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FINANCIAL STATEMENTS AND  
SINGLE AUDIT REPORTS

AUGUST 31, 2015 AND 2014

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, 2015

BOARD OF REGENTS

Term Expires  
May 31,

OFFICERS

Mr. Armin Cantini – Chairperson	Galveston, Texas	2016
Mr. Raymond Lewis, Jr. – Vice Chairperson	Galveston, Texas	2020
Ms. Karen F. Flowers - Secretary	Galveston, Texas	2018

MEMBERS

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

KEY OFFICERS

Myles Shelton, Ed.D.	President
Gaynelle Hayes, Ed.D.	Vice-President for Community Engagement and Special Projects
Cissy Matthews, Ed.D	Vice-President for Instruction
Mr. Ron Crumedy	Acting Vice-President for Student Services



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Regents  
Galveston Community College District  
Galveston, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Galveston Community College District (the "College") as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2015 and 2014, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

In June 2012 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Also, in November 2013 the GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in note 2, Statements 68 and 71 are effective for the College's fiscal year ended August 31, 2015. Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 22, and the schedule of College's share of net pension liability and the schedule of College's contributions on pages 50 and 51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary schedules on pages 54 through 57 and statistical section on pages 69 through 89 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of federal and State of Texas awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

Houston, Texas  
November 11, 2015

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Galveston Community College District (the "College" or "Galveston College") Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2015 and 2014. Since management's discussion and analysis is designed to focus on current activities, and currently known facts, please read this in conjunction with the College's financial statements and the notes thereto. Responsibility for the completeness and fairness of this information rests with the management of the College.

**Financial Highlights for 2015**

- In fiscal year 2015, the College implemented the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 (GASB No. 68). GASB No. 68 requires Teacher Retirement System (TRS) participating employers to report their proportionate share of the unfunded net pension liability on their statement of net position. The fiduciary net position of TRS and the College's proportionate share of the unfunded net pension liability have been determined on the flow of economic resources measurement focus and full accrual basis of accounting, which has been actuarially determined and audited by the State of Texas Auditor's Office. Additionally, GASB No. 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for pension related expenses and revenues, respectively, that will be recognized in future periods. The College's fiscal year 2014 financial statements have not been restated for the implementation of GASB No 68. As an alternative, allowed by GASB No. 68, the cumulative effect of applying GASB No. 68 has been reported as a restatement of beginning net position as of September 1, 2014. Therefore, the College's 2015 financial statements are not comparable to 2014 financial statements with respect to the net pension liability and deferred inflows of resources and deferred outflows of resources related to pensions. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.
- The College's net position as of August 31, 2015 is reported at \$29.1 million. This represents a reduction of net position of 4% from 2014. Even though the College's net position increased by \$2.4 million for net income earned during the year, the implementation of GASB No. 68 in fiscal year 2015 and corresponding restatement of beginning net position as of September 1, 2015 resulted in a reduction of opening net position by \$3.6 million from the previously reported closing net position of \$30.2 million as of August 31, 2014.
- The College maintained its annual tax rate of \$0.187 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$510,000 in current property tax revenue was received compared to fiscal year 2014.
- The College made its last principal and interest bond payment of \$717,600, originating from a 1994 bond issuance that was subsequently refinanced in 2004, thereby placing Galveston College in the roughly 10% of Texas Community Colleges that currently have no outstanding tax or revenue debt.



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2015 - Continued**

- Grant funds received in fiscal year 2015:

<b>GRANT NAME</b>	<b>PURPOSE</b>	<b>TERM</b>	<b>TOTAL AMOUNT</b>
Dept. of Education - Federal	HSI – STEM Programs	10/01/14 – 09/30/15	\$939,000
Dept. of Education - Federal	Title V	10/01/14 – 09/30/15	\$550,000
Dept. of Education - Federal	Upward Bound Program	09/01/14 – 08/31/15	\$242,000
Scaling and Sustaining Success - State	Boost student success and college completion of underprepared students	09/01/14 – 08/31/15	\$85,000
GCPASS – State	Achieving the Dream Program	01/01/15 – 12/31/15	\$115,000
Dept. of Education - Federal	Building Bridges to Success	09/01/14 – 08/31/15	\$244,000
Carl Perkins- Federal	Applied Technology Support	09/01/14 – 08/31/15	\$102,000
Texas Educational Opportunity Grant - State	Provide aid to financially needy students	09/01/14 – 08/31/15	\$143,000
Nursing Shortage Reduction Programs - State	Increase Nursing Degree Graduation Rates	09/01/14 – 08/31/15	\$136,000
Nursing Innovation Grant Program - State	Innovation Simulation Lab	01/01/15 – 12/31/15	\$92,000
Fast Start II - Texas Workforce Commission - State	Pilot Pipefitters Training Program	09/01/14 – 08/31/15	\$90,000
		<b>TOTAL</b>	<b>\$2,738,000</b>

- The College continued to improve its facilities during the fiscal year. Multiple studies have proven building designs and components have a measurable influence upon student learning. Computer, vehicle and media equipment purchases in fiscal year 2015 are as follows :

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2015 - Continued**

DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
Network Infrastructure Upgrade-Phase III	Title V Grant	\$142,500
General Computers Refresh (90)	Education & General	\$65,580
Computer Equipment & Software	Education & General	\$62,600
Student Lab Computers & Equipment (30)	Title V Grant	\$43,830
Biology Lab Microscopes & Equipment	STEM Grant	\$92,900
Chemistry Lab Equipment	STEM Grant	101,500
CISCO Computer Equipment	Education & General	\$32,470
Zogotech Business Intelligent Software	Education & General	\$254,660
38 Passenger Bus	Student Service Fund	\$143,325
Nursing Simulation Mannequins and Equipment	State Nursing Grant	\$142,400
	TOTAL	\$1,081,765

- Building renovations and furniture purchases in fiscal year 2015:

DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
Biology Lab Renovation	STEM Grant	\$308,000
Executive Suite Furniture	Education & General	\$149,330
Executive Suite Renovation	Education & General	\$104,100
Campus Signage	Education & General	\$96,000
1st Floor Regents Restroom Renovations	Education & General	\$56,000
	TOTAL	\$713,430

**Financial Highlights for 2014**

- The College's net position as of August 31, 2014 is reported at \$30.2 million. This represents a 6% increase from the prior year.
- The College decreased its annual tax rate from \$0.1894 to \$0.1870 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$426,000 in property tax revenue was received over the previous period.
- Galveston College ended the fiscal year achieving 99% of its forecasted revenue budget and 91% of the expenditure budget.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2014 (Continued)**

- Galveston College renovated several areas on the main campus to revitalize and reposition the College to better serve the needs of the 21<sup>st</sup> century learner. Hallways of the Regents Hall and Moody Hall were repainted, removing outdated wallpaper and replacing it with calming and inviting color combinations. The 2<sup>nd</sup> and 3<sup>rd</sup> floor Regents Hall restrooms were remodeled to conform to ADA requirements and improving their look and functionality. The chemistry lab was also extensively redesigned based on input of faculty to advance the learning process. In addition, the College modernized the developmental education writing lab to increase capacity, refresh technology, and allow it to serve as a standard classroom or a computer lab.
- Grant funds received in fiscal year 2014:

<b>GRANT NAME</b>	<b>PURPOSE</b>	<b>TERM</b>	<b>TOTAL AMOUNT</b>
Dept. of Education - Federal	HSI – STEM Programs	10/01/13 – 09/30/14	\$1,070,400
Dept. of Education - Federal	Title V	10/01/13 – 09/30/14	\$593,700
Dept. of Education - Federal	Upward Bound Program	09/01/13 – 08/31/14	\$244,700
Scaling and Sustaining Success - State	Boost student success and college completion of underprepared students	09/01/13 – 08/31/14	\$85,800
GCPASS – State	Achieving the Dream Program	09/01/13 – 08/31/14	\$233,600
Dept. of Education - Federal	Building Bridges to Success	09/01/13 – 08/31/14	\$228,800
Carl Perkins- Federal	Applied Technology Support	09/01/13 – 08/31/14	\$90,400
		<b>TOTAL</b>	<b>\$2,547,400</b>

- Computer and media equipment purchases in fiscal year 2014:

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Highlights for 2014 - Continued**

- Building renovations and furniture purchases in fiscal year 2014:

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

**Overview of Financial Statements**

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

The statement of net position presents financial information on all of the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Increases and decreases to net position is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention and other non-financial information. The statement is also useful in determining the assets available to continue operations as well as how much the College owes to vendors and creditors at the end of the year.

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Overview of Financial Statements - Continued**

The statement of cash flows reports the cash receipts and cash payments that occurred during the fiscal year. This statement helps users assess: 1) the entity's ability to generate future cash flows; 2) its ability to meet its obligations as they come due; and 3) its needs for external financing. The statement of cash flows presents information relative to cash inflows and outflows summarized by operating, financing, and investing activities.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the College's accounting policies, significant account balances, activities, and contingencies.

**Financial Analysis – Statements of Net Position**

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

**Net Position  
(in thousands)**

	<u>2015</u>	<u>2014</u>	Increase (Decrease) 2015 - 2014	<u>2013</u>	Increase (Decrease) 2014 - 2013
<b>Assets:</b>					
Current Assets	\$ 16,006	\$ 14,535	\$ 1,471	\$ 13,315	\$ 1,220
<b>Noncurrent Assets:</b>					
Capital Assets, Net of Depreciation	19,538	18,680	858	18,628	52
Other	<u>55</u>	<u>827</u>	<u>(772)</u>	<u>886</u>	<u>(59)</u>
Total Assets	<u>\$ 35,599</u>	<u>\$ 34,042</u>	<u>\$ 1,557</u>	<u>\$ 32,829</u>	<u>\$ 1,213</u>
<b>Deferred Outflows of Resources:</b>					
Pension Related Deferred Outflows	<u>\$ 559</u>	<u>\$ -</u>	<u>\$ 559</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities:</b>					
Current Liabilities	\$ 2,599	\$ 3,490	\$ (891)	\$ 3,375	\$ 115
Noncurrent Liabilities	<u>3,501</u>	<u>334</u>	<u>3,167</u>	<u>990</u>	<u>(656)</u>
Total Liabilities	<u>\$ 6,100</u>	<u>\$ 3,824</u>	<u>\$ 2,276</u>	<u>\$ 4,365</u>	<u>\$ (541)</u>
<b>Deferred Inflows of Resources:</b>					
Pension Related Deferred Inflows	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position:</b>					
Invested in Capital Assets, Net of Related Debt	\$ 19,538	\$ 17,990	\$ 1,548	\$ 17,273	\$ 717
Restricted – Expendable	174	879	(705)	887	(8)
Unrestricted	<u>9,383</u>	<u>11,349</u>	<u>(1,966)</u>	<u>10,304</u>	<u>1,045</u>
Total Net Position	<u>\$ 29,095</u>	<u>\$ 30,218</u>	<u>\$ (1,123)</u>	<u>\$ 28,464</u>	<u>\$ 1,754</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

***Fiscal Year 2015 Compared to 2014***

Current assets mainly consist of cash investments in Logic, Lone Star, TexPool, Texas Term Investment pools, a collateralized certificate of deposit, and receivables. Overall, current assets increased by \$1.5 million, mainly driven by the increase in cash and cash equivalents generated by surplus funds from operations in fiscal year 2015. Short term investments remained relatively stable as the College redeemed and replaced a \$2 million collateralized Moody Bank certificate of deposit that matured in June 2015. During 2015, the College renovated the chemistry lab, the executive suite, and the main Regents Building first floor restrooms. Capital assets increased as the College capitalized approximately \$1.6 million of renovation to facilities, classrooms, laboratories, and equipment, offset by \$830,000 of depreciation expense.

The College's current liabilities decreased \$891,000 as of August 31, 2015. The majority of the decrease is due to the final principal and interest bond payment originating from a 1994 bond issue. As of August 31, 2015, net pension liability recognized by the College under GASB 68, is \$3.1 million which largely explains the increase in non-current liability from 2014. Pension related deferred inflows of resources and deferred outflows of resources are \$0.96 million and \$0.56 million, respectively, as of August 31, 2015 and will be recognized in pension expense in future periods.

Total net position for fiscal year 2015 was \$29.1 million, representing a 4% decrease or \$1.12 million from fiscal year 2014. This is primarily driven by the implementation of GASB No. 68, which resulted in the College restating its opening net position by \$3.57 million to recognize net pension liability and related deferred outflow of resources of as of September 1, 2014. This decline is offset by \$2.44 million of surplus from operations for the year ended August 31, 2015.

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

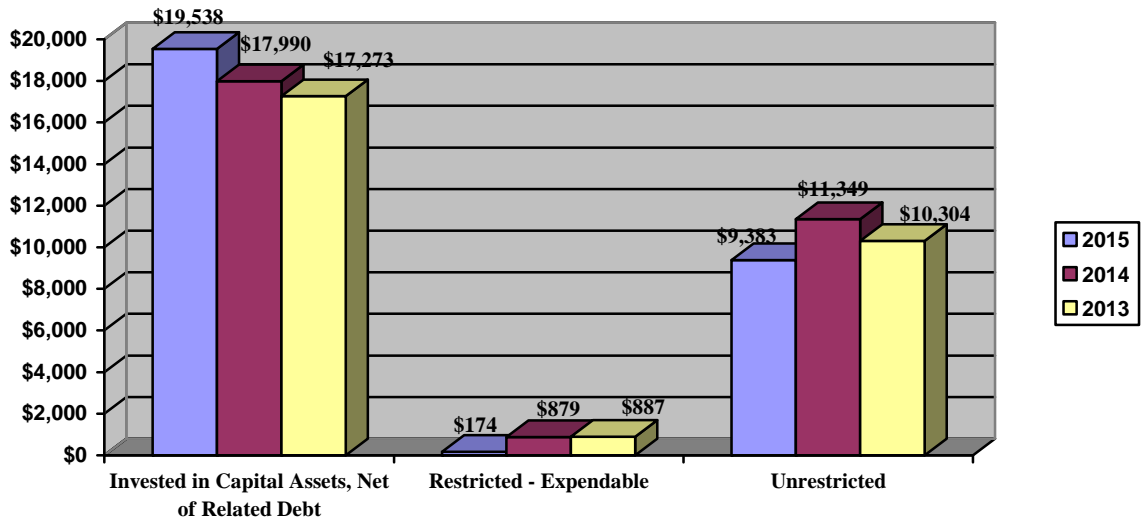
Total net position for fiscal year 2014 was \$30.2 million, representing a 6% increase or \$1.75 million from fiscal year 2013. Current assets mainly consist of cash investments in Logic, Lone Star, TexPool, and Texas Term Investment pools, collateralized Certificate of Deposits, and receivables. Cash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

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following is a graphic illustration of net position (in thousands) for the years ended August 31, 2013 through 2015. Total net position invested in capital assets, net of related debt have increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student and program growth. The decrease in unrestricted net position in 2015 is due to the College's booking of the unfunded TRS liability.



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

**Operating Results**  
(in thousands)

	<u>2015</u>	<u>2014</u>	Increase (Decrease) 2015 - <u>2014</u>	<u>2013</u>	Increase (Decrease) 2014 - <u>2013</u>
<b>Operating Revenues:</b>					
Tuition and Fees, Net of					
Scholarship Allowance	\$ 2,574	\$ 2,519	\$ 55	\$ 2,521	\$ (2)
Grants and Contracts	3,263	3,168	95	2,481	687
Auxiliary Enterprises, Net	298	305	(7)	248	57
Other Operating Revenues	<u>137</u>	<u>141</u>	<u>(4)</u>	<u>115</u>	<u>26</u>
Total Operating Revenues	6,272	6,133	139	5,365	768
Less Operating Expenses	<u>22,070</u>	<u>22,861</u>	<u>(791)</u>	<u>21,871</u>	<u>990</u>
Operating Loss	<u>(15,798)</u>	<u>(16,728)</u>	<u>930</u>	<u>(16,506)</u>	<u>(222)</u>
<b>Non-Operating Revenues (Expenses):</b>					
State Appropriations	4,709	4,662	47	3,853	809
Property Taxes	11,022	10,512	510	10,086	426
Federal Student Assistance	2,852	3,343	(491)	3,809	(466)
Investment and Other Income	19	20	(1)	40	(20)
Interest on Capital Related Debt	(28)	(54)	26	(76)	22
Loss on Disposal of Capital Assets	(332)	-	(332)	-	-
Other Non-Operating Expense	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>(16)</u>	<u>15</u>
Total Non-Operating Revenues, Net	<u>18,242</u>	<u>18,482</u>	<u>(240)</u>	<u>17,696</u>	<u>786</u>
Increase (Decrease) in Net Position	<u>\$ 2,444</u>	<u>\$ 1,754</u>	<u>\$ 690</u>	<u>\$ 1,190</u>	<u>\$ 564</u>

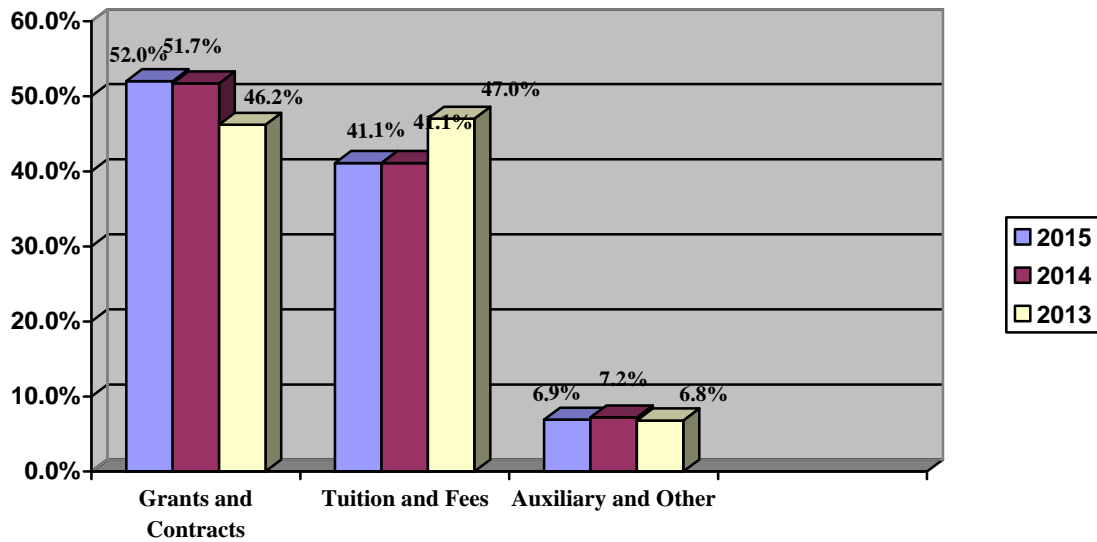


GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

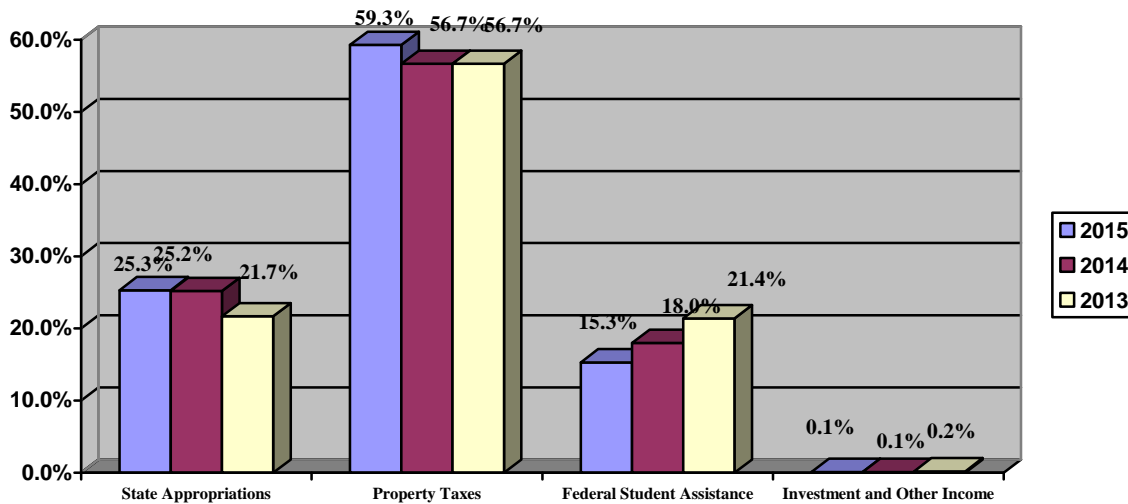
**Financial Analysis: Statements of Revenues, Expenses and Change in Net Position - Continued**

The following are graphic illustrations of revenues by source for the years ended August 31, 2013 through 2015:

**Revenues by Source  
Operating Revenues**



**Revenues by Source  
Non-Operating Revenues**



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

***Fiscal Year 2015 Compared to 2014***

Over the two year period, the proportions of revenue have generally remained constant. The College has four major sources of revenues: property tax, state appropriations, grants and contracts, and tuition and fees. The College maintained its tax rate of \$0.1870 per \$100 assessed values. However, due to a tax-based growth of about 5%, an additional \$510,000 of property tax revenue was received in fiscal year 2015. State appropriations and tuition and fees revenue remained stable when compared to 2014. Federal grants and contracts decreased by \$144,000 as a result of reaching the final years of Title V and STEM grants. State and local grant revenue increased by \$339,000 chiefly due to increased state grant revenue received for the Nursing Shortage, Nursing Innovation, and TWC Fast Start II grants. Federal student assistance is down by \$491,000 due to less students qualifying and receiving Pell and federal loans, thereby reducing the associated revenue received.

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

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

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

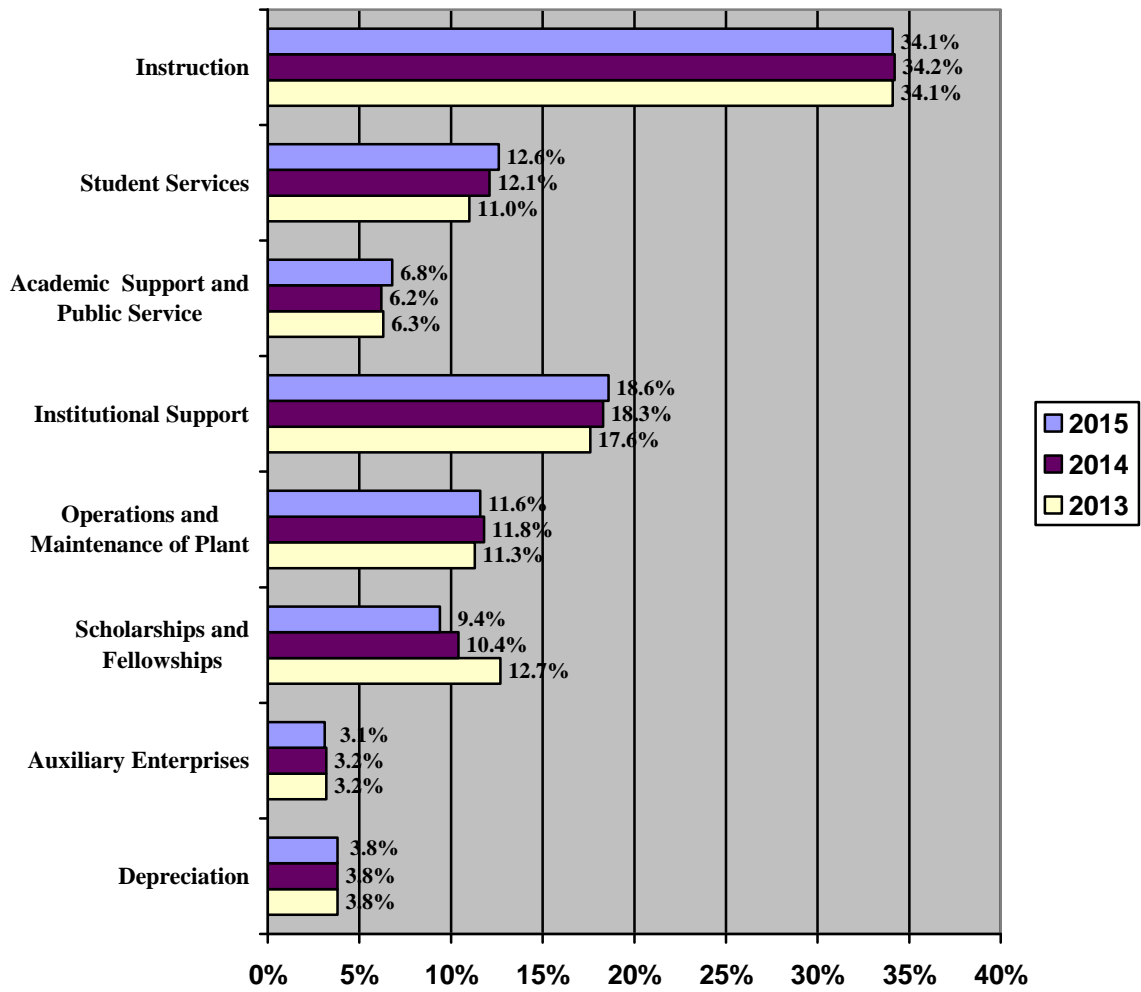
**Operating Expenses  
(in thousands)**

	2015	2014	Increase (Decrease) 2015-2014	2013	Increase (Decrease) 2014-2013
<b>Operating Expenses:</b>					
<b>Instruction</b>	\$ 7,520	\$ 7,811	\$ (291)	\$ 7,464	\$ 347
<b>Public Service</b>	21	12	9	19	(7)
<b>Academic Support</b>	1,471	1,404	67	1,358	46
<b>Student Services</b>	2,785	2,760	25	2,405	355
<b>Institutional Support</b>	4,099	4,191	(92)	3,862	329
<b>Operation and Maintenance of Plant</b>	2,558	2,695	(137)	2,469	226
<b>Scholarships and Fellowships</b>	2,090	2,392	(302)	2,770	(378)
<b>Auxiliary Enterprises</b>	696	731	(35)	698	33
<b>Depreciation</b>	830	865	(35)	826	39
<b>Total</b>	<u>\$ 22,070</u>	<u>\$ 22,861</u>	<u>\$ (791)</u>	<u>\$ 21,871</u>	<u>\$ 990</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Operating Expenses**



GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

***Fiscal Year 2015 Compared to 2014***

Galveston College's operating expenses decreased by \$791,000 or 3% in fiscal year 2015 as compared to fiscal year 2014. The majority of this decrease (\$689,000) was in restricted grant expenses, which represents a 12% decrease when compared to fiscal year 2014. Restricted expenses fluctuate as they are driven by the availability of grants funds, but unrestricted expenses normally remain stable. The majority of the expense categories remained relatively stable when compared to their percentage of total expenses for the two years. The College's Board of Regents approved a salary increase for all employees resulting in total salary expenses increasing by 2%. Scholarship and fellowships decreased by \$302,000 due to 162 fewer students receiving Pell and 72 less receiving federal loans compared to fiscal year 2014.

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

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

**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>2015</u>	<u>2014</u>	<u>2013</u>
Cash Provided by (Used in):			
Operating Activities	\$(14,200)	\$(15,029)	\$(14,796)
Non-Capital Financing Activities	17,730	17,718	17,164
Capital and Related Financing Activities	(2,737)	(1,638)	(3,443)
Investing Activities	<u>9</u>	<u>9</u>	<u>(474)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	802	1,060	(1,549)
Cash and Cash Equivalents – Beginning of Year	<u>10,280</u>	<u>9,220</u>	<u>10,769</u>
Cash and Cash Equivalents – End of Year	<u>\$ 11,082</u>	<u>\$ 10,280</u>	<u>\$ 9,220</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Cash Flow Activity - Continued**

The College's cash flow from operations is always reflected as a use of cash because the College relies heavily on property tax and state appropriation revenue to fund operations. Cash from non-capital financing activities remained stable compared to fiscal year 2014, due to increases in property tax, offset by a reduction in Federal student assistance. The increase in capital and related financing activities resulted in the College completing several projects and purchasing capital equipment during the year, as described below. Investment activities remained stable as the College remained invested in government pools and a collateralized certificate of deposit. The overall increase in cash and cash equivalents is primarily driven by a surplus of funds from operations in fiscal year 2015.

**Capital Asset and Long Term Debt Activity**

As shown in Footnote 6 to the financial statements, capital assets increased from \$18.68 million to \$19.54 million due to the renovation to facilities, classrooms, laboratories, and equipment, offset by \$830,000 of depreciation expense. The following points explain the material changes in the capital asset categories during fiscal year 2015:

- Land and improvements increased primarily as a result of the purchase of a new property for future expansion totaling \$253,000.
- The College's construction in progress decreased mainly due to the capitalization of the STEM projects.
- Buildings increased \$425,000 primarily due to the capitalization of the executive suite renovations and the STEM projects of \$818,000, offset by the removal of several houses being used as athletic dorms of \$393,000.
- Furniture, equipment, and vehicles increased by \$750,000 due to the replacement of furniture in the executive suite and new laboratory equipment and furniture in the chemistry, biology, and nursing labs. The College also purchased a new 38 passenger bus in fiscal year 2015.
- Computer systems increased by \$243,000 due to the purchase of the ZogoTech business intelligence software system. This software will assist the administration with program offering by providing detailed enrollment trends.

**Capital Assets  
(in thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Capital Assets:			
Land and Improvements	\$ 6,372	\$ 5,845	\$ 5,845
Construction in Progress	439	832	256
Buildings	18,675	18,250	17,981
Equipment, Furniture, and Software	5,303	4,310	4,297
Library Books	<u>997</u>	<u>932</u>	<u>872</u>
Total	\$ <u>31,786</u>	\$ <u>30,169</u>	\$ <u>29,251</u>
Less Accumulated Depreciation	<u>(12,248)</u>	<u>(11,489)</u>	<u>(10,623)</u>
Net Capital Assets	\$ <u>19,538</u>	\$ <u>18,680</u>	\$ <u>18,628</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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 final principal bond payment of \$690,000 was made in fiscal year 2015 resulting in the College satisfying its outstanding bond indebtedness.

**Currently Known Facts, Decisions and Conditions**

- The College was named #1 Community College in Texas by Schools.com. This independent ranking was based on key factors such as a low student to faculty ratio, providing a more personalized learning experience and culminating in higher graduation and transfer rates. The College received national accolades: "Several College programs have earned national acclaim, particularly within the health services disciplines. The school even offers online programs in areas like magnetic resonance and computerized tomography imaging, which are traditionally more hands-on disciplines, to make this type of career-focused education more accessible."
- Fiscal year 2015 was the second biennium of the 83rd legislative session which resulted in the recovery of 22% of the state funding cuts from the prior biennium. Although an increase from the prior biennium, revenue is down 27% compared to historical levels. The 84th legislative session maintained similar contact hours funding for the College, but this does not factor in the growing costs to the College for medical insurance and retirement contributions. In the 84<sup>th</sup> session, the State continued the previously established formula funding method of awarding a standard amount to all community colleges for operation, contact hours funding based on enrollment, and an allocation based on student success points. Contact hours formula funding does not tell the complete story as insurance and retirement costs continue to escalate, forcing the College to cover more of these expenses while continuously increasing the strain on the College's limited financial resources that prior to fiscal year 2012 were covered by the State.
- As forecasted, the College saw a slight decrease in total enrollment in fiscal year 2015 which can be attributed to a reduction in high school graduates as a result of families displaced by Hurricane Ike and improvements in the overall U.S. economy. The College continued to expand its high school dual credit offering for both credit and workforce programs. As a result, dual credit enrollment increased by 11% from the 2014 fall semester to the 2015 fall semester.
- Based on the 2015 Texas Higher Education Almanac, the College's graduation rates are significantly higher than the average for Texas two-year institutions. The three-year graduation rate (the percentage of students who graduate within three years of enrollment) for the College's full-time students was 23.9%, compared to a state average of 15.2%. The four-year graduation rate for full-time students was 31.2% for the College vs. 21% for the state average. The six-year graduation rate for full-time students was 37.1% for the College and 32.9% for the state average. Most dramatically, the three-year graduation rate for students starting out in developmental classes was 24.6% for the College, compared to a state average of only 9.6%. While each of these averages may seem low, they are typical for community colleges who tend to serve more part-time students as well as students who are academically and/or economically disadvantaged.

GALVESTON COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- The following grants will be active in fiscal year 2016:

<b>GRANT NAME</b>	<b>PURPOSE</b>	<b>TERM</b>	<b>TOTAL AMOUNT</b>
Dept. of Education - Federal	HSI – STEM Programs	10/01/15 – 09/30/16	\$538,451
Dept. of Education - Federal	Title V	10/01/15 – 09/30/16	\$637,795
HCCS Grant -State	Accelerate Texas Grant	09/01/15 – 08/31/16	\$53,125
Dept. of Education - Federal	Upward Bound Program	09/01/15 – 08/31/16	\$250,000
Dept. of Education - Federal	Building Bridges to Success	09/01/15 – 08/31/16	\$238,486
Carl Perkins-Federal	Applied Technology Support	09/01/15 – 08/31/16	\$88,868
Scaling and Sustaining Success - State	Boost student success and college completion of underprepared students	09/01/15 – 08/31/16	\$92,322
Fast Start II - Texas Workforce Commission - State	Pilot Pipefitters Training Program	09/01/15 – 02/29/16	\$75,018
Nursing Shortage Reduction Programs - State	Increase Nursing Degree Graduation Rates	09/01/15 – 08/31/16	\$119,300
Nursing Innovation Grant Program - State	Innovation Simulation Lab	01/01/16 – 12/31/16	\$33,781
US Dept. of Agriculture - Federal	Engineering Applications in Agriculture Sciences	09/01/15 – 08/31/16	\$20,000
		TOTAL	\$2,147,146

**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 funds it receives. If you have questions about this report or need additional financial information, contact the Business Office at 4015 Avenue Q, Galveston, Texas 77550.

GALVESTON COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF NET POSITION  
AUGUST 31, 2015 AND 2014

Exhibit 1

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents (Note 4)	\$ 11,026,958	\$ 9,452,375
Short-Term Investment (Note 4)	2,022,093	2,012,033
Accounts Receivable (Note 5)	647,896	674,899
Property Tax Receivable, Net (Note 5)	575,539	568,738
Student Receivables, Net (Note 5)	1,166,125	1,246,141
Other Assets	567,409	580,667
Total Current Assets	16,006,020	14,534,853
<b>NONCURRENT ASSETS:</b>		
Restricted Cash and Cash Equivalents (Note 4)	-	717,600
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	54,919	109,700
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	3,969,707	4,109,839
Subjected to Depreciation	15,568,083	14,570,264
Total Noncurrent Assets	19,592,709	19,507,403
Total Assets	35,598,729	34,042,256
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Deferred Outflows (Note 9)	558,993	-
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable (Note 5)	573,321	664,501
Funds Held for Others - Agency	54,919	109,700
Unearned Revenues	1,932,548	1,980,478
Deposits	8,200	15,600
Compensated Absences - Current Portion (Notes 7 and 12)	30,000	30,000
Bonds Payable - Current Portion (Notes 7 and 8)	-	690,000
Total Current Liabilities	2,598,988	3,490,279
<b>NONCURRENT LIABILITIES:</b>		
Compensated Absences (Notes 7 and 12)	352,948	334,167
Net Pension Liability (Note 9)	3,147,643	-
Total Noncurrent Liabilities	3,500,591	334,167
Total Liabilities	6,099,579	3,824,446
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Deferred Inflows (Note 9)	962,873	-
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	19,537,790	17,990,103
Restricted - Expendable:		
Student Aid	174,649	160,812
Debt Service	-	717,600
Unrestricted	9,382,831	11,349,295
Total Net Position (Schedule D)	\$ 29,095,270	\$ 30,217,810

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



GALVESTON COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

Exhibit 2

	2015	2014
<b>OPERATING REVENUES:</b>		
Tuition and Fees, Net of Scholarship Allowance of \$1,540,781 for 2015 and \$1,613,272 for 2014	\$ 2,574,360	\$ 2,519,438
Federal Grants and Contracts	2,077,506	2,222,051
State and Local Grants and Contracts	604,421	265,565
Private Grants and Scholarships	580,853	680,693
Auxiliary Enterprises, Net of Scholarship Allowance of \$143,714 for 2015 and \$181,342 for 2014	297,797	304,760
Other Operating Revenues	136,607	140,512
Total Operating Revenues (Schedule A)	6,271,544	6,133,019
<b>OPERATING EXPENSES:</b>		
Instruction	7,519,930	7,810,357
Public Service	21,480	12,355
Academic Support	1,471,634	1,403,811
Student Services	2,784,895	2,759,863
Institutional Support	4,098,804	4,190,963
Operation and Maintenance of Plant	2,557,757	2,694,685
Scholarships and Fellowships	2,089,940	2,391,918
Auxiliary Enterprises	695,918	731,060
Depreciation	829,987	865,397
Total Operating Expenses (Schedule B)	22,070,345	22,860,409
<b>OPERATING LOSS</b>	<b>(15,798,801)</b>	<b>(16,727,390)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
State Appropriations	4,708,758	4,662,085
Property Taxes	11,022,556	10,511,511
Federal Student Assistance (Title IV Grants)	2,851,986	3,342,545
Investment Income	18,799	19,910
Interest on Capital Related Debt	(27,600)	(54,200)
Loss on Disposal of Capital Assets	(331,945)	-
Other Non-Operating Expense	-	(1,000)
Non-Operating Revenues, Net (Schedule C)	18,242,554	18,480,851
<b>INCREASE IN NET POSITION</b>	2,443,753	1,753,461
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 2)</b>	<b>26,651,517</b>	<b>28,464,349</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 29,095,270</b>	<b>\$ 30,217,810</b>

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

Exhibit 3

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Students and Other Customers	\$ 2,584,398	\$ 2,549,506
Receipts from Grants and Contracts	3,214,646	2,793,943
Payments to or on Behalf of Employees	(13,303,915)	(13,834,071)
Payments to Suppliers for Goods and Services	(5,030,369)	(4,592,340)
Payments for Scholarships	(2,089,940)	(2,391,918)
Other Cash Receipts	425,305	445,272
Net Cash Used in Operating Activities	(14,199,875)	(15,029,608)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from State Appropriations	3,818,939	3,826,141
Proceeds from Property Taxes	11,015,755	10,544,715
Proceeds from Federal Student Assistance (Title IV Grants)	2,895,930	3,347,333
Net Cash Provided by Non-Capital Financing Activities	17,730,624	17,718,189
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of Capital Assets	(2,019,619)	(917,751)
Principal Paid on Capital Debt	(690,000)	(665,000)
Payment of Interest on Capital Debt	(27,600)	(54,200)
Other Non-Operating Expense	-	(1,000)
Net Cash Used in Capital and Related Financing Activities	(2,737,219)	(1,637,951)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Reinvestment of Interest Income	(10,060)	(12,033)
Investment Income	18,732	20,730
Net Cash Provided by Investing Activities	8,672	8,697
INCREASE IN CASH AND CASH EQUIVALENTS	802,202	1,059,327
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,279,675	9,220,348
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 11,081,877	\$ 10,279,675

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

Exhibit 3 - Continued

	2015	2014
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (15,798,801)	\$ (16,727,390)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	829,987	865,397
Payments Made Directly by State for Benefits	890,045	840,580
Changes in Assets and Liabilities:		
Receivables, Net	62,916	(186,882)
Other Assets	13,258	54,211
Deferred Outflows of Resources	(260,238)	-
Accounts Payable	(91,180)	248,183
Funds Held for Others - Agency Funds	(54,781)	14,719
Unearned Revenues	(47,930)	(173,935)
Deposits	(7,400)	1,800
Compensated Absences	18,781	33,709
Net Pension Liability	(717,405)	-
Deferred Inflows of Resources	962,873	-
Net Cash Used in Operating Activities	\$ (14,199,875)	\$ (15,029,608)

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

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

The Governmental Accounting Standards Board (GASB) gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. In 2011, the College adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which changed the criteria for a component unit. The Galveston College Foundation (the “Foundation”) is a legally separate not-for-profit corporation controlled by a separate board of trustees, whose sole purpose is to provide scholarships and other benefits to the students and staff of the College. The Foundation does not provide a financial benefit or impose a financial burden on the College. The College does not appoint any of the Foundation’s board members nor does it fund or is it obligated to pay debt related to the Foundation. The financial position of the Foundation as of August 31, 2015 and 2014 and the cost of services provided by the System to the Foundation during the years then ended are not significant to the System. The Foundation has therefore not been included as a component unit in the financial statements of the System. Financial information for the Foundation may be obtained from its administrative office.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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

Tuition Discounting

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

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

Basis of Accounting

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

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

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

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

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

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

Budgetary Data

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

Cash and Cash Equivalents

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. The College's short term investments consist of certificates of deposit totaling \$2,022,093 and \$2,012,033 at August 31, 2015 and 2014, respectively.

Capital Assets

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

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

Unearned Revenues

Tuition, fees and other revenues related to periods after August 31, 2015 and 2014, respectively, have been deferred to the subsequent fiscal year.

Operating and Non-Operating Revenues and Expense Policy

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

Management Estimates

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The College is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2015 and 2014.

Subsequent Events

The College has evaluated subsequent events through November 11, 2015 which is the date the financial statements were available to be issued. No matters were identified that require disclosure or adjustment to these financial statements.

Implementation of New GASB Pronouncements

For the year ended August 31, 2015, the College implemented the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No.68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined on the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the College after the measurement date but before the end of the College's reporting period.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Prior Year Restatement

During the fiscal year 2015, the College implemented the provisions of GASB No. 68, which require the College to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. As permitted by GASB No. 68, the College's beginning balances of deferred outflows of resources and deferred inflows of resources related to pensions were not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prior Year Restatement - Continued

The College's beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position as of August 31, 2014, as previously reported	\$ 30,217,810
Net pension liability as of September 1, 2014	(3,865,048)
Deferred outflows of resources related to contributions made after the August 31, 2013 measurement date	<u>298,755</u>
Net position as of September 1, 2014, as restated	\$ <u>26,651,517</u>

Comparative Information

As permitted by GASB No. 68, the College did not report the beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions as of August 31, 2013 (measurement date) since the information was not available to the College. Consequently, the College's fiscal year 2014 financial statements have not been restated for the implementation of GASB No 68. As an alternative, allowed by GASB No. 68, the cumulative effect of applying GASB No. 68 has been reported as a restatement of beginning net position as of September 1, 2014.

Therefore, the College's 2015 financial statements are not comparable to 2014 financial statements with respect to the net pension liability and deferred inflows of resources and deferred outflows of resources related to pensions.

NOTE 3 – AUTHORIZED INVESTMENTS

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

NOTE 4 – DEPOSITS AND INVESTMENTS

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

At August 31, 2015 and 2014, the carrying amount of the College's deposits was \$331,532 and \$553,163, respectively; and bank balances equaled \$785,324 and \$973,167, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts.



GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS - CONTINUED

The College’s investment in certificates of deposits requires pledged collateral with a market value of at least 102% of the par value of the deposit. In addition, monthly collateral reports reporting the pledged securities and their market values are received from the College’s financial institution. As of August 31, 2015 and 2014, the College had certificates of deposits in the amount of \$2,022,093 and \$2,012,033, respectively.

The following table presents the cash and cash equivalents included in Exhibit 1, Statement of Net Position, as of August 31:

	2015	2014
Cash and Cash Equivalents:		
Petty Cash	\$ 1,200	\$ 1,200
Demand Deposits	331,532	553,163
Vanguard Admiral Treasury Money Market Fund	652,418	652,352
Investment Pools:		
Lone Star Investment Pool	3,581,023	2,562,518
Local Government Investment Cooperative	3,006,414	3,003,305
Texas Local Government Investment Pool	2,005,146	2,004,195
Texas TERM Local Government Investment Pool	1,504,144	1,502,942
Total Cash and Cash Equivalents	11,081,877	10,279,675
Certificates of Deposit	2,022,093	2,012,033
Total Deposits and Investments	\$ 13,103,970	\$ 12,291,708

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

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

The First Public (Lone Star Investment Pool or Lone Star) is a public funds investment pool established in accordance with the Inter-local Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. Lone Star is governed by trustees comprised of active participants in Lone Star. The board of trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy, of appointing investment officers, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. First Public is rated AAA by Standard & Poor’s.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	<u>2015</u>	<u>2014</u>
Student Receivables	\$ 1,479,423	\$ 1,549,002
Less Allowance for Doubtful Accounts	<u>(313,298)</u>	<u>(302,861)</u>
Total Student Receivable	<u>\$ 1,166,125</u>	<u>\$ 1,246,141</u>
Federal Receivables	\$ 449,330	\$ 616,923
Other Receivables	<u>198,566</u>	<u>57,976</u>
Total Accounts Receivable	<u>\$ 647,896</u>	<u>\$ 674,899</u>
Property Tax Receivable	\$ 659,146	\$ 653,799
Less Allowance for Doubtful Accounts	<u>(83,607)</u>	<u>(85,061)</u>
Total Property Tax Receivable	<u>\$ 575,539</u>	<u>\$ 568,738</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 570,224	\$ 661,306
Benefits Payable	<u>3,097</u>	<u>3,195</u>
Total Payables	<u>\$ 573,321</u>	<u>\$ 664,501</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2015 was as follows:

	Balance September 1, <u>2014</u>	<u>Increase</u>	Decrease/ <u>Transfers</u>	Balance August 31, <u>2015</u>
Not Depreciated:				
Land	\$ 3,277,722	\$ 253,318	\$ -	\$ 3,531,040
Construction in Progress	<u>832,117</u>	<u>552,803</u>	<u>(946,253)</u>	<u>438,667</u>
Total Not Depreciated	<u>\$ 4,109,839</u>	<u>\$ 806,121</u>	<u>\$ (946,253)</u>	<u>\$ 3,969,707</u>
Other Capital Assets:				
Buildings	\$ 18,249,671	\$ 104,378	\$ 320,807	\$ 18,674,856
Land Improvements	2,566,963	283,634	(9,310)	2,841,287
Furniture, Equipment and Vehicles	2,049,154	517,741	232,230	2,799,125
Computer System	2,260,584	243,293	-	2,503,877
Library Books	<u>932,744</u>	<u>64,452</u>	<u>-</u>	<u>997,196</u>
Total Depreciated	<u>26,059,116</u>	<u>1,213,498</u>	<u>543,727</u>	<u>27,816,341</u>
Less Accumulated Depreciation:				
Buildings	6,462,793	365,700	(68,215)	6,760,278
Land Improvements	917,140	126,604	(2,366)	1,041,378
Furniture, Equipment and Vehicles	1,324,575	156,789	-	1,481,364
Computer System	2,082,827	155,412	-	2,238,239
Library Books	<u>701,517</u>	<u>25,482</u>	<u>-</u>	<u>726,999</u>
Total Accumulated Depreciation	<u>11,488,852</u>	<u>829,987</u>	<u>(70,581)</u>	<u>12,248,258</u>
Net Capital Assets	<u>\$ 18,680,103</u>	<u>\$ 1,189,632</u>	<u>\$ (331,945)</u>	<u>\$ 19,537,790</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

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

	Balance September 1, <u>2013</u>	<u>Increase</u>	Decrease/ <u>Transfers</u>	Balance August 31, <u>2014</u>
Not Depreciated:				
Land	\$ 3,277,722	\$ -	\$ -	\$ 3,277,722
Construction in Progress	<u>256,337</u>	<u>575,780</u>	<u>-</u>	<u>832,177</u>
 Total Not Depreciated	 <u>\$ 3,534,059</u>	 <u>\$ 575,780</u>	 <u>\$ -</u>	 <u>\$ 4,109,839</u>
Other Capital Assets:				
Buildings	\$ 17,981,476	\$ 268,195	\$ -	\$ 18,249,671
Land Improvements	2,566,963	-	-	2,566,963
Furniture, Equipment and Vehicles	2,036,235	12,919	-	2,049,154
Computer System	2,260,584	-	-	2,260,584
Library Books	<u>871,887</u>	<u>60,857</u>	<u>-</u>	<u>932,744</u>
 Total Depreciated	 <u>25,717,145</u>	 <u>341,971</u>	 <u>-</u>	 <u>26,059,116</u>
Less Accumulated Depreciation:				
Buildings	6,094,520	368,273	-	6,462,793
Land Improvements	793,657	123,483	-	917,140
Furniture, Equipment and Vehicles	1,181,419	143,156	-	1,324,575
Computer System	1,887,726	195,101	-	2,082,827
Library Books	<u>666,133</u>	<u>35,384</u>	<u>-</u>	<u>701,517</u>
 Total Accumulated Depreciation	 <u>10,623,455</u>	 <u>865,397</u>	 <u>-</u>	 <u>11,488,852</u>
 Net Capital Assets	 <u>\$ 18,627,749</u>	 <u>\$ 52,354</u>	 <u>\$ -</u>	 <u>\$ 18,680,103</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2015 was as follows:

	Balance September 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance August 31, <u>2015</u>	Current <u>Portion</u>
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 690,000	\$ -	\$ (690,000)	\$ -	\$ -
Other Liabilities -					
Compensated Absences	364,167	91,051	(72,270)	382,948	30,000
Net Pension Liability (Note 2, 9)	<u>3,865,048</u>	<u>784,874</u>	<u>(1,502,279)</u>	<u>3,147,643</u>	<u>-</u>
 Total Noncurrent Liabilities	 <u>\$ 4,919,215</u>	 <u>\$ 875,925</u>	 <u>\$(2,264,549)</u>	 <u>\$ 3,530,591</u>	 <u>\$ 30,000</u>

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

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

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

NOTE 8 – BONDS PAYABLE

Bonds payable consisted of Combined Fee Revenue Refunding Bonds, Series 2004. During the year ended August 31, 2015, the College paid off the final installment on the bond of \$690,000, and \$27,600 of associated interest expense.

NOTE 9 – EMPLOYEE RETIREMENT PLANS

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

Teacher Retirement System of Texas

*Plan Description.* The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

*Pension Plan Fiduciary Net Position.* Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

*Benefits provided.* TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

*Contributions.* Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<b>Contribution Rates</b>	
	2014	2015
Member	6.4%	6.7%
Non – employer contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Fiscal year 2014 College contributions		\$ 298,755
Fiscal year 2014 State of Texas on-behalf contributions		\$ 195,244

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

*Actuarial Assumptions.* The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Smoothed Market
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

*Discount Rate.* The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns <sup>1</sup>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

<sup>1</sup> The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

*Discount Rate Sensitivity Analysis.* The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	<u>7%</u> <u>Discount Rate</u>	<u>8%</u> <u>Discount Rate</u>	<u>9%</u> <u>Discount Rate</u>
The College’s proportionate share of the net pension liability	\$5,624,647	\$3,147,643	\$1,295,305

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At August 31, 2015, the College reported a liability of \$3,147,643 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College’s proportionate share of the collective net pension liability	\$ 3,147,643
State’s proportionate share that is associated with College	<u>2,061,454</u>
 Total	 <u>\$ 5,209,097</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net pension liability was based on the employer’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At the measurement date of August 31, 2014 the employer’s proportion of the collective net pension liability was 0.0117839% which was a decrease of 0.0695381% from its proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer’s reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer’s proportion cannot be determined at this time.

For the year ended August 31, 2015, the College recognized pension expense of \$195,244 and revenue of \$195,244 for support provided by the State. Including the above, the pension expense for the year ended August 31, 2015 totaled \$486,188.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

At August 31, 2015, the College reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 48,679	\$ -
Changes in actuarial assumptions	204,600	-
Difference between projected and actual investment earnings	-	962,048
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	-	825
Contributions paid to TRS subsequent to the measurement date	305,714	-
<b>Total</b>	<b>\$ 558,993</b>	<b>\$ 962,873</b>

The \$305,714 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31,</u>	
2016	\$ (197,923)
2017	(197,923)
2018	(197,923)
2019	(197,923)
2020	42,589
Thereafter	39,509
<b>Total</b>	<b>\$ (709,594)</b>

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.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Optional Retirement Plan - Continued

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries contributed by the state and each participant in 2015 and 2014 were 6.6% and 6.65%, respectively of annual compensation. The percentage of participant salaries contributed by the state and each participant in 2013 was 6.0% and 6.65%, respectively of annual compensation. In addition, for fiscal years 2015, 2014 and 2013, the College contributed 1.9%, 1.9%, and 2.5%, respectively, of annual compensation for each participant hired on or before August 31, 2005. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

*Retirement expense.* The total payroll for all College employees was \$10,274,342, \$10,104,265 and \$9,593,440 for the fiscal years ended August 31, 2015, 2014 and 2013, respectively. The total payroll of employees covered by ORP was \$1,803,179, \$1,935,332 and \$2,003,896 for fiscal years August 31, 2015, 2014 and 2013, respectively.

ORP expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$59,505, \$62,296 and \$115,075 for the fiscal years ended August 31, 2015, 2014 and 2013, respectively.

NOTE 10 – DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code Section 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. As of August 31, 2015, the College had 33 employees participating in the program and a total of \$134,818 in contributions was invested in the plan during the fiscal year. As of August 31, 2014, the College had 26 employees participating in the program and a total of \$110,693 in contributions was invested in the plan during the fiscal year.

NOTE 11 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for these benefits if they reach normal retirement age while working for the State. These and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's maximum contribution per full-time employee was \$538 and \$501 per month for fiscal years 2015 and 2014, respectively. The State's maximum contribution for dependent coverage was \$1,052 and \$982 per month for fiscal years 2015 and 2014 respectively. The table below depicts the cost of providing health care benefits to the College's retired and active employees, and the amount appropriated to the College from the State of Texas. Payments of these benefits by the State were recognized as state appropriations with an equal amount recognized as benefit expenses.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – CONTINUED

	2014	2015
Number of retirees	67	69
Cost of health benefits for retirees	\$ 489,210	\$ 451,922
Number of active full time employees	147	154
Cost of health benefits for active full time employees	\$ 1,164,112	\$ 1,115,693
State appropriation for health insurance	\$ 694,801	\$ 647,350
College's expense for health insurance	\$ 958,521	\$ 920,265

*Plan Description.* The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment health care plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via its website at [www.ers.state.tx.us](http://www.ers.state.tx.us).

*Funding Policy.* Section 1 551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree health care coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of Trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Beginning September 1, 2013, SB 1 812 limited the state's contribution to 50% of eligible employees for community colleges.

The College's contributions to SRHP for the years ended August 31, 2015, 2014, and 2013 were \$80,578, \$79,527 and 70,844, respectively, which equaled the required contributions each year.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – COMPENSATED ABSENCES

The College has three ways in which compensated absences can be earned.

Sick Leave

All full-time employees earn sick leave at the rate of one day per month. Sick leave can accumulate to a maximum of 60 days for the purpose of carry-over from year to year. Unused accrued sick leave is forfeited upon termination of employment with the College with one exception. Sick leave which was accrued prior to September 1, 1989, is compensated at the rate of one-half the accrued amount up to a maximum of 60 days based on the employee's salary at separation of service. The College's policy is to recognize sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

Vacation

Classified and administrative full-time employees are eligible for vacation benefits at a rate of one day per full month of employment; and may accrue and carry forward from one year to the next a maximum of 30 vacation days. Upon termination of employment, not more than 30 vacation days shall be compensated. The College has recognized an accrued liability for unpaid vacation leave in the amount of \$382,948 and \$364,167 as of August 31, 2015 and 2014, respectively. Faculty employees are not eligible to earn vacation benefits.

Compensatory Time

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

NOTE 13 – PROPERTY TAX

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, business/land personal property located in the tax area of the College. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX – CONTINUED

At August 31:	<u>2015</u>	<u>2014</u>
Certified Taxable Valuation of the College	\$ 5,300,704,286	\$5,293,746,247
Adjustments	<u>521,564,679</u>	<u>269,061,879</u>
Net Assessed Valuation of the College	<u>\$5,822,268,965</u>	<u>\$5,562,808,126</u>
	<u>2015</u>	
	<u>Current</u>	<u>Debt</u>
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-
Assessed Tax rate per \$100 Valuation	\$.187000	-
	\$.270000	\$.187000
	<u>2014</u>	
	<u>Current</u>	<u>Debt</u>
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-
Assessed Tax rate per \$100 Valuation	\$.187000	-
	\$.270000	\$.187000

Taxes levied for the years ended August 31, 2015 and 2014, based on certified rolls, as reported by the taxing authorities amounted to \$10,894,414 and \$10,402,527, respectively. Galveston County Tax Assessor and Collector is the collecting agency for the levy and remits collections to the College, net of a collection fee.

Tax collections for the years ended August 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Current Taxes Collected	\$ 10,648,256	\$ 10,144,188
Delinquent Taxes Collected	213,131	215,052
Penalties and Interest Collected	<u>148,026</u>	<u>140,874</u>
Total Collections	<u>\$ 11,009,413</u>	<u>\$ 10,500,114</u>

Tax collections for the years ended August 31, 2015 and 2014 were 97.74% and 97.52%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

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

NOTE 14 – CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues as funds are actually expended. For contracts and grant awards, funds expended but not collected are reported as receivables. Funds received but not expended during the reporting period are deferred until earned. As of August 31, 2015 and 2014, \$263,730 and \$303,861, respectively, of grant funds have been received in advance.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – DESIGNATED UNRESTRICTED NET POSITION

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

NOTE 16 – COMMITMENTS

Federal and State of Texas Assisted Programs

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

NOTE 17 – GALVESTON COLLEGE FOUNDATION

The Foundation is a nonprofit organization with the sole purpose of supporting the educational and other activities of the College.

The Foundation remitted \$201,414 and \$206,732 to the College for scholarship awards during the years ended August 31, 2015 and 2014, respectively. The Foundation did not fund any grant programs in 2015 and 2014.

During the years ended August 31, 2015 and 2014, the College provided office space and staff assistance to the Foundation at no cost. The College's management estimates the value of the salary, benefits, and operational expense provided to the Foundation to be approximately \$35,919 and 27,838 for fiscal years 2015 and 2014. As of August 31, 2015, the amount due from the Foundation was \$9,100. There was no amount due from the Foundation at the end of 2014.

NOTE 18 – NEW ACCOUNTING PRONOUNCEMENTS

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for the College's fiscal year ended August 31, 2016.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements 67 and 68. This Statement is effective for the College's fiscal year ended August 31, 2016.



GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 18 – NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement is effective for the College's fiscal year ended August 31, 2017.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the Other Postemployment Benefits (OPEB) that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the College's fiscal year ended August 31, 2018.

In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. That will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The Statement is also intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance, as is done for other GASB pronouncements. This Statement is effective for the College's fiscal year ended August 31, 2016.

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement is effective for the College's fiscal year ended August 31, 2017.

The College is currently evaluating the impact of adopting these GASB Standards, including standards that are effective as of September 1, 2015.

REQUIRED SUPPLEMENTARY SCHEDULES

*a beacon of light guiding lifelong learning*

GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF COLLEGE'S SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED AUGUST 31, 2015  
(Unaudited)

	2015
Total TRS' pension liability	\$ 159,496,075,886
TRS' net position	(132,779,243,085)
TRS' net pension liability	\$ 26,716,832,801
TRS' net position as percentage of total pension liability	83.25%
College's proportionate share of collective net pension liability	0.0117839%
College's proportionate share of collective net pension liability	\$ 3,147,643
State's proportionate share of net pension liability associated with College	2,061,454
Total	\$ 5,209,097
College's covered payroll amount	\$ 7,235,080
Ratio of: College's proportionate share of collective NPL / covered payroll amount	43.51%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the College will present information for those years for which information is available.

See Independent Auditor's Report and Accompanying Notes to Required Supplementary Schedules.

GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF COLLEGE'S CONTRIBUTIONS  
 FOR THE YEAR ENDED AUGUST 31, 2015  
 (Unaudited)

	2015
Legally required contributions	\$ 504,285
Actual contributions	(504,285)
Contributions deficiency (excess)	\$ -
College's covered payroll amount	\$ 7,415,939
Ratio of: Actual contributions / covered payroll amount	6.80%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the College will present information for those years for which information is available.

See Independent Auditor's Report and Accompanying Notes to Required Supplementary Schedules.

GALVESTON COMMUNITY COLLEGE DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
 FOR THE YEAR ENDED AUGUST 31, 2015

NOTE 1 – ACTUARIAL ASSUMPTIONS

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the net pension liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The GASB 67 assumptions are as follows:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Smoothed Market
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*

## SUPPLEMENTARY SCHEDULES

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GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2015 Total	2014 Total
<b>Tuition:</b>						
<b>State Funded Credit Courses:</b>						
In-District Resident Tuition	\$ 1,475,165	\$ -	\$ 1,475,165	\$ -	\$ 1,475,165	\$ 1,484,560
TPEG - Credit (set aside) *	93,251	-	93,251	-	93,251	82,569
Non-Resident Tuition	345,828	-	345,828	-	345,828	329,763
Non-State Funded Educational Programs	29,621	-	29,621	-	29,621	27,179
<b>Total Tuition</b>	<b>1,943,865</b>	<b>-</b>	<b>1,943,865</b>	<b>-</b>	<b>1,943,865</b>	<b>1,924,071</b>
<b>Fees:</b>						
Student Service Fee	-	-	-	65,610	65,610	68,926
Course Fees	475,114	-	475,114	-	475,114	472,894
Building Use Fee	866,364	-	866,364	-	866,364	917,422
Out of District Fee	309,630	-	309,630	-	309,630	275,206
General Service Fee	273,493	-	273,493	-	273,493	285,793
Registration Fee	181,065	-	181,065	-	181,065	188,398
<b>Total Fees</b>	<b>2,105,666</b>	<b>-</b>	<b>2,105,666</b>	<b>65,610</b>	<b>2,171,276</b>	<b>2,208,639</b>
<b>Scholarship Allowances and Discounts:</b>						
Scholarship Allowances	(452,393)	-	(452,393)	(6,346)	(458,739)	(255,628)
Remissions and Exemptions - State	(153,197)	-	(153,197)	-	(153,197)	(139,544)
Title IV Federal Grants to Students	(912,199)	-	(912,199)	(16,646)	(928,845)	(1,218,100)
<b>Total Scholarship Allowances and Discounts</b>	<b>(1,517,789)</b>	<b>-</b>	<b>(1,517,789)</b>	<b>(22,992)</b>	<b>(1,540,781)</b>	<b>(1,613,272)</b>
<b>Total Net Tuition and Fees</b>	<b>2,531,742</b>	<b>-</b>	<b>2,531,742</b>	<b>42,618</b>	<b>2,574,360</b>	<b>2,519,438</b>
<b>Additional Operating Revenues:</b>						
Federal Grants and Contracts	-	2,077,506	2,077,506	-	2,077,506	2,222,051
State Grants and Contracts	-	604,421	604,421	-	604,421	265,565
Private Grants and Scholarships	-	580,853	580,853	-	580,853	680,693
Other Operating Revenues	136,607	-	136,607	-	136,607	140,512
<b>Total Additional Operating Revenues</b>	<b>136,607</b>	<b>3,262,780</b>	<b>3,399,387</b>	<b>-</b>	<b>3,399,387</b>	<b>3,308,821</b>
<b>Auxiliary Enterprises:</b>						
Residential Life	-	-	-	235,985	235,985	262,929
Less Scholarship Allowances and Discounts	-	-	-	(143,714)	(143,714)	(181,342)
Bookstore Commissions	-	-	-	74,088	74,088	71,967
Vending Commissions	-	-	-	6,373	6,373	6,711
Other Auxiliary Revenue	-	-	-	125,065	125,065	144,495
<b>Total Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297,797</b>	<b>297,797</b>	<b>304,760</b>
<b>Total Operating Revenues</b>	<b>\$ 2,668,349</b>	<b>\$ 3,262,780</b>	<b>\$ 5,931,129</b>	<b>\$ 340,415</b>	<b>\$ 6,271,544</b>	<b>\$ 6,133,019</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code §56.003, \$93,251 and \$82,569 for years August 31, 2015 and 2014, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
FOR THE YEAR ENDED AUGUST 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)

Schedule B

	Operating Expenses				2015 Total	2014 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 4,392,559	\$ -	\$ 870,306	\$ 690,308	\$ 5,953,173	\$ 5,965,812
Public Service	15,706	-	1,413	4,361	21,480	12,355
Academic Support	984,543	-	222,987	135,560	1,343,090	1,276,867
Student Services	1,287,264	-	274,429	327,834	1,889,527	1,739,818
Institutional Support	1,826,182	-	448,260	1,613,057	3,887,499	3,993,887
Operation and Maintenance of Plant	491,062	-	205,515	1,861,180	2,557,757	2,694,685
<b>Total Unrestricted Educational Activities</b>	<b>8,997,316</b>	<b>-</b>	<b>2,022,910</b>	<b>4,632,300</b>	<b>15,652,526</b>	<b>15,683,424</b>
Restricted - Educational Activities:						
Instruction	656,756	449,767	162,851	297,383	1,566,757	1,844,545
Academic Support	-	128,544	-	-	128,544	126,944
Student Services	447,325	159,934	116,307	171,802	895,368	1,020,045
Institutional Support	-	211,305	-	-	211,305	197,076
Scholarships and Fellowships	-	-	-	2,089,940	2,089,940	2,391,918
<b>Total Restricted Educational Activities</b>	<b>1,104,081</b>	<b>949,550</b>	<b>279,158</b>	<b>2,559,125</b>	<b>4,891,914</b>	<b>5,580,528</b>
<b>Total Educational Activities</b>	<b>10,101,397</b>	<b>949,550</b>	<b>2,302,068</b>	<b>7,191,425</b>	<b>20,544,440</b>	<b>21,263,952</b>
Auxiliary Enterprises	117,861	-	46,905	531,152	695,918	731,060
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	492,304	492,304	491,756
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	337,683	337,683	373,641
<b>Total Operating Expenses</b>	<b>\$ 10,219,258</b>	<b>\$ 949,550</b>	<b>\$ 2,348,973</b>	<b>\$ 8,552,564</b>	<b>\$ 22,070,345</b> (Exhibit 2)	<b>\$ 22,860,409</b> (Exhibit 2)

See Independent Auditor's Report.



GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2015 Total	2014 Total
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 3,759,208	\$ -	\$ -	\$ 3,759,208	\$ 3,759,208
State Group Insurance	-	694,801	-	694,801	647,350
State Retirement Match	-	254,749	-	254,749	255,527
	<u>3,759,208</u>	<u>949,550</u>	<u>-</u>	<u>4,708,758</u>	<u>4,662,085</u>
Total State Appropriations					
Property Taxes	11,022,556	-	-	11,022,556	10,511,511
Federal Student Assistance (Title IV Grants)	-	2,851,986	-	2,851,986	3,342,545
Investment Income	18,734	65	-	18,799	19,910
	<u>11,041,290</u>	<u>2,852,051</u>	<u>-</u>	<u>13,893,341</u>	<u>13,873,966</u>
Total Non-Operating Revenues					
Non-Operating Expenses:					
Interest on Capital Related Debt	27,600	-	-	27,600	54,200
Loss on Disposal of Capital Assets	331,945	-	-	331,945	-
Other Non-Operating Expense	-	-	-	-	1,000
	<u>359,545</u>	<u>-</u>	<u>-</u>	<u>359,545</u>	<u>55,200</u>
Total Non-Operating Expenses					
NET NON-OPERATING REVENUES	<u>\$ 14,440,953</u>	<u>\$ 3,801,601</u>	<u>\$ -</u>	<u>\$ 18,242,554</u> (Exhibit 2)	<u>\$ 18,480,851</u> (Exhibit 2)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
FOR THE YEAR ENDED AUGUST 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 8,936,858	\$ -	\$ -	\$ -	\$ 8,936,858	\$ 8,936,858	\$ -
Auxiliary	273,258	-	-	-	273,258	273,258	-
Scholarships	-	174,649	-	-	174,649	174,649	-
Plant:							
Unexpended	172,715	-	-	-	172,715	172,715	-
Investment in Plant	-	-	-	19,537,790	19,537,790	-	19,537,790
<b>Total Net Position, August 31, 2015</b>	<b>9,382,831</b>	<b>174,649</b>	<b>-</b>	<b>19,537,790</b>	<b>29,095,270</b>	<b>9,557,480</b>	<b>19,537,790</b>
<b>Total Net Position, August 31, 2014</b>	<b>11,349,295</b>	<b>878,412</b>	<b>-</b>	<b>17,990,103</b>	<b>30,217,810</b>	<b>11,510,107</b>	<b>18,707,703</b>
Restatement relating to implementation of GASB 68 (Note 2)	(3,566,293)	-	-	-	(3,566,293)	(3,566,293)	-
<b>Total Net Position, September 1, 2014, as restated</b>	<b>7,783,002</b>	<b>878,412</b>	<b>-</b>	<b>17,990,103</b>	<b>26,651,517</b>	<b>7,943,814</b>	<b>18,707,703</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>\$ 1,599,829</b>	<b>\$ (703,763)</b>	<b>\$ -</b>	<b>\$ 1,547,687</b>	<b>\$ 2,443,753</b>	<b>\$ 1,613,666</b>	<b>\$ 830,087</b>
				(Exhibit 2)			

See Independent Auditor's Report.

SINGLE AUDIT REPORTS  
AND REQUIRED SUPPLEMENTAL SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE OF TEXAS AWARDS

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

Board of Regents  
Galveston Community College District  
Galveston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 11, 2015.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

## **Texas Public Funds Investment Act**

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

### **Purpose of this Report**

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

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

Houston, Texas

November 11, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Regents  
Galveston Community College District  
Galveston, Texas

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

We have audited Galveston Community College District (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of College's major federal and state programs for the year ended August 31, 2015. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2015.

## Report on Internal Control over Compliance

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

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

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

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

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

Houston, Texas  
November 11, 2015

GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 53,774
Federal Work-Study Program	84.033		58,360
Federal Pell Grant Program	84.063		2,739,852
Federal Direct Student Loans	84.268		1,074,984
Trio Cluster:			
TRIO - Student Support Services	84.042		243,570
TRIO - Upward Bound	84.047		242,411
Title V Modern Strategies for Student Success	84.031S		549,999
Expanding S.T.E.M. Pathways	84.031C		939,530
Passed-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	142038	<u>101,996</u>
Total U.S. Department of Education			<u>6,004,476</u>
Total Expenditures of Federal Awards			<u>\$ 6,004,476</u>

See Independent Auditor's Report and Accompanying Notes to the Schedule of Expenditures of Federal and State of Texas Awards.



GALVESTON COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Schedule F

Grantor/Pass-Through Grantor/ Program Title	Grant Contract Number	Expenditures and Pass-Through Disbursements
Texas Higher Education Coordinating Board:		
Texas Educational Opportunity Grant	13520 / 13399	\$ 143,146
Professional Nursing Shortage Reduction Program - Regular	13989 / 14433	97,875
Nursing Innovation Grant Program	14119	92,220
Developmental Education Scaling & Sustaining Success Grant (S3)	15055	84,657
Nursing Shortage Reduction Under 70	13830	38,715
Texas Grant	13521	31,050
Texas College Work Study	13674 / 15425	14,595
Passed-Through From:		
Houston Community College System:		
2015 Accelerate Texas Grant	OGC#2899	<u>10,330</u>
Total Texas Higher Education Coordinating Board		<u>512,588</u>
Texas Workforce Commission:		
Skills for Small Business Grant	2813SSD000	1,925
Passed-Through From:		
Alvin Community College:		
Texas Fast Start II Program	2814GRF002	<u>89,908</u>
Total Texas Workforce Commission		<u>91,833</u>
Total Expenditures of State of Texas Awards (Schedule A)		<u>\$ 604,421</u>

See Independent Auditor's Report and Accompanying Notes to the Schedule of Expenditures of Federal and State of Texas Awards.

GALVESTON COMMUNITY COLLEGE DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE OF TEXAS AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2015

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULES

The schedules of expenditures of Federal and State of Texas awards presents the activity of Federal and State of Texas financial assistance programs of the College for the year ended August 31, 2015. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues:	
Federal Grants and Contracts – (Schedule A)	\$ 2,077,506
Federal Student Assistance, Non-Operating – (Schedule C)	<u>2,851,986</u>
 Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Position	 4,929,492
 Reconciling Item – Direct Student Loans	 <u>1,074,984</u>
 Total Federal Revenues per Schedule of Expenditures of Federal Awards	 <u>\$ 6,004,476</u>

NOTE 3 – RELATIONSHIP TO FEDERAL AND STATE REPORTS

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules of expenditures of Federal and State of Texas 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, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

Cluster of Programs – Student Financial Aid:	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.031C	Expanding S.T.E.M. Pathways

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

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



SUPPLEMENTARY INFORMATION – STATISTICAL SECTION (UNAUDITED)

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

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

Table 1

	For the Fiscal Year Ended August 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Invested in Capital Assets, Net of Related Debt	\$ 19,538	\$ 17,990	\$ 17,273	\$ 14,748	\$ 14,050	\$ 11,662	\$ 8,042	\$ 7,144	\$ 5,891	\$ 4,390
Restricted - Expendable	174	879	887	893	917	926	945	976	915	1,110
Unrestricted	<u>9,383</u>	<u>11,349</u>	<u>10,304</u>	<u>11,633</u>	<u>10,279</u>	<u>10,862</u>	<u>11,836</u>	<u>10,695</u>	<u>10,206</u>	<u>8,147</u>
Total Net Position	<u>\$ 29,095</u>	<u>\$ 30,218</u>	<u>\$ 28,464</u>	<u>\$ 27,274</u>	<u>\$ 25,246</u>	<u>\$ 23,450</u>	<u>\$ 20,823</u>	<u>\$ 18,815</u>	<u>\$ 17,012</u>	<u>\$ 13,647</u>

See Independent Auditor's Report.

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

Table 2

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition and Fees (Net of Discounts)	\$ 2,574	\$ 2,519	\$ 2,521	\$ 2,524	\$ 1,942	\$ 1,715	\$ 1,384	\$ 1,738	\$ 1,313	\$ 1,276
Governmental Grants and Contracts:										
Federal Grants and Contracts	2,078	2,222	1,712	1,269	1,193	2,057	1,099	1,163	1,310	830
State Grants and Contracts	604	265	216	167	344	230	202	124	96	110
Non-Governmental Grants and Contracts	581	681	553	390	262	420	510	441	398	368
Auxiliary Enterprises	298	305	248	220	200	191	82	91	96	114
Other Operating Revenues	137	141	115	97	88	179	133	150	182	197
Total Operating Revenues	<u>6,272</u>	<u>6,133</u>	<u>5,365</u>	<u>4,667</u>	<u>4,029</u>	<u>4,792</u>	<u>3,410</u>	<u>3,707</u>	<u>3,395</u>	<u>2,895</u>
State Appropriations	4,709	4,662	3,853	4,039	5,710	5,770	6,570	6,146	6,078	5,985
Property Taxes	11,022	10,512	10,086	9,483	8,962	8,160	8,871	8,234	7,635	7,345
Federal Student Assistance	2,852	3,343	3,809	4,189	4,436	3,791	2,357	2,038	2,277	2,202
Investment and Other Income	19	20	40	75	25	1,678	208	533	398	334
Other Non-Operating Revenues	-	-	-	-	-	-	507	-	2,231	-
Total Non-Operating Revenues	<u>18,602</u>	<u>18,537</u>	<u>17,788</u>	<u>17,786</u>	<u>19,133</u>	<u>19,399</u>	<u>18,513</u>	<u>16,951</u>	<u>18,619</u>	<u>15,866</u>
Total Revenues	<u>\$ 24,874</u>	<u>\$ 24,670</u>	<u>\$ 23,153</u>	<u>\$ 22,453</u>	<u>\$ 23,162</u>	<u>\$ 24,191</u>	<u>\$ 21,923</u>	<u>\$ 20,658</u>	<u>\$ 22,014</u>	<u>\$ 18,761</u>

See Independent Auditor's Report.

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

Table 2 - Continued

	For the Year Ended August 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition and Fees (Net of Discounts)	10.35%	10.21%	10.89%	11.24%	8.38%	7.09%	6.31%	8.41%	5.96%	6.80%
Governmental Grants and Contracts:										
Federal Grants and Contracts	8.35%	9.01%	7.39%	5.65%	5.15%	8.50%	5.01%	5.63%	5.95%	4.42%
State Grants and Contracts	2.43%	1.07%	0.93%	0.75%	1.49%	0.95%	0.92%	0.60%	0.44%	0.59%
Non-Governmental Grants and Contracts	2.34%	2.76%	2.39%	1.74%	1.13%	1.74%	2.33%	2.13%	1.81%	1.96%
Auxiliary Enterprises	1.20%	1.24%	1.07%	0.98%	0.86%	0.79%	0.37%	0.44%	0.44%	0.61%
Other Operating Revenues	0.55%	0.57%	0.50%	0.43%	0.38%	0.74%	0.61%	0.73%	0.82%	1.05%
Total Operating Revenues	<u>25.22%</u>	<u>24.86%</u>	<u>23.17%</u>	<u>20.79%</u>	<u>17.39%</u>	<u>19.81%</u>	<u>15.55%</u>	<u>17.94%</u>	<u>15.42%</u>	<u>15.43%</u>
State Appropriations	18.93%	18.90%	16.64%	17.99%	24.65%	23.85%	29.97%	29.75%	27.61%	31.90%
Property Taxes	44.31%	42.61%	43.56%	42.23%	38.69%	33.73%	40.46%	39.86%	34.68%	39.15%
Federal Student Assistance	11.46%	13.55%	16.45%	18.66%	19.15%	15.67%	10.75%	9.87%	10.34%	11.74%
Investment and Other Income	0.08%	0.08%	0.18%	0.33%	0.12%	6.94%	0.95%	2.58%	1.81%	1.78%
Other Non-Operating Revenues, Net of Expenses	-	-	-	-	-	-	2.32%	-	10.14%	-
Total Non-Operating Revenues	<u>74.78%</u>	<u>75.14%</u>	<u>76.83%</u>	<u>79.21%</u>	<u>82.61%</u>	<u>80.19%</u>	<u>84.45%</u>	<u>82.06%</u>	<u>84.58%</u>	<u>84.57%</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>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditor's Report.



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

Table 3

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	\$ 7,520	\$ 7,811	\$ 7,464	\$ 6,121	\$ 6,560	\$ 5,965	\$ 6,057	\$ 6,024	\$ 5,874	\$ 5,593
Public Service	21	12	19	37	76	103	83	118	223	52
Academic Support	1,471	1,404	1,358	1,261	1,377	1,985	1,936	2,081	1,956	1,663
Student Services	2,785	2,760	2,405	2,527	2,330	2,305	2,233	2,030	2,880	2,142
Institutional Support	4,099	4,191	3,862	3,621	3,844	4,678	4,335	3,619	3,702	3,551
Operation and Maintenance of Plant	2,558	2,695	2,469	2,391	2,394	1,868	2,017	1,829	1,906	1,422
Scholarships and Fellowships	2,090	2,392	2,770	3,008	3,191	3,318	2,178	1,742	1,341	1,348
Auxiliary Enterprises	696	731	698	577	662	637	247	199	131	165
Depreciation	830	865	826	787	746	579	481	470	467	643
Total Operating Expenses	<u>22,070</u>	<u>22,861</u>	<u>21,871</u>	<u>20,330</u>	<u>21,180</u>	<u>21,438</u>	<u>19,567</u>	<u>18,112</u>	<u>18,480</u>	<u>16,579</u>
Interest on Capital Related Debt	28	54	76	95	110	125	139	154	169	182
Loss on Disposal of Capital Assets	332	-	-	-	-	-	-	-	-	-
Other Expenses	-	1	16	-	76	1	-	590	-	-
Total Non-Operating Expenses	<u>360</u>	<u>55</u>	<u>92</u>	<u>95</u>	<u>186</u>	<u>126</u>	<u>139</u>	<u>744</u>	<u>169</u>	<u>182</u>
Total Expenses	<u>\$ 22,430</u>	<u>\$ 22,916</u>	<u>\$ 21,963</u>	<u>\$ 20,425</u>	<u>\$ 21,366</u>	<u>\$ 21,564</u>	<u>\$ 19,706</u>	<u>\$ 18,856</u>	<u>\$ 18,649</u>	<u>\$ 16,761</u>

See Independent Auditor's Report.

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

Table 3 - Continued

	For the Year Ended August 31,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	33.53%	34.09%	33.98%	29.97%	30.70%	27.66%	30.74%	31.95%	31.50%	33.37%
Public Service	0.09%	0.05%	0.09%	0.18%	0.36%	0.48%	0.42%	0.63%	1.20%	0.31%
Academic Support	6.56%	6.13%	6.18%	6.17%	6.44%	9.21%	9.82%	11.04%	10.49%	9.92%
Student Services	12.42%	12.04%	10.95%	12.37%	10.91%	10.69%	11.33%	10.77%	15.44%	12.78%
Institutional Support	18.27%	18.29%	17.58%	17.73%	17.99%	21.69%	22.00%	19.19%	19.85%	21.19%
Operation and Maintenance of Plant	11.40%	11.76%	11.24%	11.71%	11.20%	8.66%	10.24%	9.70%	10.22%	8.48%
Scholarships and Fellowships	9.33%	10.44%	12.62%	14.73%	14.93%	15.39%	11.05%	9.24%	7.19%	8.04%
Auxiliary Enterprises	3.10%	3.19%	3.18%	2.82%	3.11%	2.95%	1.25%	1.05%	0.70%	0.98%
Depreciation	3.70%	3.77%	3.76%	3.85%	3.49%	2.69%	2.44%	2.48%	2.50%	3.84%
Total Operating Expenses	<u>98.40%</u>	<u>99.76%</u>	<u>99.58%</u>	<u>99.53%</u>	<u>99.13%</u>	<u>99.42%</u>	<u>99.29%</u>	<u>96.05%</u>	<u>99.09%</u>	<u>98.91%</u>
Interest on Capital Related Debt	0.12%	0.24%	0.35%	0.47%	0.51%	0.58%	0.71%	0.82%	0.91%	1.09%
Loss on Disposal of Capital Assets	1.48%	-	-	-	-	-	-	-	-	-
Other Expenses	-	0.00%	0.07%	-	0.36%	-	-	3.13%	-	-
Total Non-Operating Expenses	<u>1.60%</u>	<u>0.24%</u>	<u>0.42%</u>	<u>0.47%</u>	<u>0.87%</u>	<u>0.58%</u>	<u>0.71%</u>	<u>3.95%</u>	<u>0.91%</u>	<u>1.09%</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>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditor's Report.

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

Table 4

Academic Year (Fall)	Registration Fee (per student)	Resident Fees per Semester Credit Hour (SCH)						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	Student Activity Fees (per student)						
2015	\$ 30	\$ 37	\$ 16	\$ 20	\$ -	\$ 15	\$ 50	\$ 779	\$ 971	0.00%	5.20%	
2014	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2013	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2012	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2011	30	37	12	20	-	15	50	779	923	34.08%	58.86%	
2010	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2009	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2008	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2007	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2006	25	30	-	12	-	15	37	581	581	7.79%	7.79%	

Academic Year (Fall)	Registration Fee (per student)	Non - Resident Fees per Semester Credit Hour (SCH)						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	Student Activity Fees						
2015	\$ 30	\$ 100	\$ 100	\$ 20	\$ -	\$ 15	\$ 50	\$ 1,727	\$ 1,727	2.86%	2.86%	
2014	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2013	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2012	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2011	30	100	100	20	-	15	50	1,679	1,679	78.43%	78.43%	
2010	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2009	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2008	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2007	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2006	25	60	60	12	-	15	37	941	941	4.67%	4.67%	

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

See Independent Auditor's Report.

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

Table 5

Fiscal Year	(Amounts Expressed in Thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Certified Taxable Valuation	Adjustments	Assessed Valuation of Property		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2014-15	\$ 5,300,704	\$ 521,565	\$ 5,822,269	91.04%	\$ 0.187000	- \$	0.187000
2013-14	5,293,746	269,062	5,562,808	95.16%	0.187000	-	0.187000
2012-13	4,919,249	331,813	5,251,062	93.68%	0.189400	-	0.189400
2011-12	4,664,510	249,166	4,913,676	94.93%	0.189450	-	0.189450
2010-11	4,475,548	166,900	4,642,448	96.40%	0.189475	-	0.189475
2009-10	4,232,865	290,361	4,523,226	93.58%	0.190000	-	0.190000
2008-09	5,148,420	357,183	5,505,603	93.51%	0.170000	-	0.170000
2007-08	4,766,007	340,830	5,106,837	93.33%	0.170000	-	0.170000
2006-07	4,459,061	322,462	4,781,523	93.26%	0.170000	-	0.170000
2005-06	3,736,601	291,027	4,027,628	92.77%	0.191800	-	0.191800

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

See Independent Auditor's Report.

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

Table 6

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour				
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Continuing Education Contact Hours (c)	Total Contact Hours	State Appropriation per Contact Hour
2014-2015	\$ 3,759,208	1,412	\$ 2,662	573,491	389,040	22,975	985,506	\$ 3.81
2013-2014	3,759,208	1,483	2,535	619,467	401,440	11,335	1,032,242	3.64
2012-2013	3,143,636	1,560	2,015	677,200	375,472	5,333	1,058,005	2.97
2011-2012	3,364,137	1,575	2,136	701,232	346,672	10,216	1,058,120	3.18
2010-2011	4,378,534	1,651	2,652	702,176	393,088	25,320	1,120,584	3.91
2009-2010	4,398,215	1,522	2,891	648,896	348,880	38,437	1,036,213	4.24
2008-2009	4,729,347	1,324	3,571	561,408	338,380	16,876	916,664	5.16
2007-2008	4,729,793	1,378	3,431	547,520	343,888	34,309	925,717	5.11
2006-2007	4,720,440	1,459	3,234	598,224	369,636	39,051	1,006,911	4.69
2005-2006	4,729,349	1,435	3,295	615,904	378,272	24,630	1,018,806	4.64

Notes:

Full-Time Student Equivalent (FTSE) = Total annual semester credit hours (b) divided by 30 plus total annual continuing education contact hours (c) divided by 900.

(a) - Source - Galveston College Board Report, Revenue Summary Sheet

(b) - Source - CBM004

(c) - Source - CBM00C

See Independent Auditor's Report.

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

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Blanchard Refining Co. LLC	Refinery	\$ 1,152,354	\$ 1,331,771	\$ 1,277,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Valero Refining - Texas LP	Refinery	615,880	624,770	589,502	580,719	563,156	547,376	737,214	789,303	776,700	324,300
South Houston Green Power	Utilities	228,890	232,068	94,699	178,245	176,234	141,357	130,000	360,516	289,100	668,500
Union Carbide Corp	Refinery	219,265	241,915	269,300	249,898	219,411	222,150	258,272	351,664	333,700	-
Praxair Inc.	Supplier	211,265	203,332	207,861	169,821	171,220	173,279	179,607	197,696	169,400	115,800
Marathon Petroleum Co., LLC	Refinery	192,058	350,642	234,530	225,231	178,597	129,179	134,120	165,910	153,000	281,700
Texas-New Mexico Power Co.	Utilities	145,785	125,986	105,152	100,499	93,553	91,737	85,034	84,990	97,600	63,000
BP Amoco Chemical Co.	Refinery	139,603	185,987	183,918	164,334	156,054	113,992	121,552	155,126	156,700	114,100
Centerpoint Energy Inc.	Utilities	97,269	100,909	103,168	92,488	90,424	92,158	89,391	93,843	90,900	50,000
Galveston Outlets LLC	Retail	87,604	82,565	82,476	-	-	-	-	-	-	-
ISP Technologies Inc.	Computers	74,291	68,414	84,530	82,138	54,880	53,013	57,103	60,476	64,100	132,500
Komatsu America Corp	Refinery	73,070	109,981	75,406	38,432	-	-	-	-	-	-
Eastman Chemical Inc.	Refinery	63,792	61,563	65,554	51,430	-	-	-	-	-	-
Styrolution America LLC	Refinery	47,834	46,068	60,035	47,616	-	-	-	-	-	-
Valero Marketing and Supply CO	Supplier	37,640	80,519	90,271	103,193	52,150	60,903	-	49,945	-	-
Feritta Hospitality INC	Hospitality	36,659	35,535	33,165	-	-	-	32,977	-	-	-
American National INS Co	Insurance	35,050	35,070	35,095	35,166	37,453	-	-	-	-	-
Amalfi & Sorrento Prop LLC	Real Estate	34,219	-	-	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	33,563	33,805	33,216	35,085	34,691	34,240	32,217	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	32,126	34,811	-	-	31,210	-	33,037	33,767	34,700	-
TRAFIGURA INC	Refinery	-	32,367	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	-	-	36,357	39,302	37,431	35,911	35,911	38,575	35,300	-
Comcast of Houston LLC	Utilities	-	-	36,052	34,337	41,046	40,663	40,663	26,421	-	-
BP Products (NA) Inc	Refinery	-	-	-	1,503,012	1,433,426	1,384,642	1,618,991	1,789,680	1,395,700	1,285,600
B.A.S.F. Corp	Refinery	-	-	-	37,981	-	-	57,266	47,261	48,000	68,800
BP Alternative Energy	Utilities	-	-	-	32,900	38,500	54,600	48,930	-	-	-
Sterling Chemicals Inc.	Refinery	-	-	-	-	44,968	46,580	55,409	88,038	-	155,100
Ineds Styrenics	Refinery	-	-	-	-	38,651	38,540	37,824	72,640	71,700	-
SouthWestern Bell Telephone	Utilities	-	-	-	-	31,248	35,846	39,451	42,749	-	-
Houston Refining LP	Refinery	-	-	-	-	-	45,454	-	51,855	-	-
A-S 85 Victory Lakes	Supplier	-	-	-	-	-	36,616	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	-	-	-	54,477	84,900	44,600
Calpine Central LP	Utilities	-	-	-	-	-	-	-	-	-	35,500
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	-	-	-	26,800
<b>Totals</b>		<b>3,558,217</b>	<b>4,018,078</b>	<b>3,698,131</b>	<b>3,801,827</b>	<b>3,524,303</b>	<b>3,378,236</b>	<b>3,824,969</b>	<b>4,554,932</b>	<b>3,801,500</b>	<b>3,366,300</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 23,027,051</b>	<b>\$ 21,569,879</b>	<b>\$ 20,456,984</b>	<b>\$ 19,920,511</b>	<b>\$ 19,216,690</b>	<b>\$ 18,763,026</b>	<b>\$ 18,598,310</b>	<b>\$ 20,333,507</b>	<b>\$ 18,547,397</b>	<b>\$ 17,163,303</b>

Source: Local County Appraisal District

See Independent Auditor's Report.

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

Table 7 - Continued

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Blanchard Refining Co. LLC	Refinery	5.00%	6.17%	6.25%	-	-	-	-	-	-	-
Valero Refining - Texas LP	Refinery	2.67%	2.90%	2.88%	2.92%	2.93%	2.92%	3.96%	3.88%	4.19%	1.89%
South Houston Green Power	Utilities	0.99%	1.08%	0.46%	0.89%	0.92%	0.75%	0.70%	1.77%	1.56%	3.89%
Union Carbide Corp	Refinery	0.95%	1.12%	1.32%	1.25%	1.14%	1.18%	1.39%	1.73%	1.80%	-
Praxair Inc.	Supplier	0.92%	0.94%	1.02%	0.85%	0.89%	0.92%	0.97%	0.97%	0.91%	0.67%
Marathon Petroleum Co., LLC	Refinery	0.83%	1.63%	1.15%	1.13%	0.93%	0.69%	0.72%	0.82%	0.82%	1.64%
Texas-New Mexico Power Co.	Utilities	0.63%	0.58%	0.51%	0.50%	0.49%	0.46%	0.46%	0.42%	0.53%	0.37%
BP Amoco Chemical Co.	Refinery	0.61%	0.86%	0.90%	0.82%	0.81%	0.61%	0.65%	0.76%	0.84%	0.66%
Centerpoint Energy Inc.	Utilities	0.42%	0.47%	0.50%	0.46%	0.47%	0.49%	0.48%	0.46%	0.49%	0.29%
Galveston Outlets LLC	Retail	0.38%	0.38%	0.40%	-	-	-	-	-	-	-
ISP Technologies Inc.	Computers	0.32%	0.32%	0.41%	0.41%	0.29%	0.28%	0.31%	0.30%	0.35%	0.77%
Komatsu America Corp	Refinery	0.32%	0.51%	0.37%	0.19%	-	-	-	-	-	-
Eastman Chemical Inc.	Refinery	0.28%	0.29%	0.32%	0.26%	-	-	-	-	-	-
Styrolution America LLC	Refinery	0.21%	0.21%	0.29%	0.24%	-	-	-	-	-	-
Valero Marketing and Supply CO	Supplier	0.16%	0.37%	0.44%	0.52%	0.27%	0.32%	-	0.25%	-	-
Feritta Hospitality INC	Hospitality	0.16%	0.16%	0.16%	-	-	-	0.18%	-	-	-
American National INS Co	Insurance	0.15%	0.16%	0.17%	0.18%	0.19%	-	-	-	-	-
Amalfi & Sorrento Prop LLC	Real Estate	0.15%	-	-	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	0.15%	0.16%	0.16%	0.18%	0.18%	0.18%	0.17%	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	0.14%	0.16%	-	-	0.16%	-	0.18%	0.17%	0.19%	-
TRAFIGURA INC	Refinery	-	0.15%	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	-	-	0.18%	0.20%	0.19%	0.19%	0.19%	0.19%	0.19%	-
Comcast of Houston LLC	Utilities	-	-	0.18%	0.17%	0.21%	0.22%	0.22%	0.13%	-	-
BP Products (NA) Inc	Refinery	-	-	-	7.55%	7.46%	7.38%	8.71%	8.80%	7.53%	7.49%
B.A.S.F. Corp	Refinery	-	-	-	0.19%	-	-	0.31%	0.23%	0.26%	0.40%
BP Alternative Energy	Utilities	-	-	-	0.17%	0.20%	0.29%	0.26%	-	-	-
Sterling Chemicals Inc.	Refinery	-	-	-	-	0.23%	0.25%	0.30%	0.43%	-	0.90%
Ineds Styrenics	Refinery	-	-	-	-	0.20%	0.21%	0.20%	0.36%	0.39%	-
SouthWestern Bell Telephone	Utilities	-	-	-	-	0.16%	0.19%	0.21%	0.21%	-	-
Houston Refininig LP	Refinery	-	-	-	-	-	0.24%	-	0.26%	-	-
A-S 85 Victory Lakes	Supplier	-	-	-	-	-	0.20%	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	-	-	-	0.27%	0.46%	0.26%
Calpine Central LP	Utilities	-	-	-	-	-	-	-	-	-	0.21%
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	-	-	-	0.16%
Totals		<u>15.44%</u>	<u>18.62%</u>	<u>18.07%</u>	<u>19.08%</u>	<u>18.32%</u>	<u>18.00%</u>	<u>20.57%</u>	<u>22.41%</u>	<u>20.51%</u>	<u>19.60%</u>

Source: Local County Appraisal District

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN TAX YEARS  
(Unaudited)  
(Amounts Expressed in Thousands)

Table 8

Fiscal Year Ended August 31	Levy (a)	Collections - Year of Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections	Percentage of Current and Prior Levies
2015	\$ 10,894	\$ 10,648	97.74%	\$ 213	\$ 10,861	99.70%
2014	10,403	10,144	97.52%	215	10,359	99.58%
2013	9,950	9,537	95.85%	382	9,919	99.69%
2012	9,315	8,947	96.05%	350	9,297	99.81%
2011	8,801	8,518	96.78%	254	8,772	99.67%
2010	8,042	7,740	96.24%	271	8,011	99.61%
2009	8,752	8,408	96.07%	173	8,581	98.05%
2008	8,102	7,855	96.95%	213	8,068	99.58%
2007	7,575	7,302	96.40%	219	7,521	99.29%
2006	7,167	6,929	96.68%	241	7,170	100.04%

Source: Local Tax Assessor/Collector and District records.

- (a) As reported in the notes to the financial statements for the year of the levy.
- (b) Property tax only - does not include penalties and interest.



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

Table 9

	For the Year Ended August 31 (Amounts Expressed in Thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue Bonds	\$ -	\$ 690	\$ 1,355	\$ 2,000	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	<u>\$ -</u>	<u>\$ 690</u>	<u>\$ 1,355</u>	<u>\$ 2,000</u>	<u>\$ 2,625</u>	<u>\$ 3,235</u>	<u>\$ 3,830</u>	<u>\$ 4,410</u>	<u>\$ 4,980</u>	<u>\$ 5,530</u>
Total Outstanding Debt Ratios:										
Per Capita	N/A	2.25	4.51	6.76	9.01	11.28	13.70	15.53	17.56	19.92
Per Student	N/A	465	869	1,270	1,590	2,181	2,933	3,199	3,402	3,855
As a Percentage of Taxable Assessed Value	N/A	0.01%	0.03%	0.04%	0.05%	0.07%	0.07%	0.08%	0.11%	0.15%

Notes: Galveston College has no general obligation bonds.

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

See Independent Auditor's Report.

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

Table 10

Note: Galveston College has no general obligation bonds, therefore, this statistical schedule is not required to be completed.

	For the Year Ended August 31 (Amount Expressed in Thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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.

See Independent Auditor's Report.

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

Table 11

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	
2015	\$ 455	\$ 30	\$ 866	\$ -	\$ -	\$ -	\$ 1,351	\$ 690	\$ 28	\$ 718	1.88
2014	476	26	917	-	-	-	1,419	665	54	719	1.97
2013	479	24	973	-	-	-	1,476	645	75	720	2.05
2012	502	70	979	-	-	-	1,551	625	94	719	2.16
2011	437	56	757	-	-	-	1,250	610	110	720	1.74
2010	156	107	541	-	-	-	804	595	125	720	1.12
2009	107	54	467	83	12	4	727	580	139	719	1.01
2008	82	72	494	95	21	3	767	570	153	723	1.06
2007	91	94	522	112	36	-	855	550	154	704	1.21
2006	87	94	513	108	23	-	825	540	181	721	1.14

See Independent Auditor's Report.

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

Table 12

Calendar Year	Galveston County Population	Galveston County Personal Income (in millions of dollars)	Galveston County Personal Income Per Capita	Galveston County Unemployment Rate
2014	314,198•	\$ *	\$ *	5.5%
2013	306,782	14,479	47,186	6.2%
2012	300,484	13,652	45,433	6.9%
2011	295,747	12,849	43,444	8.7%
2010	291,309	12,510	42,945	9.2%
2009	287,428	12,075	42,011	8.2%
2008	288,489	12,068	41,833	5.8%
2007	283,540	11,334	39,973	4.6%
2006	278,865	10,366	37,171	5.1%
2005	274,494	9,414	34,295	5.7%

Sources:

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

\* 2014 update is not available at this time

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

See Independent Auditor's Report.

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

Table 13

Employer	2014		2013		2012		2011		2010	
University of Texas Medical Branch	8,272	49.06%			7,500	53.24%	7,600	52.99%	7,900	54.47%
Galveston Independent School District	1,371	8.13%			1,366	9.70%	1,105	7.70%	1,044	7.20%
Landry's Inc.	1,366	8.10%			1,300	9.23%	-	-	-	-
Galveston County (on Island only)	1,340	7.95%			864	6.13%	1,132	7.89%	1,210	8.34%
Moody Gardens	981	5.82%			-	-	810	5.65%	783	5.40%
American National Insurance Company	833	4.94%			866	6.15%	859	5.99%	850	5.86%
City of Galveston	700	4.15%			722	5.13%	743	5.18%	758	5.23%
Wal-Mart	500	2.97%	Information not available		-	-	-	-	-	-
I. L. A. (Local-20, 1665, 1504-8, 1443)	500	2.97%								
Mitchell Family Group	379	2.25%			460	3.27%	-	-	-	-
Texas A&M University of Galveston	319	1.89%			423	3.00%	352	2.45%	329	2.27%
Schlitterbahn *	300	1.77%			286	2.03%	-	-	-	-
Landry's Seafood Inc.	-	-			-	-	733	5.11%	746	5.14%
Fertitta Hospitality	-	-			-	-	709	4.94%	743	5.12%
Galveston College	-	-			300	2.12%	300	2.10%	140	0.97%
<b>Total</b>	<b>16,861</b>	<b>100.00%</b>			<b>14,087</b>	<b>100.00%</b>	<b>14,343</b>	<b>100.00%</b>	<b>14,503</b>	<b>100.00%</b>

Source:  
 Galveston Economic Development Partnership (GEDP)

Notes:  
 \*Schlitterbahn: Employment increases by 45% - almost 600 additional jobs during the summer.

See Independent Auditor's Report.

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

Table 14

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Faculty:										
Full-Time	56	58	52	47	51	52	58	57	60	54
Part-Time	40	43	62	53	61	66	40	69	80	87
Total	<u>96</u>	<u>101</u>	<u>114</u>	<u>100</u>	<u>112</u>	<u>118</u>	<u>98</u>	<u>126</u>	<u>140</u>	<u>141</u>
Percent:										
Full-Time	58.3%	57.4%	45.6%	47.0%	45.5%	44.1%	59.2%	45.2%	42.9%	38.3%
Part-Time	41.7%	42.6%	54.4%	53.0%	54.5%	55.9%	40.8%	54.8%	57.1%	61.7%
Staff and Administrators:										
Full-Time	99	96	90	85	89	90	99	99	107	96
Part-Time	47	46	38	47	57	47	44	51	111	162
Total	<u>146</u>	<u>142</u>	<u>128</u>	<u>132</u>	<u>146</u>	<u>137</u>	<u>143</u>	<u>150</u>	<u>218</u>	<u>258</u>
Percent:										
Full-Time	67.8%	67.6%	70.3%	64.4%	61.0%	65.7%	69.2%	66.0%	49.1%	37.2%
Part-Time	32.2%	32.4%	29.7%	35.6%	39.0%	34.3%	30.8%	34.0%	50.9%	62.8%
FTSE per Full-time Faculty	25.2	25.6	30.0	33.5	32.4	28.5	22.5	24.2	19.5	19.7
FTSE per Full-Time Staff Member	14.3	15.4	17.3	18.5	18.6	16.5	13.2	13.9	7.5	10.9
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 64,486	\$ 64,779	\$ 65,613	\$ 62,016	\$ 59,858	\$ 58,136	\$ 53,498	\$ 49,429	\$ 46,179	\$ 46,127

See Independent Auditor's Report.

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

Table 15

Student Classification	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	1,323	64.60%	1,354	63.57%	1,398	63.75%	1,463	66.08%	1,521	65.62%	1,367	63.08%	1,484	66.58%	1,368	66.93%	1,557	73.69%	1,631	73.63%
31-60 hours	420	20.51%	496	23.29%	529	24.12%	503	22.72%	498	21.48%	433	19.98%	454	20.37%	401	19.62%	357	16.90%	394	17.79%
> 60 hours	103	5.03%	98	4.60%	78	3.56%	68	3.07%	42	1.81%	145	6.69%	154	6.91%	162	7.93%	130	6.15%	140	6.32%
Unclassified	202	9.86%	182	8.54%	188	8.57%	180	8.13%	257	11.09%	222	10.25%	137	6.14%	113	5.52%	69	3.26%	50	2.26%
<b>Total</b>	<b>2,048</b>	<b>100.00%</b>	<b>2,130</b>	<b>100.00%</b>	<b>2,193</b>	<b>100.00%</b>	<b>2,214</b>	<b>100.00%</b>	<b>2,318</b>	<b>100.00%</b>	<b>2,167</b>	<b>100.00%</b>	<b>2,229</b>	<b>100.00%</b>	<b>2,044</b>	<b>100.00%</b>	<b>2,113</b>	<b>100.00%</b>	<b>2,215</b>	<b>100.00%</b>

Semester Hour Load	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	17	0.83%	17	0.80%	20	0.91%	26	1.17%	24	1.04%	34	1.57%	33	1.48%	28	1.37%	30	1.42%	35	1.58%
3-5 semester hours	483	23.58%	526	24.69%	469	21.39%	452	20.42%	541	23.34%	514	23.72%	630	28.26%	580	28.38%	565	26.74%	599	27.04%
6-8 Semester hours	611	29.83%	592	27.79%	669	30.51%	598	27.01%	582	25.11%	623	28.75%	601	26.96%	541	26.47%	485	22.95%	600	27.09%
9-11 semester hours	398	19.43%	418	19.62%	421	19.20%	416	18.79%	398	17.17%	346	15.97%	371	16.64%	277	13.55%	293	13.87%	292	13.18%
12-14 semester hours	352	17.19%	387	18.17%	478	21.80%	523	23.62%	565	24.37%	522	24.09%	477	21.40%	495	24.22%	583	27.59%	536	24.20%
15-17 semester hours	181	8.84%	187	8.78%	134	6.11%	192	8.67%	202	8.71%	119	5.49%	113	5.07%	110	5.38%	148	7.00%	143	6.46%
18 & over	6	0.30%	3	0.15%	2	0.08%	7	0.32%	6	0.26%	9	0.41%	4	0.19%	13	0.63%	9	0.43%	10	0.45%
<b>Total</b>	<b>2,048</b>	<b>100.00%</b>	<b>2,130</b>	<b>100.00%</b>	<b>2,193</b>	<b>100.00%</b>	<b>2,214</b>	<b>100.00%</b>	<b>2,318</b>	<b>100.00%</b>	<b>2,167</b>	<b>100.00%</b>	<b>2,229</b>	<b>100.00%</b>	<b>2,044</b>	<b>100.00%</b>	<b>2,113</b>	<b>100.00%</b>	<b>2,215</b>	<b>100.00%</b>

Average Course Load	8.7		8.7		8.8		9.1		9.0		8.2		8.3		8.5		8.6		8.6	
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Tuition Status	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	1,068	52.15%	1,106	51.92%	1,197	54.58%	1,207	54.52%	1,442	62.21%	2,069	95.48%	2,119	95.07%	1,951	95.45%	2,039	96.50%	2,111	95.30%
Texas Resident (out-of-District)	873	42.63%	907	42.58%	897	40.90%	892	40.29%	786	33.91%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-Resident Tuition	77	3.76%	80	3.76%	72	3.28%	86	3.88%	82	3.54%	87	4.01%	110	4.93%	60	2.94%	73	3.45%	104	4.70%
Tuition Exemption/Wavier	30	1.46%	37	1.74%	27	1.24%	29	1.31%	8	0.34%	11	0.51%	-	0.00%	33	1.61%	1	0.05%	-	0.00%
<b>Total</b>	<b>2,048</b>	<b>100.00%</b>	<b>2,130</b>	<b>100.00%</b>	<b>2,193</b>	<b>100.00%</b>	<b>2,214</b>	<b>100.00%</b>	<b>2,318</b>	<b>100.00%</b>	<b>2,167</b>	<b>100.00%</b>	<b>2,229</b>	<b>100.00%</b>	<b>2,044</b>	<b>100.00%</b>	<b>2,113</b>	<b>100.00%</b>	<b>2,215</b>	<b>100.00%</b>

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

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

Table 16

Gender	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	1,255	61.28%	917	43.05%	1,298	59.19%	1,298	58.63%	1,390	59.97%	1,368	63.13%	1,459	65.46%	1,333	65.22%	1,409	66.68%	1,427	64.42%
Male	793	38.72%	1,213	56.95%	895	40.81%	916	41.37%	928	40.03%	799	36.87%	770	34.54%	711	34.78%	704	33.32%	788	35.58%
Total	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%

Ethnic Origin	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	915	44.68%	971	45.59%	971	44.28%	966	43.63%	1,049	45.25%	1,012	46.70%	1,078	48.36%	1,014	49.61%	1,073	50.78%	1,159	52.33%
Hispanic	668	32.62%	634	29.77%	678	30.92%	639	28.86%	653	28.17%	603	27.83%	565	25.35%	521	25.49%	531	25.13%	535	24.15%
African American	313	15.28%	357	16.76%	372	16.96%	420	18.97%	433	18.68%	424	19.57%	439	19.69%	401	19.62%	406	19.21%	414	18.69%
Asian	56	2.73%	59	2.77%	67	3.06%	61	2.76%	65	2.80%	59	2.72%	65	2.92%	65	3.18%	54	2.56%	67	3.02%
International	18	0.88%	14	0.66%	8	0.36%	4	0.18%	-	0.00%	19	0.88%	35	1.57%	32	1.57%	39	1.85%	33	1.49%
Native American	8	0.39%	7	0.33%	7	0.32%	12	0.54%	17	0.73%	8	0.37%	11	0.49%	4	0.20%	10	0.47%	6	0.27%
Multi-racial	12	0.59%	7	0.33%	9	0.41%	7	0.32%	1	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Native Hawaiian/Pacific Islander	-	0.00%	-	0.00%	-	0.00%	1	0.05%	2	0.09%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unknown/Not Reported	58	2.83%	81	3.79%	81	3.69%	104	4.69%	98	4.24%	42	1.93%	36	1.62%	7	0.34%	-	0.00%	1	0.05%
Total	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%

Age	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	283	13.82%	277	13.00%	262	11.95%	224	10.12%	209	9.02%	280	12.92%	313	14.04%	190	9.30%	205	9.70%	235	10.61%
18 - 21	674	32.91%	741	34.79%	794	36.21%	826	37.31%	885	38.18%	794	36.64%	777	34.86%	738	36.11%	738	34.93%	754	34.04%
22 - 24	303	14.79%	303	14.23%	318	14.50%	319	14.41%	354	15.27%	324	14.95%	333	14.94%	287	14.04%	285	13.49%	299	13.50%
25 - 35	506	24.71%	501	23.52%	499	22.75%	546	24.66%	517	22.30%	465	21.46%	500	22.43%	483	23.63%	518	24.51%	533	24.06%
36 - 50	219	10.69%	231	10.85%	245	11.17%	224	10.12%	260	11.22%	209	9.64%	226	10.14%	254	12.43%	274	12.97%	301	13.59%
51 & over	63	3.08%	77	3.61%	75	3.42%	75	3.38%	93	4.01%	95	4.39%	80	3.59%	92	4.49%	93	4.40%	93	4.20%
Total	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%

Average Age	25	26	26	26	26	26	25	27	27	27
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Source:  
Data from THECB CBM001 certified reports

See Independent Auditor's Report.



GALVESTON COMMUNITY COLLEGE DISTRICT  
 TRANSFERS TO SENIOR INSTITUTIONS  
 2013 STUDENTS AS OF FALL 2014  
 (Includes Only Public Senior Colleges in Texas)

Table 17

	Transfer Student Count <u>ACADEMIC</u>	Transfer Student Count <u>TECHNICAL</u>	Total of All Transfer Students	% of All Transfer Students
1 Lamar University	25	4	29	6.64%
2 Midwestern State University	1	4	5	1.14%
3 Prairie View A&M University	5	1	6	1.37%
4 Sam Houston State University	9	1	10	2.29%
5 Stephen F. Austin State University	8		8	1.83%
6 Texas A&M University	42		42	9.61%
7 Texas A&M University - Corpus Christi	4		4	0.92%
8 Texas A&M University - Kingsville	1		1	0.23%
9 Texas A&M University at Galveston	159	2	161	36.84%
10 Texas State University - San Marcos	20		20	4.58%
11 Texas Tech University	7		7	1.60%
12 Texas Woman's University	2		2	0.46%
13 The University of Texas at Arlington	6	1	7	1.60%
14 The University of Texas at Austin	26		26	5.94%
15 The University of Texas at Dallas	1		1	0.23%
16 The University of Texas at San Antonio	12		12	2.74%
17 University of Houston	17	1	18	4.12%
18 University of Houston - Clear Lake	68	2	70	16.02%
19 University of Houston - Downtown	2		2	0.46%
20 University of Houston - Victoria	3		3	0.69%
21 University of North Texas	2		2	0.46%
22 West Texas A&M University	1		1	0.23%
Totals	<u>421</u>	<u>16</u>	<u>437</u>	<u>100.00%</u>

Source:

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

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

Table 18

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Academic buildings	6	6	6	6	6	5	4	4	4	4
Square footage (in thousands)	241	241	241	241	241	216	213	243	243	243
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	14	14	14	13	13	13
Number of Volumes (in thousands)	43	43	43	43	44	44	42	36	35	35
Administrative and support buildings	2	2	2	2	2	1	1	1	1	1
Square footage (in thousands)	53	53	53	53	53	46	46	46	46	46
Apartments	5	10	11	11	9	8	8	6	14	14
Square footage (in thousands)	14	22	23	23	20	19	19	14	14	14
Number of beds	48	65	65	65	61	55	55	35	35	56
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	8	8	8
Average daily customers	350	350	350	400	400	400	400	400	400	400
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	4	3	3	3	3	3	5	5	5	5
Buses	3	3	3	3	3	3	3	-	-	-

See Independent Auditor's Report.