.9% |
| The University of Texas at Austin | 25 | 1 | | 26 | 10.3% |
| University of Houston | 20 | | | 20 | 7.9% |
| Texas State University | 17 | | | 17 | 6.7% |
| Sam Houston State University | 14 | 1 | | 15 | 6.0% |
| Stephen F. Austin State University | 12 | 1 | | 13 | 5.2% |
| Prairie View A&M University | 7 | | | 7 | 2.8% |
| The University of Texas at San Antonio | 5 | 2 | | 7 | 2.8% |
| University of Houston – Downtown | 4 | 1 | 1 | 6 | 2.4% |
| The University of Texas Medical Branch at Galveston | | 5 | | 5 | 2.0% |
| Midwestern State University | 1 | 2 | | 3 | 1.2% |
| Texas A&M University at Corpus Christi | 3 | | | 3 | 1.2% |
| Texas Southern University | 3 | | | 3 | 1.2% |
| Tarleton State University | 2 | | | 2 | 0.8% |
| Texas A&M International University | 2 | | | 2 | 0.8% |
| Texas A&M University at Galveston | | 2 | | 2 | 0.8% |
| The University of Texas at El Paso | 2 | | | 2 | 0.8% |
| Texas A&M University at Commerce | 1 | | | 1 | 0.4% |
| Texas A&M University at Kingsville | 1 | | | 1 | 0.4% |
| Texas Tech University | 1 | | | 1 | 0.4% |
| The University of Texas at Arlington | 1 | | | 1 | 0.4% |
| The University of Texas at Dallas | 1 | | | 1 | 0.4% |
| Texas Woman's University | | | | | 0.0% |
| The University of Texas at Tyler | | | | | 0.0% |
| University of North Texas | | | | 0 | 0.0% |
| Totals | 228 | 20 | 4 | 252 | 100% |

GALVESTON COMMUNITY COLLEGE DISTRICT
 CAPITAL ASSETS INFORMATION
 FISCAL YEARS 2002 TO 2009
 (Unaudited)

Table 18

| | Fiscal Year | | | | | | | |
|--------------------------------------|-------------|------|------|------|------|------|------|------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Academic buildings | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Square footage (in thousands) | 213 | 243 | 243 | 243 | 243 | 243 | 243 | 243 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 14 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Number of Volumes (in thousands) | 42 | 36 | 35 | 35 | 35 | 34 | 34 | 34 |
| Administrative and support buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 2 | 46 | 46 | 46 | 46 | 46 | 46 | 46 |
| Apartments | 8 | 6 | 14 | 14 | 14 | 10 | 10 | 10 |
| Square footage (in thousands) | 19 | 14 | 14 | 14 | 14 | 10 | 10 | 10 |
| Number of beds | 55 | 35 | 35 | 56 | 56 | 52 | 52 | 52 |
| Dining Facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Average daily customers | 400 | 400 | 400 | 400 | 375 | 350 | 325 | 300 |
| Athletic Facilities | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Square footage (in thousands) | 12 | 53 | 53 | 53 | 53 | 53 | 53 | 53 |
| Gymnasiums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fitness Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Plant facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square footage (in thousands) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Light Trucks/Vans | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 3 |
| Busses | 3 | - | - | - | - | - | - | - |