



FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

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, 2008

BOARD OF REGENTS

Term Expires
May 31,

OFFICERS

Mr. Florentino Gonzalez – Chair Person	Galveston, Texas	2012
Mr. George Black – Vice Chair Person	Galveston, Texas	2010
Dr. Gregory Roof, Ph.D - Secretary	Galveston, Texas	2012

MEMBERS

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

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
Harry (“Buddy”) Powell Ed.D	Vice-President for Instruction

INDEPENDENT AUDITOR'S REPORT

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited the accompanying basic financial statements of Galveston Community College District (the College) as of and for the years ended August 31, 2008 and 2007, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We did not audit the financial statements of the Galveston College Foundation (the Foundation), a discretely presented component unit, as of and for the year ended December 31, 2007. These statements were audited by other auditors whose report dated August 15, 2008 has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Foundation is based solely on the report of the other auditors.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2008 and 2007, 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 January 14, 2009 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the College's management. 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 2008 audit was performed for the purpose of forming an opinion on the 2008 basic financial statements of the College, taken as a whole. The supplemental schedules (Schedules A through D) and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the 2008 basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, accordingly, we express no opinion on them. The accompanying Schedule of Expenditures of Federal Awards (Schedule E) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis and is not a part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2008 basic financial statements taken as a whole.

Gainer Donnelly & Desroches LLP

January 14, 2009

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

This section of the Galveston Community College District's (the College) Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2008 and 2007. 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 2008

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

Financial Highlights for 2007

- The College's net assets as of August 31, 2007 are reported at \$17 million. This represents a 25% increase from the prior year.
- The College sold the Fort Crocket Campus for \$2.3 million in fiscal year 2007.
- The College reduced its annual tax rate for the second time in two years. This year the rate was reduced from \$0.001918 to \$0.0017 without losing any tax revenue.
- The College completed Beacon Square, the new "front door". This represents one of the first steps in realizing the vision of upgrading current facilities to better serve students and foster the Learning Community.
- The renovations of room N-119 to create the Student Success Center were completed during the Fall 2006. This renovated area provides access to computer workstations in addition to "free of charge" one-on-one and group tutoring in a broad range of subjects. This facility's purpose is to improve student retention and student success.
- To provide state of the art technology in the classroom, the College added two new computer labs and 14 smart classrooms in fiscal year 2007. These classrooms provide all the tools necessary for the 21st century learner and instructor. A significant portion of these upgrades was paid with funds made available through the Title V and Carl Perkins grants.

Overview of Financial Statements

The College qualifies as a special purpose government engaged in business-type activities and the basic financial statements are prepared on that basis. The basic 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 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 basic 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.

Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No.14.*, 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. 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)

	2008	2007	Increase (Decrease) 2008 - 2007	2006	Increase (Decrease) 2007 - 2006
Assets:					
Current Assets	\$ 8,280	\$ 9,009	\$ (729)	\$ 7,200	\$ 1,809
Noncurrent Assets:					
Capital Assets, Net of Depreciation	11,553	10,871	682	9,920	951
Other	<u>5,309</u>	<u>4,002</u>	<u>1,307</u>	<u>3,962</u>	<u>40</u>
Total Assets	<u>\$ 25,142</u>	<u>\$ 23,882</u>	<u>\$ 1,260</u>	<u>\$ 21,082</u>	<u>\$ 2,800</u>

	2008	2007	Increase (Decrease) 2008 - 2007	2006	Increase (Decrease) 2007 - 2006
Liabilities:					
Current Liabilities	\$ 2,237	\$ 2,219	\$ 18	\$ 2,237	\$ (18)
Noncurrent Liabilities	<u>4,090</u>	<u>4,651</u>	<u>(561)</u>	<u>5,198</u>	<u>(547)</u>
Total Liabilities	\$ <u>6,327</u>	\$ <u>6,870</u>	\$ <u>(543)</u>	\$ <u>7,435</u>	\$ <u>(565)</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	7,144	5,891	1,253	4,390	1,501
Restricted - Expendable	976	915	61	1,110	(15)
Unrestricted	<u>10,695</u>	<u>10,206</u>	<u>489</u>	<u>8,147</u>	<u>1,879</u>
Total Net Assets	\$ <u>18,815</u>	\$ <u>17,012</u>	\$ <u>1,803</u>	\$ <u>13,647</u>	\$ <u>1,984</u>

Fiscal Year 2008 Compared to 2007

Overall, total assets increased \$1.26 million during 2008. Current assets consist mainly of cash, investments in Lone Star and Logic, receivables, and other assets. Cash and short term investments decreased approximately \$1 million as short term investments came due and were reinvested in Federal Home Loan Bank Notes that will mature in 2009 (long term investments). The College paid their 2008/2009 commercial liability and flood insurance premiums in August 2008, increasing current assets by \$267,000. The increase in capital assets is due to \$1.2 million in additions offset by \$469,000 of depreciation expense. (See page 14 for more discussion on the change in capital assets.)

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

Net assets of the College increased \$1.8 million for the year ended August 31, 2008, as compared to \$3.3 million for the year ended August 31, 2007. Total net assets invested in capital assets, net of related debt increased \$1.25 million to \$7.14 million. Unrestricted net assets increased approximately \$500,000.

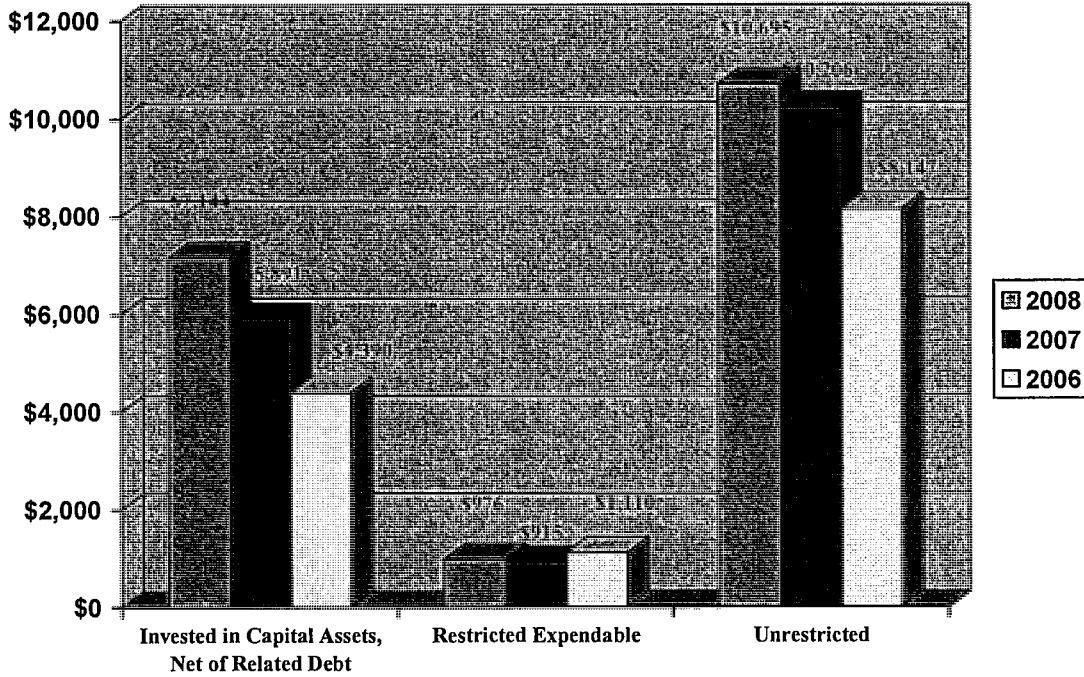
Fiscal Year 2007 Compared to 2006

Total assets at the end of 2007 totaled \$23.9 million which represents a \$2.8 million increase from fiscal year 2006. Cash and short term investments account for \$7.29 million or 81% of current assets versus \$5.33 million in the prior year. This increase of \$1.96 million in cash and short term investments is due to the purchase of a Fannie Mae Discount Note from the proceeds of the sale of the Fort Crockett Campus. The increase in capital assets is due to \$1.4 million in additions offset by \$466,000 of depreciation expense. (See page 14 for more discussion on the change in capital assets.) At August 31, 2007, the College's long term investments consisted of \$3 million of Federal Home Mortgage Corporation Notes, which mature in 2009.

Total liabilities of the College decreased \$565,000 to \$6.9 million. The majority of the decrease is due to \$550,000 in bond principal payments bringing the total outstanding balance on bonds payable to \$4.98 million compared to \$5.53 million for 2006. Current liabilities for the year ended 2007 and 2006 remained consistent.

Net assets of the College increased \$3.3 million for the year ended August 31, 2007, as compared to \$2 million for the year ended August 31, 2006. Total net assets invested in capital assets, net of related debt increased \$1.5 million to \$5.89 million. Unrestricted net assets increased \$1.89 million due to the sale of the Fort Crocket Campus and the College's commitment to cost reduction activities.

The following is a graphical illustration of net assets (in thousands) for the years ended August 31, 2006 through 2008.



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

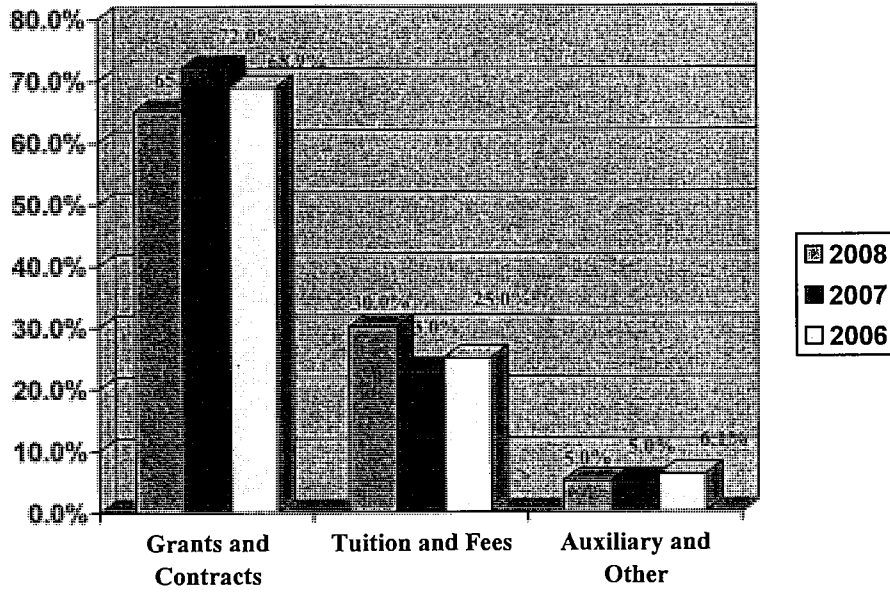
The following chart summarizes the College's operating results for the years ended August 31:

**Operating Results
(in thousands)**

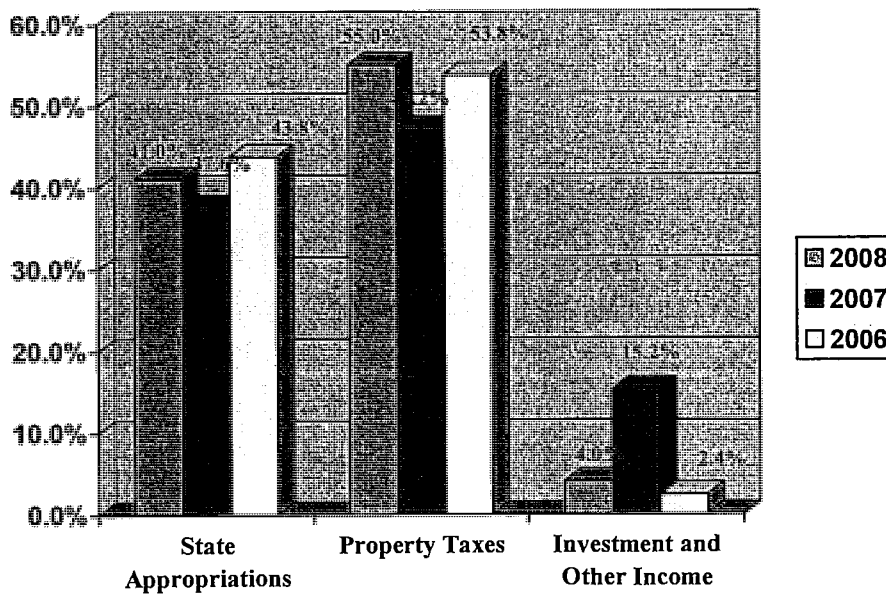
	<u>2008</u>	<u>2007</u>	Increase (Decrease) 2008 - 2007	<u>2006</u>	Increase (Decrease) 2007 - 2006
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 1,738	\$ 1,313	\$ 425	\$ 1,276	\$ 37
Grants and Contracts	3,766	4,081	(315)	3,510	571
Auxiliary Enterprises, Net	91	96	(5)	114	(18)
Other Operating Revenues	<u>150</u>	<u>182</u>	<u>(32)</u>	<u>197</u>	<u>(15)</u>
Total Operating Revenues	5,745	5,672	73	5,097	575
Less Operating Expenses	<u>18,112</u>	<u>18,480</u>	<u>368</u>	<u>16,579</u>	<u>1,901</u>
Operating Loss	<u>(12,367)</u>	<u>(12,808)</u>	<u>441</u>	<u>(11,482)</u>	<u>1,326</u>
Nonoperating Revenues (Expenses):					
State Appropriations	6,147	6,078	69	5,985	93
Property Taxes	8,234	7,635	599	7,345	290
Investment and Other Income	533	2,629	(2,096)	334	2,295
Interest on Capital Related Debt	<u>(744)</u>	<u>(169)</u>	<u>(575)</u>	<u>(182)</u>	<u>13</u>
Total Non-operating Revenues, Net	<u>14,170</u>	<u>16,173</u>	<u>2,003</u>	<u>13,482</u>	<u>2,691</u>
Increase in Net Assets	\$ <u>1,803</u>	\$ <u>3,365</u>	\$ <u>(1,562)</u>	\$ <u>2,000</u>	\$ <u>1,365</u>

The following are graphic illustrations of revenues by source for the years ended August 31, 2006 through 2008.

Revenue by Source
Operating Revenues



Nonoperating Revenues



Fiscal Year 2008 Compared to 2007

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

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

Fiscal Year 2007 Compared to 2006

Tuition revenue has remained stable over the past two fiscal years representing 23% and 25% of total operating revenues for the years ended August 31, 2007 and 2006, respectively. Scholarship allowances and discounts, mainly in the form of federal financial assistance, represent 53% of total tuition revenue for both years. In 2007 overall enrollment decreased approximately 1%. Federal grant and contract revenue increased \$555,000 or 18% from August 31, 2006 to 2007. The increase was related primarily to the College being awarded an \$821,000 Department of Education Strengthening Institution Title V grant of which \$585,000 was expended in 2007.

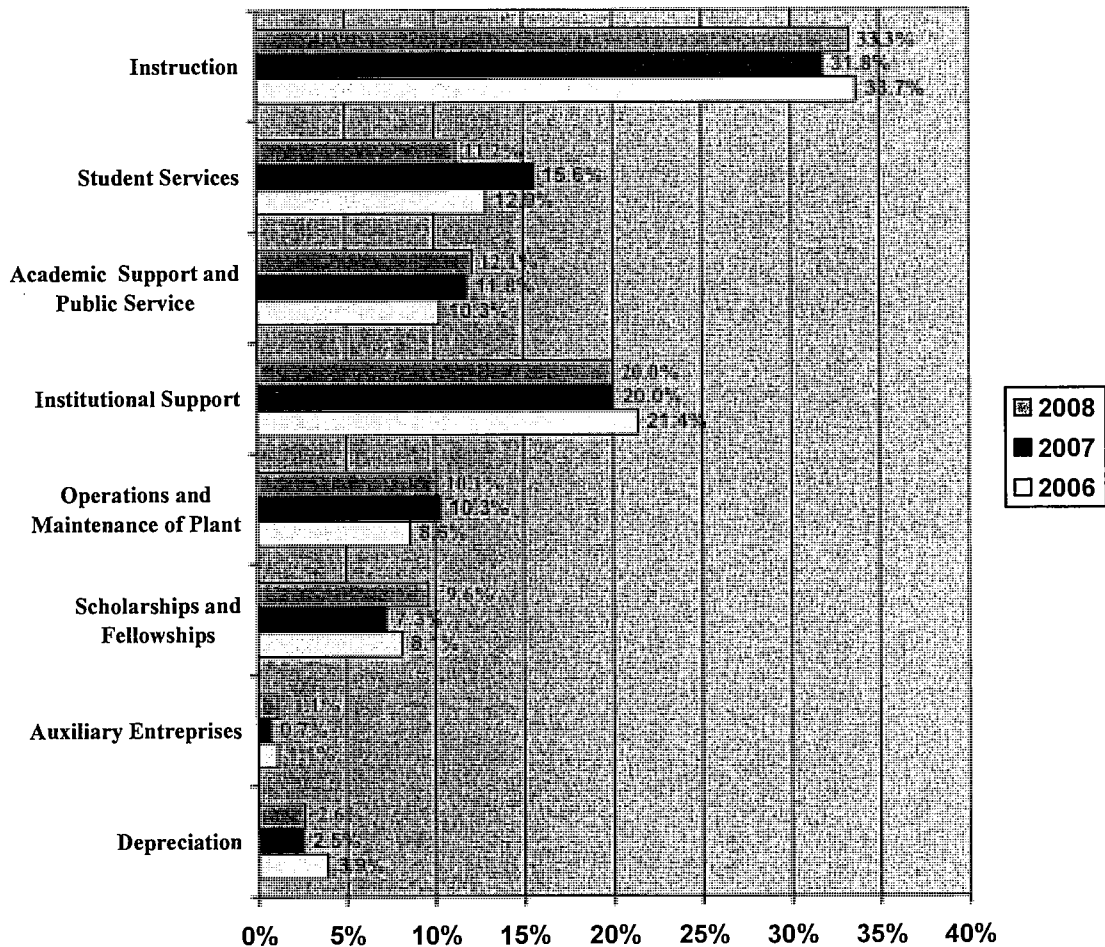
The State appropriation increase can be attributed to the increase in funding by the State of Texas for group health insurance. Net tax revenue increased for the year ended by \$289,000 or 4% over the previous year because of a 19% increase in the tax base. The Board of Regents lowered the tax rate from \$0.001918 to \$0.0017 per \$100 of valuation. Included in other non-operating revenue for the 2007 year was the sale of the Fort Crockett Campus for approximately \$2.3 million. The Campus had been donated to the College many years ago and had no value on the books, resulting in a \$2,230,800 gain, net of sales expenses. The proceeds will be used to upgrade facilities and buildings.

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

**Operating Expenses
(in thousands)**

	2008	2007	Increase (Decrease) 2008-2007	2006	Increase (Decrease) 2007-2006
Operating Expenses:					
Instruction	\$ 6,024	\$ 5,874	\$ 150	\$ 5,593	\$ 281
Public Service	118	223	(105)	52	171
Academic Support	2,081	1,956	125	1,663	293
Student Services	2,030	2,880	(850)	2,142	738
Institutional Support	3,619	3,702	(83)	3,551	151
Operation and Maintenance of Plant	1,829	1,906	(77)	1,422	484
Scholarships and Fellowships	1,742	1,341	401	1,348	(7)
Auxiliary Enterprises	199	131	68	165	(34)
Depreciation	470	467	3	643	(176)
Total	\$ 18,112	\$ 18,480	\$ 368	\$ 16,579	\$ 1,901

Operating Expenses



Fiscal Year 2008 Compared to 2007

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

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

Fiscal Year 2007 Compared to 2006

Operating expenses for fiscal year 2007 increased \$1.9 million or 12%. Compared to fiscal year 2006, salaries and wages increased 11% to \$9.4 million, while benefits increased 10% and other expenses increased 13%. In 2007, the Board of Regents approved a two step increase for instructors and one step increase for professional staff along with the cost of living raises. As would be expected, the bulk of operating expenses are for instruction, however the percent of total expense represented by instruction has been declining. Operation and maintenance of plant increased \$484,000 due to the completion of various maintenance projects and \$250,000 due to an increase in utilities costs. Due to Hurricane Rita, colleges along the Gulf of Mexico coast had to purchase separate flood and wind insurance policies. This requirement increased the College's insurance expense by \$100,000.

Cash Flow Activity

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash Provided by (Used in):			
Operating Activities	\$ (10,798)	\$ (11,053)	\$ (9,826)
Non-Capital Financing Activities	13,098	12,543	12,239
Capital and Related Financing Activities	(2,466)	94	(1,563)
Investing Activities	<u>(1,287)</u>	<u>(1,681)</u>	<u>322</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,121	(97)	1,172
Cash and Cash Equivalents – Beginning of Year	<u>6,191</u>	<u>6,288</u>	<u>5,116</u>
Cash and Cash Equivalents – End of Year	<u>\$ 7,312</u>	<u>\$ 6,191</u>	<u>\$ 6,288</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. Changes in capital and related financing activities are due to construction of new facilities, implementation of a new ERP system, and yearly bond principal and interest payments. In 2007, cash was provided by capital and related financing activities due to the sale of the Fort Crocket Campus. Changes in cash flow from investing activities are due to the College purchasing or selling investments. The College held \$4 million and \$3 million of long investments at August 31, 2008 and 2007.

Capital Asset and Noncurrent Debt Activity

The College's capital assets as August 31, 2008 totaled \$11.6 million (net of accumulated depreciation). The change in the College's capital assets for 2008 was an increase of approximately 6%, primarily due to the land purchases, building improvements and construction in progress. The College has \$704,000 of construction in progress; \$187,000 towards a new student center and \$517,000 towards a new Enterprise Resource Planning (ERP) system.

Capital Assets (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Capital Assets:			
Land and Improvements	\$ 3,308	\$ 3,144	\$ 2,387
Construction in Progress	704		
Buildings	11,702	11,505	11,136
Equipment, Furniture, and Software	2,374	2,464	2,192
Library Books	<u>715</u>	<u>702</u>	<u>695</u>
Total	18,803	17,815	16,410
Less Accumulated Depreciation	<u>(7,250)</u>	<u>(6,944)</u>	<u>(6,490)</u>
Net Capital Assets	<u>\$ 11,553</u>	<u>\$ 10,871</u>	<u>\$ 9,920</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 \$570,000 and \$550,000 were made during the 2008 and 2007 fiscal years, respectively.

Currently Known Facts, Decisions and Conditions

On September 10, 2008 the College closed for Hurricane Ike which struck Galveston Island on September 12, 2008. The College was directly affected from physical damage to buildings and loss of contents. As of November 21, 2008 total damages to the College were estimated at \$754,000. Most damages were to the Fine Arts building where the roof had to be replaced (\$256,000) and to student housing from flood waters (\$350,363). Total anticipated reimbursements from insurance and FEMA are estimated at \$672,000. The estimated net amount of out-of-pocket expense to the College is \$82,000.

The greater impact to the College was in the number of returning students. When classes resumed October 8th approximately 32% of the students did not return. Immediate cost reductions were initiated, including the issuance of a "hold order" to the architect for the Student Center Project due to the uncertainty of the College's revenue stream. A hiring freeze was implemented, and budget cuts were made. The Spring 2009 enrollment figure will be of material importance to the College as will the anticipated 15-35% cut in the collection rate of property taxes.

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, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 6,289,999	\$ 5,188,135
Short Term Investments	-	2,099,653
Accounts Receivable	215,570	399,899
Property Tax Receivable, Net	590,152	596,213
Student Receivables, Net	898,595	697,085
Other Assets	285,522	27,805
Total Current Assets	8,279,838	9,008,790
NONCURRENT ASSETS:		
Restricted Cash and Cash Equivalents	986,892	998,519
Restricted Agency Funds Cash and Cash Equivalents	35,533	3,885
Long Term Investments	4,285,945	3,000,000
Capital Assets, Net:		
Not Subjected to Depreciation	2,523,358	1,676,743
Subjected to Depreciation	9,030,155	9,194,466
Total Noncurrent Assets	16,861,883	14,873,613
Total Assets	25,141,721	23,882,403
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	253,556	321,323
Funds Held for Others - Agency	35,533	3,885
Deferred Revenues	1,324,459	1,282,199
Deposits	12,850	11,425
Compensated Absences - Current Portion	30,000	30,000
Bonds Payable - Current Portion	580,000	570,000
Total Current Liabilities	2,236,398	2,218,832
NONCURRENT LIABILITIES:		
Compensated Absences	260,450	241,569
Bonds Payable	3,830,000	4,410,000
Total Noncurrent Liabilities	4,090,450	4,651,569
Total Liabilities	6,326,848	6,870,401
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	7,143,513	5,891,209
Restricted for - Expendable:		
Student Aid	256,803	191,114
Debt Service	719,740	723,990
Unrestricted	10,694,817	10,205,689
Total Net Assets	\$ 18,814,873	\$ 17,012,002

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

GALVESTON COLLEGE FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
DECEMBER 31, 2007
(With Comparative Totals for 2006)

	2007				2006 Total
	Universal Access	Galveston College Scholarships	Other Funds	Total	
ASSETS					
Cash	\$ 2,114	\$ 275	\$ 534	\$ 2,923	\$ 3,893
Investments (at Fair Value)	<u>4,309,948</u>	<u>598,542</u>	<u>1,887,603</u>	<u>6,796,093</u>	<u>6,099,600</u>
Total Assets	<u>\$ 4,312,062</u>	<u>\$ 598,817</u>	<u>\$ 1,888,137</u>	<u>\$ 6,799,016</u>	<u>\$ 6,103,493</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accrued Expenses	33,629	-	-	33,629	91,530
Agency Transactions Due to Others	<u>-</u>	<u>-</u>	<u>52,201</u>	<u>52,201</u>	<u>1,655</u>
Total Liabilities	<u>33,629</u>	<u>-</u>	<u>52,201</u>	<u>85,830</u>	<u>93,185</u>
Net Assets:					
Unrestricted	1,088,621	-	290,858	1,379,479	1,388,747
Temporarily Restricted		477,817	1,545,078	2,022,895	1,310,749
Permanently Restricted	<u>3,189,812</u>	<u>121,000</u>	<u>-</u>	<u>3,310,812</u>	<u>3,310,812</u>
Total Net Assets	<u>4,278,433</u>	<u>598,817</u>	<u>1,835,936</u>	<u>6,713,186</u>	<u>6,010,308</u>
Total Liabilities and Net Assets	<u>\$ 4,312,062</u>	<u>\$ 598,817</u>	<u>\$ 1,888,137</u>	<u>\$ 6,799,016</u>	<u>\$ 6,103,493</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$941,607 for 2008 and \$1,459,276 for 2007	\$ 1,737,945	\$ 1,312,760
Federal Grants and Contracts	3,200,476	3,587,263
State and Local Grants and Contracts	124,517	95,177
Private Grants and Scholarships	441,002	398,220
Auxiliary Enterprises, Net of Scholarship Allowance of \$142,563 for 2008 and \$88,684 for 2007	90,907	96,045
Other Operating Revenues	<u>149,821</u>	<u>182,362</u>
Total Operating Revenues (Schedule A)	<u>5,744,668</u>	<u>5,671,827</u>
OPERATING EXPENSES:		
Instruction	6,024,593	5,873,741
Public Service	118,210	222,994
Academic Support	2,080,965	1,955,965
Student Services	2,029,684	2,880,089
Institutional Support	3,618,524	3,701,932
Operation and Maintenance of Plant	1,828,914	1,906,388
Scholarships and Fellowships	1,742,044	1,341,136
Auxiliary Enterprises	198,997	130,940
Depreciation	<u>469,817</u>	<u>466,509</u>
Total Operating Expenses (Schedule B)	<u>18,111,748</u>	<u>18,479,694</u>
Operating Loss	<u>(12,367,080)</u>	<u>(12,807,867)</u>
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	6,146,448	6,078,258
Property Taxes	8,234,235	7,634,693
Investment Income	533,131	397,954
Other Nonoperating Revenue	-	2,230,800
Interest on Capital Related Debt	(153,990)	(167,740)
Other Nonoperating Expense	<u>(589,873)</u>	<u>(1,000)</u>
Total Nonoperating Revenues, Net (Schedule C)	<u>14,169,951</u>	<u>16,172,965</u>
INCREASE IN NET ASSETS	1,802,871	3,365,098
NET ASSETS, BEGINNING OF YEAR	<u>17,012,002</u>	<u>13,646,904</u>
NET ASSETS, END OF YEAR	<u>\$ 18,814,873</u>	<u>\$ 17,012,002</u>

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

GALVESTON COLLEGE FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

	2007			Total	2006 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE:					
Contributions and Grants	\$ 79,486	\$ 897,039	\$ -	\$ 976,525	\$ 668,034
Sales	1,184	-	-	1,184	5,592
Cost of Sales	-	-	-	-	(346)
Other Revenue	1,743	4,942	-	6,685	5,199
Special Event Revenue	2,280	-	-	2,280	12,505
Special Event Costs	-	-	-	-	(7,937)
Donated Facilities and Services	60,882	-	-	60,882	60,682
Interest and Dividends	262,178	27,266	-	289,444	228,967
Realized Gains on Investments, Net	111,835	11,630	-	123,465	13,184
Unrealized Appreciation					
(Depreciation) on Investments	(203,789)	(21,193)	-	(224,982)	206,782
Net Assets Released from Restriction	207,538	(207,538)	-	-	-
Total Support and Revenue	523,337	712,146	-	1,235,483	1,192,662
EXPENSES:					
Donated Facilities and Services	60,882	-	-	60,882	60,682
Investment Fees	50,806	-	-	50,806	44,342
Foreign Taxes	454	-	-	454	325
Program Expenses:					
Workforce Development	15,332	-	-	15,332	-
Galveston College Scholarships	58,706	-	-	58,706	61,990
Universal Access Scholarships	156,219	-	-	156,219	121,131
EMS Scholarships	-	-	-	-	8,504
Lumina Foundation Grant	98,500	-	-	98,500	-
President's Partner Fund	707	-	-	707	2,894
DreamKeepers Match	35,000	-	-	35,000	35,000
Lecture Series	-	-	-	-	250
Beacon Square	146	-	-	146	25,464
Athletics	10,891	-	-	10,891	6,804
Other	7,442	-	-	7,442	1,410
Miscellaneous	16,164	-	-	16,164	7,647
Total Expenses	511,249	-	-	511,249	376,443
INCREASE IN NET ASSETS	12,088	712,146	-	724,234	816,219
NET ASSETS, BEGINNING OF YEAR	1,388,747	1,310,749	3,310,812	6,010,308	5,194,089
Transfer of Net Assets from (to) Other Entities	(21,356)	-	-	(21,356)	-
NET ASSETS, END OF YEAR	\$ 1,379,479	\$ 2,022,895	\$ 3,310,812	\$ 6,713,186	\$ 6,010,308

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 1,846,196	\$ 1,265,386
Receipts from Grants and Contracts	3,775,805	4,245,473
Payments to or on Behalf of Employees	(10,366,918)	(10,826,761)
Payments to Suppliers for Goods and Services	(4,551,803)	(4,674,630)
Payments for Scholarships	(1,742,044)	(1,341,136)
Other Cash Receipts	<u>240,728</u>	<u>278,407</u>
Net Cash Used by Operating Activities	<u>(10,798,036)</u>	<u>(11,053,261)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	4,858,679	4,897,153
Proceeds from Property Taxes	<u>8,240,296</u>	<u>7,645,767</u>
Net Cash Provided by Non-Capital Financing Activities	<u>13,098,975</u>	<u>12,542,920</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Fort Crockett	-	2,230,800
Purchases of Capital Assets	(1,152,121)	(1,417,475)
Principal Paid on Capital Debt	(570,000)	(550,000)
Payment of Interest on Capital Debt	(153,990)	(167,740)
Other Non-Operating Expense	<u>(589,873)</u>	<u>(1,000)</u>
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(2,465,984)</u>	<u>94,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds From Maturities of Investments	2,099,653	-
Purchases of Investments	(1,285,945)	(2,099,653)
Investment Income	<u>473,222</u>	<u>418,203</u>
Net Cash Provided by (Used In) Investing Activities	<u>1,286,930</u>	<u>(1,681,450)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,121,885	(97,206)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,190,539</u>	<u>6,287,745</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,312,424</u>	<u>\$ 6,190,539</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (12,367,080)	\$ (12,807,867)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	469,817	466,509
Noncash State Appropriations for Employee Benefits	1,287,769	1,181,105
Changes in Assets and Liabilities:		
Receivables, Net	42,728	130,027
Other Assets	(257,717)	(8,315)
Accounts Payable	(67,767)	(26,187)
Funds Held for Others - Agency Funds	31,648	(1,006)
Deferred Revenues	42,260	(12,588)
Deposits	1,425	1,585
Compensated Absences	<u>18,881</u>	<u>23,476</u>
Net Cash Used by Operating Activities	<u>\$ (10,798,036)</u>	<u>\$ (11,053,261)</u>

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

GALVESTON COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 724,234	\$ 816,219
Unrealized Depreciation (Appreciation) on Investments	224,982	(206,782)
Realized Gains on Investments	(123,465)	(13,184)
Transfer of Net Assets to Other Entities	(21,356)	-
Changes in Assets and Liabilities:		
Promises to Give	-	5,551
Accrued Expenses	(57,901)	91,530
Agency Transactions Due to Others	50,546	(1,812)
Net Cash Provided by Operating Activities	<u>797,040</u>	<u>691,522</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investment Securities	(7,954,300)	(2,657,331)
Sales of Investment Securities	7,156,290	1,969,702
Net Cash Used by Investing Activities	<u>(798,010)</u>	<u>(687,629)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(970)</u>	<u>3,893</u>
CASH, BEGINNING OF YEAR	<u>3,893</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ 2,923</u>	<u>\$ 3,893</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

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

Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No.14*, gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. It requires reporting as a component unit if the organization raises and holds economic resources for the direct benefit of the governmental unit and the component unit is significant compared to the primary government. GASB Statement No. 39 has been applied as required in the preparation of these basic financial statements and accordingly, the Galveston College Foundation (the Foundation) is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further discussed below.

The Foundation is a separate nonprofit organization, with the sole purpose of supporting the educational and other activities of the College. The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made* and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The College furnished certain services, such as office space, supplies and staff assistance to the Foundation amounting to approximately \$95,000 and \$112,000 for the years ended August 31, 2008 and 2007, respectively. The costs of these services were not significant to the College. Complete financial statements for the Foundation can be obtained from their offices.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reporting Guidelines – Continued

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

Tuition Discounting

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

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

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

Basis of Accounting

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

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting – Continued

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

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

Budgetary Data

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Capital Assets

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Revenues

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

Classification of Revenues and Expenses

The College distinguishes operating revenues and expenses from nonoperating items. The College operates as a business-type activity and as a single, proprietary fund. The College defines operating activities, for purposes of reporting on the statement of revenues, expenses, and changes in net assets, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. The principal operating revenues are tuition, fees and Federal grants. With the exception of interest expense on long-term indebtedness, substantially all College expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including State appropriations, property tax, and investment income. The operations of the bookstore and food services are performed by a third party contracted by the College.

Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Galveston Community College District 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, 2008 and 2007.

Reclassifications

Certain 2007 amounts have been reclassified to conform with the 2008 presentation.

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 BASIC FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS

Credit risk for deposits with financial institutions 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, 2008 and 2007, the carrying amount of the College's deposits was \$321,294 and \$568,608, respectively; and bank balances equaled \$813,127 and \$1,018,058, respectively. Bank balances totaling \$100,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The following table presents the cash and cash equivalents included in Exhibit 1 statement of net assets as of August 31:

	2008	2007
Cash and Cash Equivalents:		
Petty Cash	\$ 1,456	\$ 1,456
Demand Deposits	321,294	568,608
Investment Pools:		
Lone Star Investment Pool	5,544,945	4,224,225
Vanguard Admiral Treasury Money Market Fund	647,304	627,982
Local Government Investment Cooperative	797,425	768,268
Cash and Cash Equivalents	\$ 7,312,424	\$ 6,190,539

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At August 31, 2007, short term investments consisted of a \$2,099,653 Fannie Mae Discount note that came due January 2, 2008. At August 31, 2008 and 2007, the College's long term investments portfolio consisted of \$4,285,945 and \$3,000,000, respectively of Federal Home Loan Mortgage Corporation Notes, respectively. With the exception of United States Government obligations, instrumentalities and government sponsored enterprises and authorized local government investment pools, no more than fifty percent (50%) of the total investment portfolio can be invested in any one security or with a single financial institution.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	2008	2007
Student Receivables, Net	\$ <u>898,595</u>	\$ <u>697,085</u>
Federal Receivables	140,704	157,980
Interest Receivable	59,909	-
Other Receivables	<u>14,957</u>	<u>241,919</u>
Total Accounts Receivable	\$ <u>215,570</u>	\$ <u>399,899</u>
Property Tax Receivable	\$ 707,085	705,357
Less Allowance for Doubtful Accounts	<u>(116,933)</u>	<u>(109,144)</u>
Total Property Tax Receivable	\$ <u>590,152</u>	\$ <u>596,213</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 252,259	\$ 321,380
Benefits Payable	<u>1,297</u>	<u>57</u>
	\$ <u>253,556</u>	\$ <u>321,323</u>

NOTE 6 – CAPITAL ASSETS

Capital assets activities for the years ended August 31:

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

	2007			Balance August 31, 2007
	Balance September 1, 2006	Increase	Decrease	
Not Depreciated:				
Land	\$ 1,676,743	\$ -	\$ -	\$ 1,676,743
Other Capital Assets:				
Buildings	\$ 11,135,539	\$ 369,154	\$ -	\$ 11,504,693
Land Improvements	710,077	757,499	-	1,467,567
Furniture, Equipment and Vehicles	868,629	238,745	-	1,107,374
Computer System	1,324,659	32,080	-	1,356,739
Library Books	<u>694,871</u>	<u>19,997</u>	<u>12,880</u>	<u>701,988</u>
Total Depreciated	<u>14,733,755</u>	<u>1,417,475</u>	<u>12,880</u>	<u>16,138,370</u>
Less Accumulated Depreciation:				
Buildings	4,205,133	247,775	-	4,452,908
Land Improvements	109,555	63,343	-	172,898
Furniture, Equipment and Vehicles	604,261	83,087	-	687,348
Computer System	1,243,013	26,838	-	1,269,851
Library Books	<u>328,313</u>	<u>45,466</u>	<u>12,880</u>	<u>360,899</u>
Total Accumulated Depreciation	<u>6,490,275</u>	<u>466,509</u>	<u>12,880</u>	<u>6,943,904</u>
Net Capital Assets	<u>\$ 9,920,243</u>	<u>\$ 950,966</u>	<u>\$ -</u>	<u>\$ 10,871,209</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activities for the years ended August 31:

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

	2007				
	Balance September 1, 2006	Additions	Payments	Balance August 31, 2007	Current Portion
Combined Fee Revenue Refunding Bonds Series 2004	\$ 5,530,000	\$ -	\$ (550,000)	\$ 4,980,000	\$ 570,000
Other Liabilities - Compensated Absences	<u>248,093</u>	<u>213,075</u>	<u>(189,599)</u>	<u>271,569</u>	<u>30,000</u>
Total	<u>\$ 5,778,093</u>	<u>\$ 213,075</u>	<u>\$ (739,599)</u>	<u>\$ 5,251,569</u>	<u>\$ 600,000</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, 2008 is \$719,740, which meets the full reserve requirement.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – BONDS PAYABLE – CONTINUED

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>
2009	\$ 580,000	\$ 139,740	\$ 719,740
2010	595,000	125,240	720,240
2011	610,000	110,365	720,365
2012	625,000	93,590	718,590
2013	645,000	748,840	719,840
2014-2015	<u>1,355,000</u>	<u>81,800</u>	<u>1,436,800</u>
Total	<u>\$ 4,410,000</u>	<u>\$ 625,575</u>	<u>\$ 5,035,575</u>

NOTE 9 – UNRESTRICTED NET ASSETS

The College designates a portion of unrestricted net assets to indicate management’s tentative plans for future use of financial resources. At August 31, 2007, the College had designated \$500,000 of unrestricted net assets as a contingency for the refund due to the Texas Higher Education Coordinating Board.

NOTE 10 – 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 2008 and 2007 and a state contribution rate of 6.58% for fiscal year 2008 and 6.0% for fiscal year 2007. In certain instances the reporting district is required to make all or a portion of the state’s 6.58% contribution for fiscal year 2008 and 6.00% for fiscal year 2007.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Optional Retirement Plan

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

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

Retirement Expense

The total payroll for all College employees was \$9,076,727 and \$9,369,670 for fiscal years ended August 31, 2008 and 2007, respectively. The total payroll of employees covered by TRS was \$5,239,384 and \$5,330,300 and the total payroll of employees covered by ORP was \$2,851,595 and \$2,737,433 for fiscal years August 31, 2008 and 2007, respectively.

The retirement expense to the State for the College was \$474,082 and \$487,623 for the fiscal years ended August 31, 2008 and 2007, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

NOTE 11 – 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, 2008 the College had 44 employees participating in the program and a total of \$193,598 in contributions were invested in the plan during the fiscal year. As of August 31, 2007, the College had 31 employees participating in the program and a total of \$232,721 in contributions were invested in the plan during the fiscal year.

NOTE 12 – 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 dependent coverage was \$705 per month for both years. The actual cost of providing these benefits totaled \$943,016 and \$861,286 for August 31, 2008 and 2007, respectively. The cost of providing those benefits for retirees was \$323,155 and \$334,744 for August 31, 2008 and 2007, respectively.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – 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 \$290,450 and \$271,569 as of August 31, 2008 and 2007, respectively. Faculty employees are not eligible to earn vacation benefits.

Compensatory Time

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

NOTE 14 – 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:	2008	2007
Assessed Valuation of the College	\$ 5,106,837,596	\$ 4,781,523,124
Less Exemptions	(340,830,144)	(322,461,668)
Net Assessed Valuation of the College	\$ 4,766,007,452	\$ 4,459,061,456

	Current Operations	Debt Service	Total
Authorized Tax rate per \$100 Valuation	\$.2700	-	\$.2700
Assessed Tax rate per \$100 Valuation	\$.1700	-	\$.1700

Taxes levied for the years ended August 31, 2008 and 2007, based on certified rolls, as reported by the taxing authorities amounted to \$8,102,377 and \$7,574,756, respectively. Galveston County Tax Assessor and Collector is the collecting agency for the levy and remit collections to the College, net of a collection fee.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – PROPERTY TAX – CONTINUED

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non- Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the assets or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. The College has recognized all assessed taxes in the current year and recorded a receivable for uncollected taxes.

<u>Taxes Collected for August 31:</u>	<u>2008</u>	<u>2007</u>
Current Taxes Collected	\$ 7,885,139	\$ 7,302,215
Delinquent Taxes Collected	212,584	218,935
Penalties and Interest Collected	<u>142,573</u>	<u>124,617</u>
 Total Collections	 \$ <u>8,240,296</u>	 \$ <u>7,645,767</u>

Tax collections for the years ended August 31, 2008 and 2007 were 97.32% and 96.40%, 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 15 – SALE OF FORT CROCKETT

In July 2007, the College sold the Fort Crockett Campus for \$2,300,000 less settlement charges of \$69,800. The College had no basis in the property, resulting in a net gain of \$2,230,200. The gain has been recorded in the Statement of Revenues, Expenses, and Changes in Net Assets as nonoperating revenue.

NOTE 16 – 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, 2008 and 2007, \$267,152 and \$274,619, respectively, of grant funds have been received in advance.

NOTE 17 – 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 18 – SUBSEQUENT EVENT

During September 2008, the Gulf Coast region suffered damages due to hurricane Ike. The College suffered building and loss of content damage estimated at \$754,000. Total anticipated reimbursement from insurance and FEMA are estimated at \$672,000.

SUPPLEMENTAL SCHEDULES

a beacon of light guiding lifelong learning

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DETAILED OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2008
(With Memorandum Totals for the Year Ended August 31, 2007)

	2008					2007 Total
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	
	Unrestricted	Restricted				
Tuition:						
State Funded Courses:						
In-District Resident Tuition	\$ 1,141,159	\$ -	\$ 1,141,159	\$ -	\$ 1,141,159	\$ 1,211,729
TPEG (set aside) *	76,784	-	76,784	-	76,784	82,082
Non-Resident Tuition	132,135	-	132,135	-	132,135	121,381
Non-State Funded Continuing Education	300,348	-	300,348	-	300,348	314,857
Total Tuition	1,650,426	-	1,650,426	-	1,650,426	1,730,049
Fees:						
Student Service Fee	-	-	-	65,541	65,541	68,029
Laboratory Fee	104,751	-	104,751	-	104,751	111,468
Building Use Fee	494,029	-	494,029	-	494,029	522,069
General Service Fee	203,559	-	203,559	-	203,559	209,773
Registration Fee	161,246	-	161,246	-	161,246	156,619
Total Fees	963,585	-	963,585	65,541	1,029,126	1,067,958
Scholarship Allowances and Discounts:						
Scholarship Allowances	(90,653)	-	(90,653)	-	(90,653)	(168,581)
Remissions and Exemptions - State	(35,077)	-	(35,077)	-	(35,077)	(33,167)
Title IV Federal Grants to Students	(815,877)	-	(815,877)	-	(815,877)	(1,283,499)
Total Scholarship Allowances and Discounts	(941,607)	-	(941,607)	-	(941,607)	(1,485,247)
Total Net Tuition and Fees	1,672,404	-	1,672,404	65,541	1,737,945	1,312,760
Other Operating Revenues:						
Federal Grants and Contracts	-	3,200,476	3,200,476	-	3,200,476	3,587,263
State Grants and Contracts	-	124,517	124,517	-	124,517	95,177
Private Grants and Scholarships	-	441,002	441,002	-	441,002	398,220
Other Operating Revenues	149,821	-	149,821	-	149,821	182,362
Total Other Operating Revenues	149,821	3,765,995	3,915,816	-	3,915,816	4,263,022
Auxiliary Enterprises:						
Residential Life	-	-	-	142,563	142,563	62,713
Less Scholarship Allowances and Discounts	-	-	-	(142,563)	(142,563)	(62,713)
Bookstore Commissions	-	-	-	65,919	65,919	72,813
Vending Commissions	-	-	-	18,324	18,324	14,902
Other Auxiliary Revenue	-	-	-	6,664	6,664	8,330
Total Auxiliary Enterprises	-	-	-	90,907	90,907	96,045
Total Operating Revenues	\$ 1,822,225	\$ 3,765,995	\$ 5,588,220	\$ 156,448	\$ 5,744,668	\$ 5,671,827
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, tuition of \$76,784 and \$82,082 for the years ended August 31, 2008 and 2007, respectively, was set aside for Texas Public Education Grants (TPEG).

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 2008
 (With Memorandum Totals for the Year Ended August 31, 2007)

	2008					2007 Total
	Salaries and Wages	Benefits		Other Expenses	Total	
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 4,076,718	\$ -	\$ 432,060	\$ 390,584	\$ 4,899,362	\$ 5,162,606
Public Service	49,650	-	4,675	63,575	117,900	222,994
Academic Support	1,470,627	-	130,681	205,450	1,806,758	1,767,118
Student Services	979,373	-	98,626	84,357	1,162,356	1,194,984
Institutional Support	1,501,292	-	262,901	1,519,503	3,283,696	3,445,639
Operation and Maintenance of Plant	438,288	-	138,966	1,251,660	1,828,914	1,906,388
Total Unrestricted Educational Activities	<u>8,515,948</u>	<u>-</u>	<u>1,067,909</u>	<u>3,515,129</u>	<u>13,098,986</u>	<u>13,699,729</u>
Restricted - Educational Activities:						
Instruction	206,609	581,056	39,193	298,373	1,125,231	711,135
Public Service	-	310	-	-	310	-
Academic Support	-	274,207	-	-	274,207	188,847
Student Services	339,308	229,697	69,673	228,650	867,328	1,685,105
Institutional Support	-	331,828	-	3,000	334,828	256,293
Scholarships and Fellowships	-	-	-	1,742,044	1,742,044	1,341,136
Total Restricted Educational Activities	<u>545,917</u>	<u>1,417,098</u>	<u>108,866</u>	<u>2,272,067</u>	<u>4,343,948</u>	<u>4,182,516</u>
Total Educational Activities	<u>9,061,865</u>	<u>1,417,098</u>	<u>1,176,775</u>	<u>5,787,196</u>	<u>17,442,934</u>	<u>17,882,245</u>
Auxiliary Enterprises	<u>14,862</u>	<u>-</u>	<u>2,968</u>	<u>181,167</u>	<u>198,997</u>	<u>130,940</u>
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	315,526	315,526	311,118
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	154,291	154,291	155,391
Total Operating Expenses	<u>\$ 9,076,727</u>	<u>\$ 1,417,098</u>	<u>\$ 1,179,743</u>	<u>\$ 6,438,180</u>	<u>\$ 18,111,748</u> (Exhibit 2)	<u>\$ 18,479,694</u> (Exhibit 2)

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2008
 (With Memorandum Totals for the Year Ended August 31, 2007)

	2008				2007 Total
	Unrestricted	Restricted	Auxiliary Enterprises	Total	
Nonoperating Revenues:					
State Appropriations:					
Education and General State Support	\$ 4,729,350	\$ -	\$ -	\$ 4,729,350	\$ 4,729,349
State Group Insurance		943,016	-	943,016	861,286
State Retirement Match	-	474,082	-	474,082	487,623
Total State Appropriations	<u>4,729,350</u>	<u>1,417,098</u>	<u>-</u>	<u>6,146,448</u>	<u>6,078,258</u>
Property Taxes	8,234,235	-	-	8,234,235	7,634,693
Investment Income	466,219	-	66,912	533,131	397,954
Other Nonoperating Revenue	-	-	-	-	2,230,800
Total Nonoperating Revenues	<u>8,700,454</u>	<u>-</u>	<u>66,912</u>	<u>8,767,366</u>	<u>10,263,447</u>
Nonoperating Expenses:					
Interest on Capital Related Debt	153,990	-	-	153,990	167,740
Other Nonoperating Expense	589,873	-	-	589,873	1,000
Total Nonoperating Expenses	<u>743,863</u>	<u>-</u>	<u>-</u>	<u>743,863</u>	<u>168,740</u>
Total Nonoperating Revenues, Net	<u>\$ 12,685,941</u>	<u>\$ 1,417,098</u>	<u>\$ 66,912</u>	<u>\$ 14,169,951</u> (Exhibit 2)	<u>\$ 16,172,965</u> (Exhibit 2)

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2008
(With Memorandum Totals for Year Ended August 31, 2007)

	Detail by Source					Available for Current Operations Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 6,110,795	\$ -	\$ -	\$ -	\$ 6,110,795	\$ 6,110,795	\$ -
Board Designated							
Auxiliary	557,729		-		557,729	557,729	-
Scholarships	-	256,803	-		256,803	256,803	-
Plant:							
Unexpended	1,257,844	-	-	-	1,257,844	1,257,844	-
Debt Service	2,768,449	719,740	-	-	3,488,189	2,768,449	719,740
Investment in Plant	-	-	-	7,143,513	7,143,513	-	7,143,513
Total Net Assets, August 31, 2008	10,694,817	976,543	-	7,143,513	18,814,873	10,951,620	7,863,253
Total Net Assets, August 31, 2007	10,025,443	1,095,350	-	5,891,209	17,012,002	9,896,803	7,115,199
Net Increase in Net Assets	\$ 669,374	\$ (118,807)	\$ -	\$ 1,252,304	\$ 1,802,871	\$ 1,054,817	\$ 748,054

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

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

Board of Regents
Galveston Community College District
Galveston, Texas

Compliance

We have audited the compliance of Galveston Community College District (the College), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

Internal Control over Compliance

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic 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

January 14, 2009

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 basic financial statements of Galveston Community College District (the College) as of and for the year ended August 31, 2008, and have issued our report thereon dated January 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

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

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

We noted certain matters that we reported to the management of the College in a separate letter dated January 14, 2009.

A *control deficiency* in the College's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

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

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

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

Gainer Donnelly & Desroches LLP

January 14, 2009

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass-Through Disbursements</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	(1)	\$ 100,000
Strengthening Institutions - Title V	84.031S		428,958
Federal Work-Study Program	84.033	(1)	83,791
TRIO - Student Support Services	84.042	(2)	221,243
TRIO - Upward Bound	84.047	(2)	249,515
Federal Pell Grant Program	84.063	(1)	1,914,857
Federal Family Education Loans	84.268	N/A	1,032,680
Academic Competiveness Grant	84.375	N/A	<u>22,775</u>
Total Direct Programs			<u>4,053,819</u>
Passed-Through Programs:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	64218	171,928
Leveraging Educational Assistance Partnership	84.069A	N/A	3,185
State Leveraging Educational Assistance Partnership	84.069B	N/A	<u>4,224</u>
Total Passed Through Programs			<u>179,337</u>
Total Expenditures of Federal Awards			<u>\$ 4,233,156</u>

(1) Cluster Student Financial Aid

(2) Cluster TRIO Programs

See accompanying notes to Schedule of Expenditures of Federal Awards

GALVESTON COMMUNITY COLLEGE DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2008

NOTE 1 – FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues:	
Restricted Federal Grants and Contracts - (Schedule A)	\$ 3,200,476
Federal Family Education Loans	<u>1,032,680</u>
Total Expenditures of Federal Awards	\$ <u>4,233,156</u>

NOTE 2 – 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, 2008. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 3 – STUDENT LOANS PROCESSED AND ADMINISTRATIVE COSTS RECOVERED

<u>Federal Grantor/ CFDA Number/Program Name</u>	<u>New Loans Processed</u>	<u>Administrative Costs Recovered</u>	<u>Total Loans Processed and Administrative Costs Recovered</u>
Department of Education 84.268 Direct Loans	\$ <u>1,302,680</u>	\$ <u> -</u>	\$ <u>1,302,680</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, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal and State Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number

Name of Federal Program

84.007	Student Financial Aid Cluster Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Family Education Loans
84.375	Academic Competiveness Grant

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, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

None

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

None

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2007.

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 2008
(amounts expressed in thousands)
(Unaudited)

Table 1

	For the Fiscal Year Ended August 31,						
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Invested in Capital Assets, Net of Related Debt	\$ 7,144	5,891	\$ 4,390	\$ 3,652	\$ 2,437	\$ 2,988	\$ 2,737
Restricted - Expendable	976	915	1,110	1,109	1,076	980	1,021
Restricted - Nonexpendable	-	-	-	-	-	-	-
Unrestricted	<u>10,695</u>	<u>10,206</u>	<u>8,147</u>	<u>6,902</u>	<u>6,138</u>	<u>4,947</u>	<u>4,507</u>
Total Primary Government Net Assets	<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 Statement No. 34, only fiscal years 2002-2008 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2008
(Unaudited)

Table 2

For the Year Ended August 31,
(amounts expressed in thousands)

	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$ 1,738	\$ 1,313	\$ 1,276	\$ 1,425	\$ 1,723	\$ 1,538	1,281
Governmental Grants and Contracts:							
Federal Grants and Contracts	3,200	3,587	3,032	3,219	2,830	2,213	2,357
State Grants and Contracts	125	96	110	92	191	103	123
Non-Governmental Grants and Contracts	441	398	368	252	137	-	-
Sales and Services of Educational Activities	-	-	-	23	16	3	-
Auxiliary Enterprises	91	96	114	146	129	114	313
Other Operating Revenues	150	182	197	237	282	270	385
Total Operating Revenues	<u>5,745</u>	<u>5,672</u>	<u>5,097</u>	<u>5,394</u>	<u>5,308</u>	<u>4,240</u>	<u>4,459</u>
State Appropriations	6,147	6,078	5,985	5,725	5,790	6,028	6,312
Ad Valorem Taxes	8,234	7,635	7,345	6,555	6,196	5,583	5,349
Investment Income	533	398	334	134	78	70	123
Other Non-Operating Revenues	-	2,231	-	-	-	-	-
Total Non-Operating Revenues	<u>14,914</u>	<u>16,342</u>	<u>13,664</u>	<u>12,414</u>	<u>12,065</u>	<u>11,681</u>	<u>11,784</u>
Total Revenues	<u>\$ 20,659</u>	<u>\$ 22,014</u>	<u>\$ 18,761</u>	<u>\$ 17,808</u>	<u>\$ 17,373</u>	<u>\$ 15,921</u>	<u>16,243</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement No. 34, only fiscal years 2002-2008 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE
FISCAL YEARS 2002 TO 2008
(Unaudited)

Table 2-Cont.

	For the Year Ended August 31,						
	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	8.41%	5.96%	6.80%	8.00%	9.92%	9.66%	7.89%
Governmental Grants and Contracts:							
Federal Grants and Contracts	15.49%	16.29%	16.16%	18.08%	16.29%	13.90%	14.51%
State Grants and Contracts	0.61%	0.44%	0.59%	0.52%	1.10%	0.65%	0.76%
Non-Governmental Grants and Contracts	2.13%	1.81%	1.96%	1.41%	0.79%	-	-
Sales and Services of Educational Activities	-	-	-	0.13%	0.09%	0.02%	-
Auxiliary Enterprises	0.44%	0.44%	0.61%	0.82%	0.74%	0.72%	1.93%
Other Operating Revenues	0.73%	0.83%	1.05%	1.33%	1.62%	1.70%	2.37%
Total Operating Revenues	<u>27.81%</u>	<u>25.77%</u>	<u>27.17%</u>	<u>30.29%</u>	<u>30.55%</u>	<u>26.63%</u>	<u>27.45%</u>
State Appropriations	29.75%	27.61%	31.90%	32.15%	33.33%	37.86%	38.86%
Ad Valorem Taxes	39.86%	34.68%	39.15%	36.81%	35.66%	35.06%	32.93%
Investment Income	2.58%	1.81%	1.78%	0.75%	0.45%	0.44%	0.76%
Other Non-Operating Revenues	-	10.13%	-	-	-	-	-
Total Non-Operating Revenues	<u>72.19%</u>	<u>74.23%</u>	<u>72.83%</u>	<u>69.71%</u>	<u>69.45%</u>	<u>73.37%</u>	<u>72.55%</u>
Total Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement No. 34, only fiscal years 2002-2008 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2008
(Unaudited)

Table 3

For the Year Ended August 31, (amounts expressed in thousands)							
	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 6,024	\$ 5,874	\$ 5,593	\$ 5,863	\$ 5,499	\$ 5,727	\$ 6,070
Public Service	118	223	52	25	150	93	139
Academic Support	2,081	1,956	1,663	1,468	1,702	1,523	1,516
Student Services	2,030	2,880	2,142	1,393	1,401	1,068	1,259
Institutional Support	3,619	3,702	3,551	3,647	3,454	3,378	2,866
Operation and Maintenance of Plant	1,829	1,906	1,422	1,099	1,534	1,492	1,229
Scholarships and Fellowships	1,742	1,341	1,348	1,343	1,447	804	1,375
Auxiliary Enterprises	199	131	165	141	158	231	215
Depreciation	470	467	643	623	587	528	465
Total Operating Expenses	<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	154	169	182	194	252	428	451
Other Expenses	590	-	-	-	45	-	-
Total Non-Operating Expenses	<u>744</u>	<u>169</u>	<u>182</u>	<u>194</u>	<u>297</u>	<u>428</u>	<u>451</u>
Total Expenses	<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 Statement No. 34, only fiscal years 2002-2008 are available.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION
FISCAL YEARS 2002 TO 2008
(Unaudited)

Table 3-Cont.

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

Note: Due to reporting format and definition changes prescribed by GASB Statement No. 34, only fiscal years 2002-2008 are available.

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								
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%		
2000	10	8	8	12	3	15	-	301	301	0.00%	0.00%		
1999	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 Out of State	Non-Resident Tuition International	Building Use Fee	Technology Fees								
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%		
2000	10	20	20	12	3	15	37	445	445	0.00%	0.00%		
1999	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	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2007-08	\$ 5,106,837	\$ 340,830	\$ 4,766,007	93.33%	0.170000	-	0.170000
2006-07	4,781,523	322,462	4,459,061	93.26%	0.170000	-	0.170000
2005-06	4,027,628	291,027	3,736,601	92.77%	0.191800	-	0.191800
2004-05	3,581,393	276,883	3,304,510	92.27%	0.195200	-	0.195200
2003-04	3,371,245	266,107	3,105,138	92.11%	0.195200	-	0.195200
2002-03	2,929,690	229,164	2,700,525	92.18%	0.195200	-	0.195200
2001-02	2,881,049	236,163	2,644,886	91.80%	0.195200	-	0.195200
2000-01	2,652,097	213,231	2,438,866	91.96%	0.197800	-	0.197800
1999-00	2,498,993	196,849	2,302,144	92.12%	0.197800	-	0.197800
1998-99	2,401,474	187,264	2,214,209	92.20%	0.187800	-	0.187800

Source: Galveston Central Appraisal District

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

Table 6

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

Fiscal Year	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	
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
1999-00	4,533,544	1,686	2,633	686,320	282,340	264,167	1,232,827	3.68
1998-99	4,439,127	1,605	2,682	645,440	233,484	276,963	1,155,887	3.84

Notes:

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

(a) August 2007 Board Report, Revenue Summary Sheet

(b) Source CBM004

(c) Source CBM00C

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

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)						
		2008	2007	2006	2005	2004	2003	2002
BP Products (NA) Inc	Refinery	\$ 1,789,680	\$ 1,395,700	\$ 1,285,600	\$ 1,096,800	\$ 795,500	\$ 644,400	618,800
Valero Refining - Texas LP	Refinery	789,303	776,700	324,300	275,400	323,900	289,000	371,800
South Houston Green Power	Utilities	360,516	289,100	668,500	452,400	211,900	226,600	209,600
Union Carbide Corp	Refinery	351,664	333,700	-	-	-	-	-
Praxair Inc.	Supplier	197,696	169,400	115,800	116,700	184,700	157,800	166,800
Marathon Petroleum Co., LLC	Refinery	165,910	153,000	281,700	111,100	119,000	67,500	-
BP Amoco Chemical Co.	Refinery	155,126	156,700	114,100	124,300	110,800	85,500	72,700
Centerpoint Energy Inc.	Utilities	93,843	90,900	50,000	44,900	47,300	43,200	38,800
Sterling Chemicals Inc.	Refinery	88,038	-	155,100	177,400	174,800	197,800	197,700
Texas-New Mexico Power Co.	Utilities	84,990	97,600	63,000	60,300	28,200	40,500	30,400
Ineds Styrenics	Refinery	72,640	71,700	-	-	-	-	-
ISP Technologies Inc.	Computers	60,476	64,100	132,500	104,274	78,900	46,300	49,000
National Onshore LP	Utilities	54,477	84,900	44,600	47,400	46,700	44,100	102,700
Houston Refining LP	Refinery	51,855	-	-	-	-	-	-
Valero Marketing & Supplies	Refinery	49,945	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	47,261	48,000	68,800	51,100	46,800	47,700	49,000
SouthWestern Bell Telephone	Utilities	42,749	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	38,575	35,300	-	-	-	-	81,200
Praxair Hydrogen Supply Inc.	Supplier	33,767	34,700	-	-	240,000	32,900	-
Comcast of Houston LLC	Utilities	26,421	-	-	-	-	-	-
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		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		\$ 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						
		2008	2007	2006	2005	2004	2003	2002
BP Products (NA) Inc	Refinery	8.80%	7.53%	7.49%	7.10%	5.70%	5.06%	5.25%
Valero Refining - Texas LP	Refinery	3.88%	4.19%	1.89%	1.78%	2.32%	2.27%	3.15%
South Houston Green Power	Utilities	1.77%	1.56%	3.89%	2.93%	1.52%	1.78%	1.78%
Union Carbide Corp	Refinery	1.73%	1.80%	-	-	-	-	-
Praxair Inc.	Supplier	0.97%	0.91%	0.67%	0.76%	1.32%	1.24%	1.41%
Marathon Petroleum Co., LLC	Refinery	0.82%	0.82%	1.64%	0.72%	0.85%	0.53%	-
BP Amoco Chemical Co.	Refinery	0.76%	0.84%	0.66%	0.81%	0.79%	0.67%	0.62%
Centerpoint Energy Inc.	Utilities	0.46%	0.49%	0.29%	0.29%	0.34%	0.34%	0.33%
Sterling Chemicals Inc.	Refinery	0.43%	-	0.90%	1.15%	1.25%	1.55%	1.68%
Texas-New Mexico Power Co.	Utilities	0.42%	0.53%	0.37%	0.39%	0.20%	0.32%	0.26%
Ineds Styrenics	Refinery	0.36%	0.39%	-	-	-	-	-
ISP Technologies Inc.	Computers	0.30%	0.35%	0.77%	0.68%	0.57%	0.36%	0.42%
National Onshore LP	Utilities	0.27%	0.46%	0.26%	0.31%	0.33%	0.35%	0.87%
Houston Refining LP	Refinery	0.26%	-	-	-	-	-	-
Valero Marketing & Supplies	Refinery	0.25%	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	0.23%	0.26%	0.40%	0.33%	0.34%	0.37%	0.42%
SouthWestern Bell Telephone	Utilities	0.21%	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	0.19%	0.19%	-	-	-	-	0.69%
Praxair Hydrogen Supply Inc.	Supplier	0.17%	0.19%	-	-	1.72%	0.26%	-
Comcast of Houston LLC	Utilities	0.13%	-	-	-	-	-	-
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	-	-	-	-	-	-	-
		22.40%	20.50%	19.61%	17.83%	17.96%	15.93%	17.14%

Source: Local County Appraisal District

Note: Information only available for seven years. The College will implement prospectively.

GALVESTON COMMUNITY COLLEGE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS
(Unaudited)
(amounts expressed in thousands)

Table 8

Fiscal Year Ended August 31	Total Tax Levy (a)	Collections - Current Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections	Percentage of Current Levy
2008	\$ 8,102	\$ 7,855	96.95%	\$ 213	\$ 8,068	99.58%
2007	7,575	7,302	96.40%	219	7,521	99.29%
2006	7,167	6,929	96.68%	241	7,170	100.04%
2005	6,450	6,243	96.78%	241	6,484	100.52%
2004	6,212	5,793	93.26%	243	6,036	97.17%
2003	5,386	5,259	97.64%	209	5,468	101.52%
2002	5,163	5,029	97.40%	209	5,238	101.46%
2001	4,824	4,592	95.19%	108	4,700	97.44%
2000	4,554	4,344	95.40%	119	4,463	98.02%
1999	4,158	3,977	95.65%	111	4,088	98.31%

Source: Local Tax Assessor/Collector and District records.

(a) As of August 31st

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

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

	For the Year Ended August 31 (amounts expressed in thousands)									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenue Bonds	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795	\$ 7,180	\$ 7,695	\$ 7,895	\$ 8,225
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	<u>\$ 4,410</u>	<u>\$ 4,980</u>	<u>\$ 5,530</u>	<u>\$ 6,070</u>	<u>\$ 6,595</u>	<u>\$ 6,795</u>	<u>\$ 7,180</u>	<u>\$ 7,695</u>	<u>\$ 7,895</u>	<u>\$ 8,225</u>
Total Outstanding Debt Ratios:										
Per Capita	15.53	17.56	19.92	22.31	24.71	26.05	28.17	30.76	31.72	33.48
Per Student	3,199	3,402	3,855	3,713	4,276	7,276	4,739	4,505	4,683	5,125
As a Percentage of Taxable Assessed Value	0.08%	0.11%	0.15%	0.18%	0.24%	0.26%	0.29%	0.33%	0.36%	0.37%

Note: Galveston College has no general obligation bonds.

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

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)									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
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.

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
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	7.93
2003	77	117	533	107	4	11	849	385	428	813	1.04
2002	82	82	442	124	4	17	751	515	451	966	1.29
2001	129	145	555	-	-	10	839	350	466	816	1.03
2000	127	141	551	-	-	10	829	330	483	813	1.02
1999	125	137	547	-	-	10	819	315	498	813	1.01

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

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

Calendar Year	County of Galveston Population	Galveston County Personal Income (in millions of dollars)	Galveston County Personal Income Per Capita	County Unemployment Rate
2007 (a)	283,987	\$ 10,304	\$ 36,284	4.6%
2006	283,551	9,124	32,175	4.2%
2005	277,563	9,237	32,747	5.2%
2004	272,024	8,720	32,005	5.6%
2003	266,858	8,356	31,313	6.1%
2002	260,825	7,965	30,537	5.9%
2001	254,923	6,660	26,564	4.7%
2000	250,158	6,387	25,662	4.6%
1999	248,893	6,251	25,446	4.9%
1998	245,644	5,954	24,303	4.5%

Sources:

Population from U.S. Bureau of the Census

Personal income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

Notes:

a. Personal income amounts from 2007 are preliminary.

GALVESTON COMMUNITY COLLEGE DISTRICT
 PRINCIPAL EMPLOYERS
 AUGUST 31, 2008
 (Unaudited)

Employer	Number of Employees	Percentage of Total Employment
University of Texas Medical Branch	12,000	58.84%
American National Insurance Company	1,476	7.24%
Galveston Independent School District	1,221	5.99%
Landry's Restaurants	1,245	6.10%
Galveston County (on Island only)	969	4.75%
Moody Gardens	840	4.12%
City of Galveston	825	4.04%
Fertitta Hospitality	698	3.42%
Wal-Mart	410	2.01%
Texas A&M University of Galveston	400	1.96%
U.S. Army Corps of Engineers	312	1.53%
Total	<u>20,396</u>	<u>100.00%</u>

Source:

Galveston Chamber of Commerce, GEDP survey, 2007

Note:

Percentages are calculated using the midpoints of the ranges.

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

Table 14

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Faculty:										
Full-Time	57	60	54	51	51	56	43	50	49	43
Part-Time	69	80	87	92	86	92	104	92	100	111
Total	<u>126</u>	<u>140</u>	<u>141</u>	<u>143</u>	<u>137</u>	<u>148</u>	<u>147</u>	<u>142</u>	<u>149</u>	<u>154</u>
Percent:										
Full-Time	45.2%	42.9%	38.3%	35.7%	37.2%	37.8%	29.3%	35.2%	32.9%	27.9%
Part-Time	54.8%	57.1%	61.7%	64.3%	62.8%	62.2%	70.7%	64.8%	67.1%	72.1%
Staff and Administrators:										
Full-Time	99	107	96	89	95	100	103	104	105	97
Part-Time	51	111	162	39	72	86	35	45	54	53
Total	<u>150</u>	<u>218</u>	<u>258</u>	<u>128</u>	<u>167</u>	<u>186</u>	<u>138</u>	<u>149</u>	<u>159</u>	<u>150</u>
Percent:										
Full-Time	66.00%	49.08%	37.2%	69.5%	56.9%	53.8%	74.6%	69.8%	66.0%	64.7%
Part-Time	34.00%	50.91%	62.8%	30.5%	43.1%	46.2%	25.4%	30.2%	34.0%	35.3%
FTSE per Full-Time Faculty	24.2	19.5	19.7	18.9	19.9	17.5	22.0	20.9	19.9	20.1
FTSE per Full-Time Staff Member	13.9	7.5	10.9	15.1	13.4	11.8	14.9	14.2	13.3	14.0
Average Faculty Salary Equated to 9 Month Contract	\$ 49,429	\$ 46,179	\$ 46,127	\$ 44,374	\$ 38,802	\$ 42,536	\$ 41,425	\$ 40,645	\$ 39,864	\$ 39,608

Notes:

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

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

Student Classification	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 Hours	1,368	66.93%	1,557	73.69%	1,631	73.63%	1,863	79.21%	1,750	78.13%	1,683	73.40%
31-60 Hours	401	19.62%	357	16.90%	394	17.79%	245	10.42%	257	11.47%	361	15.74%
> 60 Hours	162	7.93%	130	6.15%	140	6.32%	148	6.29%	138	6.16%	119	5.19%
Unclassified	113	5.53%	69	3.27%	50	2.26%	96	4.08%	95	4.24%	130	5.67%
Total	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	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	28	1.37%	30	1.41%	35	1.58%	37	1.57%	35	1.56%	48	2.09%
3-5 Semester Hours	580	28.38%	565	26.73%	599	27.04%	646	27.47%	634	28.30%	608	26.52%
6-8 Semester Hours	541	26.47%	485	22.95%	600	27.09%	530	22.53%	524	23.39%	609	26.56%
9-11 Semester Hours	277	13.55%	293	13.86%	292	13.18%	352	14.97%	314	14.02%	381	16.62%
12-14 Semester Hours	495	24.22%	583	27.59%	536	24.20%	622	26.45%	602	26.88%	484	21.11%
15-17 Semester Hours	110	5.38%	148	7.00%	143	6.46%	144	6.12%	118	5.27%	145	6.32%
18 & Over	13	0.64%	9	0.46%	10	0.45%	21	0.89%	13	0.58%	18	0.78%
Total	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	8.5		8.6		8.6		8.8		8.6		8.5	
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Tuition Status	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	1,951	95.45%	2,039	96.4%	2,126	95.98%	2,266	96.34%	2,165	96.65%	2,208	96.29%
Texas Resident (Out-of-District)	-	-	-	-	-	-	-	-	-	-	-	-
Non-Resident Tuition	93	4.55%	74	3.5%	89	4.02%	86	3.66%	75	3.35%	85	3.71%
Total	2,044	100.0%	2,113	100.0%	2,215	100.00%	2,352	100.00%	2,240	100.00%	2,293	100.00%

Source: Data from CBM001 reports and CBM01A.

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

	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender												
Female	1,333	65.22%	1,275	64.70%	1,427	64.42%	1,528	64.97%	1,475	65.85%	1,494	65.15%
Male	711	34.78%	838	35.30%	788	35.58%	824	35.03%	765	34.15%	799	34.85%
Total	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	1,014	49.61%	1,073	50.78%	1,159	54.85%	1,253	56.57%	1,181	52.72%	1,183	51.59%
Hispanic	521	25.49%	531	25.13%	535	25.32%	542	24.47%	520	23.21%	515	22.46%
African American	401	19.62%	406	19.21%	414	19.59%	450	20.32%	422	18.84%	480	20.93%
Asian	65	3.18%	54	2.56%	67	3.17%	61	2.75%	67	2.99%	65	2.83%
Foreign	32	1.57%	39	1.85%	33	1.56%	38	1.72%	38	1.70%	38	1.66%
Native American	4	0.20%	10	0.47%	6	0.28%	5	0.23%	8	0.36%	8	0.35%
Unknown/Not Reported	7	0.34%	-	-	1	0.05%	3	0.13%	4	0.18%	4	0.17%
Total	2,044	100.00%	2,113	100.00%	2,215	104.83%	2,352	106.18%	2,240	100.00%	2,293	100.00%
Age												
Under 18	190	9.30%	205	9.70%	235	10.61%	248	10.54%	267	11.92%	276	12.04%
18 -21	738	36.11%	738	34.93%	754	34.04%	778	33.08%	764	34.11%	750	32.71%
22 - 24	287	14.04%	285	13.49%	299	13.50%	374	15.90%	328	14.64%	318	13.87%
25 - 35	483	23.63%	518	24.51%	533	24.06%	546	23.21%	501	22.37%	538	23.46%
36 - 50	254	12.43%	274	12.97%	301	13.59%	310	13.18%	292	13.04%	314	13.69%
51 & Over	92	4.50%	93	4.40%	93	4.20%	96	4.08%	88	3.93%	97	4.23%
Total	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	27		27		27		27		26		27	

Source: Data from CBM001 reports and CBM01A.

GALVESTON COMMUNITY COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2006 FALL STUDENTS AS OF FALL 2007
 (Includes only public senior colleges in Texas)
 (Unaudited)

Table 17

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Transfer Student Count <u>Tech-Prep</u>	Total of All Transfer Students	% of All Transfer Students
Lamar University	36		2	38	10%
Midwestern State University		3	1	4	1%
Prairie View A&M University	3	1		4	1%
Sam Houston State University	19			19	5%
Stephen F. Austin State University	7			7	2%
Texas A&M International University	3			3	1%
Texas A&M University	37			37	9%
Texas A&M University at Commerce	1			1	0%
Texas A&M University at Corpus Christi	1	1		2	1%
Texas A&M University at Galveston	113	3	1	117	30%
Texas Southern University	7			7	2%
Texas State University	25			25	6%
Texas Tech University	3			3	1%
Texas Woman's University	1			1	0%
The University of Texas at Arlington	1			1	0%
The University of Texas at Austin	38			38	10%
The University of Texas at Dallas	1			1	0%
The University of Texas at San Antonio	8		1	9	2%
The University of Texas at Tyler	1			1	0%
University of Houston	18			18	5%
University of Houston – Downtown	3		1	4	1%
University of Houston at Clear Lake	39	7	5	51	13%
University of North Texas	4	1		5	1%
				0	0%
Totals	<u>369</u>	<u>16</u>	<u>11</u>	<u>396</u>	<u>100%</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
 CAPITAL ASSETS INFORMATION
 FISCAL YEARS 2002 TO 2008
 (Unaudited)

Table 18

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