



FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

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, 2010

BOARD OF REGENTS

Term Expires
May 31,

OFFICERS

Mr. Florentino Gonzalez – Chairman	Galveston, Texas	2012
Mr. George Black – Vice Chairman	Galveston, Texas	2016
Ms. Barbara K. Crews - Secretary	Galveston, Texas	2012

MEMBERS

Paul J. Cunningham, M.D.	Galveston, Texas	2014
Mr. Carl Kelly	Galveston, Texas	2016
Mr. Armin Cantini	Galveston, Texas	2016
Mr. Carroll G. Sunseri	Galveston, Texas	2014
Gregory Roof, Ph.D	Galveston, Texas	2012

KEY OFFICERS

Myles Shelton, Ed.D.	President
Gaynelle Hayes, Ed.D.	Vice-President for Administration
Phyllis Mingus-Pepin, Ed.D	Vice-President for Student Services
Joel Michaelis, Ed.D	Interim 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, 2010 and 2009, as listed in the accompanying table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of the Galveston College Foundation (the Foundation), a discretely presented component unit, as of and for the eight months ended August 31, 2009. These statements were audited by other auditors whose report dated April 22, 2010, expressed an unqualified opinion on those statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2010 and 2009, 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 4, 2010 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 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 2010 audit was performed for the purpose of forming an opinion on the 2010 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 financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the 2010 financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the 2010 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 required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2010 financial statements taken as a whole.

Gainer Donnelly & Desroches LLP

November 4, 2010

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

This section of the Galveston Community College District (the College) Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2010 and 2009. 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 2010

- The College's net assets as of August 31, 2010 are reported at \$23.5 million. This represents a 13% increase from the prior year.
- In an effort to be sensitive to effects of Hurricane Ike on the Galveston community, the Board of Regents adopted a tax rate resulting in a decrease of property tax revenue of \$700,000 compared to the prior year.
- Construction on the Abe and Annie Seibel Wing began in January 2010 as an addition to the existing Cheney Student Center. The total cost of construction was budgeted at \$1,606,000. The total cost of construction is being offset by a \$1,500,000 gift from the Abe and Annie Seibel Foundation, plus \$107,000 of cumulative interest earned since July 2005.
- In March 2010, a 4.3 acre industrial site in Galveston was purchased for the development of a Vocational-Technical Training Center. The \$1,250,000 cost was paid from College reserves. The first phase of renovation was started in April 2010 and was completed in June 2010 at a cost of \$150,000. Further renovations of the property will run through 2011.
- Federal funding has covered the cost of approximately \$442,000 of the new equipment for the Vocational-Technical Training Center.
- The new Datatel Colleague Enterprise Resource Planning (ERP) system implementation was substantially complete as of August 31, 2010, with a total disbursed to-date of \$1,125,000 on the project that was contracted in June 2008.

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 Enterprise Resource Planning (ERP) system was delayed by the hurricane, but commenced in January 2009. Additional payments totaling \$155,000 were made in 2009. 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.

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)

	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
Assets:					
Current Assets	\$ 13,022	\$ 13,594	\$ (572)	\$ 8,280	\$ 5,314
Noncurrent Assets:					
Capital Assets, Net of Depreciation	14,897	11,872	3,025	11,553	319
Other	<u>1,032</u>	<u>993</u>	<u>39</u>	<u>5,309</u>	<u>(4,316)</u>
Total Assets	\$ <u>28,951</u>	\$ <u>26,459</u>	\$ <u>2,492</u>	\$ <u>25,142</u>	\$ <u>1,317</u>
Liabilities:					
Current Liabilities	\$ 2,583	\$ 2,150	\$ 433	\$ 2,237	\$ (87)
Noncurrent Liabilities	<u>2,918</u>	<u>3,486</u>	<u>(568)</u>	<u>4,090</u>	<u>(604)</u>
Total Liabilities	\$ <u>5,501</u>	\$ <u>5,636</u>	\$ <u>(135)</u>	\$ <u>6,327</u>	\$ <u>(691)</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	11,662	8,042	3,620	7,144	898
Restricted – Expendable	926	945	(16)	976	(31)
Unrestricted	<u>10,862</u>	<u>11,836</u>	<u>(977)</u>	<u>10,695</u>	<u>1,141</u>
Total Net Assets	\$ <u>23,450</u>	\$ <u>20,823</u>	\$ <u>2,627</u>	\$ <u>18,815</u>	\$ <u>2,008</u>

Fiscal Year 2010 Compared to 2009

Current assets decreased as the College used \$1.25 million of reserve funds for the purchase of the Vocational - Technology Training Center (Voc-Tech Center) site. Capital assets grew as the College purchased and started renovation to the Voc-Tech Center and constructed a wing for the student center. (See page 14 for more discussion on the change in capital assets).

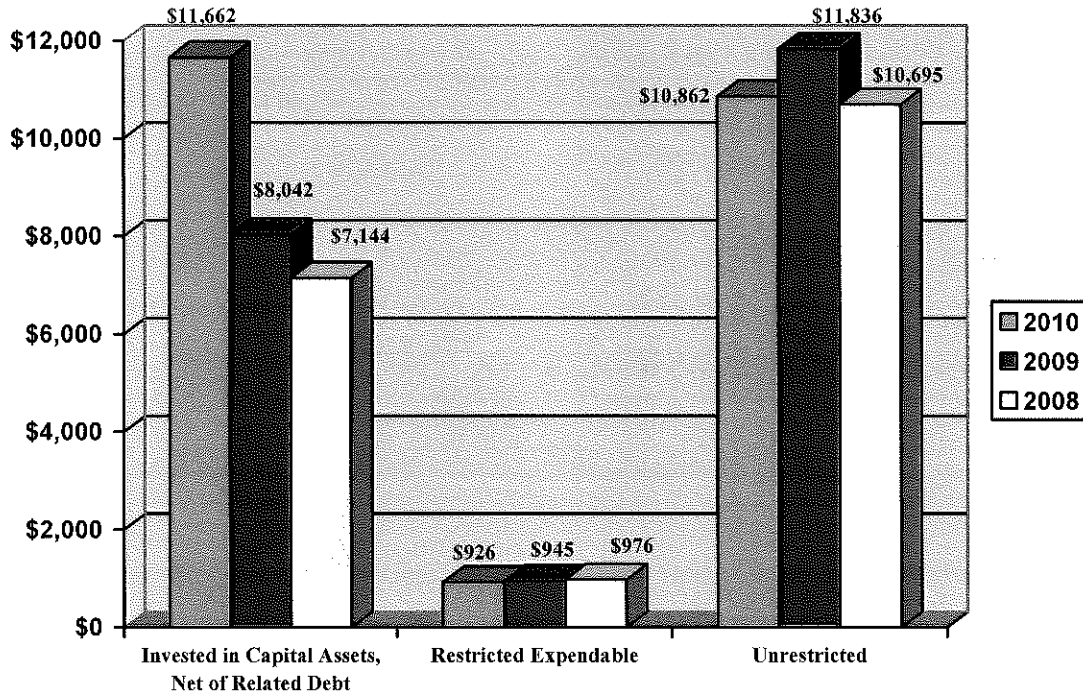
Liabilities remained consistent and the College continues to make scheduled debt payments on outstanding bonds.

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 payments of \$580,000.

The following is a graphic illustration of net assets (in thousands) for the years ended August 31, 2008 through 2010. Total net assets invested in capital assets, net of related debt have increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student growth. The decrease in unrestricted net assets in 2010, is due to the College using \$1,250,000 of reserve funds for the purchase of the Voc-Tech Center.



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

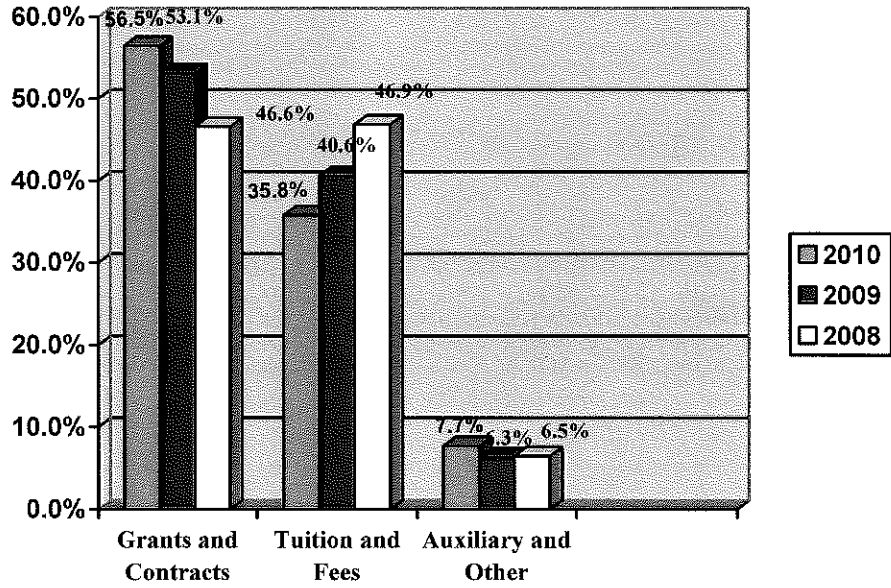
The following chart summarizes the College's operating results for the years ended August 31:

**Operating Results
(in thousands)**

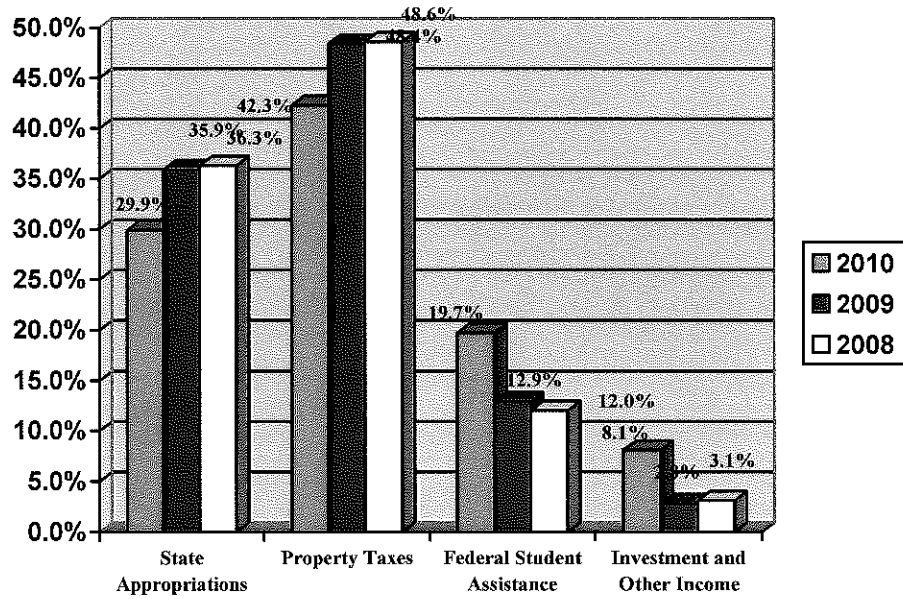
	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 1,715	\$ 1,384	\$ 331	\$ 1,738	\$ (354)
Grants and Contracts	2,707	1,811	896	1,728	83
Auxiliary Enterprises, Net	191	82	109	91	(9)
Other Operating Revenues	<u>179</u>	<u>133</u>	<u>46</u>	<u>150</u>	<u>(17)</u>
Total Operating Revenues	4,792	3,410	1,382	3,707	(297)
Less Operating Expenses	<u>21,438</u>	<u>19,567</u>	<u>1,871</u>	<u>18,112</u>	<u>1,455</u>
Operating Loss	<u>(16,646)</u>	<u>(16,157)</u>	<u>(489)</u>	<u>(14,405)</u>	<u>(1,752)</u>
Nonoperating Revenues (Expenses):					
State Appropriations	5,770	6,570	(800)	6,147	423
Property Taxes	8,160	8,871	(711)	8,234	637
Federal Student Assistance	3,791	2,357	1,434	2,038	319
Contribution for Student Center	1,607	-	1,607	-	-
Disaster Assistance	-	507	(507)	-	507
Investment and Other Income	71	208	(137)	533	(325)
Hurricane Ike Related Expense	-	(209)	209	-	(209)
Interest on Capital Related Debt	(125)	(139)	14	(154)	15
Other Nonoperating Expense	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(590)</u>	<u>590</u>
Total Non-operating Revenues, Net	<u>19,273</u>	<u>18,165</u>	<u>1,108</u>	<u>16,208</u>	<u>1,957</u>
Increase in Net Assets	\$ <u>2,627</u>	\$ <u>2,008</u>	\$ <u>619</u>	\$ <u>1,803</u>	\$ <u>205</u>

The following are graphic illustrations of revenues by source for the years ended August 31, 2008 through 2010.

Revenue by Source
Operating Revenues



Nonoperating Revenues



Fiscal Year 2010 Compared to 2009

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

Fiscal Year 2009 Compared to 2008

Tuition and fees decreased approximately 20% due to the effects of Hurricane Ike. When the College reopened after being closed for a month, approximately 31% of the students did not return to complete the fall semester. Furthermore, the College extended the 70% refund period to students affected by the hurricane which generated many refunds.

The College received an additional \$407,000 on July 22, 2009 in state appropriations for Hurricane Ike relief. These funds were 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 in 2008.

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.

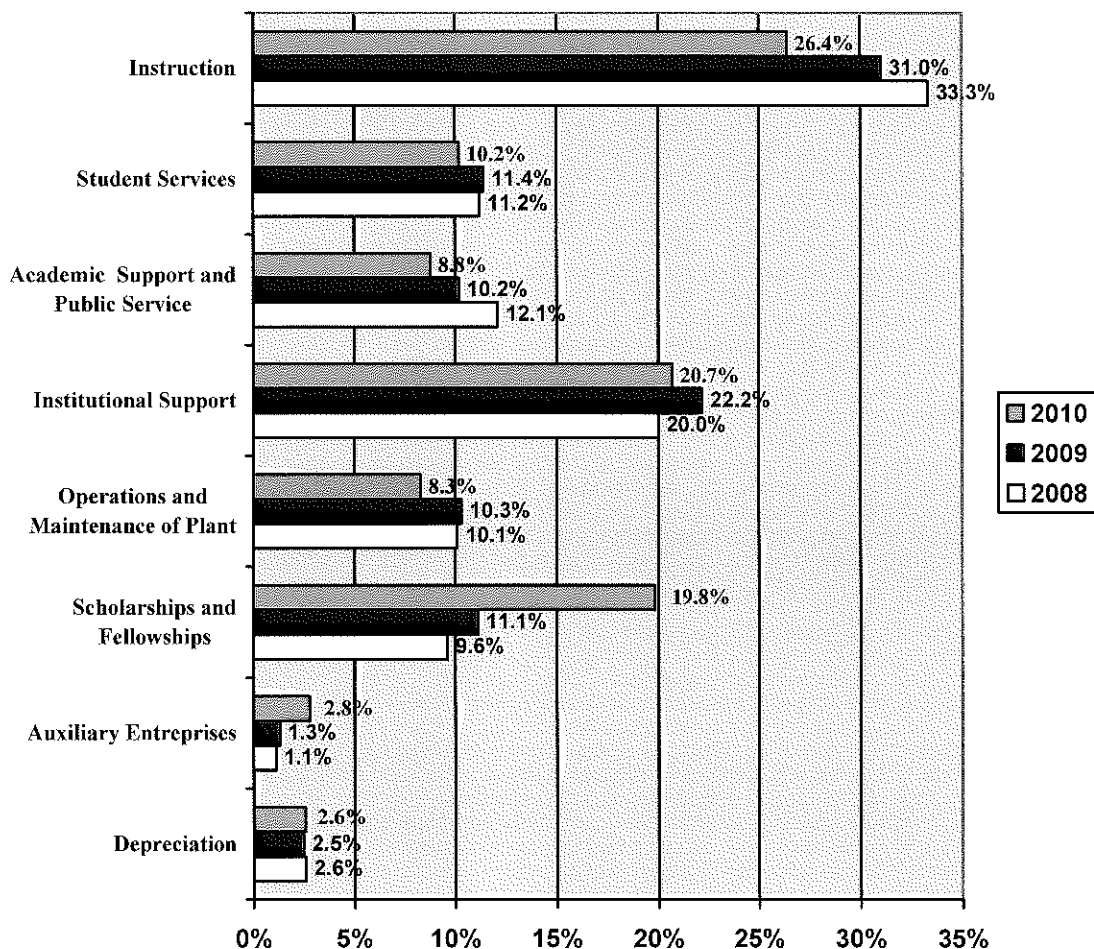
Operating Expenses

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

**Operating Expenses
(in thousands)**

	2010	2009	Increase (Decrease) 2010-2009	2008	Increase (Decrease) 2009-2008
Operating Expenses:					
Instruction	\$ 5,965	\$ 6,057	\$ (92)	\$ 6,024	\$ 33
Public Service	103	83	20	118	(35)
Academic Support	1,985	1,936	49	2,081	(145)
Student Services	2,305	2,233	72	2,030	203
Institutional Support	4,678	4,335	343	3,619	716
Operation and Maintenance of Plant	1,868	2,017	(149)	1,829	188
Scholarships and Fellowships	3,318	2,178	1,140	1,742	436
Auxiliary Enterprises	637	247	390	199	48
Depreciation	579	481	98	470	11
Total	<u>\$ 21,438</u>	<u>\$ 19,567</u>	<u>\$ 1,871</u>	<u>\$ 18,112</u>	<u>\$ 1,455</u>

Operating Expenses



Fiscal Year 2010 Compared to 2009

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

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. Increases in operations and maintenance of plant were principally 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.

Cash Flow Activity

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

	2010	2009	2008
Cash Provided by (Used in):			
Operating Activities	\$ (15,131)	\$(15,905)	\$ (12,836)
Non-Capital Financing Activities	16,067	18,153	15,137
Capital and Related Financing Activities	(3,074)	(1,728)	(2,466)
Investing Activities	<u>30</u>	<u>4,503</u>	<u>1,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,108)	5,023	1,121
Cash and Cash Equivalents – Beginning of Year	<u>12,335</u>	<u>7,312</u>	<u>6,191</u>
Cash and Cash Equivalents – End of Year	<u>\$ 10,227</u>	<u>\$ 12,335</u>	<u>\$ 7,312</u>

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

Capital Asset and Long Term Debt Activity

As shown in Footnote 6 to the financial statements, capital assets increased from \$11.8 million to \$14.9 million. The following is a list of some of the major projects completed during 2010:

- The Abe and Annie Seibel wing of the student center was constructed for \$1.5 million.
- Vocational-Technical Training Center was purchased for \$1.25 million.
- Repaved the Moody Hall parking lot at a cost of \$226,000.
- The balance of the cost of the Datatel Colleague (ERP system) was paid.
- Several replacements and upgrades to technical and computer equipment were completed - \$59,000 for a streaming video system, \$152,000 for smart classrooms and \$63,000 for a video surveillance system.

Capital Assets
(in thousands)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Capital Assets:			
Land and Improvements	\$ 5,524	\$ 3,801	\$ 3,308
Construction in Progress	1,850	892	704
Buildings	11,702	11,702	11,702
Equipment, Furniture, and Software	3,325	2,477	2,374
Library Books	<u>761</u>	<u>731</u>	<u>715</u>
Total	23,162	19,603	18,803
Less Accumulated Depreciation	<u>(8,265)</u>	<u>(7,731)</u>	<u>(7,250)</u>
Net Capital Assets	<u>\$ 14,897</u>	<u>\$ 11,872</u>	<u>\$ 11,553</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 \$595,000 and \$580,000 were made during the 2010 and 2009 fiscal years, respectively.

Currently Known Facts, Decisions & Conditions

- The College experienced an overall increase in enrollment in FY2010. Credit hour enrollment increased by 9%, while headcount was up 6%. These increases continued into the 2011 fall semester, as both credit enrollment and headcount increased 17% and 8% respectively over the fall semester 2009. This translated to the highest semester headcount since 2004, and the highest semester credit hour total in the College's 43-year history.
- The College continues to expand its facilities and programs to support its growth and the constantly evolving educational needs of the community. The completion of the Abe and Annie Seibel Wing of the Cheney Student Center and the first phase of the new Voc-Tech Center has enabled the College to serve the needs of a growing and diverse student enrollment.
- The 2011 tax rate of \$0.189475 has been adopted by the Board of Regents. This represents a decrease from the prior rate of \$0.19 and below the rollback tax rate. However, due to an improved property tax base, it is estimated an additional \$935,000 in tax revenues will be collected.
- Galveston College along with other community colleges and state agencies are under a legislative threat of reduced state funding, requiring the College to reevaluate its current revenue streams.

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, 2010 AND 2009

Exhibit I

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 9,194,553	\$ 11,342,822
Accounts Receivable	1,114,711	344,109
Contribution Receivable	357,577	-
Property Tax Receivable, Net	693,287	736,609
Student Receivables, Net	1,232,107	943,240
Other Assets	429,412	227,756
Total Current Assets	13,021,647	13,594,536
NONCURRENT ASSETS:		
Restricted Cash and Cash Equivalents	949,180	928,673
Restricted Agency Funds Cash and Cash Equivalents	83,295	64,028
Capital Assets, Net:		
Not Subjected to Depreciation	4,912,536	2,712,276
Subjected to Depreciation	9,984,509	9,159,997
Total Noncurrent Assets	15,929,520	12,864,974
Total Assets	28,951,167	26,459,510
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	337,275	247,527
Funds Held for Others - Agency	83,295	64,028
Deferred Revenues	1,514,415	1,204,202
Deposits	8,400	9,275
Compensated Absences - Current Portion	30,000	30,000
Bonds Payable - Current Portion	610,000	595,000
Total Current Liabilities	2,583,385	2,150,032
NONCURRENT LIABILITIES:		
Compensated Absences	292,779	251,623
Bonds Payable	2,625,000	3,235,000
Total Noncurrent Liabilities	2,917,779	3,486,623
Total Liabilities	5,501,164	5,636,655
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	11,662,045	8,042,273
Restricted - Expendable:		
Student Aid	205,215	225,242
Debt Service	720,365	720,240
Unrestricted	10,862,378	11,835,100
Total Net Assets	\$ 23,450,003	\$ 20,822,855

The accompanying notes are integral part of these financial statements.

GALVESTON COLLEGE FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
DECEMBER 31, 2009
(With Comparative Totals for 2008)

Exhibit 1A

ASSETS	2009				2008 Total
	Universal Access	Galveston College Scholarships	Other Funds	Total	
Cash	\$ -	\$ -	\$ 3,044	\$ 3,044	\$ 100
Investments (at Fair Value)	3,890,984	617,840	1,960,483	6,469,307	6,328,599
Total Assets	\$ 3,890,984	\$ 617,840	\$ 1,963,527	\$ 6,472,351	\$ 6,328,699
LIABILITIES AND NET ASSETS					
Liabilities:					
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	652
Accrued Expenses	59,542	-	-	59,542	63,939
Agency Transactions Due to Others	-	-	3,494	3,494	103,827
Total Liabilities	59,542	-	3,494	63,036	168,418
Net Assets:					
Unrestricted	599,710	-	298,491	898,201	693,638
Temporarily Restricted	21,920	496,340	1,661,542	2,179,802	2,155,331
Permanently Restricted	3,209,812	121,500	-	3,331,312	3,311,312
Total Net Assets	3,831,442	617,840	1,960,033	6,409,315	6,160,281
Total Liabilities and Net Assets	\$ 3,890,984	\$ 617,840	\$ 1,963,527	\$ 6,472,351	\$ 6,328,699

See Accompanying Auditor's Report

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

Exhibit 2

	2010	2009
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$1,243,509 for 2010 and \$1,063,870 for 2009	\$ 1,715,256	\$ 1,383,929
Federal Grants and Contracts	2,057,064	1,099,565
State and Local Grants and Contracts	230,096	201,017
Private Grants and Scholarships	419,719	510,226
Auxiliary Enterprises, Net of Scholarship Allowance of \$147,007 for 2010 and \$136,360 for 2009	191,123	82,605
Other Operating Revenues	178,635	132,704
Total Operating Revenues (Schedule A)	4,791,893	3,410,046
OPERATING EXPENSES:		
Instruction	5,965,094	6,057,075
Public Service	102,750	82,800
Academic Support	1,985,037	1,936,036
Student Services	2,305,007	2,233,277
Institutional Support	4,677,567	4,335,278
Operation and Maintenance of Plant	1,868,371	2,016,860
Scholarships and Fellowships	3,318,332	2,177,865
Auxiliary Enterprises	637,428	246,900
Depreciation	578,844	481,046
Total Operating Expenses (Schedule B)	21,438,430	19,567,137
Operating Loss	(16,646,537)	(16,157,091)
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	5,769,750	6,570,194
Property Taxes	8,159,628	8,871,140
Federal Student Assistance (Title IV Grants)	3,791,069	2,357,210
FEMA Disaster Relief	-	162,982
Department of Education Disaster Relief	-	344,435
Contribution for Student Center	1,607,577	-
Investment Income	30,509	157,332
Other Nonoperating Revenue	41,392	50,514
Interest on Capital Related Debt	(125,240)	(139,740)
Hurricane IKE Related Expenses (Net of Recoveries)	-	(208,994)
Other Nonoperating Expense	(1,000)	-
Total Nonoperating Revenues, Net (Schedule C)	19,273,685	18,165,073
INCREASE IN NET ASSETS	2,627,148	2,007,982
NET ASSETS, BEGINNING OF YEAR	20,822,855	18,814,873
NET ASSETS, END OF YEAR	\$ 23,450,003	\$ 20,822,855

The accompanying notes are integral part of these financial statements.

GALVESTON COLLEGE FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2009
(With Comparative Totals for the Twelve Months Ended December 31, 2008)

Exhibit 2A

	2009			Total	Twelve Months Ended December 31, 2008
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
SUPPORT AND REVENUE:					
Contributions and Grants	\$ 12,823	55,013	\$ 20,000	\$ 87,836	\$ 456,796
Other Revenue	-	-	-	-	5,173
Special Event Revenue	1,026	-	-	1,026	155
Donated Facilities and Services	36,253	-	-	36,253	51,836
Interest and Dividends	102,416	10,586	-	113,002	265,992
Realized Losses on Investments, Net	(205,664)	(21,257)	-	(226,921)	(141,180)
Unrealized Appreciation (Depreciation) on Investments	449,008	46,409	-	495,417	(641,948)
Net Assets Released from Restriction	66,280	(66,280)	-	-	-
Total Support and Revenue	462,142	24,471	20,000	506,613	(3,176)
EXPENSES:					
Donated Facilities and Services	36,253	-	-	36,253	51,836
Investment Fees	26,223	-	-	26,223	50,814
Foreign Taxes	309	-	-	309	422
Other Operating Expenses	6,079	-	-	6,079	-
Community Involvement	-	-	-	-	7,709
Program Expenses:					
Workforce Development	-	-	-	-	24,059
Galveston College Scholarships	25,403	-	-	25,403	47,820
Universal Access Scholarships	125,000	-	-	125,000	195,183
DreamKeepers Match	-	-	-	-	63,302
Athletics	-	-	-	-	2,920
Other	-	-	-	-	3,756
Dual Credit Scholarships	38,312	-	-	38,312	59,685
Gulf Coast Intercollegiate Conference	-	-	-	-	15,917
Grant to Galveston College	-	-	-	-	10,000
Miscellaneous	-	-	-	-	16,306
Total Expenses	257,579	-	-	257,579	549,729
INCREASE (DECREASE) IN NET ASSETS	204,563	24,471	20,000	249,034	(552,905)
NET ASSETS, BEGINNING OF YEAR	693,638	2,155,331	3,311,312	6,160,281	6,713,186
NET ASSETS, END OF YEAR	\$ 898,201	\$ 2,179,802	\$ 3,331,312	\$ 6,409,315	\$ 6,160,281

See Accompanying Auditor's Report

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

Exhibit 3

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 1,734,614	\$ 1,302,665
Receipts from Grants and Contracts	2,480,811	1,625,976
Payments to or on Behalf of Employees	(10,089,805)	(11,659,864)
Payments to Suppliers for Goods and Services	(6,328,649)	(5,205,452)
Payments for Scholarships	(3,318,332)	(2,177,865)
Other Cash Receipts	390,140	209,588
Net Cash Used by Operating Activities	(15,131,221)	(15,904,952)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	4,564,548	6,570,194
Proceeds from Property Taxes	8,202,950	8,724,683
Proceeds from Federal Student Assistance (Title IV Grants)	3,201,570	2,357,210
Proceeds from Federal Disaster Assistance	56,613	450,804
Proceeds from Other Contributions	41,392	50,514
Net Cash Provided by Non-Capital Financing Activities	16,067,073	18,153,405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contribution for Student Center	1,250,000	-
Purchases of Capital Assets	(3,603,616)	(799,806)
Principal Paid on Capital Debt	(595,000)	(580,000)
Payment of Interest on Capital Debt	(125,240)	(139,740)
Other Non-Operating Expense	(1,000)	(208,994)
Net Cash Used In Capital and Related Financing Activities	(3,074,856)	(1,728,540)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds From Maturities of Investments	-	4,285,945
Investment Income	30,509	217,241
Net Cash Provided by Investing Activities	30,509	4,503,186
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,108,495)	5,023,099
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,335,523	7,312,424
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,227,028	\$ 12,335,523
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (16,646,537)	\$ (16,157,091)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	578,844	481,046
Payments Made Directly by the State for Employee Benefits	1,193,552	-
Changes in Assets and Liabilities:		
Receivables, Net	(514,933)	(176,480)
Other Assets	(201,656)	57,766
Accounts Payable	89,748	(6,029)
Funds Held for Others - Agency Funds	19,267	28,495
Deferred Revenues	310,213	(120,257)
Deposits	(875)	(3,575)
Compensated Absences	41,156	(8,827)
Net Cash Used by Operating Activities	\$ (15,131,221)	\$ (15,904,952)

The accompanying notes are integral part of these financial statements.

GALVESTON COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2009
(With Comparative Totals for the Twelve Months Ended December 31, 2008)

Exhibit 3A

	<u>Eight Months Ended August 31, 2009</u>	<u>Twelve Months Ended December 31, 2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 249,034	\$ (552,905)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Unrealized Depreciation (Appreciation) on Investments	(495,417)	641,948
Realized Losses on Investments	226,921	141,180
Changes in Assets and Liabilities:		
Bank Overdraft	(652)	652
Accrued Expenses	(4,397)	30,310
Agency Transactions Due to Others	(100,333)	51,626
	<u>(124,844)</u>	<u>312,811</u>
Net Cash Provided by (Used in) Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investment Securities	(3,392,439)	(7,906,247)
Sales of Investment Securities	3,520,227	7,590,613
	<u>127,788</u>	<u>(315,634)</u>
Net Cash Provided by (Used in) Investing Activities		
INCREASE (DECREASE) IN CASH	2,944	(2,823)
CASH, BEGINNING OF YEAR	<u>100</u>	<u>2,923</u>
CASH, END OF YEAR	<u>\$ 3,044</u>	<u>\$ 100</u>

See Accompanying Auditor's Report

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

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

The Governmental Accounting Standards Board (GASB) gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. 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. This guidance has been applied 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. 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. 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 \$50,000 and \$66,500 for the years ended August 31, 2010 and 2009, 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 significant accounting policies followed by the College in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The accompanying financial statements are also in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting

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

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

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

Basis of Accounting

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

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

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

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 and Title IV financial aid funds (i.e. Pell grants). The operations of the bookstore and food services are performed by a third party contracted by the College.

Management Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the 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, 2010 and 2009.

Subsequent Events

The College has evaluated subsequent events through November 4, 2010, which is the date the financial statements were to be issued. No matters were identified affecting the accompanying financial statements that have not already been disclosed elsewhere in these financial statements

NOTE 3 – AUTHORIZED INVESTMENTS

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS

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

At August 31, 2010 and 2009, the carrying amount of the College's deposits was \$730,692 and \$674,606, respectively; and bank balances equaled \$1,224,824 and \$1,346,474, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts. The following table presents the cash and cash equivalents included in Exhibit 1, statement of net assets, as of August 31:

	2010	2009
Cash and Cash Equivalents:		
Petty Cash	\$ 1,456	\$ 1,456
Demand Deposits	730,692	674,606
Vanguard Admiral Treasury Money Market Fund	651,997	651,825
Investment Pools:		
Lone Star Investment Pool	3,594,377	5,772,213
Local Government Investment Cooperative	5,248,506	5,235,423
Cash and Cash Equivalents	\$ 10,227,028	\$ 12,335,523

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

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

The First Public (Lone Star Investment Pool or Lone Star) is a public funds investment pool established in accordance with the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 225, of the Texas Government Code. Lone Star is governed by trustees comprised of active participants in Lone Star. The board of trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy, of appointing investment officers, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. Lone Star Investment Pool is rated AAA by Standard & Poor's.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

Local Government Investment Cooperative (LOGIC or the Cooperative) was organized in conformity with the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 225, of the Texas Government Code. Participation in the Cooperative is limited to those eligible Government Entities which have become parties to the Participation Agreement. The Cooperative's governing body is a six-member Board of Directors (the Board) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Cooperative. The Board has entered into a contract with First Southwest Asset Management, Inc. and JPMorgan Asset Management, Inc. to provide administrative, investment management fund accounting, transfer agency, participant and marketing services for the Cooperative. In compliance with the Public Funds Investment Act, all portfolios will maintain a AAA or equivalent rating from at least one nationally recognized rating agency. LOGIC has been assigned a rating of AAA by Standard & Poor's.

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	<u>2010</u>	<u>2009</u>
Student Receivables	\$ 1,354,569	\$ 1,065,703
Less Allowance for Doubtful Accounts	<u>(122,463)</u>	<u>(122,463)</u>
Total Student Receivable	<u>\$ 1,232,106</u>	<u>\$ 943,240</u>
Contribution Receivable	<u>\$ 357,577</u>	<u>\$ -</u>
Federal Receivables	\$ 1,047,335	\$ 323,727
Other Receivables	<u>67,376</u>	<u>20,382</u>
Total Accounts Receivable	<u>\$ 1,114,711</u>	<u>\$ 344,109</u>
Property Tax Receivable	\$ 782,185	\$ 868,141
Less Allowance for Doubtful Accounts	<u>(88,898)</u>	<u>(131,532)</u>
Total Property Tax Receivable	<u>\$ 693,287</u>	<u>\$ 736,609</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 320,439	\$ 236,502
Benefits Payable	<u>16,835</u>	<u>11,025</u>
	<u>\$ 337,274</u>	<u>\$ 247,527</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activities for the years ended August 31:

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

	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	704,609	187,737	-	892,346
Total Not Depreciated	\$ 2,523,358	\$ 188,918	\$ -	\$ 2,712,276
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	714,511	16,970	-	731,481
Total Depreciated	16,280,153	610,888	-	16,891,041
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	407,698	47,634	-	455,332
Total Accumulated Depreciation	7,249,998	481,046	-	7,731,044
Net Capital Assets	\$ 11,553,513	\$ 318,760	\$ -	\$ 11,872,273

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activities for the years ended August 31:

	2010				
	Balance September 1, 2009	Additions	Payments	Balance August 31, 2010	Current Portion
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 3,830,000	\$ -	\$ (595,000)	\$ 3,235,000	\$ 610,000
Other Liabilities -					
Compensated Absences	281,623	222,700	(181,544)	322,779	30,000
Total	\$ 4,111,623	\$ 222,700	\$ (776,544)	\$ 3,557,779	\$ 625,000

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

	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	<u>290,450</u>	<u>194,759</u>	<u>(203,586)</u>	<u>281,623</u>	<u>30,000</u>
Total	<u>\$ 4,700,450</u>	<u>\$ 194,759</u>	<u>\$ (783,586)</u>	<u>\$ 4,111,623</u>	<u>\$ 625,000</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, 2010 is \$720,365, which meets the full reserve requirement.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 3,235,000</u>	<u>\$ 360,595</u>	<u>\$ 3,595,595</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO 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 2010 and 2009 and a state contribution rate of 6.66% and 6.58% for fiscal years 2010 and 2009, respectively. In certain instances the reporting district is required to make all or a portion of the state's 6.66% and 6.58% contribution for fiscal years 2010 and 2009, respectively.

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.65%, respectively of annual compensation. In addition, the College contributes 1.92% of annual compensation for each participant hired on or before August 31, 2005. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

Retirement Expense

The total payroll for all College employees was \$8,962,165 and \$9,122,410 for the fiscal years ended August 31, 2010 and 2009, respectively. The total payroll of employees covered by TRS was \$5,714,651 and \$5,738,207 and the total payroll of employees covered by ORP was \$2,231,968 and \$2,627,146 for fiscal years August 31, 2010 and 2009, respectively.

The retirement expense to the State for the College was \$441,167 and \$479,398 for the fiscal years ended August 31, 2010 and 2009, 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 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, 2010, the College had 28 employees participating in the program and a total of \$128,109 in contributions was invested in the plan during the fiscal year. 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.

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 State's cost of providing those benefits for retirees was \$331,176 and \$321,550 for the years ended August 31, 2010 and 2009, respectively. The State's actual total cost of providing health insurance benefits to the College totaled \$889,368 and \$954,043 for the years ended August 31, 2010 and 2009, 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 \$322,779 and \$281,623 as of August 31, 2010 and 2009, 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 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>2010</u>		<u>2009</u>
Assessed Valuation of the College	\$	4,523,226,284	\$	5,505,603,806
Less Exemptions		<u>(290,361,029)</u>		<u>(357,183,339)</u>
Net Assessed Valuation of the College	\$	<u>4,232,865,255</u>	\$	<u>5,148,420,467</u>

		<u>2010</u>		
		<u>Current</u>	<u>Debt</u>	
		<u>Operations</u>	<u>Service</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.2700	-	\$.2700
Assessed Tax rate per \$100 Valuation	\$.1900	-	\$.1900

		<u>2009</u>		
		<u>Current</u>	<u>Debt</u>	
		<u>Operations</u>	<u>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, 2010 and 2009, based on certified rolls, as reported by the taxing authorities amounted to \$8,042,444 and \$8,752,315, respectively. Galveston County Tax Assessor and Collector is the collecting agency for the levy and remits collections to the College, net of a collection fee.

<u>Taxes Collected for the Year Ended August 31:</u>		<u>2010</u>		<u>2009</u>
Current Taxes Collected	\$	7,740,468	\$	8,408,354
Delinquent Taxes Collected		271,037		173,260
Penalties and Interest Collected		<u>143,897</u>		<u>143,069</u>
Total Collections	\$	<u>8,155,402</u>	\$	<u>8,724,683</u>

Tax collections for the years ended August 31, 2010 and 2009 were 96.25% and 96.07%, 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, 2010 and 2009, \$228,815 and \$208,433, respectively, of grant funds have been received in advance.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – DESIGNATED UNRESTRICTED NET ASSETS

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

NOTE 16 – COMMITMENTS AND CONTINGENCIES

State and Federally Assisted Programs

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

NOTE 17 – SUBSEQUENT EVENTS

In September 2010, the Board approved a contract of approximately \$940,000 to start the renovation of the Vocational Technology Center and a \$75,000 contract for the repaving of a parking lot.

SUPPLEMENTAL SCHEDULES

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GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DETAILED OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2010
(With Memorandum Totals for the Year Ended August 31, 2009)

Schedule A

	2010				Total	2009 Total	
	Educational Activity		Educational Activity	Auxiliary Enterprises			Total
	Unrestricted	Restricted					
Tuition:							
State Funded Courses:							
In-District Resident Tuition	\$ 1,415,187	\$ -	\$ 1,415,187	\$ -	\$ 1,415,187	\$ 1,206,673	
TPEG (set aside) *	69,151	-	69,151	-	69,151	72,093	
Non-Resident Tuition	141,087	-	141,087	-	141,087	121,941	
Non-State Funded Continuing Education	72,274	-	72,274	-	72,274	57,691	
Total Tuition	<u>1,697,699</u>	<u>-</u>	<u>1,697,699</u>	<u>-</u>	<u>1,697,699</u>	<u>1,458,398</u>	
Fees:							
Student Service Fee	-	-	-	71,230	71,230	62,766	
Laboratory Fee	249,830	-	249,830	-	249,830	109,155	
Building Use Fee	540,812	-	540,812	-	540,812	467,929	
General Service Fee	219,808	-	219,808	-	219,808	194,581	
Registration Fee	179,386	-	179,386	-	179,386	154,970	
Total Fees	<u>1,189,836</u>	<u>-</u>	<u>1,189,836</u>	<u>71,230</u>	<u>1,261,066</u>	<u>989,401</u>	
Scholarship Allowances and Discounts:							
Scholarship Allowances	(145,113)	-	(145,113)	-	(145,113)	(103,977)	
Remissions and Exemptions - State	(34,234)	-	(34,234)	-	(34,234)	(24,102)	
Title IV Federal Grants to Students	(1,064,162)	-	(1,064,162)	-	(1,064,162)	(935,791)	
Total Scholarship Allowances and Discounts	<u>(1,243,509)</u>	<u>-</u>	<u>(1,243,509)</u>	<u>-</u>	<u>(1,243,509)</u>	<u>(1,063,870)</u>	
Total Net Tuition and Fees	<u>1,644,026</u>	<u>-</u>	<u>1,644,026</u>	<u>71,230</u>	<u>1,715,256</u>	<u>1,383,929</u>	
Other Operating Revenues:							
Federal Grants and Contracts	56,491	2,000,573	2,057,064	-	2,057,064	1,099,565	
State Grants and Contracts	-	230,096	230,096	-	230,096	201,017	
Private Grants and Scholarships	-	419,719	419,719	-	419,719	510,226	
Other Operating Revenues	178,635	-	178,635	-	178,635	132,704	
Total Other Operating Revenues	<u>235,126</u>	<u>2,650,388</u>	<u>2,885,514</u>	<u>-</u>	<u>2,885,514</u>	<u>1,943,512</u>	
Auxiliary Enterprises:							
Residential Life	-	-	-	147,007	147,007	136,360	
Less Scholarship Allowances and Discounts	-	-	-	(147,007)	(147,007)	(136,360)	
Bookstore Commissions	-	-	-	86,034	86,034	70,951	
Vending Commissions	-	-	-	7,111	7,111	10,606	
Other Auxiliary Revenue	-	-	-	97,978	97,978	1,048	
Total Auxiliary Enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,123</u>	<u>191,123</u>	<u>82,605</u>	
Total Operating Revenues	<u>\$ 1,879,152</u>	<u>\$ 2,650,388</u>	<u>\$ 4,529,540</u>	<u>\$ 262,353</u>	<u>\$ 4,791,893</u>	<u>\$ 3,410,046</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, 2010
 (With Memorandum Totals for the Year Ended August 31, 2009)

	2010				Other Expenses	Total	2009 Total
	Salaries and Wages	State	Local	Benefits			
Unrestricted - Educational Activities:							
Instruction	\$ 4,046,772	\$ -	\$ 428,416	\$ 391,738	\$ 4,866,926	\$ 5,006,601	
Public Service	42,047	-	3,660	56,511	102,218	82,377	
Academic Support	973,207	-	98,030	114,963	1,186,200	1,555,019	
Student Services	1,140,790	-	110,050	100,795	1,351,635	1,419,499	
Institutional Support	1,483,963	-	197,198	2,667,461	4,348,622	4,031,372	
Operation and Maintenance of Plant	387,754	-	145,294	1,335,323	1,868,371	2,016,860	
Total Unrestricted Educational Activities	8,074,533	-	982,648	4,666,791	13,723,972	14,111,728	
Restricted - Educational Activities:							
Instruction	107,030	644,984	20,846	325,308	1,098,168	1,050,474	
Public Service	-	532	-	-	532	423	
Academic Support	156,966	177,934	37,637	426,300	798,837	381,017	
Student Services	325,584	234,598	64,467	328,723	953,372	813,778	
Institutional Support	41,718	272,487	7,902	6,838	328,945	303,906	
Scholarships and Fellowships	-	-	-	3,318,332	3,318,332	2,177,865	
Total Restricted Educational Activities	631,298	1,330,535	130,852	4,405,501	6,498,186	4,727,463	
Total Educational Activities	8,705,831	1,330,535	1,113,500	9,072,292	20,222,158	18,839,191	
Auxiliary Enterprises	128,749	-	45,898	462,781	637,428	246,900	
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	354,012	354,012	334,502	
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	224,832	224,832	146,544	
Total Operating Expenses	8,834,580	1,330,535	1,159,398	10,113,917	21,438,430	19,567,137	
					(Exhibit 2)	(Exhibit 2)	

See Independent Auditor's Report

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2010
 (With Memorandum Totals for the Year Ended August 31, 2009)

	2010			2009 Total
	Unrestricted	Restricted	Auxiliary Enterprises Total	
Nonoperating Revenues:				
State Appropriations:				
Education and General State Support	\$ 4,439,215	\$ -	\$ -	\$ 4,729,347
National Disaster	-	-	-	407,406
State Group Insurance	-	889,368	-	954,043
State Retirement Match	-	441,167	-	479,398
Total State Appropriations	<u>4,439,215</u>	<u>1,330,535</u>	<u>-</u>	<u>6,570,194</u>
Property Taxes	8,159,628	-	-	8,871,140
Federal Student Assistance (Title IV Grants)	-	3,791,069	-	2,357,210
FEMA Disaster Recovery Relief	-	-	-	162,982
Department of Education Disaster Relief	-	-	-	344,435
Contribution to Student Center	1,607,577	-	-	-
Investment Income	30,509	-	-	157,332
Other Nonoperating Revenue	41,392	-	-	50,514
Total Nonoperating Revenues	<u>9,839,106</u>	<u>3,791,069</u>	<u>-</u>	<u>11,943,613</u>
Nonoperating Expenses:				
Interest on Capital Related Debt	125,240	-	-	139,740
Other Nonoperating Expense	1,000	-	-	208,994
Total Nonoperating Expenses	<u>126,240</u>	<u>-</u>	<u>-</u>	<u>348,734</u>
Total Nonoperating Revenues, Net	<u>\$ 14,152,081</u>	<u>\$ 5,121,604</u>	<u>\$ -</u>	<u>\$ 18,165,073</u>
			(Exhibit 2)	(Exhibit 2)
			-	18,165,073

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
 FOR THE YEAR ENDED AUGUST 31, 2010
 (With Memorandum Totals for the Year Ended August 31, 2009)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total		
		Expendable	Non-Expendable			Total	
Current:							
Unrestricted	\$ 8,201,641	-	-	-	\$ 8,201,641	\$ 8,201,641	-
Auxiliary	382,987	-	-	-	382,987	382,987	-
Scholarships	-	205,215	-	-	205,215	205,215	-
Plant:							
Unexpended	499,655	-	-	-	499,655	499,655	-
Debt Service	1,778,095	720,365	-	-	2,498,460	1,778,095	720,365
Investment in Plant	-	-	-	11,662,045	11,662,045	-	11,662,045
Total Net Assets, August 31, 2010	10,862,378	925,580	-	11,662,045	23,450,003	11,067,593	12,382,410
Total Net Assets, August 31, 2009	11,835,100	945,482	-	8,042,273	20,822,855	12,060,342	8,762,513
Net Increase (Decrease) in Net Assets	\$ (972,722)	\$ (19,902)	\$ -	\$ 3,619,772	\$ 2,627,148	\$ (992,749)	\$ 3,619,897

**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, 2010, and have issued our report thereon dated November 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 4, 2010

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

Board of Regents
Galveston Community College District
Galveston, Texas

Compliance

We have audited the Galveston Community College District (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2010. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, Galveston Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

Internal Control over Compliance

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

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

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

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

Gainer Donnelly & Desroches LLP

November 4 2010

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	(1)	\$ 78,900
Strengthening Institutions - Title V	84.031S		776,416
Federal Work-Study Program	84.033	(1)	119,955
TRIO - Student Support Services	84.042	(2)	315,682
TRIO - Upward Bound	84.047	(2)	246,086
Federal Pell Grant Program	84.063	(1)	3,632,770
Academic Competiveness Grant	84.375	(1)	79,399
Higher Education Disaster Relief	84.938		14,302
Total Direct Programs			5,263,510
Passed-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	94218	79,592
Leveraging Educational Assistance Partnership	84.069A		2,634
State Leveraging Educational Assistance Partnership	84.069B		3,387
ARRA-State Allocation Supplant	84.397A		56,491
Total Passed-Through Programs			142,104
Total U.S. Department of Education			5,405,614
<u>U.S. Department of Labor</u>			
Passed-Through From:			
Houston Galveston Area Council			
ARRA Workforce Investment Act - Adult	17.258	(3)	177,007
ARRA Workforce Investment Act - Dislocated Worker	17.260	(3)	49,100
Total U.S. Department of Labor			226,107
<u>U.S. Department of Health and Human Services</u>			
Passed-Through From:			
Houston Galveston Area Council			
Social Service Block Grant	93.667	N/A	216,412
Total Expenditures of Federal Awards			\$ 5,848,133

- (1) Student Financial Aid Cluster
- (2) TRIO Programs Cluster
- (3) WIA Programs Cluster

See Independent Auditor's Report and 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, 2010

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, 2010. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues:	
Federal Grants and Contracts – (Schedule A)	\$ 2,057,064
Federal Student Assistance, Nonoperating – (Schedule C)	<u>3,791,069</u>
 Total Expenditures of Federal Awards	 \$ <u>5,848,133</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
U.S. Department of Education			
84.032 Federal Family Education Loans	\$ <u>967,040</u>	\$ <u>-</u>	\$ <u>967,040</u>
84.268 Direct Loans	\$ <u>233,309</u>	\$ <u>-</u>	\$ <u>233,309</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, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.007, 84.032, 84.033, 84.063, 84.268, 84.375	Student Financial Aid Cluster
17.258, 17.260	WIA Cluster
84.042, 84.047	TRIO Cluster

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, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

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

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2009.

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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GALVESTON COMMUNITY COLLEGE DISTRICT
NET ASSETS BY COMPONENT
FISCAL YEARS 2002 TO 2010
(amounts expressed in thousands)
(Unaudited)

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

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2010 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2010
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Tuition and Fees (Net of Discounts)	\$ 1,715	\$ 1,384	\$ 1,738	\$ 1,313	\$ 1,276	\$ 1,425	\$ 1,723	\$ 1,538	\$ 1,281	
Governmental Grants and Contracts:										
Federal Grants and Contracts	2,057	1,099	1,163	1,310	830	802	413	738	646	
State Grants and Contracts	230	201	124	96	110	92	191	103	123	
Non-Governmental Grants and Contracts	420	510	441	398	368	252	137	-	-	
Sales and Services of Educational Activities	-	-	-	-	-	23	16	3	-	
Auxiliary Enterprises	191	83	91	96	114	146	129	114	313	
Other Operating Revenues	179	133	150	182	197	237	282	270	385	
Total Operating Revenues	<u>4,792</u>	<u>3,410</u>	<u>3,707</u>	<u>3,395</u>	<u>2,895</u>	<u>2,976</u>	<u>2,890</u>	<u>2,765</u>	<u>2,748</u>	
State Appropriations	5,770	6,570	6,146	6,078	5,985	5,725	5,790	6,028	6,312	
Property Taxes	8,160	8,871	8,234	7,635	7,345	6,555	6,196	5,583	5,349	
Federal Student Assistance	3,791	2,357	2,038	2,277	2,202	2,417	2,417	1,475	1,711	
Contribution for Student Center	1,607	-	-	-	-	-	-	-	-	
Investment and Other Income	72	208	533	398	334	134	78	70	123	
Other Non-Operating Revenues, Net of Expenses	-	298	-	2,231	-	-	-	-	-	
Total Non-Operating Revenues	<u>19,400</u>	<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>\$ 24,192</u>	<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 2002-2010 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2010
(Unaudited)

Table 2-Cont.

	For the Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Tuition and Fees (Net of Discounts)	7.09%	6.37%	8.41%	5.96%	6.80%	8.00%	9.92%	9.66%	7.89%	
Governmental Grants and Contracts:										
Federal Grants and Contracts	8.50%	5.06%	5.63%	5.95%	4.42%	4.50%	2.38%	4.64%	3.98%	
State Grants and Contracts	0.95%	0.93%	0.60%	0.44%	0.59%	0.52%	1.10%	0.65%	0.76%	
Non-Governmental Grants and Contracts	1.74%	2.35%	2.13%	1.81%	1.96%	1.41%	0.79%	-	-	
Sales and Services of Educational Activities	-	-	-	-	-	0.13%	0.09%	0.02%	-	
Auxiliary Enterprises	0.79%	0.38%	0.44%	0.44%	0.61%	0.82%	0.74%	0.72%	1.93%	
Other Operating Revenues	0.74%	0.61%	0.73%	0.83%	1.05%	1.33%	1.62%	1.70%	2.37%	
Total Operating Revenues	19.81%	15.70%	17.94%	15.42%	15.43%	16.71%	16.64%	17.37%	16.92%	
State Appropriations	23.85%	30.26%	29.75%	27.61%	31.90%	32.15%	33.33%	37.86%	38.86%	
Ad Valorem Taxes	33.73%	40.85%	39.86%	34.68%	39.15%	36.81%	35.67%	35.07%	32.93%	
Federal Student Assistance	15.67%	10.85%	9.87%	10.34%	11.74%	13.57%	13.91%	9.26%	10.53%	
Contribution for Student Center	6.64%	-	-	-	-	-	-	-	-	
Investment and Other Income	0.30%	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	80.19%	84.30%	82.06%	84.58%	84.57%	83.29%	83.56%	82.63%	83.08%	
Total Revenues	100.00%	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 2002-2010 are available.

Table 3

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2010
(Unaudited)

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

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2010 are available.

Table 3-Cont.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2010
(Unaudited)

	For the Year Ended August 31,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Instruction	27.66%	30.74%	31.95%	31.50%	33.37%	37.12%	33.89%	37.50%	38.95%	
Public Service	0.48%	0.42%	0.63%	1.20%	0.31%	0.16%	0.92%	0.61%	0.89%	
Academic Support	9.21%	9.82%	11.04%	10.49%	9.92%	9.29%	10.48%	9.97%	9.73%	
Student Services	10.69%	11.33%	10.77%	15.44%	12.78%	8.82%	8.63%	6.99%	8.08%	
Institutional Support	21.69%	22.00%	19.19%	19.85%	21.19%	23.09%	21.28%	22.12%	18.39%	
Operation and Maintenance of Plant	8.66%	10.24%	9.70%	10.22%	8.48%	6.96%	9.45%	9.77%	7.89%	
Scholarships and Fellowships	15.39%	11.05%	9.24%	7.19%	8.04%	8.50%	8.92%	5.27%	8.82%	
Auxiliary Enterprises	2.95%	1.25%	1.06%	0.70%	0.98%	0.89%	0.97%	1.51%	1.38%	
Depreciation	2.69%	2.44%	2.49%	2.50%	3.84%	3.95%	3.62%	3.46%	2.98%	
Total Operating Expenses	99.42%	99.29%	96.05%	99.09%	98.91%	98.77%	98.17%	97.20%	97.11%	
Interest on Capital Related Debt	0.58%	0.71%	0.82%	0.91%	1.09%	1.23%	1.55%	2.80%	2.89%	
Other Expenses	-	-	3.13%	-	-	-	0.28%	-	-	
Total NonOperating Expenses	0.58%	0.71%	3.95%	0.91%	1.09%	1.23%	1.83%	2.80%	2.89%	
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

Note: Due to reporting format and definition changes prescribed by GASB, only fiscal years 2002-2010 are available.

Table 4

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

Academic Year (Fall)	Registration Fee (per student)	Resident 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	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		In-District Tuition	Out-of-District Tuition	Building Use Fee	Technology Fees	General Service Fee						
2010	\$ 25	\$ 30	\$ 30	\$ 12	\$ -	\$ 15	\$ 37	\$ 581	\$ 581	0.00%	0.00%	
2009	25	30	30	12	-	15	37	581	581	0.00%	0.00%	
2008	25	30	30	12	-	15	37	581	581	0.00%	0.00%	
2007	25	30	30	12	-	15	37	581	581	0.00%	0.00%	
2006	25	30	30	12	-	15	37	581	581	7.79%	7.79%	
2005	20	30	30	12	-	15	-	539	539	0.00%	0.00%	
2004	20	30	30	12	-	15	-	539	539	55.33%	55.33%	
2003	20	9	9	12	5	15	-	347	347	7.43%	7.43%	
2002	20	8	8	12	4	15	-	323	323	7.31%	7.31%	
2001	10	8	8	12	3	15	-	301	301	0.00%	0.00%	

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Fees per Semester Credit Hour (SCH)					Student Activity Fees	General Service Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
		Non-Resident Tuition of State	Non-Resident Tuition International	Building Use Fee	Technology Fees	Student Activity Fees						
2010	\$ 25	\$ 60	\$ 60	\$ 12	\$ -	\$ 15	\$ 37	\$ 941	\$ 941	0.00%	0.00%	
2009	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2008	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2007	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2006	25	60	60	12	-	15	37	941	941	4.67%	4.67%	
2005	20	60	60	12	-	15	37	899	899	0.00%	0.00%	
2004	20	60	60	12	-	15	37	899	899	50.08%	50.08%	
2003	20	30	30	12	5	15	37	599	599	2.04%	2.04%	
2002	20	30	30	12	4	15	37	587	587	31.91%	31.91%	
2001	10	20	20	12	3	15	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	Current Operations (a)	Debt Service (a)	Total (a)
2009-10	\$ 4,523,226	\$ 290,361	\$ 4,232,865	93.58%	0.190000	-	0.190000
2008-09	5,505,603	357,183	5,148,420	93.51%	0.170000	-	0.170000
2007-08	5,106,837	340,830	4,766,007	93.33%	0.170000	-	0.170000
2006-07	4,781,523	322,462	4,459,061	93.26%	0.170000	-	0.170000
2005-06	4,027,628	291,027	3,736,601	92.77%	0.191800	-	0.191800
2004-05	3,581,393	276,883	3,304,510	92.27%	0.195200	-	0.195200
2003-04	3,371,245	266,107	3,105,138	92.11%	0.195200	-	0.195200
2002-03	2,929,690	229,164	2,700,525	92.18%	0.195200	-	0.195200
2001-02	2,881,049	236,163	2,644,886	91.80%	0.195200	-	0.195200
2000-01	2,652,097	213,231	2,438,866	91.96%	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 FULL TIME STUDENT EQUIVALENT AND CONTACT HOUR
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	State Appropriation	Appropriation per FTSE			Appropriation per Contact Hour					State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)	Voc/Tech Contact Hours (b)	Continuing Education Hours (c)	Total Contact Hours	Total Contact Hours		
2009-10*	\$ 4,439,215	1,483	2,993	634,800	330,256	38,417	1,003,473	4.42		
2008-09	4,729,349	1,306	3,622	561,408	338,380	16,876	916,654	5.16		
2007-08	4,729,350	1,378	3,431	547,520	343,888	34,309	925,717	5.11		
2006-07	4,729,349	1,464	3,225	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	3,144	657,488	353,698	148,378	1,159,564	4.23		
2001-02	4,996,789	1,515	3,537	682,176	309,040	101,135	1,092,351	4.57		
2000-01	5,359,724	1,708	2,654	687,936	295,128	275,262	1,258,326	4.26		

Notes:

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

* Note Summer 2010 CMB report uncertified

(a) Board Report, Revenue Summary Sheet

(b) Source CBM004

(c) Source CBM00C

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

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)								
		2010	2009	2008	2007	2006	2005	2004	2003	2002
BP Products (NA) Inc	Refinery	\$ 1,384,642	\$ 1,618,991	\$ 1,789,680	\$ 1,395,700	\$ 1,285,600	\$ 1,096,800	\$ 795,500	\$ 644,400	\$ 618,800
Valero Refining - Texas LP	Refinery	547,376	737,214	789,303	776,700	324,300	275,400	323,900	289,000	371,800
Union Carbide Corp	Refinery	222,150	258,272	351,664	333,700	-	-	-	-	-
Praxair Inc.	Supplier	175,279	179,607	197,696	169,400	115,800	116,700	184,700	157,800	166,800
South Houston Green Power	Utilities	141,357	130,000	360,516	289,100	668,500	452,400	211,900	226,600	209,600
Marathon Petroleum Co., LLC	Refinery	129,179	134,120	165,910	153,000	281,700	111,100	119,000	67,500	-
BP Amoco Chemical Co.	Refinery	113,992	121,552	155,126	156,700	114,100	124,300	110,800	85,500	72,700
Centerpoint Energy Inc.	Utilities	92,158	89,391	93,843	90,900	50,000	44,900	47,300	43,200	38,800
Texas-New Mexico Power Co.	Utilities	91,737	85,034	84,990	97,600	63,000	60,300	28,200	40,500	30,400
Valero Marketing and Supply CO	Supplier	60,903	-	-	-	-	-	-	-	-
BP Alternative Energy	Utilities	54,600	48,930	-	-	-	-	-	-	-
ISP Technologies Inc.	Computers	53,013	57,103	60,476	64,100	132,300	104,274	78,900	46,300	49,000
Sterling Chemicals Inc.	Refinery	46,580	55,409	88,038	-	155,100	177,400	174,800	197,800	197,700
Houston Refining LP	Refinery	45,454	-	51,855	-	-	-	-	-	-
Comcast of Houston LLC	Utilities	40,663	40,663	26,421	-	-	-	-	-	-
Ineos Styrenics	Refinery	38,540	37,824	72,640	71,700	-	-	-	-	-
A-S 83 Victory Lakes	Supplier	36,616	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	35,911	35,911	38,575	35,300	-	-	-	-	81,200
South Western Bell Telephone	Utilities	35,846	39,451	42,749	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	34,240	32,217	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	-	57,266	47,261	48,000	68,800	51,100	46,800	47,700	49,000
Praxair Hydrogen Supply Inc.	Supplier	-	33,037	33,767	34,700	-	-	240,000	32,900	-
Feritta Hospitality INC	Hospitality	-	32,977	-	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	54,477	84,900	44,600	47,400	46,700	44,100	102,700
Valero Marketing & Supplies	Refinery	-	-	49,945	-	-	-	-	-	-
Calpine Central LP	Utilities	-	-	-	-	35,500	35,200	34,000	33,800	33,800
Texas City Terminal Railway Co.	Railroad	-	-	-	-	26,800	55,300	64,700	71,600	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	31,100	-	48,500
Totals		3,378,236	3,824,969	4,554,932	3,801,500	3,366,300	2,752,574	2,538,300	2,028,700	2,070,800
Total Taxable Assessed Value		\$ 18,763,026	\$ 18,598,310	\$ 20,333,507	\$ 18,547,397	\$ 17,163,303	\$ 15,438,330	\$ 13,961,922	\$ 12,734,317	\$ 11,797,654

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year								
		2010	2009	2008	2007	2006	2005	2004	2003	2002
BP Products (NA) Inc	Refinery	7.38%	8.71%	8.80%	7.53%	7.49%	7.10%	5.70%	5.06%	5.25%
Valero Refining - Texas LP	Refinery	2.92%	3.96%	3.89%	4.19%	1.89%	1.78%	2.32%	2.27%	3.15%
Union Carbide Corp	Refinery	1.18%	1.39%	1.73%	1.80%	-	-	-	-	-
Praxair Inc.	Supplier	0.92%	0.97%	0.97%	0.91%	0.67%	0.76%	1.32%	1.24%	1.41%
South Houston Green Power	Utilities	0.75%	0.70%	1.77%	1.56%	3.89%	2.93%	1.52%	1.78%	1.78%
Marathon Petroleum Co., LLC	Refinery	0.69%	0.72%	0.82%	0.82%	1.64%	0.72%	0.85%	0.53%	-
BP Amoco Chemical Co.	Refinery	0.61%	0.65%	0.76%	0.84%	0.66%	0.81%	0.79%	0.67%	0.62%
Centerpoint Energy Inc.	Utilities	0.49%	0.48%	0.46%	0.49%	0.29%	0.29%	0.34%	0.34%	0.33%
Texas-New Mexico Power Co.	Utilities	0.49%	0.46%	0.42%	0.53%	0.37%	0.39%	0.20%	0.32%	0.26%
Valero Marketing & Supplies	Refinery	0.32%	-	0.25%	-	-	-	-	-	-
BP Alternative Energy	Utilities	0.29%	0.26%	-	-	-	-	-	-	-
ISP Technologies Inc.	Computers	0.28%	0.31%	0.30%	0.35%	0.77%	0.68%	0.57%	0.36%	0.42%
Sterling Chemicals Inc.	Refinery	0.25%	0.30%	0.43%	-	0.90%	1.15%	1.25%	1.55%	1.68%
Houston Refining LP	Refinery	0.24%	-	0.26%	-	-	-	-	-	-
Comcast of Houston LLC	Utilities	0.22%	0.22%	0.13%	-	-	-	-	-	-
Ineos Styrenics	Refinery	0.21%	0.20%	0.36%	0.39%	-	-	-	-	-
A-S 83 Victory Lakes	Supplier	0.20%	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	0.19%	0.19%	0.19%	0.19%	-	-	-	-	0.69%
South Western Bell Telephone	Utilities	0.19%	0.21%	0.21%	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	0.18%	0.17%	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	-	0.31%	0.23%	0.26%	0.40%	0.33%	0.34%	0.37%	0.42%
Praxair Hydrogen Supply Inc.	Supplier	-	0.18%	0.17%	0.19%	-	-	1.72%	0.26%	-
Feritta Hospitality INC	Hospitality	-	0.18%	-	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	0.27%	0.46%	0.26%	0.31%	0.33%	0.35%	0.87%
Valero Marketing & Supplies	Refinery	-	-	0.25%	-	-	-	-	-	-
Calpine Central LP	Utilities	-	-	-	-	0.21%	0.23%	0.24%	0.27%	0.29%
Texas City Terminal Railway Co.	Railroad	-	-	-	-	0.16%	0.36%	0.46%	0.56%	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	0.22%	-	0.41%
Totals		18.01%	20.57%	22.63%	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 and Prior Levies
2010	\$ 8,042	\$ 7,740	96.24%	\$ 271	\$ 8,011	99.61%
2009	8,752	8,408	96.07%	173	8,581	98.05%
2008	8,102	7,855	96.95%	213	8,068	99.58%
2007	7,575	7,302	96.40%	219	7,521	99.29%
2006	7,167	6,929	96.68%	241	7,170	100.04%
2005	6,450	6,243	96.78%	241	6,484	100.52%
2004	6,212	5,793	93.26%	243	6,036	97.17%
2003	5,386	5,259	97.64%	209	5,468	101.52%
2002	5,163	5,029	97.40%	209	5,238	101.46%
2001	4,824	4,592	95.19%	108	4,700	97.44%

Source: Local Tax Assessor/Collector and District records.

(a) Per original certified tax levy

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

Table 9

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

	For the Year Ended August 31 (amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue Bonds	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795	\$ 7,180	\$ 7,695
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795	\$ 7,180	\$ 7,695
Total Outstanding Debt Ratios:										
Per Capita	11.28	13.70	15.53	17.56	19.92	22.31	24.71	26.05	28.17	30.76
Per Student	2,181	2,933	3,199	3,402	3,855	3,713	4,276	7,276	4,739	4,505
As a Percentage of Taxable Assessed Value	0.07%	0.07%	0.08%	0.11%	0.15%	0.18%	0.24%	0.26%	0.29%	0.33%

Note: Galveston College has no general obligation bonds.
Notes: Ratios calculated using population and TAY 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)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
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	Total		
2010	\$ 156	\$ 107	\$ 541	\$ -	\$ -	\$ -	\$ 804	\$ 595	\$ 125	\$ 720	1.12		
2009	107	54	467	83	12	4	727	580	139	719	1.01		
2008	82	72	494	95	21	3	767	570	153	723	1.06		
2007	91	94	522	112	36	-	855	550	154	704	1.21		
2006	87	94	513	108	23	-	825	540	181	721	1.14		
2005	98	91	594	133	27	21	964	525	194	719	1.34		
2004	86	112	537	120	15	18	888	6,795	252	7,047	0.13		
2003	77	117	533	107	4	11	849	385	428	813	1.04		
2002	82	82	442	124	4	17	751	515	451	966	0.78		
2001	129	145	555	-	-	10	839	350	466	816	1.03		

Notes: Year 2001 is 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
2009 (a)	286,814	\$ 11,745	\$ 40,950	8.2%
2008	279,604	10,913	39,030	5.8%
2007	283,987	10,304	36,283	4.6%
2006	283,551	9,124	32,178	4.2%
2005	277,563	9,237	33,279	5.2%
2004	272,024	8,720	32,056	5.6%
2003	266,858	8,356	31,313	6.1%
2002	260,825	7,965	30,538	5.9%
2001	254,923	6,660	26,126	4.7%
2000	250,158	6,387	25,532	4.6%

Sources:

- County Population from U.S. Bureau of the Census, American Community Survey <http://factfinder.census.gov/>
- Personal Income data from U.S. Bureau of Economic Analysis <http://www.bea.gov/regional/reis/drill.cfm>
- Unemployment rate from Texas Workforce Commission <http://www.theworksource.org/>

Notes:

(a) Personal income amounts from 2009 are preliminary.

GALVESTON COMMUNITY COLLEGE DISTRICT
 PRINCIPAL EMPLOYERS
 AUGUST 31, 2010
 (Unaudited)

Table 13

Employer	Number of Employees	Percentage of Total Employment
University of Texas Medical Branch	7,900	54.47%
Galveston County (on Island only)	1,210	8.34%
Galveston Independent School District	1,044	7.20%
American National Insurance Company	850	5.86%
Moody Gardens	783	5.40%
City of Galveston	758	5.23%
Landry's Seafood Inc.	746	5.14%
Fertitta Hospitality	743	5.12%
Texas A&M University of Galveston	329	2.27%
Galveston College	140	0.97%
Total	14,503	100.00%

Source:
 Galveston Economic Development Partnership (GEDP), 2010

Table 14

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Faculty:										
Full-Time	52	58	57	60	54	51	51	56	43	50
Part-Time	66	40	69	80	87	92	86	92	104	92
Total	<u>118</u>	<u>98</u>	<u>126</u>	<u>140</u>	<u>141</u>	<u>143</u>	<u>137</u>	<u>148</u>	<u>147</u>	<u>142</u>
Percent:										
Full-Time	44.1%	59.2%	45.2%	42.9%	38.3%	35.7%	37.2%	37.8%	29.3%	35.2%
Part-Time	55.9%	40.8%	54.8%	57.1%	61.7%	64.3%	62.8%	62.2%	70.7%	64.8%
Staff and Administrators:										
Full-Time	90	99	99	107	96	89	95	100	103	104
Part-Time	47	44	51	111	162	39	72	86	35	45
Total	<u>137</u>	<u>143</u>	<u>150</u>	<u>218</u>	<u>258</u>	<u>128</u>	<u>167</u>	<u>186</u>	<u>138</u>	<u>149</u>
Percent:										
Full-Time	65.7%	69.2%	66.0%	49.1%	37.2%	69.5%	56.9%	53.8%	74.6%	69.8%
Part-Time	34.3%	30.8%	34.0%	50.9%	62.8%	30.5%	43.1%	46.2%	25.4%	30.2%
FTSE per Full-time Faculty *										
	28.5	22.5	24.2	19.5	19.7	18.9	19.9	17.5	22.0	20.9
FTSE per Full-Time Staff Member *										
	16.5	13.2	13.9	7.5	10.9	15.1	13.4	11.8	14.9	14.2
Average Faculty Salary Equated to 9 month contract										
	\$ 58,136	\$ 53,498	\$ 49,429	\$ 46,179	\$ 46,127	\$ 44,374	\$ 38,802	\$ 42,536	\$ 41,425	\$ 40,645

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

Student Classification	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,367	63.08%	1,484	66.58%	1,568	66.93%	1,557	73.69%	1,631	73.63%	1,863	79.21%	1,759	78.13%	1,683	73.40%
31-60 hours	433	19.98%	454	20.37%	401	19.62%	357	16.90%	394	17.79%	245	10.42%	257	11.47%	361	15.74%
> 60 hours	222	10.24%	134	6.09%	162	7.93%	130	6.15%	140	6.32%	148	6.29%	138	6.16%	119	5.19%
Unclassified	217	10.24%	137	6.15%	113	5.53%	69	3.27%	50	2.26%	56	4.08%	95	4.24%	130	5.67%
Total	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%
Semester Hour Load																
Less than 3	34	1.57%	33	1.48%	28	1.37%	30	1.42%	35	1.58%	37	1.57%	35	1.56%	48	2.09%
3-5 semester hours	514	23.72%	630	28.26%	580	28.38%	565	26.74%	599	27.04%	646	27.47%	634	28.30%	608	26.52%
6-8 semester hours	623	28.75%	601	26.96%	541	26.47%	485	22.95%	600	27.09%	530	22.53%	524	23.39%	609	26.56%
9-11 semester hours	346	15.97%	371	16.64%	277	13.55%	293	13.87%	292	13.18%	352	14.97%	314	14.02%	381	16.62%
12-14 semester hours	522	24.09%	477	21.40%	495	24.22%	583	27.59%	536	24.20%	622	26.45%	602	26.88%	484	21.11%
15-17 semester hours	119	5.49%	113	5.07%	110	5.38%	143	7.00%	143	6.46%	144	6.12%	118	5.27%	145	6.32%
18 & over	9	0.42%	4	0.18%	13	0.64%	9	0.43%	10	0.45%	21	0.89%	13	0.58%	18	0.78%
Total	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%
Average Course Load	8.2		8.3		8.5		8.6		8.6		8.8		8.6		8.5	
Tuition Status																
Texas Resident (in-District)	2,069	95.48%	2,119	95.07%	1,951	95.45%	2,039	96.50%	2,111	95.30%	2,266	96.34%	2,165	96.65%	2,208	96.29%
Texas Resident (out-of-District)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-Resident Tuition	87	4.01%	110	4.93%	60	2.94%	73	3.45%	104	4.70%	86	3.66%	75	3.35%	85	3.71%
Tuition Exemption/Waiver	11	0.51%	-	0.00%	33	1.61%	1	0.05%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%

Source:
 Data from THECB CBM001 certified reports

Table 16

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

Gender	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	1,368	63.13%	1,459	65.46%	1,333	65.22%	1,409	66.68%	1,427	64.42%	1,528	64.97%	1,475	65.85%	1,494	65.15%
Male	799	36.87%	770	34.54%	711	34.78%	704	33.32%	788	35.58%	824	35.03%	765	34.15%	799	34.85%
Total	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%
Ethnic Origin																
White	1,012	46.70%	1,078	48.36%	1,014	49.61%	1,073	50.78%	1,159	52.33%	1,253	53.27%	1,181	52.72%	1,183	51.59%
Hispanic	603	27.83%	565	25.35%	521	25.49%	531	25.13%	535	24.15%	542	23.04%	520	23.21%	515	22.46%
African American	424	19.57%	439	19.69%	401	19.62%	406	19.21%	414	18.69%	450	19.13%	422	18.84%	480	20.93%
Asian	59	2.72%	65	2.92%	65	3.18%	54	2.56%	67	3.02%	61	2.59%	67	2.99%	65	2.83%
International	19	0.88%	35	1.57%	32	1.57%	39	1.85%	33	1.49%	38	1.62%	38	1.70%	38	1.66%
Native American	8	0.37%	11	0.49%	4	0.20%	10	0.47%	6	0.27%	5	0.21%	8	0.36%	8	0.35%
Unknown/Not Reported	42	1.94%	36	1.62%	7	0.34%	-	0.00%	1	0.05%	3	0.13%	4	0.18%	4	0.17%
Total	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%
Age																
Under 18	280	12.92%	313	14.04%	190	9.30%	205	9.70%	235	10.61%	248	10.54%	267	11.92%	276	12.04%
18 - 21	794	36.64%	777	34.86%	738	36.11%	738	34.93%	754	34.04%	778	33.08%	764	34.11%	750	32.71%
22 - 24	324	14.95%	333	14.94%	287	14.04%	285	13.49%	299	13.50%	374	15.90%	328	14.64%	318	13.87%
25 - 35	465	21.46%	500	22.43%	483	23.63%	518	24.51%	533	24.06%	546	23.21%	501	22.37%	538	23.46%
36 - 50	209	9.64%	226	10.14%	254	12.43%	274	12.97%	301	13.59%	310	13.18%	292	13.04%	314	13.69%
51 & over	95	4.38%	80	3.59%	92	4.50%	93	4.40%	93	4.20%	96	4.08%	88	3.93%	97	4.23%
Total	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%
Average Age	26		25		27		27		27		27		27		27	

Source:
Data from THECB CRM001 certified reports

GALVESTON COMMUNITY COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2008 FALL STUDENTS AS OF FALL 2009
 (Includes only public senior colleges in Texas)
 (Unaudited)

Table 17

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Total of All Transfer Students	% of All Transfer Students
Texas A&M University at Galveston	131	1	132	33.5%
University of Houston at Clear Lake	37	5	42	10.7%
Texas A&M University	37	1	38	9.6%
University of Texas Medical Branch at Galveston	33	3	36	9.1%
University of Houston	26	1	27	6.9%
Lamar University	16	2	18	4.6%
University of Texas at Austin	18	-	18	4.6%
Sam Houston State University	16	1	17	4.3%
Texas State University	12	-	12	3.0%
Stephen F. Austin State University	9	1	10	2.5%
University of North Texas	10	-	10	2.5%
University of Texas at San Antonio	10	-	10	2.5%
Prairie View A&M University	3	2	5	1.3%
University of Houston - Downtown	4	-	4	1.0%
Tarleton State University	3	-	3	0.8%
Texas Tech University	2	-	2	0.5%
Texas Woman's University	2	-	2	0.5%
University of Texas Health Science Center at Houston	2	-	2	0.5%
Angelo State University	1	-	1	0.3%
Texas Southern University	-	1	1	0.3%
University of Houston at Victoria	1	-	1	0.3%
University of Texas at El Paso	1	-	1	0.3%
University of Texas at Tyler	1	-	1	0.3%
University of Texas - Pan American	-	1	1	0.3%
Totals	<u><u>375</u></u>	<u><u>19</u></u>	<u><u>394</u></u>	<u><u>100%</u></u>

GALVESTON COMMUNITY COLLEGE DISTRICT
 CAPITAL ASSETS INFORMATION
 FISCAL YEARS 2002 TO 2010
 (Unaudited)

Table 18

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Academic buildings	5	4	4	4	4	4	4	4	4	4
Square footage (in thousands)	216	213	243	243	243	243	243	243	243	243
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	13	13	13	13	13	13	13	13
Number of Volumes (in thousands)	44	42	36	35	35	35	34	34	34	34
Administrative and support buildings	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	46	46	46	46	46	46	46	46	46	46
Apartments	8	8	6	14	14	14	10	10	10	10
Square footage (in thousands)	19	19	14	14	14	14	10	10	10	10
Number of beds	55	55	35	35	56	56	52	52	52	52
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	8	8	8	8	8	8	8	8
Average daily customers	400	400	400	400	400	375	350	325	300	300
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	3	5	5	5	5	5	4	4	4	3
Busses	3	3	-	-	-	-	-	-	-	-