



FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS

AUGUST 31, 2020 AND 2019

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, 2020

BOARD OF REGENTS

		Term Expires <u>May 31,</u>
<u>OFFICERS</u>		
Ms. Karen F. Flowers – Chairperson	Galveston, Texas	2024
Mr. Fred D. Raschke – Vice Chairperson	Galveston, Texas	2024
Mr. Michael B. Hughes - Secretary	Galveston, Texas	2026

<u>MEMBERS</u>		
Ms. Mary R. Longoria	Galveston, Texas	2024
Mr. Armin Cantini	Galveston, Texas	2022
Mr. Carroll G. Sunseri	Galveston, Texas	2026
Ms. Rebecca Trout Unbehagen	Galveston, Texas	2022
Mr. Raymond Lewis, Jr.	Galveston, Texas	2026

<u>KEY OFFICERS</u>	
Myles Shelton, Ed.D.	President
Van Patterson, Ed.D.	Vice-President for Administration and Student Services
Cissy Matthews, Ed.D	Vice-President of Instruction
Mr. Ron Crumedy	Associate Vice-President for Student Services



INDEPENDENT AUDITORS' 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, 2020 and 2019, 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.

Auditors' 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 auditors' 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, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 25, and the schedules of College's proportionate share of net pension liability, College's contributions for pensions, College's proportionate share of net OPEB liability and College's contributions for OPEB on pages 57, 58, 60 and 61 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 Schedule of Expenditures of Federal Awards for the year ended August 31, 2020, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the supplementary schedules on pages 63 through 66, as required by the Texas Higher Education Coordinating Board ("THECB") (collectively, the Supplementary Information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such supplementary information is the responsibility of management and was 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Statistical Section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 December 9, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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.

Cary Riggs & Ingram, L.L.C.

Houston, Texas
December 9, 2020

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, 2020 and 2019. 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.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with reporting requirements as set by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial statements and notes.

The College's financial report includes three basic financial statements: the Statements of Net Position provide a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of August 31, 2020 and 2019; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the current and prior fiscal years; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the current and prior fiscal years. Highlighted information from each basic financial statement is presented below:

Financial Highlights for 2020

- The College's net position as of August 31, 2020 was \$29.93 million. This represents a 17% increase or \$4.33 million compared to 2019. The implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) in fiscal year 2018 and its counterpart, GASB No. 68, *Accounting and Financial Reporting for Pensions* in 2015 continues to permeate the financial statements, having a net effect of reducing the College's overall net position by \$17 million. The College's unrestricted net position increased by \$673,000 or 17% and cash decreased by \$439,000 because of a surplus from operations offset by the completion/capitalization of the Abe and Annie Seibel Foundation Student Residences.
- The College decreased its annual tax rate by 2.3% from \$0.175190 to \$0.171188 per \$100 assessed valuation for fiscal year 2020. However, due to an increase in the overall tax base, an additional \$414,000 in property tax revenue was received over the previous period.
- Galveston College completed the construction of the Abe and Annie Seibel Foundation Student Residences in FY 2020 consisting of seven individual two-story units with detached garage apartments, totaling 24,423 square feet and providing 62 new student beds. The College capitalized \$4.4 million related to the project consisting of: \$3.7 million of direct construction, \$328,000 of architect, engineering, and permit fees, \$177,000 of furniture, and \$220,000 of additional infrastructure primarily associated with information technology connectivity and security. The project substantially expanded the College's bed capacity having more than 100 students moving into the Abe and Annie Seibel Foundation Student Residences, the Whitecaps apartments, and the resident student houses for Fall 2020. This project was the predominant factor for the increase in capital assets and total net position in fiscal year 2020. The goal is to provide Galveston College students high quality Wi-Fi enabled inexpensive housing options to grow existing programs and to support new programs such as the bachelor degree in Health Care Administration.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 - Continued

- Galveston College continues to adapt to the changing environment due to COVID-19, having moved about 75% of instruction online or as a hybrid format. Face-to-face instruction is occurring in large rooms, thereby adhering to CDC recommended distancing guidelines. Screening processes, including temperature checks and requiring facemasks upon entry to the College's facilities are also enforced. Protective shields have been installed on all public counters. Additionally, enhanced cleaning protocols have been implemented to include classrooms, labs, and workstations. The College received \$1.2 million from the Coronavirus Aid Relief and Economic Security Act (CARES) Higher Education Emergency Relief Fund (HEERF) grant. Fifty percent of these funds were to be provided directly to students and the other half allocated to expenses associated with the disruption of instruction due to the pandemic. The College provided \$458,000 of direct payments to students, and expensed \$553,000 of the College's institutional portion in FY 2020. The College is committed to maintaining full-time employees and continues to support the educational needs of the community during these challenging times.
- Galveston College renovated several areas on the campus to revitalize and re-position the College to better serve the needs of the 21st century learner. Multiple studies have demonstrated building design and components have a measurable influence upon student learning outcomes. The College purchased new furniture, renovated the Fine Arts areas, and the Cheney Student Center dining facilities in preparation for increased traffic resulting from the new student housing. The Atrium water fountain and associated electrical infrastructure and the Student Services areas also received renovations. The College is currently evaluating its future infrastructure needs in the current COVID-19 environment to continue its tradition of providing high quality educational services to the community since 1967.
- Grant funds used in fiscal year 2020:

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
Abe and Annie Seibel Foundation - Private	New Construction of On-Campus Student Housing	09/01/19 - 08/31/20	\$ 2,069,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Relief Fund - Institution	05/05/20 - 08/31/20	553,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Relief Fund - Students	04/21/20 - 08/31/20	458,000
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	09/01/19 - 08/31/20	416,000
U.S. Department of Education - Federal	TRIO – Student Support Services	09/01/19 - 08/31/20	283,000
U.S. Department of Education - Federal	TRIO - Upward Bound Program	09/01/19 - 08/31/20	281,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 – Continued

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/19 - 08/31/20	\$ 165,000
Texas Higher Education Coordinating Board - Federal Pass-Through	Carl D. Perkins Career and Technical Education Program - Basic Grants	09/01/19 - 08/31/20	126,000
U.S. Department of Homeland Security - Federal	Presidentially Declared Disasters - Related to Hurricane Harvey	09/01/19 - 08/31/20	116,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/19 - 08/31/20	75,000
Texas Higher Education Coordinating Board - State	2017-2019 College Comprehensive Readiness and Success Models for 60x30TX (CRSM-2017)	09/01/19 - 08/31/20	74,000
U.S. Department of Labor - Federal	Building Construction Trades Training Project FY19	09/01/19 - 12/31/19	71,000
National Science Foundation - Federal	Engineering Technology Instrumentation Project	09/01/19 - 08/31/20	32,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY16/17	09/01/19 - 08/31/20	32,000
Texas Workforce Commission - State	Foundational Skills for Construction Career Pathways	06/29/20 - 08/31/20	15,000
Texas Higher Education Coordinating Board - State	2018-2020 Comprehensive College Readiness and Success Models Co-Req for 60x30TX (CSRM-2018)	09/01/19 - 08/31/20	15,000
Texas Higher Education Coordinating Board - State	Nursing & Allied Health - Building Simulation & Skills Lab Capacity	09/01/19 - 12/31/19	11,000
		TOTAL	\$ 4,792,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 – Continued

- Computers - hardware and software, and equipment purchases in fiscal year 2020:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Computers Refresh for Remote Operations - Faculty and Staff	Federal Grant – COVID-19 – HEERF - Institution	\$ 162,000
Laptops for Staff Remote Operations	Federal Grant – COVID-19 – HEERF - Institution	74,000
DocuSign Software	Federal Grant – COVID-19 – HEERF - Institution	62,000
Laptop Loaners to Students for Remote Operations	Federal Grant – COVID-19 – HEERF - Institution	59,000
Main Campus Audio/Visual Refresh for Remote Operations	Capital Projects Fund	57,000
Instrumentation Trainer	Capital Projects Fund	47,000
Walk-in Freezer in the Cheney Student Center Dining Area	Construction Fund	44,000
Laptops Provided Directly to Students for Online Courses	Federal Grant – COVID-19 – HEERF - Institution	35,000
Desktop Computers Refresh in the Hall Center	Private Grant - Hall	33,000
SimCartRx-Demo Dose® Mobile Medication Cart	State Grant - NSRP	32,000
2013 Ford E-450 Osage Ambulance	Donation Received	30,000
2020 Ford F-150 - White Extended Cab Truck	Education & General Fund	22,000
	TOTAL	\$ 657,000

- Building renovations and furniture purchases in fiscal year 2020:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
3826 AVE R - Seibel Student Residences (7) - Construction	Construction Fund	\$ 3,700,000
3826 AVE R - Seibel Student Residences (7) - IT Infrastructure	Construction Fund	221,000
3826 AVE R - Seibel Student Residences (7) - Furniture	Construction Fund	177,000
3802 AVE R - New Property	Construction Fund	187,000
Fine Arts Area - Renovation	Construction Fund	129,000
Student Services Area - Renovation	Federal Grant – Title V	110,000
Cheney Student Center Dining Facilities - Renovation	Construction Fund and Education & General Fund	45,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 – Continued

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Cheney Student Center Dining Facilities - Furniture	Education & General Fund	\$ 22,000
Visual Arts Program - Furniture	Education & General Fund	12,000
	TOTAL	\$ 4,603,000

Financial Highlights for 2019

- The College’s net position as of August 31, 2019 was \$25.6 million. This represents a 7% increase from 2018. The implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) in fiscal year 2018 and its counterpart, GASB No. 68, *Accounting and Financial Reporting for Pensions* in 2015 continues to permeate the financial statements, having a net effect of reducing the College’s overall net position by \$16 million. The assumed rate of return on GASB No. 68 pension plan investments reduced from 8% in fiscal year 2018 to 7.25% in fiscal year 2019. Additionally the discount rate used in actuarial valuation reduced from 8% in fiscal year 2018 to 6.907% in fiscal year 2019. Both these factors had a material impact on the retiree pension liability which increased an additional \$2.2 million compared to prior year. OPEB liability also increased by \$1.1 million primarily due to increase in the College’s allocation of the net OPEB liability from prior year. The College’s unrestricted net position increased by \$1.1 million as a result of surplus from operations. Cash and total current assets increased by approximately \$3.7 million for the year as a result of surplus from operations and a \$2 million donation for the construction of the Abe and Annie Seibel Foundation Student Residences.
- The College increased its annual tax rate from \$0.166188 to \$0.175190 per \$100 assessed valuation for fiscal year 2019. An additional \$1.1 million in property tax revenue was received over the previous period due to the rate and overall tax base growth.
- Tuition and fees revenue (before the impact of scholarship allowances and discounts) grew by \$302,000 or about 6% as the College experienced an increase in student enrollment for the fiscal year 2019 of 445 students or about 8% compared to the prior year. The College recorded fall 2018 census-day credit head count enrollment of 2,423 students, which represents a 10% increase from the 2,197 students who attended Galveston College during the fall 2017 semester.
- Education infrastructure, such as buildings, classrooms, laboratories, study spaces, and equipment, are all critical attributes of the learning environments at colleges and universities. There is direct evidence that high-quality infrastructure results in improved instruction, student outcomes, and reduced dropout rates. Galveston College renovated the Moody Student Services Center and implemented new technology to improve the flow and efficiency of the advising and registration process thereby phasing-out the days of standing in lines. The College implemented a virtual queue to schedule students and provide them with needed resources, redirecting them if issues occur. New furniture in the Student Services area improved the functionality and provided a modern look to the space. Library renovations included the addition of electrical and data connections, thus enhancing the integration of laptops, cellphones, and tablets into the learning process. The glass curtain wall was replaced on the Northen Building as well as upgrades to the elevator thereby extending its useful life and avoiding unplanned service interruptions. The College purchased three additional properties to be used for student housing and future expansion. Furthermore, the Development Office renovated and purchased new furniture to support the philanthropic needs of Galveston College and this growing department. See “Building renovations and furniture purchases in fiscal year 2019” section.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 - Continued

- Galveston College continued to rejuvenate instructional facilities and equipment to stay current with technology and maximize the learning process. The College continued its computer refresh cycle by purchasing 160 new computers for students and staff, strengthened the network, and amplified wireless technology. The Abe and Annie Seibel Foundation Wing's audio/visual capabilities were enhanced with new state-of-the-art projectors to allow for large meetings for students, staff, and the community. A power generator system integrated with critical components for College operations was implemented to provide power to the IT systems. The College replenished a maintenance van and a police vehicle that were close to the end of their useful lives. Additional equipment was purchased for the welding, instrumentation, nursing, and HVAC programs, as well as a new forklift for the Charlie Thomas Family Applied Technology Center. See "Computers – hardware and software, and equipment purchases in fiscal year 2019" section.
- Grant funds used in fiscal year 2019:

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	10/01/18 - 08/31/19	\$ 1,010,000
U.S. Department of Education - Federal	TRIO _ Upward Bound Program	09/01/18 - 08/31/19	302,000
U.S. Department of Education - Federal	TRIO _ Student Support Services	09/01/18 - 08/31/19	266,000
U.S. Department of Labor - Federal	Building Construction Trades FY19 Training Project	09/01/18 - 08/31/19	232,000
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/18 - 08/31/19	161,000
Texas Higher Education Coordinating Board - Federal Pass-Through	Carl D. Perkins Career and Technical Education Program - Basic Grants	09/01/18 - 08/31/19	123,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/18 - 08/31/19	91,000
Abe and Annie Seibel Foundation Student Residences - Private	New Construction of On-Campus Student Housing	09/01/18 - 08/31/19	83,000
Texas Higher Education Coordinating Board - State	2016-2018 College Readiness and Success Models for 60x30TX – State	09/01/18 - 08/31/19	78,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 - Continued

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
Texas Higher Education Coordinating Board - State	Nursing & Allied Health - Building Simulation & Skills Lab Capacity	09/01/18 - 08/31/19	\$ 72,000
National Science Foundation - Federal	Engineering Technology Instrumentation	09/01/18 - 08/31/19	70,000
U.S. Department of Labor - Federal	Building Construction Trades FY18 Demonstration Project	09/01/18 - 10/31/18	45,000
Texas Workforce Commission - State	Texas Success Center - Scholarships for Dual Credit Students	09/01/18 - 08/31/19	25,000
Texas Workforce Commission - State	Skills Development Fund - Increase Skill Level and Wages of Texas Workforce	09/01/18 - 05/31/19	23,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY14/15	09/01/18 - 08/31/19	20,000
Texas Higher Education Coordinating Board - State	2017-2019 College Readiness and Success Models for 60x30TX - State	09/01/18 - 08/31/19	19,000
National Endowment for the Humanities - Coastal Culinary - Federal	Humanities Initiatives at Hispanic-Serving Institutions	09/01/18 - 05/31/19	19,000
		TOTAL	\$ 2,639,000

- Computers - hardware and software, and equipment purchases in fiscal year 2019:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Staff and Labs Computer Refresh	Education & General Fund	\$ 163,000
Ellucian Student Advising Software	Title V Grant - Federal Funds	108,000
Generator - IT Server Room	Capital Projects Fund	68,000
Wireless Infrastructure	Capital Projects Fund	61,000
AV Projector System - Seibel Wing	Capital Projects Fund	54,000
Instrumentation Trainer	Perkins Grant - Federal Funds and Capital Projects Fund	47,000
Cisco Enterprise Router - Network	Capital Projects Fund	36,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 - Continued

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Police Vehicle - Ford Explorer Police Package	Education & General Fund	\$ 30,000
Welding - Spitfire Plasma Table	Perkins Grant - Federal Funds	30,000
Nursing Simulation Training Package	Nursing Shortage Grant - State Funds	28,000
Forklift - Applied Tech Center	Capital Projects Fund	25,000
Maintenance Vehicle - Ford Transit Connect	Education & General Fund	22,000
HVAC Trainer – Applied Tech Center	Education & General Fund	21,000
	TOTAL	\$ 693,000

- Building renovations and furniture purchases in fiscal year 2019:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Student Services Area Renovation	Title V Grant - Federal Funds and Education & General Fund	\$ 593,000
Building Maintenance and Repairs	Education & General Fund and Construction Fund	470,000
Curtain Wall Renovation	Construction Fund	387,000
Property Purchase - 2223 41 st St.	Construction Fund	253,000
Property Purchase - 3815 Ave Q ½	Construction Fund	237,000
Property Purchase - 2301 41 st St.	Construction Fund	176,000
Furniture - Student Services Area	Title V Grant - Federal Funds and Education & General Fund	108,000
Furniture - Development Office Suite	Construction Fund	88,000
Remodel - Development Office Suite	Construction Fund	85,000
Library Renovations	Capital Project Fund	85,000
Architect/Engineering Fees – On-Campus Student Housing	Construction Fund	83,000
Elevator Repairs - Northen Building	Construction Fund	65,000
Electrical Upgrades – Student Services Area & Library	Title V Grant - Federal Funds	64,000
	TOTAL	\$ 2,694,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position

The statements 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. The College's deferred inflows and outflows of resources relates to pensions and OPEB. Increases and decreases to net position are 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.

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>2020</u>	<u>2019</u>	Increase (Decrease) 2020 - 2019	<u>2018</u>	Increase (Decrease) 2019 - 2018
Assets:					
Current Assets	\$ 25,428	\$ 25,575	\$ (147)	\$ 21,879	\$ 3,696
Noncurrent Assets:					
Capital Assets, Net of Depreciation	25,086	21,431	3,655	20,901	530
Other	<u>428</u>	<u>486</u>	<u>(58)</u>	<u>31</u>	<u>455</u>
Total Assets	<u>50,942</u>	<u>47,492</u>	<u>3,450</u>	<u>42,811</u>	<u>4,681</u>
Deferred Outflows of Resources:					
Pension Related Deferred Outflows	2,457	2,382	75	1,038	1,344
OPEB Related Deferred Outflows	<u>3,624</u>	<u>3,010</u>	<u>614</u>	<u>297</u>	<u>2,713</u>
Total Deferred Outflows of Resources	<u>6,081</u>	<u>5,392</u>	<u>689</u>	<u>1,335</u>	<u>4,057</u>
Liabilities:					
Current Liabilities	3,519	5,515	(1,996)	3,150	2,365
Noncurrent Liabilities	<u>19,157</u>	<u>16,874</u>	<u>2,283</u>	<u>13,578</u>	<u>3,296</u>
Total Liabilities	<u>22,676</u>	<u>22,389</u>	<u>287</u>	<u>16,728</u>	<u>5,661</u>
Deferred Inflows of Resources:					
Pension Related Deferred Inflows	1,135	618	517	1,295	(677)
OPEB Related Deferred Inflows	<u>3,279</u>	<u>4,276</u>	<u>(997)</u>	<u>2,205</u>	<u>2,071</u>
Total Deferred Inflows of Resources	<u>4,414</u>	<u>4,894</u>	<u>(480)</u>	<u>3,500</u>	<u>1,394</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	25,086	21,431	3,655	20,901	530
Restricted – Expendable	221	217	4	188	29
Unrestricted	<u>4,626</u>	<u>3,953</u>	<u>673</u>	<u>2,829</u>	<u>1,124</u>
Total Net Position	\$ <u>29,933</u>	\$ <u>25,601</u>	\$ <u>4,332</u>	\$ <u>23,918</u>	\$ <u>1,683</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

Fiscal Year 2020 Compared to 2019

Current assets mainly consist of cash investments in Logic, Lone Star, TexPool, Texas Term Investment pools, and receivables. Overall, current assets were stable between the fiscal years driven by a surplus of funds from operations in fiscal year 2020, offset by the disbursements associated with the student housing project. The College's cash position remains strong at \$21.4 million compared to \$21.8 million in FY 2019. Other current assets remained reasonably constant. Non-current assets increased by 16% or \$3.6 million largely due to the completion/construction of the Abe and Annie Seibel Foundation Student Residences in FY 2020, consisting of seven individual two story units with detached garage apartments totaling 24,423 square feet, providing 62 new student beds. The College capitalized \$4.4 million related to the project consisting of \$3.7 million of direct construction, \$328,000 of architect, engineering, and permit fees, \$177,000 of furniture, and \$220,000 of additional infrastructure primarily associated with information technology connectivity. Galveston College's deferred outflows of resources increased \$689,000 due to GASB No. 75 and GASB No. 68. Current liabilities, primarily unearned revenues, decreased by \$2.0 million related to recognizing the \$2 million donation for the Abe and Annie Seibel Foundation Student Residences in FY 2020. Non-current liabilities increased \$2.3 million, chiefly due to recording an additional \$2.1 million for the College's portion of the OPEB retiree health liability (GASB No. 75). Although the College is required to record the liabilities, no cash was exchanged, nor is there any indication it will be in future periods. Overall, the College's net position increased by approximately 17%, or \$4.3 million with unrestricted net position increasing by \$673,000 or 17%.

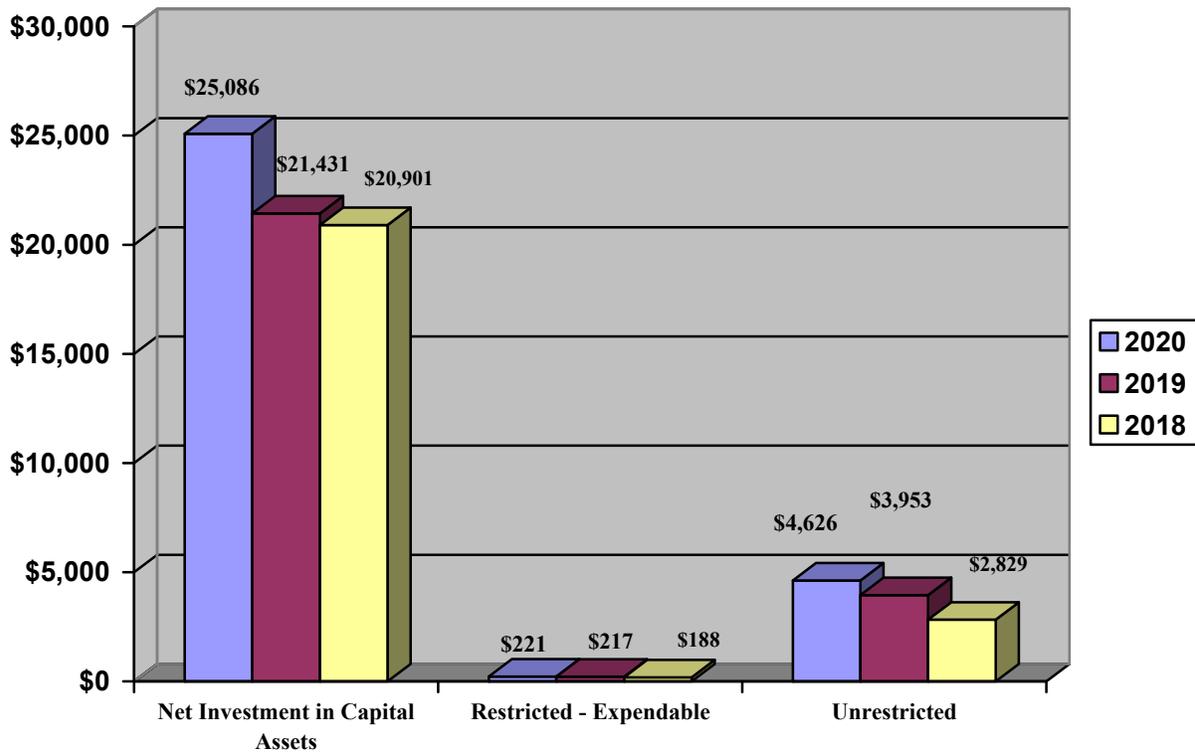
Fiscal Year 2019 Compared to 2018

Current assets mainly consist of cash investments in Logic, Lone Star, TexPool, Texas Term Investment pools, collateralized bank deposits, and receivables. Overall, current assets increased by \$3.7 million, primarily driven by an increase in cash and cash equivalents generated by surplus funds from operations in fiscal year 2019 and a donation of \$2 million in cash for the construction of the Abe and Annie Seibel Foundation student residences. Short-term investments decreased \$1 million as the College redeemed its last collateralized Moody Bank certificate of deposit and reallocated the funds back into the investment pool. Federal receivables increased by \$664,000 primary due to \$444,000 of Title V funds for the Student Services area construction project that will be received over the next four fiscal years. During 2019, the College purchased three new properties totaling \$666,000 to be used for student housing and future expansion. Moreover, the College renovated the Student Services area and Library for \$678,000 and replaced the glass curtain wall on the Mary Moody Northen Building for \$387,000. The College broke ground on the student housing project in the summer of 2019, purchased capital instructional equipment, and two new vehicles. As a result, net capital assets increased by approximately \$530,000 (Note 6) after including the impact of \$1 million of depreciation expense. Galveston College's deferred outflows increased \$4.1 million driven by GASB No. 75, and current liabilities increased \$2.4 million due to the unearned \$2 million donation for the Abe and Annie Seibel Foundation student residences project. Non-current liabilities increased \$3.3 million, primarily due to recording an additional \$2.2 million for the College's portion of the pension liability (GASB No. 68) and a \$1.1 million increase in the OPEB retiree health liability (GASB No. 75). Although the College was required to record the liability, no cash was exchanged nor is there any indication that it will be in future periods. Overall, the College's net position increased by 7%, or approximately \$1.68 million, and unrestricted net position increased by \$1.1 million from \$2.8 to \$3.9 million.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

The following is a graphic illustration of net position (in thousands) for the years ended August 31, 2018 through 2020. Total net position (net investment in capital assets) has increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student enrollment and program growth. Increase in unrestricted net position for 2019 and 2020 represents surplus from operations for those years.



Statements of Revenues, Expenses and Change in Net Position

The Statements 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 cost of services to students that must be covered by local taxpayer support, the state and other sources of revenue. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Position and notes to the financial statements.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Revenues, Expenses and Change in Net Position - Continued

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

**Operating Results
(in thousands)**

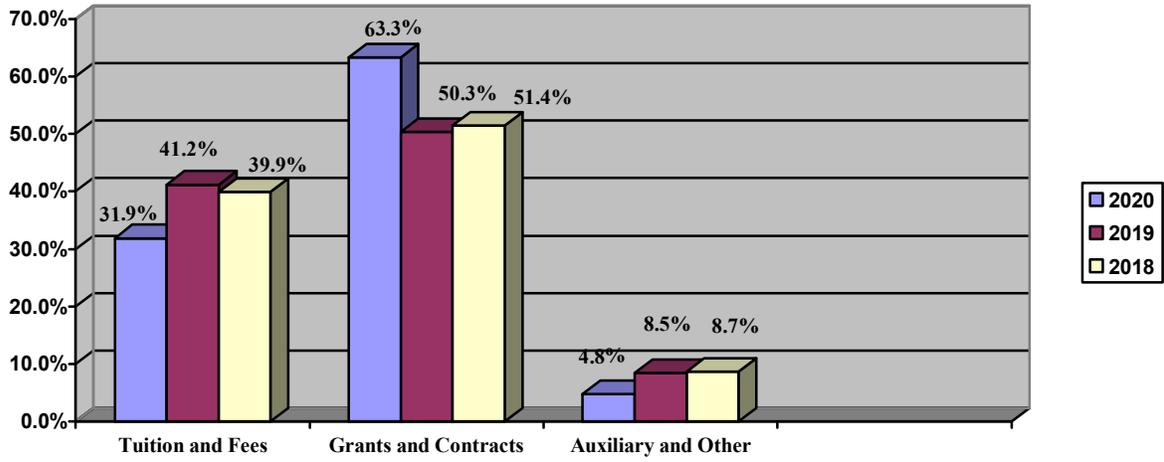
	<u>2020</u>	<u>2019</u>	Increase (Decrease) 2020 - <u>2019</u>	<u>2018</u>	Increase (Decrease) 2019 - <u>2018</u>
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 2,835	\$ 2,901	\$ (66)	\$ 2,909	\$ (8)
Grants and Contracts	5,619	3,538	2,081	2,259	1,279
Auxiliary Enterprises, Net	311	341	(30)	315	26
Other Operating Revenues	<u>116</u>	<u>259</u>	<u>(143)</u>	<u>175</u>	<u>84</u>
Total Operating Revenues	8,881	7,039	1,842	5,658	1,381
Less Operating Expenses	<u>28,920</u>	<u>27,942</u>	<u>978</u>	<u>25,995</u>	<u>1,947</u>
Operating Loss	<u>(20,039)</u>	<u>(20,903)</u>	<u>864</u>	<u>(20,337)</u>	<u>(566)</u>
Non-Operating Revenues (Expenses):					
State Appropriations	6,250	5,391	859	5,687	(296)
Property Taxes	14,284	13,870	414	12,762	1,108
Federal Student Assistance	3,573	3,528	45	2,931	597
Investment and Other Income	261	480	(219)	351	129
Other Non-Operating Income (Expense)	<u>3</u>	<u>(683)</u>	<u>686</u>	<u>(28)</u>	<u>(655)</u>
Total Non-Operating Revenues (Expenses), Net	<u>24,371</u>	<u>22,586</u>	<u>1,785</u>	<u>21,703</u>	<u>883</u>
Increase in Net Position	<u>\$ 4,332</u>	<u>\$ 1,683</u>	<u>\$ 2,649</u>	<u>\$ 1,366</u>	<u>\$ 317</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

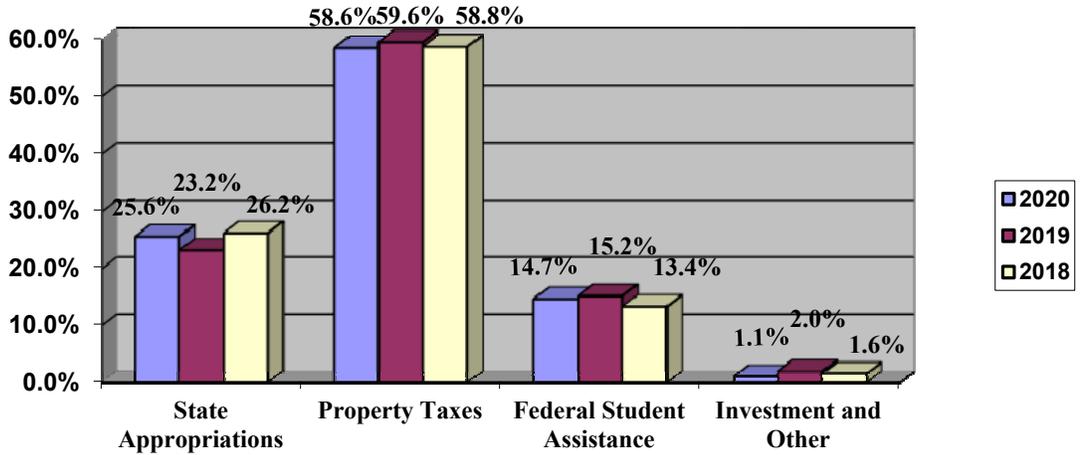
Statements of Revenues, Expenses and Change in Net Position - Continued

The following are graphic illustrations of revenues by source for the years ended August 31, 2018 through 2020:

**Revenues by Source
Operating Revenues**



**Revenues by Source
Non-Operating Revenues**



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Revenues, Expenses and Change in Net Position - Continued

Fiscal Year 2020 Compared to 2019

The College has four major sources of revenues: property taxes, state appropriations, grants and contracts, and tuition and fees. Grants and contracts as a proportion of revenue increased in the current year. Federal grants and contracts remained stable as the Title V grant revenue decreased, offset by the CARES HEERF grant. However, private grants and scholarships revenue increased by \$1.9 million as the College recognized the funds donated for the construction of the Abe and Annie Seibel Foundation Student Residences. The annual tax rate decreased by 2.3% from \$0.175190 to \$0.171188 per \$100 assessed valuation for fiscal year 2020. However, due to an increase in the tax base, an additional \$414,000 in property tax revenue was received over the previous period. State appropriations increased by 16% or \$859,000 as the College entered the first year of the legislative biennium funding for FY 2020 and 2021. Investment income is down about 46% from \$480,000 to \$261,000 when comparing fiscal years 2019 and 2020. Interest rates declined 90% in the last half of the fiscal year as a consequence of the COVID-19 pandemic, from an average of 1.6% on 2/28/20 to 0.17% as of 8/31/20. Federal Student Assistance revenue was reasonably constant between fiscal years in the total dollar and number of students served. Overall tuition and fees was reasonably constant between fiscal years as the decline in head count was offset by the increase in tuition rates.

Fiscal Year 2019 Compared to 2018

The College has four major sources of revenues: property taxes, state appropriations, grants and contracts, and tuition and fees. The proportion of these sources remained relatively constant with a total revenue increase of \$2.9 million. Property taxes generated \$13.87 million or about 46% of total revenue earned in fiscal year 2019. The College increased its annual tax rate from \$0.166188 in fiscal year 2018 to \$0.175190 per \$100 assessed valuation for fiscal year 2019. An additional \$1.1 million in property tax revenue was received over the previous period due to the rate and overall tax base growth. State appropriation revenue remained stable, as the College completed the 2nd year of the 2018/2019 legislative biennium funding. Tuition and fees revenue (before the impact of scholarship allowances and discounts) increased \$302,000 or about 6% due to enrollment growth. Federal grants and contracts increased by \$1 million as fiscal year 2019 was the first of the five-year new Title V grant. Private grants revenue increased by \$312,000 principally due to the donated funds provided for the renovation of the Galveston College development suite and the initial expenditures for the Abe and Annie Seibel Foundation student residences project.

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

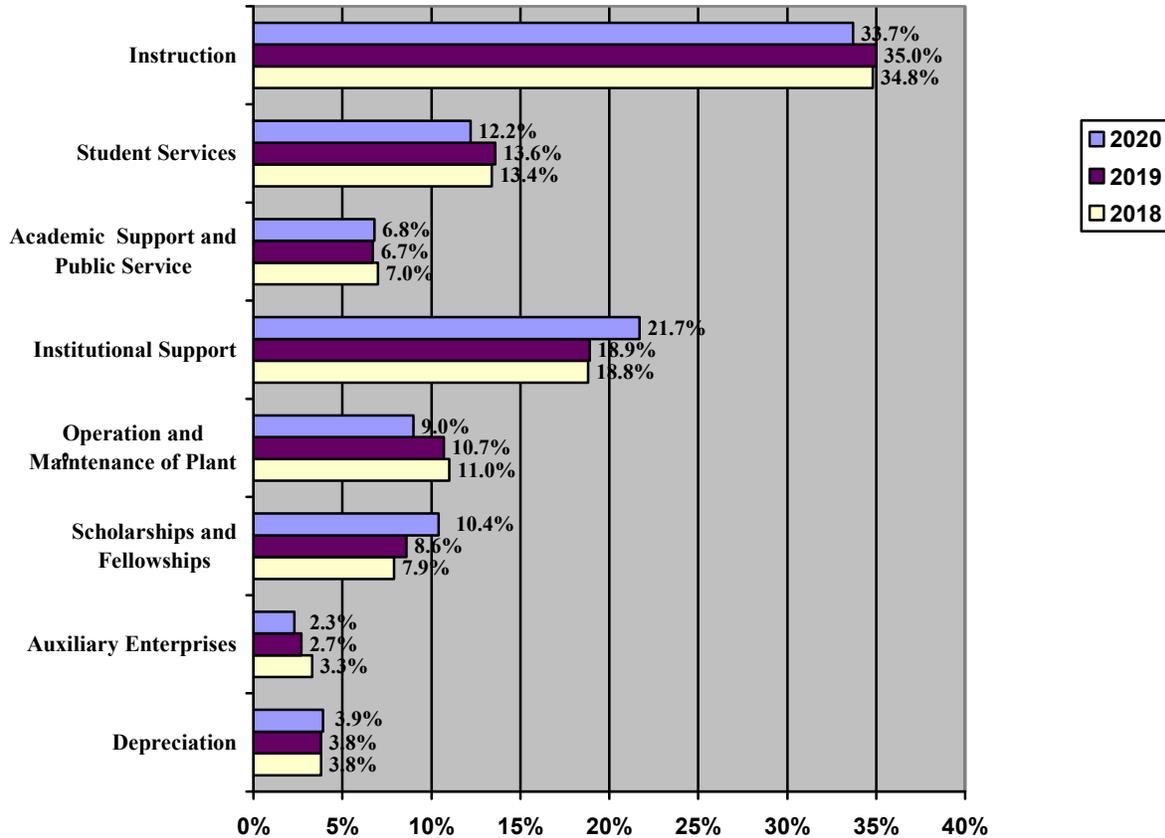
**Operating Expenses
(in thousands)**

	2020	2019	Increase (Decrease) 2019-2018	2018	Increase (Decrease) 2019-2018
Operating Expenses:					
Instruction	\$ 9,744	\$ 9,774	\$ (30)	\$ 9,052	\$ 722
Public Service	7	15	(8)	38	(23)
Academic Support	1,974	1,866	108	1,780	86
Student Services	3,541	3,808	(267)	3,491	317
Institutional Support	6,267	5,295	972	4,895	400
Operation and Maintenance of Plant	2,594	2,983	(389)	2,858	125
Scholarships and Fellowships	2,998	2,391	607	2,043	348
Auxiliary Enterprises	680	766	(86)	848	(82)
Depreciation	1,115	1,044	71	990	54
Total	<u>\$ 28,920</u>	<u>\$ 27,942</u>	<u>\$ 978</u>	<u>\$ 25,995</u>	<u>\$ 1,947</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Revenues, Expenses and Change in Net Position - Continued

Operating Expenses



Fiscal Year 2020 Compared to 2019

Galveston College's operating expenses increased by \$978,000 or 3.5% in fiscal year 2020 as compared to fiscal year 2019. The College's Board of Regents approved a salary increase of 4% for all employees and general inflation resulted in increases in most expense categories. The largest expense category remains Instruction at 33.7%, decreasing by \$30,000 in fiscal year 2020. As reported in Schedule B, unrestricted instruction expense increased \$206,000 while restricted expense (grants) decreased \$236,000. Student Services decreased overall due to vacant positions offset by increased expenses associated with the admissions and financial aid departmental renovations completed in FY 2019. Institutional Support's increase of 18% is due to the local benefit expenses associated with the current fiscal year's GASB No. 68 and 75 pension and OPEB expenses. Operation and Maintenance of Plant declined as a result of the College being closed for several months due to the COVID-19 pandemic which hindered completion of routine summer building maintenance projects while focus was shifted to the completion of the Abe and Annie Seibel Foundation Student Residences. The increase in Scholarships and Fellowships is tied to the additional \$458,000 in expenses related to the Higher Education Emergency Relief Fund (HEERF) grant funds provided to students impacted by the COVID-19 pandemic.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Revenues, Expenses and Change in Net Position - Continued

Fiscal Year 2019 Compared to 2018

Galveston College's operating expenses increased by \$1.9 million or 7.5% in fiscal year 2019 as compared to fiscal year 2018. The College's Board of Regents approved a salary increase of 3% for all full-time employees. The College also contracted with Arthur J. Gallagher & Co. to conduct a compensation study for faculty and staff to assure comparability and competitiveness with other community colleges which resulted in additional salary increases for certain employees. As a result of the salary increases and the additional positions associated with the Title V grant, total salaries increased by \$940,000 or about 8.2% compared to the prior fiscal year. General inflation resulted in most expense categories increasing in fiscal year 2019. Instruction, the largest expense category accounting for 35% of total operating expense, increased by 8% as compared to fiscal year 2018. This increase was primarily driven by salaries and benefits increases and the new Title V grant. Academic support, student services, and institutional support increased by a combined average of about 8%. Scholarships and fellowships expenses grew by \$348,000, or 17%, primary due to an increase in the number of students. Additionally, the total dollar amount of federal student assistance (Title IV grants) increased about 24% as compared to FY18.

Statements of Cash Flows Activity

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 following chart summarizes the Statements of Cash Flows (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash Provided by (Used in):			
Operating Activities	\$(18,411)	\$(16,598)	\$(17,775)
Non-Capital Financing Activities	22,479	21,447	19,823
Capital and Related Financing Activities	(4,768)	(2,258)	(1,381)
Investing Activities	<u>261</u>	<u>1,488</u>	<u>2,297</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(439)	4,079	2,964
Cash and Cash Equivalents – Beginning of Year	<u>21,830</u>	<u>17,751</u>	<u>14,787</u>
Cash and Cash Equivalents – End of Year	<u>\$ 21,391</u>	<u>\$ 21,830</u>	<u>\$ 17,751</u>

The College's cash flows from operating activities is always reflected as a use of cash because the College relies heavily on property taxes and state appropriations revenue to fund operations. The decrease in cash from operating activities of \$1.8 million is largely due to a decrease in receipts from grants and contracts of \$1.7 million. The \$1.7 million decrease in receipts from grants and contracts is primarily due to a one-time cash influx of \$2.1 million from the Abe and Annie Seibel Foundation received in the prior fiscal year and a decreased inflow of \$161,000 from the Building Construction Trades FY19 grant. This is offset with inflows consisting primarily of proceeds of \$553,000 from the Higher Education Emergency Relief Fund – Institutional grant. The increase in cash flows from non-capital financing activities of \$1,033,000 is due to increases in State Appropriations of \$525,000, property tax revenues of \$450,000, and an increase of \$58,000 in federal student assistance proceeds (Title IV grants).

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Cash Flows Activity - Continued

Cash used in capital activities increased \$2,510,000 in comparison to FY19 due to costs related to building and land improvements during the year for the new on-campus student residences with funds received from the Abe and Annie Seibel Foundation. Cash provided by investment activities decreased from the prior fiscal year by \$1,227,000 due to a certificate of deposit maturing for \$1 million in the prior fiscal year and a \$227,000 decrease in investment income due to the 90% decline in interest rates in the last half of the fiscal year attributed to the COVID-19 pandemic. The aggregate decrease of \$439,000 in cash and cash equivalents was mostly the result of the decrease in receipts from grants and contracts (-\$1.7 million) offset by increased non-capital financing activities (\$1 million) and a decrease in payments to or on behalf of employees (\$0.3 million).

Capital Assets

As shown in Note 6, capital assets increased from \$21.4 million to \$25.1 million due to new property, equipment, and vehicle purchases and facility improvements, offset by \$1.1 million of depreciation expense. The following points explain the material changes in the capital asset categories during fiscal year 2020:

- Land increased by \$19,000 due to the purchase of new property.
- Construction in progress decreased by \$328,000 due to the capitalization of the architect, engineering, and permit fees associated with the Abe and Annie Seibel Foundation's Student Residences Project. The remaining \$87,000 relates to the future construction of the Nursing/Health Science instructional building.
- Buildings increased by \$4.59 million as a result of the new properties purchased and completion/capitalization of the Abe and Annie Seibel Foundation Student Residences.
- Improvements other than buildings increased by \$142,000 due to renovations of the Fine Arts and Student Services areas offset by the disposal of fully depreciated parking lot assets.
- Furniture, equipment and vehicles increased by \$43,000 due the capitalization of new equipment and vehicles, offset by the retirement of obsolete assets. The College purchased one new vehicle, various capital equipment for student instruction, and a walk-in freezer and received a donated ambulance.
- Library books decreased \$538,000 as the College wrote-off \$556,000 of fully depreciated library collections purchased prior to 2001 and capitalized \$18,000 of additional books purchased in 2020.

**Capital Assets
(in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital Assets:			
Land and Improvements	\$ 8,689	\$ 8,528	\$ 7,426
Construction in Progress	87	414	578
Buildings	24,483	19,889	19,643
Equipment, Furniture, and Software	5,362	5,369	7,128
Library Books	<u>644</u>	<u>1,182</u>	<u>1,167</u>
Total	<u>\$ 39,265</u>	<u>\$ 35,382</u>	<u>\$ 35,942</u>
Less Accumulated Depreciation	<u>(14,179)</u>	<u>(13,951)</u>	<u>(15,041)</u>
Net Capital Assets	<u>\$ 25,086</u>	<u>\$ 21,431</u>	<u>\$ 20,901</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions

- Based on the 2020 Texas Higher Education Almanac, Galveston College's enrollment increased by 12.6% from Fall 2014 to Fall 2019. This outpaces statewide enrollment growth of 8.0% over the same period. Galveston College's Fall 2019 six-year graduation rate for first-time, full-time students was 48.6%, exceeding the state average by 9.5 percentage points. This rate has increased by 13.6 percentage points over the last five years, up from 35.0% in Fall 2015. Graduate success is measured as employment and/or enrollment in higher education in the fall semester following graduation. Both GC academic and technical graduates exceed the state average on this measure, with 95.2% of academic graduates and 93.2% of technical graduates deemed successful. Galveston College's three-year, four-year, and six-year graduation rates continued to outpace the state average graduation rates.
- Galveston College's TRIO - Building Bridges to Success (BBS) program recently celebrated 23 years of success at Galveston College. BBS is a TRIO Student Support Services program that is funded by the U.S. Department of Education to serve first-generation, low-income students at Galveston College. For the past academic year, BBS served 207 students, with 59 students graduating. 98% of participants were in good academic standing (2.0 or above GPA), and 68% of participants earned an associate's degree or certificate within 4 years of entering the program. Of those who graduated with an associate's degree or certificate, 31% also transferred to a four-year institution. Moreover, the persistence rate of BBS students from fall to fall (including graduation or transfer) was 88%.
- Galveston College's TRIO - Upward Bound program served 61 high-school students in fiscal year 2020. 100% of the seniors served during the academic year passed the required state assessments and 90% graduated with a rigorous degree plan. 85% of these students earned a 2.5 GPA or higher while 100% were retained and persisted to the next grade level or graduated. The 21 Upward Bound seniors served during the 2019-2020 fiscal year graduated high school in May 2020. 95% of these students went on to continue their education with 15 students enrolled at Galveston College and five enrolled at other institutions of higher education. The grant met or exceeded all objectives for 2019-2020, receiving a non-competitive grant award notification for 2020-2021 with a 3.5% budget increase for the year.
- Galveston College completed the second of the five-year Title V grant. Year two has two primary initiatives to redesign high risk general education courses and to develop a comprehensive pathways advising system. During the year, Galveston College redesigned STEM pathway courses with participation from faculty to incorporate active learning strategies. The new student advising software (CRM Advise) and early alerts system went live with advisors and students in fiscal year 2020. The grant facilitated the development and execution of articulation and transfer agreements with four-year partner institutions (for example, UHD, Lamar University, TAMUG, UHCL, and University of St. Thomas). The grant is currently equipping three classrooms into teaching studios with multi-media equipment and resources needed to support instruction in a fully remote or a mixed remote and face-to-face platform.
- On March 6, 2020, in a rapid response to the coronavirus pandemic, the College moved its spring and summer 2020 curricula, as well as academic and student support services, to an online instructional environment. The College resumed on-campus instruction for technical and professional programs in May 2020 to enable nursing, allied health, and technical/industrial program students to complete their clinical and lab requirements. Beginning Fall 2020, the College moved about 75% of instruction online/hybrid. Face-to-face instruction is occurring in large rooms with CDC recommended screening and required facemasks to enter College facilities.
- The College fully implemented the co-requisite model for developmental education courses, with 96% enrolled in the Developmental Mathematics co-requisite model and 100% enrolled in the Developmental Literacy co-requisite model. Students who have been assessed as not yet ready for college work receive extra help while they take a college-level course instead of receiving a traditional, prerequisite remedial (developmental) course in mathematics, reading, and writing.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions - Continued

- In Fall 2019, Galveston College enrolled the first cohort of 24 students into its inaugural bachelor's degree program – the Bachelor of Applied Science in Healthcare Management. Plans continue to offer a Bachelor of Science in Nursing, beginning in 2021. The College received approvals from the Texas Higher Education Coordinating Board and the Southern Association of Colleges and Schools Commission on Colleges to begin new Logistics and Instrumentation Technology programs in Fall 2020.
- The following grants will be active in fiscal year 2021:

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	09/01/20 - 08/31/21	\$ 550,000
U.S. Department of Education - Federal	TRIO - Upward Bound Program	09/01/20 - 08/31/21	298,000
U.S. Department of Education - Federal	TRIO – Student Support Services	09/01/20 - 08/31/21	284,000
Texas Workforce Commission - State	Foundational Skills for Construction Career Pathways	09/01/20 - 08/31/21	201,000
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/20 - 06/30/21	158,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Relief Fund - Students	09/01/20 - 04/20/21	148,000
Texas Higher Education Coordinating Board - Federal Pass-Through	Carl D. Perkins Career and Technical Education Program - Basic Grants	09/01/20 - 08/31/21	130,000
Texas Workforce Commission - State	Skills Development Fund COVID-19 Special Initiative	09/01/20 - 06/30/21	115,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Minority Serving Institutions	09/01/20 - 05/30/21	77,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/20 - 08/31/21	65,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Relief Fund - Institution	09/01/20 - 05/04/21	53,000
Texas Higher Education Coordinating Board - State	2018 College Readiness and Success Models for 60x30TX (CRSM-2018)	09/01/20 - 01/31/21	22,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY18/19	09/01/20 - 08/31/21	17,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions – Continued

GRANT NAME	PURPOSE	TERM	AMOUNT
Texas Higher Education Coordinating Board - State	2017-2019 College Readiness and Success Models for 60x30TX (CRSM-2017)	09/01/20 - 08/31/21	\$ 17,000
Texas Higher Education Coordinating Board - Federal Pass-Through	Governor's Emergency Education Relief Fund - Texas Educational Opportunity Grant	09/01/20 - 02/01/21	16,000
Texas Higher Education Coordinating Board - Federal Pass-Through	Governor's Emergency Education Relief Fund - Emergency Educational Grant	09/01/20 - 11/02/20	16,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Regular Program FY17/18	09/01/20 - 08/31/21	11,000
		TOTAL	\$ 2,178,000

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, 2020 AND 2019

Exhibit 1

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Note 4)	\$ 21,346,580	\$ 21,787,188
Accounts Receivable (Note 5)	614,186	538,826
Property Tax Receivable, Net (Note 5)	780,061	732,390
Student Receivables, Net (Note 5)	1,904,037	1,755,710
Other Assets	782,935	760,325
Total Current Assets	25,427,799	25,574,439
NONCURRENT ASSETS:		
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	44,459	42,426
Long-term Accounts Receivable (Note 5)	383,487	443,979
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	3,581,940	3,890,379
Subjected to Depreciation	21,504,493	17,540,453
Total Noncurrent Assets	25,514,379	21,917,237
Total Assets	50,942,178	47,491,676
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows (Note 8)	2,457,014	2,381,621
Other Post Employee Benefits Related Deferred Outflows (Note 11)	3,623,668	3,009,912
Total Deferred Outflows of Resources	6,080,682	5,391,533
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable (Note 5)	825,855	803,659
Funds Held for Others - Agency	44,459	42,426
Unearned Revenues	2,584,579	4,619,197
Deposits	23,400	9,400
Compensated Absences - Current Portion (Notes 7 and 12)	40,000	40,000
Total Current Liabilities	3,518,293	5,514,682
NONCURRENT LIABILITIES:		
Compensated Absences (Notes 7 and 12)	467,253	351,674
Net Pension Liability (Note 8)	5,547,478	5,475,997
Net Other Post Employee Benefit Liability (Note 11)	13,142,398	11,046,663
Total Noncurrent Liabilities	19,157,129	16,874,334
Total Liabilities	22,675,422	22,389,016
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows (Note 8)	1,135,146	617,334
Other Post Employee Benefits Related Deferred Inflows (Note 11)	3,278,805	4,275,765
Total Deferred Inflows of Resources	4,413,951	4,893,099
NET POSITION		
Net Investment in Capital Assets	25,086,433	21,430,832
Restricted - Expendable:		
Student Aid	220,736	216,652
Unrestricted	4,626,318	3,953,610
Total Net Position (Schedule D)	\$ 29,933,487	\$ 25,601,094

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, 2020 AND 2019

Exhibit 2

	2020	2019
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$2,259,509 for 2020 and \$2,300,585 for 2019	\$ 2,834,638	\$ 2,900,554
Federal Grants and Contracts	2,501,402	2,227,540
State and Local Grants and Contracts	303,196	361,015
Private Grants and Scholarships	2,815,188	950,006
Auxiliary Enterprises, Net of Scholarship Allowance of \$108,943 for 2020 and \$150,888 for 2019	310,774	341,136
Other Operating Revenues	116,334	258,771
Total Operating Revenues (Schedule A)	8,881,532	7,039,022
OPERATING EXPENSES:		
Instruction	9,743,826	9,773,923
Public Service	6,915	15,561
Academic Support	1,974,131	1,865,634
Student Services	3,541,359	3,808,283
Institutional Support	6,266,863	5,294,778
Operation and Maintenance of Plant	2,594,027	2,982,641
Scholarships and Fellowships	2,997,501	2,391,014
Auxiliary Enterprises	680,031	766,281
Depreciation	1,115,291	1,044,189
Total Operating Expenses (Schedule B)	28,919,944	27,942,304
OPERATING LOSS	(20,038,412)	(20,903,282)
NON-OPERATING REVENUES (EXPENSES):		
State Appropriations	6,249,901	5,391,247
Property Taxes	14,283,682	13,869,957
Federal Student Assistance (Title IV Grants)	3,573,416	3,527,826
Investment Income	260,806	480,498
Other Non-Operating Income	3,000	-
Loss on Disposal of Capital Assets	-	(683,320)
Non-Operating Revenues, Net (Schedule C)	24,370,805	22,586,208
INCREASE IN NET POSITION	4,332,393	1,682,926
NET POSITION, BEGINNING OF YEAR	25,601,094	23,918,168
NET POSITION, END OF YEAR	\$ 29,933,487	\$ 25,601,094

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, 2020 AND 2019

Exhibit 3

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 2,951,184	\$ 2,856,918
Receipts from Grants and Contracts	3,322,409	5,028,467
Payments to or on Behalf of Employees	(15,917,917)	(16,187,506)
Payments to Suppliers for Goods and Services	(6,195,935)	(6,504,886)
Payments for Scholarships	(2,997,501)	(2,391,014)
Other Cash Receipts	427,108	599,907
Net Cash Used in Operating Activities	(18,410,652)	(16,598,114)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	4,669,987	4,145,280
Proceeds from Property Taxes	14,236,011	13,786,096
Proceeds from Federal Student Assistance (Title IV Grants)	3,573,165	3,515,287
Net Cash Provided by Non-Capital Financing Activities	22,479,163	21,446,663
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Capital Assets	3,000	12,898
Purchases of Capital Assets	(4,770,892)	(2,270,412)
Net Cash Used in Capital and Related Financing Activities	(4,767,892)	(2,257,514)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Receipt on Maturity of Short-Term Investment	-	1,000,000
Investment Income	260,806	487,581
Net Cash Provided by Investing Activities	260,806	1,487,581
CHANGE IN CASH AND CASH EQUIVALENTS	(438,575)	4,078,616
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,829,614	17,750,998
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 21,391,039	\$ 21,829,614

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, 2020 AND 2019

Exhibit 3 - Continued

	2020	2019
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (20,038,412)	\$ (20,903,282)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,115,291	1,044,189
Payments Made Directly by State for Benefits	1,579,216	1,246,206
Changes in Assets and Liabilities:		
Receivables, Net	(162,246)	(746,012)
Other Assets	(22,610)	(236,665)
Pension Related Deferred Outflows	(75,393)	(1,343,590)
Other Post Employee Benefits Related Deferred Outflows	(613,756)	(2,712,764)
Accounts Payable	22,196	171,977
Funds Held for Others - Agency Funds	2,033	10,954
Unearned Revenues	(2,034,618)	2,182,328
Deposits	14,000	(1,000)
Compensated Absences	115,579	29,914
Net Pension Liability	71,481	2,190,201
Net Other Post Employee Benefit Liability	2,095,735	1,075,785
Pension Related Deferred Inflows	517,812	(677,511)
Other Post Employee Benefits Related Deferred Inflows	(996,960)	2,071,156
Net Cash Used in Operating Activities	\$ (18,410,652)	\$ (16,598,114)

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, 2020 and 2019 and the cost of services provided by the College to the Foundation during the years then ended are not significant to the College. The Foundation has therefore not been included as a component unit in the financial statements of the College. 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:

Net Investment in Capital Assets: 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 net investment in capital assets.

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: These are resources that are not subject to any external restrictions and may be used at the discretion of the governing board for any lawful purpose of the College.

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

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

Revenue Recognition and Unearned Income

Tuition and fee revenues are recorded when earned. Tuition, fees and other revenues related to periods after August 31, 2020 and 2019, respectively, have been deferred to the subsequent fiscal year.

Pensions

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using 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 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 and other postemployment benefits (OPEB) liability, and contributions from the College for pension and OPEB after the measurement date but before the end of the College’s reporting period.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 revenue until that time. Deferred inflows of resources consist of unrecognized items not yet charged to pension and OPEB liability.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Operating and Non-Operating Revenues and Expenses 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. Operating revenues and expenses 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. 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.

Operating expenses include the cost of providing instruction, student services and support, administrative expenses, and depreciation and amortization on capital assets. Expenses related to non-operating federal revenues are reported as operating expenses, either as tuition discounts (if applied to tuition) or as scholarship.

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.

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, 2020 and 2019.

Subsequent Events

The College has evaluated subsequent events through December 9, 2020 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 or related disclosures.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – AUTHORIZED INVESTMENTS

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

NOTE 4 – CASH AND CASH EQUIVALENTS

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, 2020 and 2019, the carrying amount of the College’s deposits was \$2,747,415 and \$1,472,315, respectively; and bank balances equaled \$2,908,390 and \$1,782,644, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts.

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

	2020	2019
Cash and Cash Equivalents:		
Petty Cash	\$ 1,200	\$ 1,200
Demand Deposits	2,747,415	1,472,315
Vanguard Admiral Treasury Money Market Fund	688,632	681,473
Investment Pools:		
Lone Star Investment Pool	759,000	6,160,451
Local Government Investment Cooperative	6,374,745	6,289,410
Texas Local Government Investment Pool	5,707,515	5,646,617
TexasTERM Local Government Investment Pool	<u>5,112,532</u>	<u>1,578,148</u>
Total Cash and Cash Equivalents	<u>\$ 21,391,039</u>	<u>\$ 21,829,614</u>

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH AND CASH EQUIVALENTS - CONTINUED

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

Local Government Investment Cooperative (LOGIC or the Cooperative) was organized in conformity with the Inter-local Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. Participation in the Cooperative is limited to those eligible Government Entities which have become parties to the Participation Agreement. LOGIC is overseen by a governing board consisting of individuals from participating government entities in the pool. The business and affairs of LOGIC are managed by the Board. J.P. Morgan Asset Management provides investment management, fund accounting, transfer agency and custodial services for the pool and Hilltop Securities Inc. provides administrative, marketing and participant services. 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 AAAM 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.

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 three investment options that offer investors the flexibility to manage cash flow and optimize earnings. The College has currently invested in TexasDAILY, a money market portfolio with daily liquidity that is rated AAAM by Standard & Poor's.

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>2020</u>	<u>2019</u>
Student Receivables	\$ 2,147,256	\$ 1,998,929
Less Allowance for Doubtful Accounts	<u>(243,219)</u>	<u>(243,219)</u>
Total Student Receivable	<u>\$ 1,904,037</u>	<u>\$ 1,755,710</u>
Federal Receivables	\$ 916,826	\$ 874,249
Other Receivables	<u>80,847</u>	<u>108,556</u>
Total Accounts Receivable	<u>\$ 997,673</u>	<u>\$ 982,805</u>
Property Tax Receivable	\$ 882,064	\$ 829,981
Less Allowance for Doubtful Accounts	<u>(102,003)</u>	<u>(97,591)</u>
Total Property Tax Receivable	<u>\$ 780,061</u>	<u>\$ 732,390</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 585,416	\$ 669,707
Benefits Payable	<u>240,039</u>	<u>133,952</u>
Total Payables	<u>\$ 825,855</u>	<u>\$ 803,659</u>

Included in federal receivables at August 31, 2020 is \$383,487 of long term receivables that will be collected within the next 3 years. Included in federal receivables at August 31, 2019 is \$443,979 of long term receivables that will be collected within the next 4 years.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2020 was as follows:

	Balance September 1, <u>2019</u>	<u>Increase</u>	Decrease/ <u>Adjustment</u>	Balance August 31, <u>2020</u>
Not Depreciated:				
Land	\$ 3,475,925	\$ 19,080	\$ -	\$ 3,495,005
Construction in Progress	<u>414,454</u>	<u>-</u>	<u>(327,519)</u>	<u>86,935</u>
Total Not Depreciated	<u>3,890,379</u>	<u>19,080</u>	<u>(327,519)</u>	<u>3,581,940</u>
Other Capital Assets:				
Buildings	19,889,000	4,266,789	327,519	24,483,308
Land Improvements	5,051,938	239,009	(97,300)	5,193,647
Furniture, Equipment and Vehicles	3,907,714	223,198	(179,722)	3,951,190
Computer System	1,460,636	5,166	(55,132)	1,410,670
Library Books	<u>1,182,379</u>	<u>17,650</u>	<u>(555,885)</u>	<u>644,144</u>
Total Depreciated	<u>31,491,667</u>	<u>4,751,812</u>	<u>(560,520)</u>	<u>35,682,959</u>
Less Accumulated Depreciation:				
Buildings	8,285,434	396,735	-	8,682,169
Land Improvements	1,740,339	254,216	(97,300)	1,897,255
Furniture, Equipment and Vehicles	1,886,956	331,424	(179,722)	2,038,658
Computer System	1,186,806	97,053	(55,132)	1,228,727
Library Books	<u>851,679</u>	<u>35,863</u>	<u>(555,885)</u>	<u>331,657</u>
Total Accumulated Depreciation	<u>13,951,214</u>	<u>1,115,291</u>	<u>(888,039)</u>	<u>14,178,466</u>
Net Capital Assets	<u>\$ 21,430,832</u>	<u>\$ 3,655,801</u>	<u>\$ -</u>	<u>\$ 25,086,433</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

Capital assets activity for the year ended August 31, 2019 was as follows:

	Balance September 1, <u>2018</u>	Increase	Decrease/ Adjustment	Balance August 31, <u>2019</u>
Not Depreciated:				
Land	\$ 3,431,010	\$ 60,250	\$ (15,335)	\$ 3,475,925
Construction in Progress	<u>578,325</u>	<u>83,039</u>	<u>(246,910)</u>	<u>414,454</u>
Total Not Depreciated	<u>4,009,335</u>	<u>143,289</u>	<u>(262,245)</u>	<u>3,890,379</u>
Other Capital Assets:				
Buildings	19,642,679	657,059	(410,738)	19,889,000
Land Improvements	3,994,634	1,044,405	12,899	5,051,938
Furniture, Equipment and Vehicles	4,360,350	305,065	(757,701)	3,907,714
Computer System	2,767,769	105,746	(1,412,879)	1,460,636
Library Books	<u>1,167,531</u>	<u>14,848</u>	<u>-</u>	<u>1,182,379</u>
Total Depreciated	<u>31,932,963</u>	<u>2,127,123</u>	<u>(2,568,419)</u>	<u>31,491,667</u>
Less Accumulated Depreciation:				
Buildings	7,927,587	403,223	(45,376)	8,285,434
Land Improvements	1,540,335	200,004	-	1,740,339
Furniture, Equipment and Vehicles	2,266,510	310,695	(690,249)	1,886,956
Computer System	2,478,985	106,642	(1,398,821)	1,186,806
Library Books	<u>828,054</u>	<u>23,625</u>	<u>-</u>	<u>851,679</u>
Total Accumulated Depreciation	<u>15,041,471</u>	<u>1,044,189</u>	<u>(2,134,446)</u>	<u>13,951,214</u>
Net Capital Assets	<u>\$ 20,900,827</u>	<u>\$ 1,226,223</u>	<u>\$ (696,218)</u>	<u>\$ 21,430,832</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2020 was as follows:

	Balance September 1, <u>2019</u>	Additions	Reductions	Balance August 31, <u>2020</u>	Current Portion
Compensated Absences	\$ 391,674	\$ 145,253	\$ (29,674)	\$ 507,253	\$ 40,000
Net Pension Liability (Note 2, 8)	5,475,997	445,003	(373,522)	5,547,478	-
Net OPEB Liability (Note 2, 11)	<u>11,046,663</u>	<u>2,290,407</u>	<u>(194,672)</u>	<u>13,142,398</u>	<u>-</u>
Total Noncurrent Liabilities	<u>\$16,914,334</u>	<u>\$ 2,880,663</u>	<u>\$ (597,868)</u>	<u>\$19,197,129</u>	<u>\$ 40,000</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

Noncurrent liability activity for the year ended August 31, 2019 was as follows:

	Balance September 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance August 31, <u>2019</u>	Current <u>Portion</u>
Compensated Absences	\$ 361,760	\$ 95,916	\$ (66,002)	\$ 391,674	\$ 40,000
Net Pension Liability (Note 2, 8)	3,285,796	2,525,347	(335,146)	5,475,997	-
Net OPEB Liability (Note 2, 11)	<u>9,970,878</u>	<u>3,753,710</u>	<u>(2,677,925)</u>	<u>11,046,663</u>	<u>-</u>
Total Noncurrent Liabilities	<u>\$13,618,434</u>	<u>\$ 6,374,973</u>	<u>\$(3,079,073)</u>	<u>\$16,914,334</u>	<u>\$ 40,000</u>

NOTE 8 – 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). The 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 is available on the internet at [http://www.trs.texas.gov/TRS%20Documents/cafr 2019.pdf](http://www.trs.texas.gov/TRS%20Documents/cafr%202019.pdf) (select About TRS, then Publications, then Financial Reports) or write to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

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 a 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, whose formulas use the three highest annual salaries. 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 cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the State, participating employers and active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

Employee contribution rates are set in state statute, The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

	Contribution Rates	
	2020	2019
Member	7.7%	7.7%
Non – employer contributing entity (State)	7.5%	6.8%
Employers	7.5%	6.8%
Fiscal year 2019 College contributions		\$ 373,522
Fiscal year 2019 State of Texas on-behalf contributions		\$ 267,159
Fiscal year 2019 Member contributions		\$ 734,880

The College’s contributions to the TRS pension plan in 2020 were \$426,105 as reported in the Schedule of College’s Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2020 were \$324,146.

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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas – Continued

Public junior colleges or junior college districts are required to pay the employer contribution rate in the following instances:

- 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 31, 2019	2.63%*
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used on the actuarial valuation as of August 31, 2018, except as disclosed.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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. The long-term rate of return on pension plan investments is 7.25%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

Best estimates of geometric real rates of return for each major asset class included in the system’s target asset allocation as of August 31, 2019, are summarized below:

Asset Class	FY 2019 Target Allocation* %	New Target Allocation** %	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00	13.00	6.30
Emerging Markets	9.00	9.00	7.30
Directional Hedge Funds	4.00	—	—
Private Equity	13.00	14.00	8.40
Stable Value			
U.S. Treasuries ****	11.00	16.00	3.10
Stable Value Hedge Funds	4.00	5.00	4.50
Absolute Return (Including Credit Sensitive Investments)	—	—	—
Real Return			
Global Inflation Linked Bonds ****	3.00	—	—
Real Estate	14.00	15.00	8.50
Energy, Natural Resources and Infrastructure	5.00	6.00	7.30
Commodities	—	—	—
Risk Parity			
Risk Parity	5.00	8.00	5.8%/6.5%*****
Asset Allocation Leverage			
Cash	1.0	2.0	2.5
Asset Allocation Leverage	—	(6.0)	2.7
Expected Return			7.23%

* FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

** New target allocation based on the Strategic Asset Allocation dated 10/1/2019

*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – 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 (7.25%) in measuring the 2019 net pension liability.

	<u>6.25%</u> <u>Discount Rate</u>	<u>7.25%</u> <u>Discount Rate</u>	<u>8.25%</u> <u>Discount Rate</u>
College’s proportionate share of the net pension liability	\$8,527,279	\$5,547,478	\$3,133,264

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2020, the College reported a liability of \$5,547,478 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	\$ 5,547,478
State’s proportionate share that is associated with College	<u>3,967,963</u>
Total	<u>\$ 9,515,441</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018, through August 31, 2019.

At the measurement date of August 31, 2019 the employer’s proportion of the collective net pension liability was 0.0001067% which was an increase of 0.0000072% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the year ended August 31, 2020, the College recognized pension expense of \$623,311 and revenue of \$623,311 for support provided by the State.

As of August 31, 2020 and 2019, the College had contributions payable to TRS of \$98,620 and \$0, respectively, which is reflected in accounts payable in the accompanying financial statements.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

At August 31, 2020, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 23,304	\$ 192,617
Changes in actuarial assumptions	1,721,100	711,240
Difference between projected and actual investment earnings	55,703	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	230,802	231,289
Contributions paid to TRS subsequent to the measurement date	<u>426,105</u>	<u>-</u>
Total	<u>\$ 2,457,014</u>	<u>\$ 1,135,146</u>

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31,</u>	
2021	\$ 122,591
2022	76,446
2023	308,582
2024	300,762
2025	122,886
Thereafter	<u>(35,504)</u>
Total	<u>\$ 895,763</u>

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 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Optional Retirement Plan - Continued

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. In 2020, 2019, and 2018 the percentages of participant salaries contributed by the State and each participant were 6.6% and 6.65%, respectively of annual compensation. In addition, for fiscal years 2020, 2019 and 2018, the College contributed 1.9% of annual compensation for each participant hired on or before September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. SB 1812, effective September 1, 2013, passed by the 83rd Texas Legislature, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

Retirement expense. 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 \$61,227, \$58,356 and \$61,451 for the fiscal years ended August 31, 2020, 2019 and 2018, respectively.

The total payroll for all College employees was \$12,720,937, \$12,283,624 and \$11,360,358 for the fiscal years ended August 31, 2020, 2019 and 2018, respectively. The total payroll of employees covered by ORP was \$1,892,077, \$1,830,020 and \$1,882,292 for fiscal years August 31, 2020, 2019 and 2018, respectively. The total payroll of employees covered by TRS was \$10,004,906, \$9,546,336 and \$8,576,788 for fiscal years August 31, 2020, 2019 and 2018, respectively.

NOTE 9 – 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, 2020, the College had 32 employees participating in the program and a total of \$216,810 in contributions was invested in the plan during the fiscal year. As of August 31, 2019, the College had 32 employees participating in the program and a total of \$234,901 in contributions was invested in the plan during the fiscal year.

NOTE 10 – HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance 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 \$625 per month for fiscal years 2020 and 2019. The State's maximum contribution for dependent coverage was \$1,223 per month for fiscal years 2020 and 2019. 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. Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – HEALTH CARE AND LIFE INSURANCE BENEFITS – CONTINUED

	2020	2019
Number of retirees	68	70
Cost of health benefits for retirees	\$ 554,886	\$ 596,988
Number of active full time employees	172	169
Cost of health benefits for active full time employees	\$ 1,471,128	\$ 1,427,787
State appropriation for health insurance	\$ 943,625	\$ 903,661

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description. The College participates in a cost-sharing multiple-employer other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detailed information about the GBP’s fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions. Section 1551.055 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. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2019**

Retiree only	\$ 624.82
Retiree & Spouse	\$ 1,340.82
Retiree & Children	\$ 1,104.22
Retiree & Family	\$ 1,820.22

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2020 and 2019**

	2020	2019
Employers	\$ 1,126,765	\$ 1,082,745
Members (Employees)	\$ 278,329	\$ 273,466
Non-Employer Contributing Entity (State)	\$ 886,723	\$ 854,173

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2019
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Not applicable because the plan operates on pay-as-you-go basis
Discount rate	2.97%
Projected annual salary increase	2.50% to 9.50% including inflation
Annual healthcare trend rate	<u>HealthSelect</u> 7.30% for FY2021, 7.40% for FY2022, 7% for FY2023, decreasing 0.5% per year to an ultimate rate of 4.50% for FY2028 and later years)
	<u>HealthSelect Medicare Advantage</u> 10.80% for FY2021, 7.40% for FY2022, 7% for FY2023, decreasing 0.5% per year to an ultimate rate of 4.50% for FY2028 and later years)
Inflation assumption rate	2.50%
Adhoc postemployment benefits changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retiree	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED

Investment Policy. The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System’s Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds’ average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used in measuring the net OPEB Liability.

	<u>1.97%</u> <u>Discount Rate</u>	<u>2.97%</u> <u>Discount Rate</u>	<u>3.97%</u> <u>Discount Rate</u>
College’s proportionate share of the net OPEB liability (in thousands)	\$15,683	\$13,142	\$11,188

Health Care Trend Rate Sensitivity Analysis The initial healthcare trend rate is 7.30% for HealthSelect and 10.8% for HealthSelect Medicare Advantage and the ultimate rate is 4.5% for both. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB liability.

	1% Decrease (HealthSelect: 6.30% decreasing to 3.50%; HealthSelect Medicare Advantage: 9.80% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (HealthSelect: 7.30% decreasing to 4.50%; HealthSelect Medicare Advantage: 10.80% decreasing to 4.50%)	1% Increase (HealthSelect: 8.30% decreasing to 5.50%; HealthSelect Medicare Advantage: 11.80% decreasing to 5.50%)
College’s proportionate share of the net OPEB liability (in thousands)	\$11,036	\$13,142	\$15,896

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2020, the College reported a liability of \$13,142,398 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College’s proportionate share of the collective net OPEB liability	\$ 13,142,398
State’s proportionate share that is associated with College	<u>10,342,591</u>
Total	<u>\$ 23,484,989</u>

The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018, through August 31, 2019.

At the measurement date of August 31, 2019, the employer’s proportion of the collective net OPEB liability was 0.0380802483% which was an increase of 0.00075255% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized OPEB expense of \$11,717 and revenue of \$11,717 for OPEB support provided by the State.

Changes Since the Prior Actuarial Valuation. Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Assumed per capita health benefit costs and assumed health cost and retiree contribution trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future male retirees assumed to be married and electing coverage for their spouse.
- The percentage of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was changed from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Changes of Benefit Terms Since Prior Measurement Date. The following benefit revisions have been adopted since the prior valuation:

- Since the last valuation was prepared for this plan, a benefit change has been adopted which will become effective January 1, 2020. The benefit change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the FY2020 assumed per capita health benefit costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2020, the College reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 341,977
Changes in actuarial assumptions	935,274	2,936,828
Difference between projected and actual investment earnings	5,403	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,477,865	-
Contributions paid to ERS subsequent to the measurement date	<u>205,126</u>	<u>-</u>
Total	<u>\$ 3,623,668</u>	<u>\$ 3,278,805</u>

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending August 31,</u>	
2021	\$ (231,497)
2022	(231,497)
2023	128,855
2024	348,079
2025	<u>125,797</u>
Total	<u>\$ 139,797</u>

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 \$507,253 and \$391,674 as of August 31, 2020 and 2019, respectively. Faculty employees are not eligible to earn vacation benefits.

Compensatory Time

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX

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

At August 31:	<u>2020</u>	<u>2019</u>	
Certified Taxable Valuation of the College	\$8,017,532,136	\$7,494,157,019	
Adjustments	<u>243,909,384</u>	<u>337,879,473</u>	
Net Assessed Valuation of the College	<u>\$8,261,441,520</u>	<u>\$7,832,036,492</u>	
	<u>2020</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.171188	-	\$.171188
	<u>2019</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.175190	-	\$.175190

Taxes levied for the years ended August 31, 2020 and 2019, based on certified rolls, as reported by the taxing authorities amounted to \$14,149,234 and \$13,728,040, 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, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>	
Current Taxes Collected	\$ 13,771,482	\$ 13,394,963	
Delinquent Taxes Collected	328,129	313,939	
Penalties and Interest Collected	<u>164,332</u>	<u>144,767</u>	
Total Collections	<u>\$ 14,263,943</u>	<u>\$ 13,853,669</u>	

Tax collections for the years ended August 31, 2020 and 2019 were 97.33% and 97.57%, 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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – CONTRACT AND GRANT AWARD

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, 2020 and 2019, \$120,331 and \$2,403,789, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET POSITION

In fiscal year 2011, the Board approved \$5,128,890 of unrestricted net position to be designated in the event of a natural disaster. At August 31, 2020 and 2019, the unrestricted net position of \$4,626,318 and \$3,953,610, respectively, is lower than the board designated net position of \$5,128,890 primarily due to the implementation of GASB No. 75 in 2018. The College expects to build up to the board designated balance in fiscal year 2021.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

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.

COVID-19

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. The continued spread of the COVID-19 pandemic has given rise in uncertainties that may have a significant negative impact on the operating activities and results of the College. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions of travel of meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 17 – GALVESTON COLLEGE FOUNDATION AND RELATED PARTY TRANSACTIONS

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

The Foundation solicits donations and acts as coordinator of contributions made by other parties. During the year ended August 31, 2020, the Foundation did not fund any grant programs. During the year ended August 31, 2019, the Foundation remitted contributions of \$2,320,635 for student housing and other construction projects.

The Foundation remitted \$315,734 and \$299,714 to the College for scholarship awards during the years ended August 31, 2020 and 2019, respectively.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – GALVESTON COLLEGE FOUNDATION AND RELATED PARTY TRANSACTIONS -
CONTINUED

During the years ended August 31, 2020 and 2019, 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 \$62,508 and \$60,579 for fiscal years 2020 and 2019, respectively.

During the year ended August 31, 2019, the College awarded a construction contract worth \$606,776 to a Company owned by an immediate family member of one of the Board of Regents. Construction was completed during 2019.

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENT

In June 2017, the GASB issued Statement 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective, as amended for the College's fiscal year ended August 31, 2022. The College is currently evaluating the impact of adopting this standard.

NOTE 19 – OPERATING LEASES

In June 2017, the College entered into a lease agreement for office equipment, expiring June 2021. During the years ended August 31, 2020 and 2019, rent incurred for leased equipment amounted to \$97,955. Future minimum lease payments under this agreement for the period ending August 31, 2021 is \$81,629.

REQUIRED SUPPLEMENTARY SCHEDULES

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GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS**
(Unaudited)

For the years ended August 31*	2020	2019	2018	2017	2016	2015
College's proportionate share of collective net pension liability	0.0106717%	0.0099487%	0.0102763%	0.0104586%	0.0103144%	0.0117839%
College's proportionate share of collective net pension liability	\$ 5,547,478	\$ 5,475,997	\$ 3,285,796	\$ 3,952,159	\$ 3,646,003	\$ 3,147,643
State's proportionate share of net pension liability associated with College	3,967,963	3,979,071	2,073,938	2,466,383	2,388,048	2,061,454
Total	<u>9,515,441</u>	<u>9,455,068</u>	<u>5,359,734</u>	<u>6,418,542</u>	<u>6,034,051</u>	<u>5,209,097</u>
College's covered payroll	<u>\$ 9,546,366</u>	<u>\$ 8,576,788</u>	<u>\$ 8,069,445</u>	<u>\$ 7,880,598</u>	<u>\$ 7,415,939</u>	<u>\$ 7,235,080</u>
College's proportionate share of collective net pension liability as a percentage of covered payroll	58.11%	63.85%	40.72%	50.15%	49.16%	43.51%
Plan fiduciary net position as percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* The amounts presented above are as of the measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR PENSIONS
LAST TEN FISCAL YEARS**
(Unaudited)

For the years ended August 31*	2020	2019	2018	2017	2016	2015
Legally required contributions	\$ 426,105	\$ 373,127	\$ 334,968	\$ 336,796	\$ 332,513	\$ 305,714
Actual contributions	<u>(426,105)</u>	<u>(373,127)</u>	<u>(334,968)</u>	<u>(336,796)</u>	<u>(332,513)</u>	<u>(305,714)</u>
Contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered payroll amount	\$ <u>10,004,906</u>	\$ <u>9,546,336</u>	\$ <u>8,576,788</u>	\$ <u>8,069,445</u>	\$ <u>7,880,598</u>	\$ <u>7,415,939</u>
Contributions as a percentage of covered payroll	4.26%	3.91%	3.91%	4.17%	4.22%	4.12%

* The amounts presented above are as of the College's most recent fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR PENSIONS
FOR THE YEAR ENDED AUGUST 31, 2020

NOTE 1 - CHANGES OF BENEFIT TERMS INCLUDE:

There were no changes in benefit terms for the fiscal year ended August 31, 2020.

NOTE 2 - CHANGES OF ASSUMPTIONS:

The net pension liability changed since the prior measurement date due to a change in the following actuarial assumptions:

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN
LAST TEN FISCAL YEARS**
(Unaudited)

For the year ended August 31*	2020	2019	2018
College's proportion of collective net OPEB liability	0.03802483%	0.03727228%	0.02926327%
College's proportionate share of collective net OPEB liability	\$ 13,142,398	\$ 11,046,663	\$ 9,970,878
State's proportionate share of net OPEB liability associated with College	<u>10,342,591</u>	<u>8,714,666</u>	<u>9,948,492</u>
Total	<u>23,484,989</u>	<u>19,761,329</u>	<u>19,919,370</u>
College's covered-employee payroll	<u>\$ 11,398,722</u>	<u>\$ 10,505,500</u>	<u>\$ 10,018,381</u>
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	115.30%	105.15%	99.53%
Plan fiduciary net position as percentage of the total OPEB liability	0.17%	1.27%	2.04%

* The amounts presented above are as of the measurement date of the collective net OPEB liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR OPEB
EMPLOYEE RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN
LAST TEN FISCAL YEARS**
(Unaudited)

<u>For the year ended August 31*</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Legally required contributions	\$ 980,737	\$ 1,126,497	\$ 1,087,352
Actual contributions	<u>(980,737)</u>	<u>(1,126,497)</u>	<u>(1,087,352)</u>
Contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
College's covered-employee payroll amount	<u>\$ 11,785,731</u>	<u>\$ 12,386,235</u>	<u>\$ 10,505,500</u>
Contributions as a percentage of covered-employee payroll	8.32%	9.09%	10.35%

* The amounts presented above are as of the College's most recent fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR OPEB
FOR THE YEAR ENDED AUGUST 31, 2020

NOTE 1 - CHANGES OF BENEFIT TERMS INCLUDE:

The only benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect. They changed from \$6,550 to \$6,650 for individuals and from \$13,100 to \$13,300 for families in order to remain consistent with Internal Revenue Service maximums.

There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

NOTE 2 - CHANGES OF ASSUMPTIONS:

Demographic Assumptions

Since the last valuation was prepared for the plan, demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members were updated to reflect assumptions recently adopted by the TRS Board of Trustees. These new assumptions were based on an experience study of the TRS retirement plan performed by the TRS actuary for the period ending August 31, 2017.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

Economic Assumptions

Assumptions for expenses, assumed per capita health benefit costs, and health benefit costs and retiree contribution and expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.

The discount rate assumption was changed from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The minor benefit changes have been reflected in the FY 2019 assumed per capita health benefit costs.

SUPPLEMENTARY SCHEDULES

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GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2020 Total	2019 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 2,033,384	\$ -	\$ 2,033,384	\$ -	\$ 2,033,384	\$ 2,015,897
TPEG - Credit (set aside) *	132,520	-	132,520	-	132,520	133,254
Non-Resident Tuition	220,451	-	220,451	-	220,451	292,017
Non-State Funded Educational Programs	42,711	-	42,711	-	42,711	61,765
Total Tuition	2,429,066	-	2,429,066	-	2,429,066	2,502,933
Fees:						
Student Service Fee	-	-	-	71,631	71,631	73,235
Course Fees	589,913	-	589,913	-	589,913	622,688
Building Use Fee	1,079,988	-	1,079,988	-	1,079,988	1,063,700
Out of District Fee	448,199	-	448,199	-	448,199	450,656
General Service Fee	296,076	-	296,076	-	296,076	303,632
Registration Fee	179,274	-	179,274	-	179,274	184,295
Total Fees	2,593,450	-	2,593,450	71,631	2,665,081	2,698,206
Scholarship Allowances and Discounts:						
Scholarship Allowances	(613,604)	-	(613,604)	(6,982)	(620,586)	(571,927)
Remissions and Exemptions - State	(383,622)	-	(383,622)	-	(383,622)	(432,868)
Title IV Federal Grants to Students	(1,235,815)	-	(1,235,815)	(19,486)	(1,255,301)	(1,295,790)
Total Scholarship Allowances and Discounts	(2,233,041)	-	(2,233,041)	(26,468)	(2,259,509)	(2,300,585)
Total Net Tuition and Fees	2,789,475	-	2,789,475	45,163	2,834,638	2,900,554
Additional Operating Revenues:						
Federal Grants and Contracts	-	2,501,402	2,501,402	-	2,501,402	2,227,540
State Grants and Contracts	-	303,196	303,196	-	303,196	361,015
Private Grants and Scholarships	-	2,815,188	2,815,188	-	2,815,188	950,006
Other Operating Revenues	116,334	-	116,334	-	116,334	258,771
Total Additional Operating Revenues	116,334	5,619,786	5,736,120	-	5,736,120	3,797,332
Auxiliary Enterprises:						
Residential Life	-	-	-	200,538	200,538	216,423
Less Scholarship Allowances and Discounts	-	-	-	(108,943)	(108,943)	(150,888)
Bookstore Commissions	-	-	-	74,470	74,470	75,370
Vending Commissions	-	-	-	4,689	4,689	5,597
Other Auxiliary Revenue	-	-	-	140,020	140,020	194,634
Total Auxiliary Enterprises	-	-	-	310,774	310,774	341,136
Total Operating Revenues	\$ 2,905,809	\$ 5,619,786	\$ 8,525,595	\$ 355,937	\$ 8,881,532	\$ 7,039,022
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code §56.003, \$132,520 and \$133,254 for years August 31, 2020 and 2019, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

Schedule B

	Operating Expenses				2020 Total	2019 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 6,077,896	\$ -	\$ 1,387,031	\$ 670,542	\$ 8,135,469	\$ 7,929,507
Public Service	1,832	-	192	4,891	6,915	15,561
Academic Support	1,267,302	-	332,705	231,366	1,831,373	1,723,813
Student Services	1,492,102	-	397,241	698,435	2,587,778	2,796,821
Institutional Support	2,378,602	-	1,078,386	1,815,479	5,272,467	4,837,796
Operation and Maintenance of Plant	553,423	-	305,314	1,735,290	2,594,027	2,982,641
Total Unrestricted Educational Activities	11,771,157	-	3,500,869	5,156,003	20,428,029	20,286,139
Restricted - Educational Activities:						
Instruction	469,805	568,622	157,767	412,163	1,608,357	1,844,416
Academic Support	-	142,758	-	-	142,758	141,821
Student Services	385,132	172,870	148,701	246,878	953,581	1,011,462
Institutional Support	-	561,801	-	432,595	994,396	456,982
Scholarships and Fellowships	-	-	-	2,997,501	2,997,501	2,391,014
Total Restricted Educational Activities	854,937	1,446,051	306,468	4,089,137	6,696,593	5,845,695
Total Educational Activities	12,626,094	1,446,051	3,807,337	9,245,140	27,124,622	26,131,834
Auxiliary Enterprises	180,731	-	73,521	425,779	680,031	766,281
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	650,951	650,951	603,227
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	464,340	464,340	440,962
Total Operating Expenses	\$ 12,806,825	\$ 1,446,051	\$ 3,880,858	\$ 10,786,210	\$ 28,919,944 (Exhibit 2)	\$ 27,942,304 (Exhibit 2)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2020 Total	2019 Total
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 4,609,458	\$ -	\$ -	\$ 4,609,458	\$ 4,086,685
State Group Insurance	-	943,625	-	943,625	903,661
State Retirement Match	-	696,818	-	696,818	400,901
	<u>4,609,458</u>	<u>1,640,443</u>	<u>-</u>	<u>6,249,901</u>	<u>5,391,247</u>
Total State Appropriations					
Property Taxes	14,283,682	-	-	14,283,682	13,869,957
Federal Student Assistance (Title IV Grants)	-	3,573,416	-	3,573,416	3,527,826
Investment Income	260,806	-	-	260,806	480,498
Other Non-Operating Income	3,000	-	-	3,000	-
	<u>14,547,488</u>	<u>3,573,416</u>	<u>-</u>	<u>18,120,904</u>	<u>17,878,281</u>
Total Non-Operating Revenues					
Non-Operating Expenses:					
Loss on Disposal of Capital Assets	-	-	-	-	683,320
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,320</u>
NET NON-OPERATING REVENUES	<u>\$ 19,156,946</u>	<u>\$ 5,213,859</u>	<u>\$ -</u>	<u>\$ 24,370,805</u> (Exhibit 2)	<u>\$ 22,586,208</u> (Exhibit 2)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2020
(With Memorandum Totals for the Year Ended August 31, 2019)

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	\$ 2,933,823	\$ -	\$ -	\$ -	\$ 2,933,823	\$ 2,933,823	\$ -
Auxiliary	541,236	-	-	-	541,236	541,236	-
Scholarships	-	220,736	-	-	220,736	220,736	-
Plant:							
Unexpended	1,151,259	-	-	-	1,151,259	1,151,259	-
Investment in Plant	-	-	-	25,086,433	25,086,433	-	25,086,433
Total Net Position, August 31, 2020	4,626,318	220,736	-	25,086,433	29,933,487	4,847,054	25,086,433
Total Net Position, August 31, 2019	3,953,610	216,652	-	21,430,832	25,601,094	4,170,262	21,430,832
Net Increase in Net Position	\$ 672,708	\$ 4,084	\$ -	\$ 3,655,601	\$ 4,332,393	\$ 676,792	\$ 3,655,601

(Exhibit 2)

See Independent Auditors' Report.

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

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INDEPENDENT AUDITORS' 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, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 9, 2020.

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
December 9, 2020



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Regents
Galveston Community College District
Galveston, Texas

Report on Compliance for Each Major Federal Program

We have audited Galveston Community College District's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended August 31, 2020. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the term and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

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

Houston, Texas
December 9, 2020

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements	Expenditures to Subrecipients
U.S. Department of Education				
Direct Programs:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 60,000	-
Federal Work-Study Program	84.033		56,818	-
Federal Pell Grant Program	84.063		3,456,598	-
Federal Direct Student Loans	84.268		<u>1,198,172</u>	<u>-</u>
Total Student Financial Assistance Cluster			<u>4,771,588</u>	<u>-</u>
TRIO Cluster:				
TRIO _ Student Support Services	84.042		283,207	-
TRIO _ Upward Bound	84.047		<u>281,230</u>	<u>-</u>
Total TRIO Cluster			<u>564,437</u>	<u>-</u>
Higher Education _ Institutional Aid -				
Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	84.031S		415,996	-
CARES Act: Higher Education Emergency Relief Fund:				
COVID-19 Student Aid Portion	84.425E		458,364	-
COVID-19 Institutional Portion	84.425F		<u>553,138</u>	<u>-</u>
Total CARES Act: Higher Education Emergency Relief Fund			<u>1,011,502</u>	<u>-</u>
Passed-Through From:				
Texas Higher Education Coordinating Board: Career and Technical Education - Basic Grants	84.048	22095	<u>125,722</u>	<u>-</u>
Total U.S. Department of Education			<u>6,889,245</u>	<u>-</u>
U.S. Department of Labor				
Passed-Through From:				
Texas Workforce Commission:				
Workforce Innovation and Opportunity Act Cluster Building Construction Trades Training Project FY 19	17.258	2818WOS002	<u>70,868</u>	<u>-</u>
Total WIOA Cluster and U.S. Department of Labor			<u>70,868</u>	<u>-</u>
National Science Foundation				
Direct Programs:				
Research and Development Cluster:				
Education and Human Resources - Engineering Technology Instrumentation Project	47.076		32,491	-
Education and Human Resources - STEM Honors, Study Abroad, and Scholars Programs	47.076		<u>164,679</u>	<u>-</u>
Total Research and Development Cluster and National Science Foundation			<u>197,170</u>	<u>-</u>
Department of Homeland Security				
Passed-Through From:				
Texas Department of Public Safety - Division of Emergency Management Disaster Grant (Presidentially Declared Disasters)	97.036	PW-270 DR-4332	<u>115,707</u>	<u>-</u>
Total Department of Homeland Security			<u>115,707</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,272,990</u>	<u>\$ -</u>

See Independent Auditors' Report and Accompanying Notes to the Schedule of Expenditures of Federal Awards.

GALVESTON COMMUNITY COLLEGE DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The schedule of expenditures of Federal awards presents the activity of Federal financial assistance programs of the College for the year ended August 31, 2020. 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.

Expenditures presented on the schedule of expenditures of Federal awards are recognized following the cost principles as found in the Uniform Guidance. The College has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The College did not receive any federal noncash assistance for the year ended August 31, 2020.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

The information in this schedule of expenditures of Federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the College’s financial statements. See reconciliation below:

Federal Revenues:	
Federal Grants and Contracts – (Schedule A)	\$ 2,501,402
Federal Student Assistance, Non-Operating – (Schedule C)	<u>3,573,416</u>
Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Position	6,074,818
Reconciling Item – Direct Student Loans	<u>1,198,172</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 7,272,990</u>

NOTE 3 – RELATIONSHIP TO FEDERAL REPORTS

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedule of expenditures of Federal awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiencies identified not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified not considered to be material weaknesses? None noted

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

Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance*? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
Cluster of Programs – Student Financial Assistance	
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
CARES Act: Higher Education Emergency Relief Fund	
84.425E	COVID-19 Student Aid Portion
84.425F	COVID-19 Institutional Portion

Dollar threshold used to distinguish between Type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2019.

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
(Unaudited)

Table 1

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Invested in Capital Assets, Net of Related Debt	\$ 25,086	\$ 21,431	\$ 20,901	\$ 20,510	\$ 20,188	\$ 19,538	\$ 17,990	\$ 17,273	\$ 14,748	\$ 14,050
Restricted - Expendable	221	217	188	253	242	174	879	887	893	917
Unrestricted	4,626	3,953	2,829	13,428	11,002	9,383	11,349	10,304	11,633	10,279
Total Net Position	\$ 29,933	\$ 25,601	\$ 23,918	\$ 34,191	\$ 31,432	\$ 29,095	\$ 30,218	\$ 28,464	\$ 27,274	\$ 25,246

See Independent Auditors' 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)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	\$ 2,835	\$ 2,901	\$ 2,909	\$ 2,767	\$ 2,605	\$ 2,574	\$ 2,519	\$ 2,521	\$ 2,524	\$ 1,942
Governmental Grants and Contracts:										
Federal Grants and Contracts	2,501	2,227	1,180	1,756	1,543	2,078	2,222	1,712	1,269	1,193
State Grants and Contracts	303	361	441	224	505	604	265	216	167	344
Non-Governmental Grants and Contracts	2,815	950	638	782	556	581	681	553	390	262
Auxiliary Enterprises	311	341	315	244	233	298	305	248	220	200
Other Operating Revenues	116	259	175	261	217	137	141	115	97	88
Total Operating Revenues	<u>8,881</u>	<u>7,039</u>	<u>5,658</u>	<u>6,034</u>	<u>5,659</u>	<u>6,272</u>	<u>6,133</u>	<u>5,365</u>	<u>4,667</u>	<u>4,029</u>
State Appropriations	6,250	5,391	5,687	4,741	4,766	4,709	4,662	3,853	4,039	5,710
Property Taxes	14,284	13,870	12,762	12,355	11,815	11,022	10,512	10,086	9,483	8,962
Federal Student Assistance	3,573	3,528	2,932	2,845	2,729	2,852	3,343	3,809	4,189	4,436
Investment and Other Income	261	480	292	124	51	19	20	40	75	25
Other Non-Operating Revenues	3	-	58	137	49	-	-	-	-	-
Total Non-Operating Revenues	<u>24,371</u>	<u>23,269</u>	<u>21,731</u>	<u>20,202</u>	<u>19,410</u>	<u>18,602</u>	<u>18,537</u>	<u>17,788</u>	<u>17,786</u>	<u>19,133</u>
Total Revenues	<u>\$ 33,252</u>	<u>\$ 30,308</u>	<u>\$ 27,389</u>	<u>\$ 26,236</u>	<u>\$ 25,069</u>	<u>\$ 24,874</u>	<u>\$ 24,670</u>	<u>\$ 23,153</u>	<u>\$ 22,453</u>	<u>\$ 23,162</u>

See Independent Auditors' Report.

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

Table 2 - Continued

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	8.52%	9.57%	10.62%	10.55%	10.39%	10.35%	10.21%	10.89%	11.24%	8.38%
Governmental Grants and Contracts:										
Federal Grants and Contracts	7.52%	7.35%	4.31%	6.69%	6.16%	8.35%	9.01%	7.39%	5.65%	5.15%
State Grants and Contracts	0.91%	1.19%	1.61%	0.85%	2.01%	2.43%	1.07%	0.93%	0.75%	1.49%
Non-Governmental Grants and Contracts	8.47%	3.13%	2.33%	2.98%	2.22%	2.34%	2.76%	2.39%	1.74%	1.13%
Auxiliary Enterprises	0.93%	1.13%	1.15%	0.93%	0.93%	1.20%	1.24%	1.07%	0.98%	0.86%
Other Operating Revenues	0.35%	0.85%	0.64%	1.00%	0.87%	0.55%	0.57%	0.50%	0.43%	0.38%
Total Operating Revenues	<u>26.70%</u>	<u>23.22%</u>	<u>20.66%</u>	<u>23.00%</u>	<u>22.58%</u>	<u>25.22%</u>	<u>24.86%</u>	<u>23.17%</u>	<u>20.79%</u>	<u>17.39%</u>
State Appropriations	18.80%	17.79%	20.76%	18.07%	19.01%	18.93%	18.90%	16.64%	17.99%	24.65%
Property Taxes	42.96%	45.76%	46.60%	47.09%	47.13%	44.31%	42.61%	43.56%	42.23%	38.69%
Federal Student Assistance	10.75%	11.65%	10.71%	10.84%	10.89%	11.46%	13.55%	16.45%	18.66%	19.15%
Investment and Other Income	0.78%	1.58%	1.07%	0.47%	0.20%	0.08%	0.08%	0.18%	0.33%	0.12%
Other Non-Operating Revenues	0.01%	-	0.20%	0.53%	0.19%	-	-	-	-	-
Total Non-Operating Revenues	<u>73.30%</u>	<u>76.78%</u>	<u>79.34%</u>	<u>77.00%</u>	<u>77.42%</u>	<u>74.78%</u>	<u>75.14%</u>	<u>76.83%</u>	<u>79.21%</u>	<u>82.61%</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 Auditors' 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)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$ 9,744	\$ 9,774	\$ 9,052	\$ 8,436	\$ 8,008	\$ 7,520	\$ 7,811	\$ 7,464	\$ 6,121	\$ 6,560
Public Service	7	15	38	25	36	21	12	19	37	76
Academic Support	1,974	1,866	1,780	1,527	1,620	1,471	1,404	1,358	1,261	1,377
Student Services	3,541	3,808	3,491	2,894	2,729	2,785	2,760	2,405	2,527	2,330
Institutional Support	6,267	5,295	4,895	4,499	4,399	4,099	4,191	3,862	3,621	3,844
Operation and Maintenance of Plant	2,594	2,983	2,858	2,359	2,448	2,558	2,695	2,469	2,391	2,394
Scholarships and Fellowships	2,998	2,391	2,043	1,851	1,905	2,090	2,392	2,770	3,008	3,191
Auxiliary Enterprises	680	766	848	822	718	696	731	698	577	662
Depreciation	1,115	1,044	990	950	869	830	865	826	787	746
Total Operating Expenses	<u>28,920</u>	<u>27,942</u>	<u>25,995</u>	<u>23,363</u>	<u>22,732</u>	<u>22,070</u>	<u>22,861</u>	<u>21,871</u>	<u>20,330</u>	<u>21,180</u>
Interest on Capital Related Debt	-	-	-	-	-	28	54	76	95	110
Loss on Disposal of Capital Assets	-	683	-	-	-	332	-	-	-	-
Other Expenses	-	-	28	114	-	-	1	16	-	76
Total Non-Operating Expenses	<u>-</u>	<u>683</u>	<u>28</u>	<u>114</u>	<u>-</u>	<u>360</u>	<u>55</u>	<u>92</u>	<u>95</u>	<u>186</u>
Total Expenses	<u>\$ 28,920</u>	<u>\$ 28,625</u>	<u>\$ 26,023</u>	<u>\$ 23,477</u>	<u>\$ 22,732</u>	<u>\$ 22,430</u>	<u>\$ 22,916</u>	<u>\$ 21,963</u>	<u>\$ 20,425</u>	<u>\$ 21,366</u>

See Independent Auditors' Report.

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

Table 3 - Continued

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	33.69%	34.14%	34.78%	35.93%	35.23%	33.53%	34.09%	33.98%	29.97%	30.70%
Public Service	0.02%	0.05%	0.15%	0.11%	0.16%	0.09%	0.05%	0.09%	0.18%	0.36%
Academic Support	6.83%	6.52%	6.84%	6.50%	7.13%	6.56%	6.13%	6.18%	6.17%	6.44%
Student Services	12.24%	13.30%	13.42%	12.33%	12.01%	12.42%	12.04%	10.95%	12.37%	10.91%
Institutional Support	21.67%	18.50%	18.81%	19.16%	19.35%	18.27%	18.29%	17.58%	17.73%	17.99%
Operation and Maintenance of Plant	8.97%	10.42%	10.98%	10.05%	10.77%	11.40%	11.76%	11.24%	11.71%	11.20%
Scholarships and Fellowships	10.37%	8.35%	7.85%	7.88%	8.38%	9.33%	10.44%	12.62%	14.73%	14.93%
Auxiliary Enterprises	2.35%	2.68%	3.26%	3.50%	3.16%	3.10%	3.19%	3.18%	2.82%	3.11%
Depreciation	3.86%	3.65%	3.80%	4.05%	3.81%	3.70%	3.77%	3.76%	3.85%	3.49%
Total Operating Expenses	<u>100.00%</u>	<u>97.61%</u>	<u>99.89%</u>	<u>99.51%</u>	<u>100.00%</u>	<u>98.40%</u>	<u>99.76%</u>	<u>99.58%</u>	<u>99.53%</u>	<u>99.13%</u>
Interest on Capital Related Debt	-	-	-	-	-	0.12%	0.24%	0.35%	0.47%	0.51%
Loss on Disposal of Capital Assets	-	2.39%	-	-	-	1.48%	-	-	-	-
Other Expenses	-	-	0.11%	0.49%	-	-	0.00%	0.07%	-	0.36%
Total Non-Operating Expenses	<u>0.00%</u>	<u>2.39%</u>	<u>0.11%</u>	<u>0.49%</u>	<u>0.00%</u>	<u>1.60%</u>	<u>0.24%</u>	<u>0.42%</u>	<u>0.47%</u>	<u>0.87%</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 Auditors' Report.

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

Academic Year (Fall)	Registration Fee (per student)	Resident Fees per Semester Credit Hour (SCH)					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)					
2020	\$ 30	\$ 45	\$ 22	\$ 25	\$ -	\$ 15	\$ 50	\$ 935	\$ 1199	11.44%	11.12%
2019	30	40	20	22	-	15	50	839	1079	0.00%	0.00%
2018	30	40	20	22	-	15	50	839	1079	0.00%	0.00%
2017	30	40	20	22	-	15	50	839	1079	0.00%	0.00%
2016	30	40	20	22	-	15	50	839	1079	7.70%	11.12%
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%

Academic Year (Fall)	Registration Fee (per student)	Non - Resident Fees per Semester Credit Hour (SCH)				Building Use Fee	Technology Fees	Student Activity Fees	General Service Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
		Non-Resident Tuition Out of State	Non-Resident Tuition International										
2020	\$ 30	\$ 120	22	\$ 25	\$ -	\$ 15	\$ 50	\$ 2,099	\$ 2,099	12.91%	12.91%		
2019	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%		
2018	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%		
2017	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%		
2016	30	105	105	22	-	15	50	1,859	1,859	7.64%	7.64%		
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%		

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

See Independent Auditors' 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)
2019-20	\$ 8,017,532	\$ 243,910	\$ 8,261,442	97.05%	\$ 0.171188	\$ -	\$ 0.171188
2018-19	7,494,157	337,879	7,832,036	95.69%	0.175190	-	0.175190
2017-18	7,192,912	403,273	7,596,185	94.69%	0.166188	-	0.166188
2016-17	6,673,918	519,168	7,193,086	92.78%	0.170250	-	0.170250
2015-16	5,984,833	532,190	6,517,023	91.83%	0.178750	-	0.178750
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

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

See Independent Auditors' 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
2019-2020	\$ 4,609,458	1,607	\$ 2,868	608,624	519,888	54,313	1,182,825	\$ 3.90
2018-2019	4,086,685	1,607	2,543	610,827	521,792	52,962	1,185,581	3.45
2017-2018	4,086,757	1,472	2,776	567,424	461,712	52,360	1,081,496	3.78
2016-2017	3,659,631	1,414	2,588	580,608	426,064	28,551	1,035,223	3.54
2015-2016	3,654,400	1,414	2,584	556,496	413,664	44,763	1,014,923	3.60
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

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) FTSE - calculated value
- (b) Academic CH's - CBM004
- (c) Technicial CH's - CBM004
- (d) Continuing Ed. CH's - CBM00C

See Independent Auditors' 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)									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Blanchard Refining Co. LLC	Refinery	\$ 1,432,887	\$ 1,356,182	\$ 1,070,011	\$ 889,743	\$ 1,000,632	\$ 1,152,354	\$ 1,331,771	\$ 1,277,844	\$ -	\$ -
Valero Refining - Texas LP	Refinery	413,623	430,155	479,383	445,689	581,724	615,880	624,770	589,502	580,719	563,156
Praxair Inc.	Supplier	217,657	234,030	235,242	187,765	141,910	211,265	203,332	207,861	169,821	171,220
Union Carbide Corp	Refinery	211,063	206,456	186,533	150,118	150,355	219,265	241,915	269,300	249,898	219,411
Texas-New Mexico Power Co.	Utilities	207,923	203,498	188,259	179,592	162,126	145,785	125,986	105,152	100,499	93,553
BP Amoco Chemical Co.	Refinery	128,276	118,426	134,971	128,810	117,495	139,603	185,987	183,918	164,334	156,054
Centerpoint Energy Inc.	Utilities	126,922	121,596	109,235	135,040	103,446	97,269	100,909	103,168	92,488	90,424
Komatsu America Corp	Refinery	95,249	69,064	-	49,642	92,356	73,070	109,981	75,406	38,432	-
ISP Technologies Inc.	Computers	94,898	93,848	58,377	79,706	87,805	74,291	68,414	84,530	82,138	54,880
Galveston Outlets LLC	Retail	92,071	77,287	80,419	87,007	91,170	87,604	82,565	82,476	-	-
South Houston Green Power	Utilities	66,952	69,655	66,510	64,135	68,000	228,890	232,068	94,699	178,245	176,234
Comcast of Houston LLC	Utilities	61,054	63,335	38,327	38,547	38,730	-	-	36,052	34,337	41,046
Eastman Chemical Inc.	Refinery	59,137	57,193	59,555	55,366	56,837	63,792	61,563	65,554	51,430	-
Texas International Terminals	Railroad	56,535	-	-	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	53,327	45,396	45,496	45,394	41,061	36,659	35,535	33,165	-	-
Valero Marketing and Supply	Supplier	51,164	39,331	40,356	-	-	37,640	80,519	90,271	103,193	52,150
Amalfi & Sorrento Prop LLC	Real Estate	47,792	38,490	37,240	35,976	35,517	34,219	-	-	-	-
VL Town Center Associates LLC	Real Estate	46,131	-	-	-	-	-	-	-	-	-
DOW Chemical Company	Refinery	41,928	42,442	37,049	36,365	32,164	-	-	-	-	-
INEOS Styrolution America LLC	Supplier	-	41,238	51,185	35,007	-	-	-	-	-	-
Union Pacific Railroad	Railroad	-	38,364	36,950	-	-	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	-	-	126,953	186,953	200,934	192,058	350,642	234,530	225,231	178,597
BNSF Railway Company	Railroad	-	-	-	27,395	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	-	-	-	26,867	-	33,563	33,805	33,216	35,085	34,691
Styrolution America LLC	Refinery	-	-	-	-	47,173	47,834	46,068	60,035	47,616	-
American National INS Co	Insurance	-	-	-	-	35,525	35,050	35,070	35,095	35,166	37,453
Praxair Hydrogen Supply Inc.	Supplier	-	-	-	-	-	32,126	34,811	-	-	31,210
TRAFIGURA INC	Refinery	-	-	-	-	-	-	32,367	-	-	-
GTE Southwest Inc.	Utilities	-	-	-	-	-	-	-	36,357	39,302	37,431
BP Products (NA) Inc	Refinery	-	-	-	-	-	-	-	-	1,503,012	1,433,426
B.A.S.F. Corp	Refinery	-	-	-	-	-	-	-	-	37,981	-
BP Alternative Energy	Utilities	-	-	-	-	-	-	-	-	32,900	38,500
Sterling Chemicals Inc.	Refinery	-	-	-	-	-	-	-	-	-	44,968
Ineds Styrenics	Refinery	-	-	-	-	-	-	-	-	-	38,651
SouthWestern Bell Telephone	Utilities	-	-	-	-	-	-	-	-	-	31,248
Totals		3,504,589	3,345,986	3,082,051	2,885,117	3,084,960	3,558,217	4,018,078	3,698,131	3,801,827	3,524,303
Total Taxable Assessed Value		\$ 30,801,699	27,954,896	\$ 26,196,031	\$ 25,463,330	\$ 24,239,333	\$ 23,027,051	\$ 21,569,879	\$ 20,456,984	\$ 19,920,511	\$ 19,216,690

Source: Local County Appraisal District

See Independent Auditors' 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									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Blanchard Refining Co. LLC	Refinery	4.65%	4.85%	4.08%	3.49%	4.13%	5.00%	6.17%	6.25%	-	-
Valero Refining - Texas LP	Refinery	1.34%	1.54%	1.83%	1.75%	2.40%	2.67%	2.90%	2.88%	2.92%	2.93%
Praxair Inc.	Supplier	0.71%	0.84%	0.90%	0.74%	0.59%	0.92%	0.94%	1.02%	0.85%	0.89%
Union Carbide Corp	Refinery	0.69%	0.74%	0.71%	0.59%	0.62%	0.95%	1.12%	1.32%	1.25%	1.14%
Texas-New Mexico Power Co.	Utilities	0.68%	0.73%	0.72%	0.71%	0.67%	0.63%	0.58%	0.51%	0.50%	0.49%
BP Amoco Chemical Co.	Refinery	0.42%	0.42%	0.52%	0.51%	0.48%	0.61%	0.86%	0.90%	0.82%	0.81%
Centerpoint Energy Inc.	Utilities	0.41%	0.43%	0.42%	0.53%	0.43%	0.42%	0.47%	0.50%	0.46%	0.47%
Komatsu America Corp	Refinery	0.31%	0.25%	-	0.19%	0.38%	0.32%	0.51%	0.37%	0.19%	-
ISP Technologies Inc.	Computers	0.31%	0.34%	0.22%	0.31%	0.36%	0.32%	0.32%	0.41%	0.41%	0.29%
Galveston Outlets LLC	Retail	0.30%	0.28%	0.31%	0.34%	0.38%	0.38%	0.38%	0.40%	-	-
South Houston Green Power	Utilities	0.22%	0.25%	0.25%	0.25%	0.28%	0.99%	1.08%	0.46%	0.89%	0.92%
Comcast of Houston LLC	Utilities	0.20%	0.23%	0.15%	0.15%	0.16%	-	-	0.18%	0.17%	0.21%
Eastman Chemical Inc.	Refinery	0.19%	0.20%	0.23%	0.22%	0.23%	0.28%	0.29%	0.32%	0.26%	-
Texas International Terminals	Railroad	0.18%	-	-	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	0.17%	0.16%	0.17%	0.18%	0.17%	0.16%	0.16%	0.16%	-	-
Valero Marketing and Supply	Supplier	0.17%	0.14%	0.15%	-	-	0.16%	0.37%	0.44%	0.52%	0.27%
Amalfi & Sorrento Prop LLC	Real Estate	0.16%	0.14%	0.14%	0.14%	0.15%	0.15%	-	-	-	-
VL Town Center Associates LLC	Real Estate	0.15%	-	-	-	-	-	-	-	-	-
DOW Chemical Company	Refinery	0.14%	0.15%	0.14%	0.14%	0.13%	-	-	-	-	-
INEOS Styrolution America LLC	Supplier	-	0.15%	0.20%	0.14%	-	-	-	-	-	-
Union Pacific Railroad	Railroad	-	0.14%	0.14%	-	-	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	-	-	0.48%	0.73%	0.83%	0.83%	1.63%	1.15%	1.13%	0.93%
BNSF Railway Company	Railroad	-	-	-	0.11%	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	-	-	-	0.11%	-	0.15%	0.16%	0.16%	0.18%	0.18%
Styrolution America LLC	Refinery	-	-	-	-	0.19%	0.21%	0.21%	0.29%	0.24%	-
American National INS Co	Insurance	-	-	-	-	0.15%	0.15%	0.16%	0.17%	0.18%	0.19%
Praxair Hydrogen Supply Inc.	Supplier	-	-	-	-	-	0.14%	0.16%	-	-	0.16%
TRAFIGURA INC	Refinery	-	-	-	-	-	-	0.15%	-	-	-
GTE Southwest Inc.	Utilities	-	-	-	-	-	-	-	0.18%	0.20%	0.19%
BP Products (NA) Inc	Refinery	-	-	-	-	-	-	-	-	7.55%	7.46%
B.A.S.F. Corp	Refinery	-	-	-	-	-	-	-	-	0.19%	-
BP Alternative Energy	Utilities	-	-	-	-	-	-	-	-	0.17%	0.20%
Sterling Chemicals Inc.	Refinery	-	-	-	-	-	-	-	-	-	0.23%
Ineds Styrenics	Refinery	-	-	-	-	-	-	-	-	-	0.20%
SouthWestern Bell Telephone	Utilities	-	-	-	-	-	-	-	-	-	0.16%
Totals		11.40%	11.98%	11.76%	11.33%	12.73%	15.44%	18.62%	18.07%	19.08%	18.32%

Source: Local County Appraisal District

See Independent Auditors' 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
2020	\$ 14,149	\$ 13,771	97.33%	\$ 328	\$ 14,099	99.65%
2019	13,728	13,395	97.57%	314	13,709	99.86%
2018	12,628	12,330	97.64%	277	12,607	99.83%
2017	12,253	11,977	97.75%	227	12,204	99.60%
2016	11,656	11,409	97.89%	251	11,660	100.03%
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%

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

Table 9

Calendar Year	Galveston County Population	Galveston County Personal Income (in millions of dollars)	Galveston County Personal Income Per Capita	Galveston County Unemployment Rate
2019	342,139 •	\$ *	\$ *	4.0%
2018	337,890	17,498	51,785	4.6%
2017	335,036	16,443	49,079	5.2%
2016	329,431	15,683	47,605	5.8%
2015	322,225	15,464	47,991	5.0%
2014	314,198	14,741	46,917	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%

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/>

* 2019 update is not available at this time

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

See Independent Auditors' Report.

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

Table 10

Employer	2020		2019		2018		2017		2016	
University of Texas Medical Branch	8,324	47.74%					7,864	47.24%		
Landry's Inc.	1,930	11.07%					1,688	10.14%		
Galveston County (on Island only)	1,247	7.15%					1,333	8.01%		
Galveston Independent School District	1,069	6.13%					1,032	6.20%		
Moody Gardens	1,034	5.93%					1,008	6.06%		
American National Insurance Company	950	5.45%					871	5.23%		
City of Galveston	868	4.98%	Information not available		Information not available		753	4.52%		Information not available
Schlitterbahn *	500	2.87%					508	3.05%		
I. L. A. (Local-20, 1665, 1504-8, 1443)	500	2.87%					465	2.79%		
Wal-Mart	360	2.06%					431	2.59%		
Mitchell Historic Properties	335	1.92%					337	2.02%		
Texas A&M University of Galveston	319	1.83%					356	2.15%		
Total	17,436	100.00%					16,646	100.00%		

Source:

Galveston Economic Development Partnership (GEDP) updated every 2 years:

http://www.gedp.org/Content/Major_Employers/5712

Notes:

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

The numbers above represent only the employees who work on Galveston Island (i.e. this survey does not include total employment for each organization)

See Independent Auditors' Report.

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

Table 11

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty:										
Full-Time	62	60	59	56	56	56	58	52	47	51
Part-Time	50	47	55	42	41	40	43	62	53	61
Total	<u>112</u>	<u>107</u>	<u>114</u>	<u>98</u>	<u>97</u>	<u>96</u>	<u>101</u>	<u>114</u>	<u>100</u>	<u>112</u>
Percent:										
Full-Time	55.4%	56.1%	51.8%	57.1%	57.7%	58.3%	57.4%	45.6%	47.0%	45.5%
Part-Time	44.6%	43.9%	48.2%	42.9%	42.3%	41.7%	42.6%	54.4%	53.0%	54.5%
Staff and Administrators:										
Full-Time	109	109	101	100	102	99	96	90	85	89
Part-Time	46	64	52	56	53	47	46	38	47	57
Total	<u>155</u>	<u>173</u>	<u>153</u>	<u>156</u>	<u>155</u>	<u>146</u>	<u>142</u>	<u>128</u>	<u>132</u>	<u>146</u>
Percent:										
Full-Time	70.3%	63.0%	66.0%	64.1%	65.8%	67.8%	67.6%	70.3%	64.4%	61.0%
Part-Time	29.7%	37.0%	34.0%	35.9%	34.2%	32.2%	32.4%	29.7%	35.6%	39.0%
FTSE per Full-time Faculty	25.9	26.8	24.9	25.3	25.3	25.2	25.6	30.0	33.5	32.4
FTSE per Full-Time Staff Member	14.7	14.7	14.6	14.1	13.9	14.3	15.4	17.3	18.5	18.6
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 65,384	\$ 70,523	\$ 77,418	\$ 74,786	\$ 69,278	\$ 64,486	\$ 64,779	\$ 65,613	\$ 62,016	\$ 59,858

See Independent Auditors' Report.

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

Table 12

Student Classification	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent																		
00-30 hours	1,484	64.35%	1,601	66.08%	1,404	63.91%	1,436	65.27%	1,275	61.56%	1,323	64.60%	1,354	63.57%	1,398	63.75%	1,463	66.08%	1,521	65.62%
31-60 hours	477	20.69%	489	20.18%	455	20.71%	451	20.50%	509	24.58%	420	20.51%	496	23.29%	529	24.12%	503	22.72%	498	21.48%
> 60 hours	156	6.76%	141	5.82%	138	6.28%	101	4.59%	95	4.59%	103	5.03%	98	4.60%	78	3.56%	68	3.07%	42	1.81%
Unclassified	189	8.20%	192	7.92%	200	9.10%	212	9.64%	192	9.27%	202	9.86%	182	8.54%	188	8.57%	180	8.13%	257	11.09%
Total	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%

Semester Hour Load	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent																		
Less than 3	11	0.48%	11	0.45%	12	0.55%	19	0.83%	9	0.43%	17	0.83%	17	0.80%	20	0.91%	26	1.17%	24	1.04%
3-5 semester hours	557	24.15%	609	25.13%	572	26.04%	584	23.58%	499	24.09%	483	23.58%	526	24.69%	469	21.39%	452	20.42%	541	23.34%
6-8 Semester hours	556	24.11%	631	26.04%	671	30.54%	672	29.83%	678	32.74%	611	29.83%	592	27.79%	669	30.51%	598	27.01%	582	25.11%
9-11 semester hours	451	19.56%	462	19.07%	358	16.29%	360	19.43%	381	18.40%	398	19.43%	418	19.62%	421	19.20%	416	18.79%	398	17.17%
12-14 semester hours	482	20.90%	451	18.61%	379	17.25%	383	17.19%	332	16.03%	352	17.19%	387	18.17%	478	21.80%	523	23.62%	565	24.37%
15-17 semester hours	233	10.10%	232	9.58%	197	8.97%	173	8.84%	163	7.88%	181	8.84%	187	8.78%	134	6.11%	192	8.67%	202	8.71%
18 & over	16	0.70%	27	1.12%	8	0.36%	9	0.30%	9	0.43%	6	0.30%	3	0.15%	2	0.08%	7	0.32%	6	0.26%
Total	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%

Average Course Load	8.5	8.9	8.6	8.5	8.5	8.7	8.7	8.8	9.1	9.0
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Tuition Status	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent																		
Texas Resident (In-District)	1,255	54.42%	1,321	54.52%	1,166	53.07%	1,230	55.91%	1,139	55.00%	1,068	52.15%	1,106	51.92%	1,197	54.58%	1,207	54.52%	1,442	62.21%
Texas Resident (Out-of-District)	898	38.94%	942	38.88%	890	40.51%	823	37.41%	816	39.40%	873	42.63%	907	42.58%	897	40.90%	892	40.29%	786	33.91%
Non-Resident Tuition	92	3.99%	117	4.83%	98	4.46%	91	4.13%	83	4.01%	77	3.76%	80	3.76%	72	3.28%	86	3.88%	82	3.54%
Tuition Exemption/Wavier	61	2.65%	43	1.77%	43	1.96%	56	2.55%	33	1.59%	30	1.46%	37	1.74%	27	1.24%	29	1.31%	8	0.34%
Total	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%

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

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

Table 13

Gender	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent																		
Female	1,415	61.36%	1,494	61.66%	1,341	61.04%	1,281	58.23%	1,274	61.52%	1,255	61.28%	917	43.05%	1,298	59.19%	1,298	58.63%	1,390	59.97%
Male	891	38.64%	929	38.34%	856	38.96%	919	41.77%	797	38.48%	793	38.72%	1,213	56.95%	895	40.81%	916	41.37%	928	40.03%
Total	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%

Ethnic Origin	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent																		
White	845	36.64%	894	36.90%	855	38.92%	925	42.05%	878	42.39%	915	44.68%	971	45.59%	971	44.28%	966	43.63%	1,049	45.25%
Hispanic	933	40.46%	961	39.66%	342	15.57%	822	37.36%	771	37.23%	668	32.62%	634	29.77%	678	30.92%	639	28.86%	653	28.17%
African American	337	14.61%	363	14.98%	834	37.95%	314	14.27%	266	12.84%	313	15.28%	357	16.76%	372	16.96%	420	18.97%	433	18.68%
Asian	73	3.17%	88	3.63%	61	2.78%	52	2.36%	60	2.90%	56	2.73%	59	2.77%	67	3.06%	61	2.76%	65	2.80%
International	15	0.65%	20	0.83%	7	0.32%	23	1.05%	25	1.21%	18	0.88%	14	0.66%	8	0.36%	4	0.18%	-	0.00%
Native American	6	0.26%	8	0.33%	22	1.00%	8	0.36%	10	0.48%	8	0.39%	7	0.33%	7	0.32%	12	0.54%	17	0.73%
Multi-racial	43	1.86%	42	1.73%	22	1.00%	10	0.45%	8	0.39%	12	0.59%	7	0.33%	9	0.41%	7	0.32%	1	0.04%
Native Hawaiian/Pacific Islander	5	0.22%	3	0.12%	4	0.18%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1	0.05%	2	0.09%
Unknown/Not Reported	49	2.13%	44	1.82%	50	2.28%	46	2.10%	53	2.56%	58	2.83%	81	3.79%	81	3.69%	104	4.69%	98	4.24%
Total	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%

Age	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent																		
Under 18	556	24.11%	589	24.31%	391	17.80%	467	21.23%	316	15.26%	283	13.82%	277	13.00%	262	11.95%	224	10.12%	209	9.02%
18 - 21	769	33.35%	738	30.46%	745	33.91%	698	31.73%	705	34.04%	674	32.91%	741	34.79%	794	36.21%	826	37.31%	885	38.18%
22 - 24	275	11.93%	295	12.17%	267	12.15%	294	13.36%	288	13.91%	303	14.79%	303	14.23%	318	14.50%	319	14.41%	354	15.27%
25 - 35	454	19.69%	531	21.92%	522	23.76%	488	22.18%	531	25.64%	506	24.71%	501	23.52%	499	22.75%	546	24.66%	517	22.30%
36 - 50	204	8.84%	216	8.91%	214	9.74%	193	8.77%	176	8.50%	219	10.69%	231	10.85%	245	11.17%	224	10.12%	260	11.22%
51 & over	48	2.08%	54	2.23%	58	2.64%	60	2.73%	55	2.65%	63	3.08%	77	3.61%	75	3.42%	75	3.38%	93	4.01%
Total	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%

Average Age	24	24	25	25	25	25	26	26	26	26	26	26	26	26	26	26	26	26	26	26
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Source:
Data from THECB CBM001 certified reports

GALVESTON COMMUNITY COLLEGE DISTRICT
TRANSFER STUDENTS TO SENIOR INSTITUTIONS
2017 STUDENTS AS OF FALL 2018
(Includes Only Public Senior Colleges in Texas)

Table 14

	Transfer Student Count <u>ACADEMIC</u>	Transfer Student Count <u>TECHNICAL</u>	Total of All Transfer Students	% of All Transfer Students
1 Lamar University	19		19	4.28%
2 Midwestern State University	1	3	4	0.90%
3 Prairie View A&M University	4	3	7	1.58%
4 Sam Houston State University	15	1	16	3.59%
5 Stephen F. Austin State University	8		8	1.80%
6 Sul Ross State University	1		1	0.23%
7 Tarleton State University	3	1	4	0.90%
8 Texas A&M University	41		41	9.23%
9 Texas A&M University - Corpus Christi	2		2	0.45%
10 Texas A&M University - Kingsville	1		1	0.23%
11 Texas A&M University at Galveston	142		142	31.98%
12 Texas Southern University	3		3	0.68%
13 Texas State University	16		16	3.59%
14 Texas Tech University	4		4	0.90%
15 Texas Woman's University	1		1	0.23%
16 The University of Texas - Rio Grande Valley	3		3	0.68%
17 The University of Texas at Arlington	5	3	8	1.80%
18 The University of Texas at Austin	18	1	19	4.28%
19 The University of Texas at Dallas	2		2	0.45%
20 The University of Texas at El Paso	1		1	0.23%
21 The University of Texas at San Antonio	16		16	3.59%
22 The University of Texas at Tyler	1		1	0.23%
23 The University of Texas of the Permian Basin	1		1	0.23%
24 University of Houston	31	2	33	7.43%
25 University of Houston - Clear Lake	79	1	80	18.02%
26 University of Houston - Downtown	4		4	0.90%
27 University of Houston - Victoria	1		1	0.23%
28 University of North Texas	2	1	3	0.68%
29 West Texas A&M University	3		3	0.68%
Totals	<u>428</u>	<u>16</u>	<u>444</u>	<u>100.00%</u>

Source:

Data from THECB Automated Student and Adult Learner Follow-Up System - Students Pursuing Additional Education by Institution
<http://www.txhighereddata.org/reports/performance/ctcasalf/>
 Information for 2018-2019 is not available.

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

Table 15

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Academic buildings	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	241	241	241	241	241	241	241	241	241	241
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	14	14	14	14	14	14
Number of volumes (in thousands)	43	43	43	43	43	43	43	43	43	44
Administrative and support buildings	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	53	53	53	53	53	53	53	53	53	53
Apartments	12	8	5	5	5	5	10	11	11	9
Square footage (in thousands)	34	10	14	14	14	14	22	23	23	20
Number of beds	113	51	48	48	48	48	65	65	65	61
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	4	4	4
Average daily customers	350	350	350	350	350	350	350	350	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	5	5	4	4	4	4	3	3	3	3
Buses	3	3	4	3	3	3	3	3	3	3

See Independent Auditors' Report.