



FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

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, 2012

BOARD OF REGENTS

Term Expires
May 31.

OFFICERS

Mr. George F. Black – Chairperson	Galveston, Texas	2016
Mr. Armin Cantini – Vice Chairperson	Galveston, Texas	2016
Mr. Raymond Lewis, Jr. - Secretary	Galveston, Texas	2014

MEMBERS

Paul J. Cunningham, M.D.	Galveston, Texas	2014
Mr. Carroll G. Sunseri	Galveston, Texas	2014
Mr. Carl E. Kelly	Galveston, Texas	2016
Mr. Florentino F. Gonzalez	Galveston, Texas	2018
Ms. Barbara K. Crews	Galveston, Texas	2018
Ms. Karen F. Flowers	Galveston, Texas	2018

KEY OFFICERS

Myles Shelton, Ed.D.	President
Gaynelle Hayes, Ed.D.	Vice-President for Administration
Phyllis Mingus-Pepin, Ed.D	Vice-President for Student Services
Cissy Matthews, Ed.D	Vice-President for Instruction

INDEPENDENT AUDITOR'S REPORT

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited the accompanying financial statements of Galveston Community College District (the "College") as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the College as a whole. The required supplemental schedules on pages 38 through 41 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The required supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section, shown on pages 52 through 72, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Gamer Donnelly & Desroches LLP

November 14, 2012

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Galveston Community College District (the "College") Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2012 and 2011. Since management's discussion and analysis is designed to focus on current activities, and currently known facts, please read this in conjunction with the College's financial statements and the notes thereto. Responsibility for the completeness and fairness of this information rests with the management of the College.

Financial Highlights for 2012

- The College's net assets as of August 31, 2012 are reported at \$27.3 million. This represents a 8% increase from the prior year.
- The College decreased its annual tax rate from \$0.189475 to \$0.18945 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$521,000 in property tax revenue was received over the previous period.
- Grant award notifications received in fiscal year 2012:

MONTH ACCEPTED	GRANT NAME	PURPOSE	TERM	FY12 AMOUNT
September 2011	Carl Perkins – Federal	Financial Aid	09/01/11 – 08/31/12	\$83,321
September 2011	Dept. of Education - Federal	Upward Bound Program	09/01/11 – 08/31/12	\$242,250
September 2011	Skills for Small Business - State	Cover Cost of CE Training Programs	08/26/11 – 06/30/12	\$50,000
September 2011	Dept. of Education - Federal	Building Bridges to Success	09/01/11 – 08/31/12	\$238,774
October 2011	Dept. of Education - Federal	HSI – STEM Programs	10/01/11 – 09/30/12	\$869,533
February 2012	GCPASS – State	Achieving the Dream Program	01/01/12 – 12/31/12	\$200,000
			TOTAL	\$1,683,878

- Computer and Media hardware purchases in fiscal year 2012:

MONTH PURCHASED	EQUIPMENT DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
November 2011	111 Dell PCs	HSI – STEM Grant	\$90,243
May 2012	70 Dell PCs	Education & General	\$57,631
May 2012	Technical Hardware & Services	HSI – STEM Grant and Education & General	\$130,204 \$30,000
June 2012	Multimedia Equipment for 7 smart classrooms	HSI – STEM Grant and Education & General	\$68,321 \$7,922
August 2012	Computer Servers & Software	Education & General	\$52,777
		TOTAL	\$437,098

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2012 - Continued

- Classroom and Lab renovations and furniture purchases in fiscal year 2012:

MONTH PURCHASED	EQUIPMENT DESCRIPTION	FUND SOURCE	TOTAL AMOUNT
February 2012	New Flooring to 3 Computer Labs and renovations of Northern Restrooms	HSI – STEM Grant	\$47,636
May 2012	Renovation of 7 Classrooms	HSI – STEM Grant and Education & General	\$221,448 \$32,132
May 2012	Classroom and Lab furniture	Education & General	\$84,257
June 2012	Workstations and Seating	HSI – STEM Grant	\$41,447
August 2012	Computer Desks	HSI – STEM Grant	\$71,934
		TOTAL	\$498,854

- In January 2012, a new Facilities Master Plan was approved and adopted by the Board. The Plan was prepared at a total cost of \$49,332 of which \$47,150 was expensed in fiscal year 2012.
- In January 2012, the Board agreed to accept Phase I construction renovations on the Vocational-Technical Training Center and release the final payment of \$52,209 to the general contractor.
- In March 2012, two properties were purchased by the College as follows: \$55,000 was paid for 3812 Avenue R; and \$126,000 was paid for 2222 39th Street.

Financial Highlights for 2011

- The College's net assets as of August 31, 2011 are reported at \$25.2 million. This represents a 7.6% increase from the prior year.
- The College decreased its annual tax rate from \$0.19 to \$0.189475 per \$100 assessed valuation. However, due to an increase in the overall tax base, an additional \$803,000 in property tax revenue was received over the previous period.
- In September 2010, the execution of a general construction contract valued at \$1,044,181 for additional renovations to the largest of the four buildings (Building #2) of the Vocational-Technical Training Center was approved by the Board. The facility is located on a 4.3 acre tract three miles from the main campus. The Board also approved an \$87,500 contract for a related roof replacement. Spring 2011 semester classes began in the newly renovated space, and as of August 31, 2011 the punch-list phase was nearing an end.
- In September 2010 the College purchased a house located at 3920 Avenue R for \$106,000. The house will be utilized for additional student housing, and represents the last parcel within the footprint of the main campus that was not in the possession of the College.
- In October 2010, the College entered into a new contract effective December 1, 2010 with EduServe International for I.T. management, replacing SunGard Higher Education. An annual fee of \$581,600 was approved.
- Construction of the Abe and Annie Seibel Wing of the Cheney Student Center was completed, and the building was formally accepted by the Board of Regents at its February 2011 meeting. The total cost of construction was \$1,570,208. This expenditure was offset by a \$1,500,000 gift from the Abe and Annie Seibel Foundation, plus \$107,000 of cumulative interest earned since July 2005.
- Facility upgrades during the year included the expansion, repaving and upgrading of a 52 space parking lot across Avenue Q from Moody Hall at a cost of \$71,284.
- During 2011 the Board approved (1) a Technology Refresh plan in the amount of \$123,000 to purchase 142 personal computers, and (2) a \$50,000 expenditure to purchase computer server equipment.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2011 - Continued

- In June 2011 the Board approved the updating of the College's Facilities Master Plan, including a contract with Morris Architects for up to \$45,000 in related professional services. The initial workshop was held in August 2011, with completion of the updated plan scheduled for January 2012.

Overview of Financial Statements

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

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statements of Net Assets

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

**Net Assets
(in thousands)**

	2012	2011	Increase (Decrease) 2012 - 2011	2010	Increase (Decrease) 2011 - 2010
Assets:					
Current Assets	\$ 14,629	\$ 13,110	\$ 1,519	\$ 13,022	\$ 88
Noncurrent Assets:					
Capital Assets, Net of Depreciation	16,748	16,675	73	14,897	1,778
Other	<u>920</u>	<u>882</u>	<u>38</u>	<u>1,032</u>	<u>(150)</u>
Total Assets	<u>\$ 32,297</u>	<u>\$ 30,667</u>	<u>\$ 1,630</u>	<u>\$ 28,951</u>	<u>\$ 1,716</u>
Liabilities:					
Current Liabilities	\$ 3,366	\$ 3,118	\$ 248	\$ 2,583	\$ 535
Noncurrent Liabilities	<u>1,657</u>	<u>2,304</u>	<u>(647)</u>	<u>2,918</u>	<u>(614)</u>
Total Liabilities	<u>\$ 5,023</u>	<u>\$ 5,422</u>	<u>\$ (399)</u>	<u>\$ 5,501</u>	<u>\$ (79)</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	14,748	14,050	698	11,662	2,388
Restricted – Expendable	893	917	(24)	926	(9)
Unrestricted	<u>11,633</u>	<u>10,279</u>	<u>1,354</u>	<u>10,862</u>	<u>(583)</u>
Total Net Assets	<u>\$ 27,274</u>	<u>\$ 25,246</u>	<u>\$ 2,028</u>	<u>\$ 23,450</u>	<u>\$ 1,796</u>

Financial Analysis – Statements of Net Assets

Fiscal Year 2012 Compared to 2011

Total net assets for fiscal year 2012 were \$27.3 million, which represents a \$2 million increase from fiscal year 2011. Current assets mainly consist of cash investments in Logic, Lone Star, TexPool and Texas Term investment pools, and receivables. In June 2012, the college purchased a \$1.5 million certificate of deposit due in one year bearing .6% interest. Capital assets remained relatively stable. The College's capitalization of approximately \$860,000 of renovation to classrooms and labs and purchases of computers is offset by \$787,000 of depreciation expense.

The steady reductions in liabilities indicate payments of the College's outstanding bond. During 2012 the College made a \$625,000 payment, resulting in an outstanding bond payable balance of \$2 million compared to \$2.63 million for fiscal year 2011.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

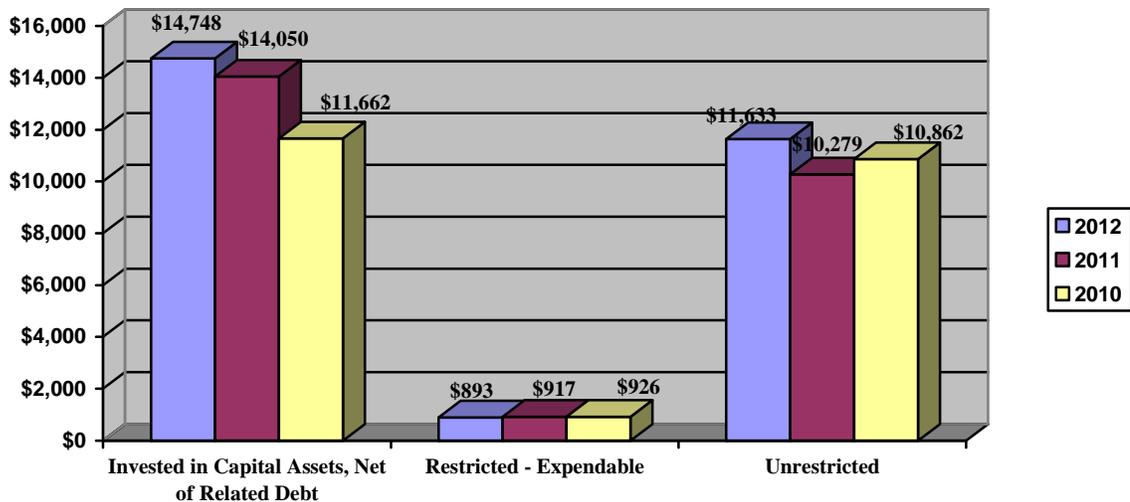
Financial Analysis – Statements of Net Assets – Continued

Fiscal Year 2011 Compared to 2010

Total net assets for fiscal year 2011 were \$25.2 million, which represents a \$1.8 million increase from fiscal year 2010. Current assets mainly consist of cash, investments in Logic and Lone Star investment pools, and receivables. Current assets remained relatively stable while capital assets grew again this year by \$1.8 million, as the College completed the first phase of renovation and equipment purchases for the Vocational -Technology Training Center (Voc-Tech Center) site and the new Abe and Annie Seibel Wing of the Cheney Student Center (See page 15 for more discussion on the change in capital assets).

Total liabilities of the College declined to \$5.4 million, while non-current liabilities decreased by \$614,000 as a result of the continuing scheduled payment on outstanding debt. The total outstanding balance on bonds payable at the end of fiscal year 2011 was \$2.63 million compared to \$3.24 for fiscal year 2010. Current liabilities increased as more fall 2011 tuition was deferred, due to an increase in tuition and fee rates.

The following is a graphic illustration of net assets (in thousands) for the years ended August 31, 2010 through 2012. Total net assets invested in capital assets, net of related debt have increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student and program growth. The majority of the building improvements and equipment purchases in 2012 were paid for by grant funds, resulting in the college's increase in capital and unrestricted net assets.



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statements of Revenues, Expenses and Change in Net Assets

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

Operating Results
(in thousands)

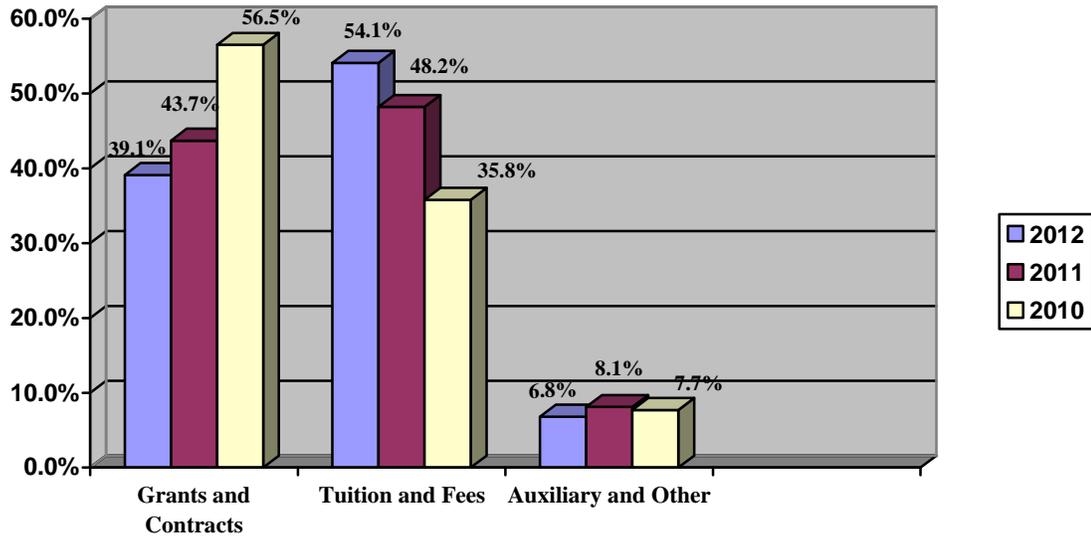
	<u>2012</u>	<u>2011</u>	Increase (Decrease) 2012 - <u>2011</u>	<u>2010</u>	Increase (Decrease) 2011 - <u>2010</u>
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 2,524	\$ 1,942	\$ 582	\$ 1,715	\$ 227
Grants and Contracts	1,826	1,762	64	2,707	(945)
Auxiliary Enterprises, Net	220	200	20	191	9
Other Operating Revenues	<u>97</u>	<u>125</u>	<u>(28)</u>	<u>179</u>	<u>(54)</u>
Total Operating Revenues	4,667	4,029	638	4,792	(763)
Less Operating Expenses	<u>20,330</u>	<u>21,180</u>	<u>(850)</u>	<u>21,438</u>	<u>(258)</u>
Operating Loss	<u>(15,663)</u>	<u>(17,151)</u>	<u>1,488</u>	<u>(16,646)</u>	<u>(505)</u>
Non-Operating Revenues (Expenses):					
State Appropriations	4,039	5,710	(1,671)	5,770	(60)
Property Taxes	9,483	8,962	521	8,160	802
Federal Student Assistance	4,189	4,436	(247)	3,791	645
Contribution for Student Center	-	-	-	1,607	(1,607)
Investment and Other Income	75	25	50	71	(46)
Interest on Capital Related Debt	(94)	(110)	16	(125)	15
Other Non-Operating Expense	<u>-</u>	<u>(76)</u>	<u>76</u>	<u>(1)</u>	<u>(75)</u>
Total Non-Operating Revenues, Net	<u>17,692</u>	<u>18,947</u>	<u>(1,255)</u>	<u>19,273</u>	<u>(326)</u>
Increase in Net Assets	<u>\$ 2,029</u>	<u>\$ 1,796</u>	<u>\$ (233)</u>	<u>\$ 2,627</u>	<u>\$ (831)</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

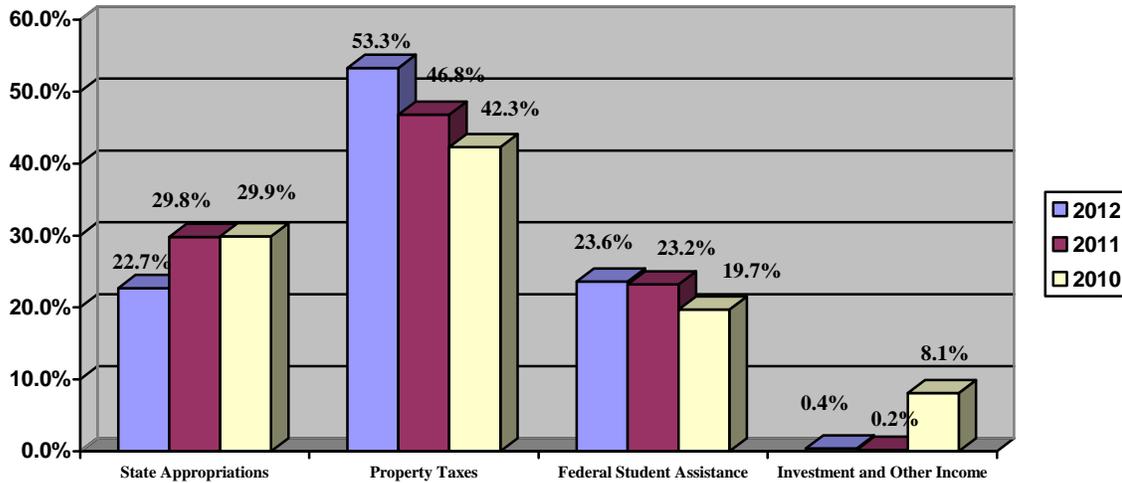
Financial Analysis – Statements of Revenues, Expenses and Change in Net Assets – Continued

The following are graphic illustrations of revenues by source for the years ended August 31, 2010 through 2012:

**Revenue by Source
Operating Revenues**



**Revenues by Source
Non-Operating Revenues**



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statements of Revenues, Expenses and Change in Net Assets – Continued

Fiscal Year 2012 Compared to 2011

The College has four major sources of revenues: property tax, state appropriations, grants and contracts, and tuition and fees. In 2012, the state appropriation was reduced by \$1.6 million or 29% compared to 2011. In anticipation of the state revenue reduction, the 2012 budget was adjusted by decreasing expenses and budgeting an increase of tuition and fees revenue with a full year of higher tuition rates, and an increase in property tax revenue from a higher tax base. The largest source of revenue is property tax income which increased \$521,000 compared to 2011, due to a 5.8% increase in the tax base. Increases in tuition and fees were approved by the Board of Regents in fiscal year 2011. For fiscal year 2012, tuition and fee revenue increased by \$582,000 or 30% compared to 2011. In addition to cutting the state general revenue appropriation, the Texas Legislature elected not to fully fund teacher retirement for community colleges. This shortfall of approximately \$200,000 is expected to be paid by the State and has been disclosed as a contingent liability in the footnotes of the financial statements.

Fiscal Year 2011 Compared to 2010

The College has four major sources of revenues: property tax, state appropriations, grants and contracts, and tuition and fees. The largest source of revenue is property tax which increased \$802,000 compared to 2010, because of an 11% increase in the tax base that allowed the Board of Regents to lower the tax rate from \$0.19 to \$0.189475 per \$100 assessed valuation. Tuition and fees revenue increased due to increased enrollment in fiscal year 2011 and an increase in tuition and fee rates beginning spring 2011. The increase in tuition and fee was done in anticipation of future state appropriation cuts in the coming years. Federal student assistance increased by \$645,000 in fiscal year 2011 compared to 2010 due to an increase in Pell award amounts of \$600,000, and the implementation of year-round Pell awards. State appropriations remained relatively stable over the past two years, at 25% and 24% of total revenue for fiscal year 2011 and 2010, respectively.

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

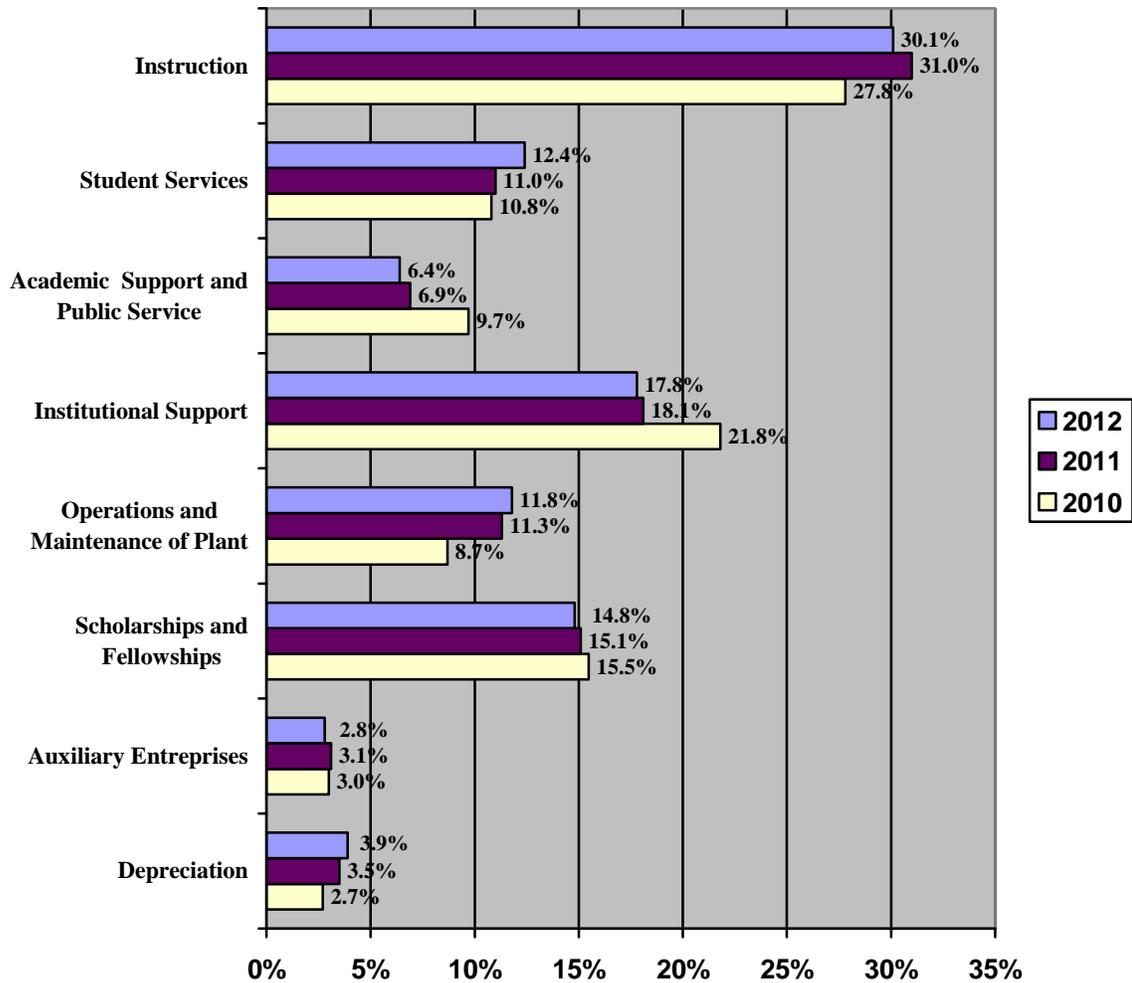
Operating Expenses
(in thousands)

	2012	2011	Increase (Decrease) 2012-2011	2010	Increase (Decrease) 2011-2010
Operating Expenses:					
Instruction	\$ 6,121	\$ 6,560	\$ (439)	\$ 5,965	\$ 595
Public Service	37	76	(39)	103	(27)
Academic Support	1,261	1,377	(116)	1,985	(608)
Student Services	2,527	2,330	197	2,305	25
Institutional Support	3,621	3,844	(223)	4,678	(834)
Operation and Maintenance of Plant	2,391	2,394	(3)	1,868	526
Scholarships and Fellowships	3,008	3,191	(183)	3,318	(127)
Auxiliary Enterprises	577	662	(85)	637	25
Depreciation	787	746	41	579	167
Total	<u>\$ 20,330</u>	<u>\$ 21,180</u>	<u>\$ (850)</u>	<u>\$ 21,438</u>	<u>\$ (258)</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis - Statements of Revenues, Expenses and Change in Net Assets – Continued

Operating Expenses



Fiscal Year 2012 Compared to 2011

As a result of decreased state appropriation funding of \$1.6 million in 2012, the College implemented cost saving efforts that decreased expenses by \$850,000. All expense categories with the exception of student services decreased in 2012. Student services increased as a result of instituting a more precise method of tracking I.T. costs related to the student services usage of the ERP system. The new method transferred allocated costs of I.T. support to cost centers where they originated. The decrease in instructional expenses was the result of the College closing four low enrollment programs. Scholarships and fellowships decreased due to changes in the federal regulations on year round PELL grants, which temporarily allowed students to earn a higher PELL award in fiscal year 2011.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis - Statements of Revenues, Expenses and Change in Net Assets – Continued

Fiscal Year 2011 Compared to 2010

Overall, operating expenses decreased by \$258,000 in fiscal year 2011 as compared to fiscal year 2010. The largest category of Operating expense remains Instruction, which increased by \$595,000 in fiscal year 2011, or 10%. Operation and maintenance of plant expense increased mainly due to additional costs at the Vocational-Technical Training Center, which initiated a full program schedule in the spring 2011 semester, and the completion of several other facility upgrades as well. Institutional support expense decreased in fiscal year 2011 because most software and training costs associated with the implementation of the new ERP system were recorded in fiscal year 2010. Academic support decreased by \$608,000 mainly due to the completion of the Title V grant at the beginning of fiscal year 2011, reducing Title V expenditures from \$776,000 in fiscal year 2010 to only \$44,000 in fiscal year 2011.

Cash Flow Activity

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash Provided by (Used in):			
Operating Activities	\$(14,432)	\$(14,763)	\$(15,131)
Non-Capital Financing Activities	17,353	18,379	16,067
Capital and Related Financing Activities	(1,580)	(2,963)	(3,074)
Investing Activities	<u>(1,475)</u>	<u>23</u>	<u>30</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(134)	676	(2,108)
Cash and Cash Equivalents – Beginning of Year	<u>10,903</u>	<u>10,227</u>	<u>12,335</u>
Cash and Cash Equivalents – End of Year	<u>\$ 10,769</u>	<u>\$ 10,903</u>	<u>\$ 10,227</u>

The College's cash flow from operations is always reflected as a use of cash because the College relies heavily on State appropriations and property tax revenues to fund operations. The decreases in cash from non-capital financing activities (when compared to fiscal year 2011) are a result of the reduction in state appropriations and Title IV Funds for 2012. Changes in capital and related financing activities are due to renovations of classrooms and construction of new facilities and yearly bond principal and interest payments. The \$1.475 million reduction from investing activities resulted from the purchase of one year certificate of deposit that was purchased in fiscal year 2012. In 2011 all investments were short term and classified as cash or cash equivalent.

Capital Asset and Long Term Debt Activity

As shown in Footnote 6 to the financial statement, capital assets increased from \$16.67 million to \$16.75 million. The following is a list of some of the major projects completed during fiscal year 2012:

- Construction in progress increased by \$445,000; \$189,000 of additional Vocational-Technical Training Center expenses and \$256,000 of ongoing renovations to the campus Science, Technology, Engineering and Math Labs as well as the IT infrastructure supporting these programs.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Long Term Debt Activity - Continued

- Land and improvements increased by \$181,000 from two properties purchases by the College as follows: \$55,000 for 3812 Avenue R; and \$126,000 for 2222 39th Street
- Other capital assets increased by \$233,000 mainly due to equipment purchases for I.T. infrastructure and classroom / computer lab renovations.

**Capital Assets
(in thousands)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Capital Assets:			
Land and Improvements	\$ 5,811	\$ 5,630	\$ 5,524
Construction in Progress	1,820	1,374	1,850
Buildings	13,902	13,902	11,702
Equipment, Furniture, and Software	4,171	3,966	3,325
Library Books	<u>842</u>	<u>814</u>	<u>761</u>
Total	<u>\$ 26,546</u>	<u>\$ 25,686</u>	<u>\$ 23,162</u>
Less Accumulated Depreciation	<u>(9,798)</u>	<u>(9,011)</u>	<u>(8,265)</u>
Net Capital Assets	<u>\$ 16,748</u>	<u>\$ 16,675</u>	<u>\$ 14,897</u>

The College issued \$6,595,000 of Revenue bonds in fiscal year 2004 to refund the 1994 Revenue bonds at lower interest rates, saving approximately \$1.1 million over the remaining life of the bonds. The bonds pay off totaled \$6,795,000. Scheduled principal payments of \$625,000 and \$610,000 were made during the 2012 and 2011 fiscal years, respectively.

Currently Known Facts, Decisions & Conditions

- The 82nd Legislature for the State of Texas changed the state appropriation landscape. For 2012, state appropriation tied to contact hours was reduced by 25%, the appropriation for health benefit was reduced by 48% and the retirement match was reduced by 49%. The College expects the 83rd legislative session to be equally challenged with the potential of further cuts to instruction, health and retirement appropriations.
- The College continues to sustain strong enrollment figures by being ahead of the trend line.
- A new tax rate of \$0.18940 was adopted by the Board of Regents in September 2012 for fiscal year 2013. This represents a decrease from the current fiscal year 2012 rate of \$0.189450. However, due to an improved property tax base, the new rate is estimated to provide \$643,000 in additional tax revenues over fiscal year 2012.
- In June 2012, the College received notification of being awarded a 5-year \$1.25 million U.S. Department of Education TRIO – Upward Bound Program grant. The first year award for fiscal year 2012-2013 is in the amount of \$250,000.
- In June 2012, the Board accepted a grant award in the amount of \$863,510 for the period October 1, 2012 to September 30, 2012 from the Dept. of Education for year #2 of the 5-year HSI-STEM Pathways grant.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions & Conditions - Continued

- In August 2012, the Board accepted a grant award in the amount of \$627,149 for the period October 1, 2012 to September 30, 2012 from the Department of Education for year #1 of a 5-year Title V Modern Strategies for Student Success grant. Year #1 funds will be used for further modernization of the College's I.T. infrastructure.
- In September 2012, the Board approved a one-year extension of the existing agreement with EduServe International for I.T. management effective December 1, 2012. The amount was reduced to \$360,000 from \$581,604 for the previous 12-month period.
- In September 2012, the Board approved a contract for a general contractor for Phase II renovations to the Vocational-Technical Training Center. The approved contract amount is \$1,835,475 and will be funded by the Construction Fund budget. Construction is scheduled to commence in November 2012 and substantially completed by the end of fiscal year 2013. Related additional costs are estimated to be: exterior signage (\$200,000), landscaping (\$100,000), 8% architect fee (\$146,000), furnishings and equipment (\$500,000).

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

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
AUGUST 31, 2012 AND 2011

Exhibit 1

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Note 4)	\$ 9,848,105	\$ 10,020,793
Short-Term Investment (Note 4)	1,500,000	-
Accounts Receivable (Note 5)	482,908	269,304
Property Tax Receivable, Net (Note 5)	658,136	672,360
Student Receivables, Net (Note 5)	1,597,885	1,612,210
Other Assets	541,784	535,457
Total Current Assets	14,628,818	13,110,124
NONCURRENT ASSETS:		
Restricted Cash and Cash Equivalents (Note 4)	791,434	839,217
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	129,196	42,760
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	5,063,665	4,437,125
Subjected to Depreciation	11,684,267	12,237,742
Total Noncurrent Assets	17,668,562	17,556,844
Total Assets	32,297,380	30,666,968
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable (Note 5)	504,116	415,941
Funds Held for Others - Agency	129,196	42,760
Deferred Revenues	2,046,552	1,994,301
Deposits	11,300	9,675
Compensated Absences - Current Portion (Notes 7 and 12)	30,000	30,000
Bonds Payable - Current Portion (Notes 7 and 8)	645,000	625,000
Total Current Liabilities	3,366,164	3,117,677
NONCURRENT LIABILITIES:		
Compensated Absences (Notes 7 and 12)	301,859	303,783
Bonds Payable (Notes 7 and 8)	1,355,000	2,000,000
Total Noncurrent Liabilities	1,656,859	2,303,783
Total Liabilities	5,023,023	5,421,460
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	14,747,932	14,049,867
Restricted - Expendable:		
Student Aid	174,304	148,716
Debt Service	718,880	768,303
Unrestricted	11,633,241	10,278,622
Total Net Assets (Schedule D)	\$ 27,274,357	\$ 25,245,508

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

Exhibit 2

	2012	2011
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$1,819,028 for 2012 and \$1,687,919 for 2011	\$ 2,523,914	\$ 1,941,971
Federal Grants and Contracts	1,268,894	1,156,467
State and Local Grants and Contracts	167,032	343,557
Private Grants and Scholarships	390,173	262,025
Auxiliary Enterprises, Net of Scholarship Allowance of \$199,549 for 2012 and \$159,812 for 2011	220,304	199,965
Other Operating Revenues	96,535	124,642
Total Operating Revenues (Schedule A)	4,666,852	4,028,627
OPERATING EXPENSES:		
Instruction	6,120,920	6,559,869
Public Service	36,624	76,009
Academic Support	1,261,409	1,376,673
Student Services	2,527,036	2,329,831
Institutional Support	3,620,875	3,843,676
Operation and Maintenance of Plant	2,391,461	2,394,083
Scholarships and Fellowships	3,007,795	3,191,571
Auxiliary Enterprises	577,450	662,386
Depreciation	786,855	746,253
Total Operating Expenses (Schedule B)	20,330,425	21,180,351
OPERATING LOSS	(15,663,573)	(17,151,724)
NON-OPERATING REVENUES (EXPENSES):		
State Appropriations	4,039,458	5,710,175
Property Taxes	9,483,072	8,962,451
Federal Student Assistance (Title IV Grants)	4,189,383	4,435,671
Investment Income	26,533	22,452
Other Non-Operating Revenue	48,567	2,700
Interest on Capital Related Debt	(94,591)	(110,365)
Other Non-Operating Expense	-	(75,855)
Non-Operating Revenues, Net (Schedule C)	17,692,422	18,947,229
INCREASE IN NET ASSETS	2,028,849	1,795,505
NET ASSETS, BEGINNING OF YEAR	25,245,508	23,450,003
NET ASSETS, END OF YEAR	\$ 27,274,357	\$ 25,245,508

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, 2012 AND 2011

Exhibit 3

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 2,653,014	\$ 2,044,196
Receipts from Grants and Contracts	1,507,371	2,134,374
Payments to or on Behalf of Employees	(11,617,796)	(11,678,073)
Payments to Suppliers for Goods and Services	(4,284,047)	(4,396,270)
Payments for Scholarships	(3,007,795)	(3,191,571)
Other Cash Receipts	316,839	324,607
Net Cash Used in Operating Activities	(14,432,414)	(14,762,737)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	3,528,736	4,472,246
Proceeds from Property Taxes	9,497,296	8,983,378
Proceeds from Federal Student Assistance (Title IV Grants)	4,278,558	4,920,421
Proceeds from Other Contributions	48,567	2,700
Net Cash Provided by Non-Capital Financing Activities	17,353,157	18,378,745
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contribution for Student Center	-	357,577
Purchases of Capital Assets	(859,920)	(2,524,075)
Principal Paid on Capital Debt	(625,000)	(610,000)
Payment of Interest on Capital Debt	(94,591)	(110,365)
Other Non-Operating Expense	-	(75,855)
Net Cash Used in Capital and Related Financing Activities	(1,579,511)	(2,962,718)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Short-Term Investment	(1,500,000)	-
Investment Income	24,733	22,452
Net Cash Provided by (Used in) Investing Activities	(1,475,267)	22,452
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(134,035)	675,742
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,902,770	10,227,028
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,768,735	\$ 10,902,770

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, 2012 AND 2011

Exhibit 3 - Continued

	2012	2011
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES:		
Operating Loss	\$ (15,663,573)	\$ (17,151,724)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	786,855	746,253
Payments Made Directly by State for Benefits	554,008	1,184,559
Changes in Assets and Liabilities:		
Receivables, Net	(329,940)	33,925
Other Assets	(6,327)	(106,046)
Accounts Payable	88,175	78,666
Funds Held for Others - Agency Funds	86,436	(40,535)
Deferred Revenues	52,251	479,886
Deposits	1,625	1,275
Compensated Absences	(1,924)	11,004
	\$ (14,432,414)	\$ (14,762,737)
Net Cash Used in Operating Activities		
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Write-Off of Capital Assets	\$ -	\$ 37,636

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE 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 Governmental Accounting Standards 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 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, 2012 and 2011 and the cost of services provided by the System to the Foundation during the years then ended are not significant to the System. The Foundation has therefore not been included as a component unit in the financial statements of the System. Financial information for the Foundation may be obtained from its administrative office.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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

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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

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

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

Basis of Accounting

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

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

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

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

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

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

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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. As of August 31, 2012, the College had invested \$1,500,000 in a certificate of deposit, expiring June 2013. The College held no investments as of August 31, 2011.

Capital Assets

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

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

Deferred Revenues

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

Operating and Non-Operating Revenues and Expense Policy

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management Estimates

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

Income Taxes

The College is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

Subsequent Pronouncements

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. With the implementation of GASB 63, the Statement of Net Assets will become the Statement of Net Position. Along with the name change, the Statement of Net Position will include two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are required to be reported in a Statement of Net Position in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are required to be reported in a Statement of Net Position in a separate section following liabilities. In addition, the totals of these two new classifications should be added to the total for assets and liabilities, respectively. The provisions of this standard are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* goes along with GASB Statement No. 63. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Additionally, certain items that were previously reported as assets and liabilities will be reclassified as outflows of resources and inflows of resources. The provisions of this standard are effective for financial statements for periods beginning after December 15, 2012.

In addition to the need for establishing a framework detailing how these new elements should be reported, GASB continues to review the presentation of deferred balances and their effect on a government's net position. GASB recently issued Statement No. 66, - *Technical Correction* to resolve some of these issues. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

The College has evaluated subsequent events through November 14, 2012 which is the date the financial statements were available to be issued. No matters were identified affecting the accompanying financial statements that have not already been disclosed elsewhere in these financial statements or related disclosures.

NOTE 3 – AUTHORIZED INVESTMENTS

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

NOTE 4 – DEPOSITS AND INVESTMENTS

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

At August 31, 2012 and 2011, the carrying amount of the College’s deposits was \$232,119 and \$828,832, respectively; and bank balances equaled \$1,027,790 and \$1,193,522, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts.

The following table presents the cash and cash equivalents included in Exhibit 1, statement of net assets, as of August 31:

	2012	2011
Cash and Cash Equivalents:		
Petty Cash	\$ 1,455	\$ 1,455
Demand Deposits	232,119	828,832
Vanguard Admiral Treasury Money Market Fund	652,174	652,103
Investment Pools:		
Lone Star Investment Pool	2,112,021	4,161,313
Local Government Investment Cooperative	4,268,642	5,259,067
Texas Local Government Investment Pool	2,001,418	-
TexasTERM Local Government Investment Pool	1,500,906	-
Total Cash and Cash Equivalents	10,768,735	10,902,770
Certificate of Deposit	1,500,000	-
Total Deposits and Investments	\$ 12,268,735	\$ 10,902,770

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

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

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

The First Public (Lone Star Investment Pool or Lone Star) is a public funds investment pool established in accordance with the Inter-local Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. Lone Star is governed by trustees comprised of active participants in Lone Star. The board of trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy, of appointing investment officers, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. Lone Star Investment Pool 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. The Cooperative's governing body is a six-member Board of Directors (the Board) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Cooperative. The Board has entered into a contract with First Southwest Asset Management, Inc. and JPMorgan Asset Management, Inc. to provide administrative, investment management fund accounting, transfer agency, participant and marketing services for the Cooperative. In compliance with the Public Funds Investment Act, all portfolios will maintain a AAA or equivalent rating from at least one nationally recognized rating agency. LOGIC has been assigned a rating of AAA by Standard & Poor's.

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts (the Comptroller is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool will invest only in investments that are authorized under both the Public Funds Investment Act and the TexPool Investment Policy. To comply with Section 2256.016(h) of the Public Funds Investment Act, TexPool must maintain an AAA or equivalent rating from at least one nationally recognized statistical rating organization. TexPool is currently rated AAAM by Standard & Poor's.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

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

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	2012	2011
Student Receivables	\$ 1,791,025	\$ 1,734,673
Less Allowance for Doubtful Accounts	(193,140)	(122,463)
Total Student Receivable	\$ 1,597,885	\$ 1,612,210
Federal Receivables	\$ 447,263	\$ 194,726
Other Receivables	35,645	74,578
Total Accounts Receivable	\$ 482,908	\$ 269,304
Property Tax Receivable	\$ 744,182	\$ 768,014
Less Allowance for Doubtful Accounts	(86,046)	(95,654)
Total Property Tax Receivable	\$ 658,136	\$ 672,360

Payables consist of the following at August 31:

Vendors Payable	\$ 500,688	\$ 354,380
Benefits Payable	3,428	61,561
Total Payables	\$ 504,116	\$ 415,941

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2012 was as follows:

	Balance September 1, <u>2011</u>	<u>Increase</u>	Decrease/ <u>Transfers</u>	Balance August 31, <u>2012</u>
Not Depreciated:				
Land	\$ 3,062,805	\$ 180,997	\$ -	\$ 3,243,802
Construction in Progress	<u>1,374,320</u>	<u>445,543</u>	<u>-</u>	<u>1,819,863</u>
Total Not Depreciated	\$ <u>4,437,125</u>	\$ <u>626,540</u>	\$ <u>-</u>	\$ <u>5,063,665</u>
Other Capital Assets:				
Buildings	\$ 13,902,188	\$ -	\$ -	\$ 13,902,188
Land Improvements	2,566,963	-	-	2,566,963
Furniture, Equipment and Vehicles	1,854,762	55,783	-	1,910,545
Computer System	2,110,769	149,815	-	2,260,584
Library Books	<u>814,250</u>	<u>27,782</u>	<u>-</u>	<u>842,032</u>
Total Depreciated	<u>21,248,932</u>	<u>233,380</u>	<u>-</u>	<u>21,482,312</u>
Less Accumulated Depreciation:				
Buildings	5,493,396	297,518	-	5,790,914
Land Improvements	546,691	123,483	-	670,174
Furniture, Equipment and Vehicles	913,480	129,085	-	1,042,565
Computer System	1,502,229	182,331	-	1,684,560
Library Books	<u>555,394</u>	<u>54,438</u>	<u>-</u>	<u>609,832</u>
Total Accumulated Depreciation	<u>9,011,190</u>	<u>786,855</u>	<u>-</u>	<u>9,798,045</u>
Net Capital Assets	\$ <u>16,674,867</u>	\$ <u>73,065</u>	\$ <u>-</u>	\$ <u>16,747,932</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

Capital assets activity for the year ended August 31, 2011 was as follows:

	Balance September 1, 2010	Increase	Decrease/ Transfers	Balance August 31, 2011
Not Depreciated:				
Land	\$ 3,062,805	\$ -	\$ -	\$ 3,062,805
Construction in Progress	<u>1,849,731</u>	<u>1,173,399</u>	<u>(1,648,810)</u>	<u>1,374,320</u>
Total Not Depreciated	<u>\$ 4,912,536</u>	<u>\$ 1,173,399</u>	<u>\$ (1,648,810)</u>	<u>\$ 4,437,125</u>
Other Capital Assets:				
Buildings	\$ 11,701,686	\$ 596,661	\$ 1,603,841	\$ 13,902,188
Land Improvements	2,461,663	97,967	7,333	2,566,963
Furniture, Equipment and Vehicles	1,287,093	567,669	-	1,854,762
Computer System	2,037,873	72,896	-	2,110,769
Library Books	<u>761,131</u>	<u>53,119</u>	<u>-</u>	<u>814,250</u>
Total Depreciated	<u>18,249,446</u>	<u>1,388,312</u>	<u>1,611,174</u>	<u>21,248,932</u>
Less Accumulated Depreciation:				
Buildings	5,204,625	288,771	-	5,493,396
Land Improvements	425,221	121,470	-	546,691
Furniture, Equipment and Vehicles	799,910	113,570	-	913,480
Computer System	1,330,824	171,405	-	1,502,229
Library Books	<u>504,357</u>	<u>51,037</u>	<u>-</u>	<u>555,394</u>
Total Accumulated Depreciation	<u>8,264,937</u>	<u>746,253</u>	<u>-</u>	<u>9,011,190</u>
Net Capital Assets	<u>\$ 14,897,045</u>	<u>\$ 1,815,458</u>	<u>\$ (37,636)</u>	<u>\$ 16,674,867</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2012 was as follows:

	Balance September 1, 2011	Additions	Payments	Balance August 31, 2012	Current Portion
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 2,625,000	\$ -	\$ (625,000)	\$ 2,000,000	\$ 645,000
Other Liabilities -					
Compensated Absences	<u>333,783</u>	<u>12,897</u>	<u>(14,821)</u>	<u>331,859</u>	<u>30,000</u>
Total Noncurrent Liabilities	<u>\$ 2,958,783</u>	<u>\$ 12,897</u>	<u>\$ (639,821)</u>	<u>\$ 2,331,859</u>	<u>\$ 675,000</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

Noncurrent liability activity for the year ended August 31, 2011 was as follows:

	<u>Balance</u> <u>September 1,</u> <u>2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>August 31,</u> <u>2011</u>	<u>Current</u> <u>Portion</u>
Combined Fee Revenue					
Refunding Bonds Series 2004	\$ 3,235,000	\$ -	\$ (610,000)	\$ 2,625,000	\$ 625,000
Other Liabilities -					
Compensated Absences	<u>322,779</u>	<u>12,593</u>	<u>(1,589)</u>	<u>333,783</u>	<u>30,000</u>
Total Noncurrent Liabilities	<u>\$ 3,557,779</u>	<u>\$ 12,593</u>	<u>\$ (611,589)</u>	<u>\$ 2,958,783</u>	<u>\$ 655,000</u>

NOTE 8 – BONDS PAYABLE

Bonds payable consist of Combined Fee Revenue Refunding Bonds, Series 2004. General information related to bonds payable is summarized below:

- Issued March 1, 2004.
- Refunded the 1994 Combined Revenue Bonds, and paid cost of issuing the new bonds.
- \$6,595,000, all authorized bonds have been issued.
- Interest rates range from 5.5% to 6.2%.
- Net proceeds from Refunding Series – \$682,235 after payment of \$168,285 in underwriting fees, insurance and other issuance costs.
- Additional \$680,437 of 1994 Series sinking fund monies was used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the 2004 Refunding Bonds Series.
- The 1994 Combined Fee Revenue Bonds are considered fully defeased and the liability for those bonds has been removed from the financial statements.
- Advanced refunding of the 1994 Series bonds reduced the College debt service payment approximately \$1,116,000 over the next 11 years.
- Economic gain – \$949,218 difference between the net present value of the old and new debt service payments.

The College is to maintain a reserve account equal to the maximum annual principal and interest requirements. The reserve balance at August 31, 2012 is \$791,434, which meets the full reserve requirement.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 645,000	\$ 74,840	\$ 719,840
2014	665,000	54,200	719,200
2015	<u>690,000</u>	<u>27,600</u>	<u>717,600</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 156,640</u>	<u>\$ 2,156,640</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS

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

Teacher Retirement System of Texas

Plan Description. The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits, to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012 and 2011 and a state contribution rate of 6.0% and 6.64% for fiscal years 2012 and 2011, respectively. In certain instances the reporting district is required to make all or a portion of the state's 6.0% and 6.64% contribution for fiscal years 2012 and 2011, respectively.

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65%, respectively of annual compensation. In addition, for fiscal years 2012 and 2011, respectively, the College contributed 2.5% and 2.1% of annual compensation for each participant hired on or before August 31, 2005. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

Retirement Expense

The total payroll for all College employees was \$8,872,734 and \$9,176,813 for the fiscal years ended August 31, 2012 and 2011, respectively. The total payroll of employees covered by TRS was \$5,771,882 and \$5,845,771 and the total payroll of employees covered by ORP was \$2,021,884 and \$2,305,741 for fiscal years August 31, 2012 and 2011, respectively.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Retirement Expense – Continued

The retirement expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$201,959 and \$473,756 for the fiscal years ended August 31, 2012 and 2011, respectively. The State retirement expense on behalf of the College does not reflect the \$204,911 shortfall for TRS for the year ended August 31, 2012 (See Note 17).

NOTE 10 – DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code Section 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. As of August 31, 2012, the College had 28 employees participating in the program and a total of \$113,410 in contributions was invested in the plan during the fiscal year. As of August 31, 2011, the College had 27 employees participating in the program and a total of \$116,700 in contributions was invested in the plan during the fiscal year.

NOTE 11 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for these benefits if they reach normal retirement age while working for the State. These and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's maximum contribution per full-time employee was \$439 and \$413 per month for fiscal years 2012 and 2011, respectively. The State's maximum contribution for dependent coverage was \$940 and \$808 per month for fiscal years 2012 and 2011 respectively. The State's cost of providing those benefits for retirees was \$357,004 and \$326,676 for the year's ended August 31, 2012 and 2011, respectively. The State's actual total cost of providing health insurance benefits to the College totaled \$473,362 and \$857,885 for the years ended August 31, 2012 and 2011, respectively.

NOTE 12 – COMPENSATED ABSENCES

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

Sick Leave

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – COMPENSATED ABSENCES – CONTINUED

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 \$331,859 and \$333,783 as of August 31, 2012 and 2011, respectively. Faculty employees are not eligible to earn vacation benefits.

Compensatory Time

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

NOTE 13 – PROPERTY TAX

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

At August 31:	<u>2012</u>	<u>2011</u>
Certified Taxable Valuation of the College	\$4,664,510,244	\$4,475,548,125
Adjustments	<u>249,165,816</u>	<u>166,899,847</u>
Net Assessed Valuation of the College	<u>\$ 4,913,676,060</u>	<u>\$4,642,447,975</u>
	<u>2012</u>	
	Current	Debt
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-
Assessed Tax rate per \$100 Valuation	\$.189450	\$.189450
	<u>2011</u>	
	Current	Debt
	<u>Operations</u>	<u>Service</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-
Assessed Tax rate per \$100 Valuation	\$.189475	\$.189475

Taxes levied for the years ended August 31, 2012 and 2011, based on certified rolls, as reported by the taxing authorities amounted to \$9,314,656 and \$8,800,902, 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.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX – CONTINUED

Tax collections for the years ended August 31, 2012 and 2011 were as follows:

	2012	2011
Current Taxes Collected	\$ 8,947,078	\$ 8,518,149
Delinquent Taxes Collected	350,245	253,648
Penalties and Interest Collected	177,086	161,144
Total Collections	\$ 9,474,409	\$ 8,932,941

Tax collections for the years ended August 31, 2012 and 2011 were 96.05% and 96.49%, respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

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

NOTE 14 – CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues as funds are actually expended. For contracts and grant awards, funds expended but not collected are reported as receivables. Funds received but not expended during the reporting period are deferred until earned. As of August 31, 2012 and 2011, \$212,651 and \$187,114, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET ASSETS

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

NOTE 16 – COMMITMENTS

State and Federally Assisted Programs

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – COMMITMENTS – CONTINUED

Commitments

In September 2012, the Board approved a contract for a general contractor for Phase II renovations to the Vocational-Technical Training Center. The approved contract amount is \$1,835,475 and will be funded by the Construction Fund budget. Construction is scheduled to commence in November 2012 and substantially completed by the end of fiscal year 2013. Related additional costs are estimated to be: exterior signage (\$200,000), landscaping (\$100,000), 8% architect fee (\$146,000), furnishings and equipment (\$500,000).

NOTE 17 – CONTINGENCIES

State Retirement Contributions

The State of Texas 82nd Legislative session restricted the State's contribution to TRS/ORP on behalf of the community colleges to 6% of each college's unrestricted general revenue appropriation for each year of the biennium state budget or approximately \$200,000 for the year ended August 31, 2012. Teacher Retirement System has requested the community colleges to make up the shortfall. The Texas Association of Community College (TACC) has been advised by counsel that "Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system", referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

The resolution and possible payment by the State of the \$200,000 shortfall, caused by the difference between 6% of revenue vs. 6% of aggregate compensation paid, is contingent upon corrective action in the upcoming legislative session.

NOTE 18 – GALVESTON COLLEGE FOUNDATION

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

The Foundation remitted \$226,420 and \$130,230 to the College for scholarship awards during the years ended August 31, 2012 and 2011, respectively. The Foundation remitted \$380,277 to the College to fund grant programs during the year ended August 31, 2011. The Foundation did not fund any grant programs in 2012.

During the years ended August 31, 2012 and 2011, the College provided office space and staff assistance to the Foundation at no cost. The College's management estimates the value of the service provided to the Foundation to be approximately \$237,000 for fiscal years 2012 and 2011. As of August 31, 2012 and 2011, the amount due from the Foundation was \$40,240 and \$48,294, respectively.

REQUIRED SUPPLEMENTAL SCHEDULES

a beacon of light guiding lifelong learning

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2012 Total	2011 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 1,664,676	\$ -	\$ 1,664,676	\$ -	\$ 1,664,676	\$ 1,589,126
TPEG - Credit (set aside) *	105,055	-	105,055	-	105,055	96,010
Non-Resident Tuition	227,326	-	227,326	-	227,326	183,988
Non-State Funded Educational Programs	69,182	-	69,182	-	69,182	55,905
Total Tuition	2,066,239	-	2,066,239	-	2,066,239	1,925,029
Fees:						
Student Service Fee	-	-	-	72,508	72,508	75,119
Course Fees	432,482	-	432,482	-	432,482	383,458
Building Use Fee	979,391	-	979,391	-	979,391	756,654
Out of District Fee	281,667	-	281,667	-	281,667	48,580
General Service Fee	298,763	-	298,763	-	298,763	245,835
Registration Fee	211,892	-	211,892	-	211,892	195,215
Total Fees	2,204,195	-	2,204,195	72,508	2,276,703	1,704,861
Scholarship Allowances and Discounts:						
Scholarship Allowances	(216,510)	-	(216,510)	-	(216,510)	(214,001)
Remissions and Exemptions - State	(62,102)	-	(62,102)	-	(62,102)	(41,757)
Title IV Federal Grants to Students	(1,540,416)	-	(1,540,416)	-	(1,540,416)	(1,432,161)
Total Scholarship Allowances and Discounts	(1,819,028)	-	(1,819,028)	-	(1,819,028)	(1,687,919)
Total Net Tuition and Fees	2,451,406	-	2,451,406	72,508	2,523,914	1,941,971
Additional Operating Revenues:						
Federal Grants and Contracts	-	1,268,894	1,268,894	-	1,268,894	1,156,467
State Grants and Contracts	-	167,032	167,032	-	167,032	343,557
Private Grants and Scholarships	-	390,173	390,173	-	390,173	262,025
Other Operating Revenues	96,535	-	96,535	-	96,535	124,642
Total Additional Operating Revenues	96,535	1,826,099	1,922,634	-	1,922,634	1,886,691
Auxiliary Enterprises:						
Residential Life	-	-	-	199,549	199,549	159,812
Less Scholarship Allowances and Discounts	-	-	-	(199,549)	(199,549)	(159,812)
Bookstore Commissions	-	-	-	104,066	104,066	82,586
Vending Commissions	-	-	-	9,779	9,779	8,483
Other Auxiliary Revenue	-	-	-	106,459	106,459	108,896
Total Auxiliary Enterprises	-	-	-	220,304	220,304	199,965
Total Operating Revenues	\$ 2,547,941	\$ 1,826,099	\$ 4,374,040	\$ 292,812	\$ 4,666,852	\$ 4,028,627
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.003, \$105,055 and \$96,010 for years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule B

	Operating Expenses			2012 Total	2011 Total	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 4,179,012	\$ -	\$ 700,059	\$ 586,336	\$ 5,465,407	\$ 5,520,148
Public Service	26,035	-	2,440	8,131	36,606	75,957
Academic Support	871,891	-	163,683	139,368	1,174,942	1,151,179
Student Services	1,142,782	-	242,044	435,765	1,820,591	1,487,754
Institutional Support	1,497,221	-	375,935	1,520,878	3,394,034	3,677,102
Operation and Maintenance of Plant	417,873	-	175,880	1,797,708	2,391,461	2,394,083
Total Unrestricted Educational Activities	8,134,814	-	1,660,041	4,488,186	14,283,041	14,306,223
Restricted - Educational Activities:						
Instruction	78,693	355,647	13,019	208,154	655,513	1,039,721
Public Service	-	18	-	-	18	52
Academic Support	-	86,467	-	-	86,467	225,494
Student Services	377,726	82,817	86,862	159,040	706,445	842,077
Institutional Support	65,576	150,373	8,912	1,980	226,841	166,574
Scholarships and Fellowships	-	-	-	3,007,795	3,007,795	3,191,571
Total Restricted Educational Activities	521,995	675,322	108,793	3,376,969	4,683,079	5,465,489
Total Educational Activities	8,656,809	675,322	1,768,834	7,865,155	18,966,120	19,771,712
Auxiliary Enterprises	80,150	-	38,391	458,909	577,450	662,386
Depreciation Expense - Buildings and Other Real Estate						
Improvements	-	-	-	421,001	421,001	410,241
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	365,854	365,854	336,012
Total Operating Expenses	\$ 8,736,959	\$ 675,322	\$ 1,807,225	\$ 9,110,919	\$ 20,330,425	\$ 21,180,351
				(Exhibit 2)	(Exhibit 2)	

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2012 Total	2011 Total
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 3,364,137	\$ -	\$ -	\$ 3,364,137	\$ 4,378,534
State Group Insurance	-	473,362	-	473,362	857,885
State Retirement Match	-	201,959	-	201,959	473,756
Total State Appropriations	3,364,137	675,321	-	4,039,458	5,710,175
Property Taxes	9,483,072	-	-	9,483,072	8,962,451
Federal Student Assistance (Title IV Grants)	-	4,189,383	-	4,189,383	4,435,671
Investment Income	26,533	-	-	26,533	22,452
Other Non-Operating Revenue	48,567	-	-	48,567	2,700
Total Non-Operating Revenues	9,558,172	4,189,383	-	13,747,555	13,423,274
Non-Operating Expenses:					
Interest on Capital Related Debt	94,591	-	-	94,591	110,365
Other Non-Operating Expense	-	-	-	-	75,855
Total Non-Operating Expenses	94,591	-	-	94,591	186,220
NET NON-OPERATING REVENUES	\$ 12,827,718	\$ 4,864,704	\$ -	\$ 17,692,422 (Exhibit 2)	\$ 18,947,229 (Exhibit 2)

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2012
(With Memorandum Totals for the Year Ended August 31, 2011)

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	\$ 11,150,857	\$ -	\$ -	\$ -	\$ 11,150,857	\$ 11,150,857	\$ -
Auxiliary	284,501	-	-	-	284,501	284,501	-
Scholarships	-	174,304	-	-	174,304	174,304	-
Plant:							
Unexpended	125,329	-	-	-	125,329	125,329	-
Debt Service	72,554	718,880	-	-	791,434	72,554	718,880
Investment in Plant	-	-	-	14,747,932	14,747,932	-	14,747,932
Total Net Assets, August 31, 2012	11,633,241	893,184	-	14,747,932	27,274,357 (Exhibit 1)	11,807,545	15,466,812
Total Net Assets, August 31, 2011	10,278,622	917,019	-	14,049,867	25,245,508 (Exhibit 1)	10,427,338	14,818,170
Net Increase (Decrease) in Net Assets	\$ <u>1,354,619</u>	\$ <u>(23,835)</u>	\$ -	\$ <u>698,065</u>	\$ <u>2,028,849</u> (Exhibit 2)	\$ <u>1,380,207</u>	\$ <u>648,642</u>

See Independent Auditor's Report.

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

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

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited the financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Gavin Donnelly & Desroches LLP

November 14, 2012

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

Board of Regents
Galveston Community College District
Galveston, Texas

Compliance

We have audited the Galveston Community College District (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, Galveston Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control over Compliance

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

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

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

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

Gainer Donnelly & Desroches LLP

November 14, 2012

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 82,771
Federal Work-Study Program	84.033		126,232
Federal Pell Grant Program	84.063		3,980,380
Federal Direct Student Loans	84.268		1,774,907
Trio Cluster:			
TRIO - Student Support Services	84.042		256,776
TRIO - Upward Bound	84.047		242,953
Expanding S.T.E.M. Pathways	84.031C		679,726
Passed-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Annual Application	84.048	124243	<u>89,439</u>
Total U.S. Department of Education			<u>7,233,184</u>
Total Expenditures of Federal Awards			<u>\$ 7,233,184</u>

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues:	
Federal Grants and Contracts – (Schedule A)	\$ 1,268,894
Federal Student Assistance, Non-Operating – (Schedule C)	<u>4,189,383</u>
Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Assets	5,458,277
Reconciling Item – Direct Student Loans	<u>1,774,907</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 7,233,184</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 - CONTINUED
 FOR THE YEAR ENDED AUGUST 31, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Cluster of Programs – Student Financial Aid:	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Expanding S.T.E.M Pathways

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

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

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2011.

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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)
(Unaudited)

Table 1

	For the Fiscal Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in Capital Assets, Net of Related Debt	\$ 14,748	\$ 14,050	\$ 11,662	\$ 8,042	\$ 7,144	\$ 5,891	\$ 4,390	\$ 3,652	\$ 2,437	\$ 2,988
Restricted - Expendable	893	917	926	945	976	915	1,110	1,109	1,076	980
Restricted - Nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,633	10,279	10,862	11,836	10,695	10,206	8,147	6,902	6,138	4,947
Total Primary Government Net Assets	<u>\$ 27,274</u>	<u>\$ 25,246</u>	<u>\$ 23,450</u>	<u>\$ 20,823</u>	<u>\$ 18,815</u>	<u>\$ 17,012</u>	<u>\$ 13,647</u>	<u>\$ 11,663</u>	<u>\$ 9,651</u>	<u>\$ 8,915</u>

See Independent Auditor's Report.

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

Table 2

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	\$ 2,524	\$ 1,942	\$ 1,715	\$ 1,384	\$ 1,738	\$ 1,313	\$ 1,276	\$ 1,425	\$ 1,723	\$ 1,538
Governmental Grants and Contracts:										
Federal Grants and Contracts	1,269	1,193	2,057	1,099	1,163	1,310	830	802	413	738
State Grants and Contracts	167	344	230	202	124	96	110	92	191	103
Non-Governmental Grants and Contracts	390	262	420	510	441	398	368	252	137	-
Sales and Services of Educational Activities	-	-	-	-	-	-	-	23	16	3
Auxiliary Enterprises	220	200	191	82	91	96	114	146	129	114
Other Operating Revenues	97	88	179	133	150	182	197	237	282	270
Total Operating Revenues	<u>4,667</u>	<u>4,029</u>	<u>4,792</u>	<u>3,410</u>	<u>3,707</u>	<u>3,395</u>	<u>2,895</u>	<u>2,976</u>	<u>2,890</u>	<u>2,765</u>
State Appropriations	4,039	5,710	5,770	6,570	6,146	6,078	5,985	5,725	5,790	6,028
Property Taxes	9,483	8,962	8,160	8,871	8,234	7,635	7,345	6,555	6,196	5,583
Federal Student Assistance	4,189	4,436	3,791	2,357	2,038	2,277	2,202	2,417	2,417	1,475
Investment and Other Income	75	25	1,678	208	533	398	334	134	78	70
Other Non-Operating Revenues, Net of Expenses	-	-	-	507	-	2,231	-	-	-	-
Total NonOperating Revenues	<u>17,786</u>	<u>19,133</u>	<u>19,399</u>	<u>18,513</u>	<u>16,951</u>	<u>18,619</u>	<u>15,866</u>	<u>14,831</u>	<u>14,482</u>	<u>13,156</u>
Total Revenues	<u>\$ 22,453</u>	<u>\$ 23,162</u>	<u>\$ 24,191</u>	<u>\$ 21,923</u>	<u>\$ 20,658</u>	<u>\$ 22,014</u>	<u>\$ 18,761</u>	<u>\$ 17,807</u>	<u>\$ 17,372</u>	<u>\$ 15,921</u>

See Independent Auditor's Report.

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

Table 2 - Continued

	For the Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	11.24%	8.38%	7.09%	6.31%	8.41%	5.96%	6.80%	8.00%	9.92%	9.66%
Governmental Grants and Contracts:										
Federal Grants and Contracts	5.65%	5.15%	8.50%	5.01%	5.63%	5.95%	4.42%	4.50%	2.38%	4.64%
State Grants and Contracts	0.74%	1.49%	0.95%	0.92%	0.60%	0.44%	0.59%	0.52%	1.10%	0.65%
Non-Governmental Grants and Contracts	1.74%	1.13%	1.74%	2.33%	2.13%	1.81%	1.96%	1.41%	0.79%	-
Sales and Services of Educational Activities	-	-	-	-	-	-	0.00%	0.13%	0.09%	0.02%
Auxiliary Enterprises	0.98%	0.86%	0.79%	0.37%	0.44%	0.44%	0.61%	0.82%	0.74%	0.72%
Other Operating Revenues	0.43%	0.38%	0.74%	0.61%	0.73%	0.83%	1.05%	1.33%	1.62%	1.70%
Total Operating Revenues	<u>20.79%</u>	<u>17.39%</u>	<u>19.81%</u>	<u>15.55%</u>	<u>17.94%</u>	<u>15.42%</u>	<u>15.43%</u>	<u>16.71%</u>	<u>16.64%</u>	<u>17.37%</u>
State Appropriations	17.99%	24.65%	23.85%	29.97%	29.75%	27.61%	31.90%	32.15%	33.33%	37.86%
Property Taxes	42.23%	38.69%	33.73%	40.46%	39.86%	34.68%	39.15%	36.81%	35.67%	35.07%
Federal Student Assistance	18.66%	19.15%	15.67%	10.75%	9.87%	10.34%	11.74%	13.57%	13.91%	9.26%
Investment and Other Income	0.33%	0.11%	6.94%	0.95%	2.58%	1.81%	1.78%	0.75%	0.45%	0.44%
Other Non-Operating Revenues, Net of Expenses	-	-	-	2.31%	-	10.13%	-	-	-	-
Total Non-Operating Revenues	<u>79.21%</u>	<u>82.61%</u>	<u>80.19%</u>	<u>84.45%</u>	<u>82.06%</u>	<u>84.58%</u>	<u>84.57%</u>	<u>83.29%</u>	<u>83.36%</u>	<u>82.63%</u>
Total Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditor's Report.

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

Table 3

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	\$ 6,121	\$ 6,560	\$ 5,965	\$ 6,057	\$ 6,024	\$ 5,874	\$ 5,593	\$ 5,863	\$ 5,499	\$ 5,727
Public Service	37	76	103	83	118	223	52	25	150	93
Academic Support	1,261	1,377	1,985	1,936	2,081	1,956	1,663	1,468	1,702	1,523
Student Services	2,527	2,330	2,305	2,233	2,030	2,880	2,142	1,393	1,401	1,068
Institutional Support	3,621	3,844	4,678	4,335	3,619	3,702	3,551	3,647	3,454	3,378
Operation and Maintenance of Plant	2,391	2,394	1,868	2,017	1,829	1,906	1,422	1,099	1,534	1,492
Scholarships and Fellowships	3,008	3,191	3,318	2,178	1,742	1,341	1,348	1,343	1,447	804
Auxiliary Enterprises	577	662	637	247	199	131	165	141	158	231
Depreciation	787	746	579	481	470	467	643	623	587	528
Total Operating Expenses	<u>20,330</u>	<u>21,180</u>	<u>21,438</u>	<u>19,567</u>	<u>18,112</u>	<u>18,480</u>	<u>16,579</u>	<u>15,602</u>	<u>15,932</u>	<u>14,844</u>
Interest on Capital Related Debt	95	110	125	139	154	169	182	194	252	428
Other Expenses	-	76	1	-	590	-	-	-	45	-
Total NonOperating Expenses	<u>95</u>	<u>186</u>	<u>126</u>	<u>139</u>	<u>744</u>	<u>169</u>	<u>182</u>	<u>194</u>	<u>297</u>	<u>428</u>
Total Expenses	<u>\$ 20,425</u>	<u>\$ 21,366</u>	<u>\$ 21,564</u>	<u>\$ 19,706</u>	<u>\$ 18,856</u>	<u>\$ 18,649</u>	<u>\$ 16,761</u>	<u>\$ 15,796</u>	<u>\$ 16,229</u>	<u>\$ 15,272</u>

See Independent Auditor's Report.

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

Table 3 - Continued

	For the Year Ended August 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	29.97%	30.70%	30.74%	30.74%	31.95%	31.50%	33.37%	37.12%	33.89%	37.50%
Public Service	0.18%	0.36%	0.42%	0.42%	0.63%	1.20%	0.31%	0.16%	0.92%	0.61%
Academic Support	6.17%	6.44%	9.82%	9.82%	11.04%	10.49%	9.92%	9.29%	10.48%	9.97%
Student Services	12.37%	10.91%	11.33%	11.33%	10.77%	15.44%	12.78%	8.82%	8.63%	6.99%
Institutional Support	17.73%	17.99%	22.00%	22.00%	19.19%	19.85%	21.19%	23.09%	21.28%	22.12%
Operation and Maintenance of Plant	11.71%	11.20%	10.24%	10.24%	9.70%	10.22%	8.48%	6.96%	9.45%	9.77%
Scholarships and Fellowships	14.73%	14.93%	11.05%	11.05%	9.24%	7.19%	8.04%	8.50%	8.92%	5.27%
Auxiliary Enterprises	2.82%	3.10%	1.25%	1.25%	1.06%	0.70%	0.98%	0.89%	0.97%	1.51%
Depreciation	3.85%	3.49%	2.44%	2.44%	2.49%	2.50%	3.84%	3.95%	3.62%	3.46%
Total Operating Expenses	<u>99.53%</u>	<u>99.13%</u>	<u>99.29%</u>	<u>99.29%</u>	<u>96.05%</u>	<u>99.09%</u>	<u>98.91%</u>	<u>98.77%</u>	<u>98.17%</u>	<u>97.20%</u>
Interest on Capital Related Debt	0.47%	0.51%	0.71%	0.71%	0.82%	0.91%	1.09%	1.23%	1.55%	2.80%
Other Expenses	-	0.36%	-	-	3.13%	-	-	-	0.28%	-
Total NonOperating Expenses	<u>0.47%</u>	<u>0.87%</u>	<u>0.71%</u>	<u>0.71%</u>	<u>3.95%</u>	<u>0.91%</u>	<u>1.09%</u>	<u>1.23%</u>	<u>1.83%</u>	<u>2.80%</u>
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditor's Report.

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

Table 4

Academic Year (Fall)	Registration Fee (per student)	Resident Fees per Semester Credit Hour (SCH)					Student Activity Fees (per student)	General Service Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		In-District Tuition	Out-of-District Tuition	Building Use Fee	Technology Fees							
2012	\$ 30	\$ 37	\$ 12	\$ 20	\$ -	\$ 15	\$ 50	\$ 779	\$ 923	0.00%	0.00%	
2011	30	37	12	20	-	15	50	779	923	34.08%	58.86%	
2010	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2009	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2008	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2007	25	30	-	12	-	15	37	581	581	0.00%	0.00%	
2006	25	30	-	12	-	15	37	581	581	7.79%	7.79%	
2005	20	30	-	12	-	15	-	539	539	0.00%	0.00%	
2004	20	30	-	12	-	15	-	539	539	0.00%	0.00%	
2003	20	30	-	12	-	15	-	539	539	55.33%	55.33%	

Academic Year (Fall)	Registration Fee (per student)	Non - Resident Fees per Semester Credit Hour (SCH)					Student Activity Fees	General Service Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
		Non-Resident Tuition Out of State	Non-Resident Tuition International	Building Use Fee	Technology Fees							
2012	\$ 30	\$ 100	\$ 100	\$ 20	\$ -	\$ 15	\$ 50	\$ 1,679	\$ 1,679	0.00%	0.00%	
2011	30	100	100	20	-	15	50	1,679	1,679	78.43%	78.43%	
2010	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2009	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2008	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2007	25	60	60	12	-	15	37	941	941	0.00%	0.00%	
2006	25	60	60	12	-	15	37	941	941	4.67%	4.67%	
2005	20	60	60	12	-	15	-	899	899	0.00%	0.00%	
2004	20	60	60	12	-	15	-	899	899	0.00%	0.00%	
2003	20	60	60	12	-	15	-	899	899	50.08%	50.08%	

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

See Independent Auditor's Report.

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

Table 5

Fiscal Year	(Amounts Expressed in Thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Certified Taxable Valuation	Adjustments	Assessed Valuation of Property		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2011-12	\$ 4,664,510	\$ 249,166	\$ 4,913,676	94.93%	\$ 0.189450	- \$	0.189450
2010-11	4,475,548	166,900	4,642,448	96.40%	0.189475	-	0.189475
2009-10	4,232,865	290,361	4,523,226	93.58%	0.190000	-	0.190000
2008-09	5,148,420	357,183	5,505,603	93.51%	0.170000	-	0.170000
2007-08	4,766,007	340,830	5,106,837	93.33%	0.170000	-	0.170000
2006-07	4,459,061	322,462	4,781,523	93.26%	0.170000	-	0.170000
2005-06	3,736,601	291,027	4,027,628	92.77%	0.191800	-	0.191800
2004-05	3,304,510	276,883	3,581,393	92.27%	0.195200	-	0.195200
2003-04	3,105,138	266,107	3,371,245	92.11%	0.195200	-	0.195200
2002-03	2,700,525	229,164	2,929,690	92.18%	0.195200	-	0.195200

Source: Galveston Central Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

See Independent Auditor's Report.

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

Table 6

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour				
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Continuing Education Contact Hours (c)	Total Contact Hours	State Appropriation per Contact Hour
2011-2012	\$ 3,364,137	1,575	\$ 2,136	701,232	346,672	10,216	1,058,120	\$ 3.18
2010-2011	4,378,534	1,651	2,652	702,176	393,088	25,320	1,120,584	3.91
2009-2010	4,398,215	1,522	2,891	648,896	348,880	38,437	1,036,213	4.24
2008-2009	4,729,347	1,324	3,571	561,408	338,380	16,876	916,664	5.16
2007-2008	4,729,793	1,378	3,431	547,520	343,888	34,309	925,717	5.11
2006-2007	4,720,440	1,459	3,234	598,224	369,636	39,051	1,006,911	4.69
2005-2006	4,729,349	1,435	3,295	615,904	378,272	24,630	1,018,806	4.64
2004-2005	5,724,768	1,631	3,511	714,780	388,232	43,243	1,146,255	4.99
2003-2004	5,790,433	1,542	3,754	677,724	372,292	49,334	1,099,350	5.27
2002-2003	6,027,560	1,589	3,793	657,488	353,698	148,378	1,159,564	5.20

Notes:

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

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

(b) - Source - CBM004

(c) - Source - CBM00C

See Independent Auditor's Report.

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

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
BP Products (NA) Inc	Refinery	\$ 1,503,012	\$ 1,433,426	\$ 1,384,642	\$ 1,618,991	\$ 1,789,680	\$ 1,395,700	\$ 1,285,600	\$ 1,096,800	\$ 795,500	\$ 644,400
Valero Refining - Texas LP	Refinery	580,719	563,156	547,376	737,214	789,303	776,700	324,300	275,400	323,900	289,000
Union Carbide Corp	Refinery	249,898	219,411	222,150	258,272	351,664	333,700	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	225,231	178,597	129,179	134,120	165,910	153,000	281,700	111,100	119,000	67,500
South Houston Green Power	Utilities	178,245	176,234	141,357	130,000	360,516	289,100	668,500	452,400	211,900	226,600
Praxair Inc.	Supplier	169,821	171,220	173,279	179,607	197,696	169,400	115,800	116,700	184,700	157,800
BP Amoco Chemical Co.	Refinery	164,334	156,054	113,992	121,552	155,126	156,700	114,100	124,300	110,800	85,500
Valero Marketing and Supply CO	Supplier	103,193	52,150	60,903	-	49,945	-	-	-	-	-
Texas-New Mexico Power Co.	Utilities	100,499	93,553	91,737	85,034	84,990	97,600	63,000	60,300	28,200	40,500
Centerpoint Energy Inc.	Utilities	92,488	90,424	92,158	89,391	93,843	90,900	50,000	44,900	47,300	43,200
ISP Technologies Inc.	Computers	82,138	54,880	53,013	57,103	60,476	64,100	132,500	104,274	78,900	46,300
Eastman Chemical Inc.	Refinery	51,430	-	-	-	-	-	-	-	-	-
Styrolution America LLC	Refinery	47,616	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	39,302	37,431	35,911	35,911	38,575	35,300	-	-	-	-
Komatsu America Corp	Refinery	38,432	-	-	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	37,981	-	-	57,266	47,261	48,000	68,800	51,100	46,800	47,700
American National INS Co	Insurance	35,166	37,453	-	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	35,085	34,691	34,240	32,217	-	-	-	-	-	-
Comcast of Houston LLC	Utilities	34,337	41,046	40,663	40,663	26,421	-	-	-	-	-
BP Alternative Energy	Utilities	32,900	38,500	54,600	48,930	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	-	44,968	46,580	55,409	88,038	-	155,100	177,400	174,800	197,800
Ineds Styrenics	Refinery	-	38,651	38,540	37,824	72,640	71,700	-	-	-	-
SouthWestern Bell Telephone	Utilities	-	31,248	35,846	39,451	42,749	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	-	31,210	-	33,037	33,767	34,700	-	-	240,000	32,900
Houston Refining LP	Refinery	-	-	45,454	-	51,855	-	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	-	36,616	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	-	-	-	32,977	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	54,477	84,900	44,600	47,400	46,700	44,100
Calpine Central LP	Utilities	-	-	-	-	-	-	35,500	35,200	34,000	33,800
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	26,800	55,300	64,700	71,600
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	-	31,100	-
Totals		3,801,827	3,524,303	3,378,236	3,824,969	4,554,932	3,801,500	3,366,300	2,752,574	2,538,300	2,028,700
Total Taxable Assessed Value		\$ 19,920,511	\$ 19,216,690	\$ 18,763,026	\$ 18,598,310	\$ 20,333,507	\$ 18,547,397	\$ 17,163,303	\$ 15,438,330	\$ 13,961,922	\$ 12,734,317

Source: Local County Appraisal District

See Independent Auditor's Report.

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

Table 7 - Continued

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
BP Products (NA) Inc	Refinery	7.55%	7.46%	7.38%	8.71%	8.80%	7.53%	7.49%	7.10%	5.70%	5.06%
Valero Refining - Texas LP	Refinery	2.92%	2.93%	2.92%	3.96%	3.88%	4.19%	1.89%	1.78%	2.32%	2.27%
Union Carbide Corp	Refinery	1.25%	1.14%	1.18%	1.39%	1.73%	1.80%	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	1.13%	0.93%	0.69%	0.72%	0.82%	0.82%	1.64%	0.72%	0.85%	0.53%
South Houston Green Power	Utilities	0.89%	0.92%	0.75%	0.70%	1.77%	1.56%	3.89%	2.93%	1.52%	1.78%
Praxair Inc.	Supplier	0.85%	0.89%	0.92%	0.97%	0.97%	0.91%	0.67%	0.76%	1.32%	1.24%
BP Amoco Chemical Co.	Refinery	0.82%	0.81%	0.61%	0.65%	0.76%	0.84%	0.66%	0.81%	0.79%	0.67%
Valero Marketing and Supply CO	Supplier	0.52%	0.27%	0.32%	-	0.25%	-	-	-	-	-
Texas-New Mexico Power Co.	Utilities	0.50%	0.49%	0.49%	0.46%	0.42%	0.53%	0.37%	0.39%	0.20%	0.32%
Centerpoint Energy Inc.	Utilities	0.46%	0.47%	0.49%	0.48%	0.46%	0.49%	0.29%	0.29%	0.34%	0.34%
ISP Technologies Inc.	Computers	0.41%	0.29%	0.28%	0.31%	0.30%	0.35%	0.77%	0.68%	0.57%	0.36%
Eastman Chemical Inc.	Refinery	0.26%	-	-	-	-	-	-	-	-	-
Styrolution America LLC	Refinery	0.24%	-	-	-	-	-	-	-	-	-
GTE Southwest Inc.	Utilities	0.20%	0.19%	0.19%	0.19%	0.19%	0.19%	-	-	-	-
Komatsu America Corp	Refinery	0.19%	-	-	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	0.19%	-	-	0.31%	0.23%	0.26%	0.40%	0.33%	0.34%	0.37%
American National INS Co	Insurance	0.18%	0.19%	-	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	0.18%	0.18%	0.18%	0.17%	-	-	-	-	-	-
Comcast of Houston LLC	Utilities	0.17%	0.21%	0.22%	0.22%	0.13%	-	-	-	-	-
BP Alternative Energy	Utilities	0.17%	0.20%	0.29%	0.26%	-	-	-	-	-	-
Sterling Chemicals Inc.	Refinery	-	0.23%	0.25%	0.30%	0.43%	-	0.90%	1.15%	1.25%	1.55%
Ineds Styrenics	Refinery	-	0.20%	0.21%	0.20%	0.36%	0.39%	-	-	-	-
South Western Bell Telephone	Utilities	-	0.16%	0.19%	0.21%	0.21%	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Supplier	-	0.16%	-	0.18%	0.17%	0.19%	-	-	1.72%	0.26%
Houston Refining LP	Refinery	-	-	0.24%	-	0.26%	-	-	-	-	-
A-S 85 Victory Lakes	Supplier	-	-	0.20%	-	-	-	-	-	-	-
Feritta Hospitality INC	Hospitality	-	-	-	0.18%	-	-	-	-	-	-
National Onshore LP	Utilities	-	-	-	-	0.27%	0.46%	0.26%	0.31%	0.33%	0.35%
Calpine Central LP	Utilities	-	-	-	-	-	-	0.21%	0.23%	0.24%	0.27%
Texas City Terminal Railway Co.	Railroad	-	-	-	-	-	-	0.16%	0.36%	0.46%	0.56%
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	-	0.22%	-
Totals		19.08%	18.34%	18.00%	20.57%	22.40%	20.50%	19.61%	17.83%	18.18%	15.93%

Source: Local County Appraisal District

See Independent Auditor's Report.

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

Table 8

Fiscal Year Ended August 31	Levy (a)	Collections - Year of Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections	Percentage of Current and Prior Levies
2012	\$ 9,315	\$ 8,947	96.05%	\$ 350	\$ 9,297	99.81%
2011	8,801	8,518	96.78%	254	8,772	99.67%
2010	8,042	7,740	96.24%	271	8,011	99.61%
2009	8,752	8,408	96.07%	173	8,581	98.05%
2008	8,102	7,855	96.95%	213	8,068	99.58%
2007	7,575	7,302	96.40%	219	7,521	99.29%
2006	7,167	6,929	96.68%	241	7,170	100.04%
2005	6,450	6,243	96.78%	241	6,484	100.52%
2004	6,212	5,793	93.26%	243	6,036	97.17%
2003	5,386	5,259	97.64%	209	5,468	101.52%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in the notes to the financial statements for the year of the levy.

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

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

Table 9

	For the Year Ended August 31 (Amounts Expressed in Thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue Bonds	\$ 2,000	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795
Notes	-	-	-	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 2,000	\$ 2,625	\$ 3,235	\$ 3,830	\$ 4,410	\$ 4,980	\$ 5,530	\$ 6,070	\$ 6,595	\$ 6,795
Total Outstanding Debt Ratios:										
Per Capita	6.76	9.01	11.28	13.70	15.53	17.56	19.92	22.31	24.71	26.05
Per Student	1,270	1,590	2,181	2,933	3,199	3,402	3,855	3,713	4,276	7,276
As a Percentage of Taxable Assessed Value	0.04%	0.05%	0.07%	0.07%	0.08%	0.11%	0.15%	0.18%	0.24%	0.26%

Notes: Galveston College has no general obligation bonds.

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

See Independent Auditor's Report.

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

Table 10

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

	For the Year Ended August 31 (Amount Expressed in Thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxable Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

See Independent Auditor's Report.

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

Table 11

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)						Debt Service Requirements (\$000 omitted)			Coverage Ratio	
	Tuition	Community Education Fees	Building Use Fees	Photocopy Fees	Testing Fees	Misc. Fees	Total	Principal	Interest		Total
2012	\$ 502	\$ 70	\$ 979	\$ -	\$ -	\$ -	\$ 1,551	\$ 625	\$ 94	\$ 719	2.16
2011	437	56	757	-	-	-	1,250	610	110	720	1.74
2010	156	107	541	-	-	-	804	595	125	720	1.12
2009	107	54	467	83	12	4	727	580	139	719	1.01
2008	82	72	494	95	21	3	767	570	153	723	1.06
2007	91	94	522	112	36	-	855	550	154	704	1.21
2006	87	94	513	108	23	-	825	540	181	721	1.14
2005	98	91	594	133	27	21	964	525	194	719	1.34
2004	86	112	537	120	15	18	888	6,795	252	7,047	0.13
2003	77	117	533	107	4	11	849	385	428	813	1.04

Note: 2004 principal payment includes bond refunding.

See Independent Auditor's Report.

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

Table 12

Calendar Year	Galveston County Population	Galveston County Personal Income (in millions of dollars)	Galveston County Personal Income Per Capita	Galveston County Unemployment Rate
2011	295,747	\$ *	\$ *	8.7%
2010	291,309	12,510	42,945	9.2%
2009	287,428	12,075	42,011	8.2%
2008	288,489	12,068	41,833	5.8%
2007	283,540	11,334	39,973	4.6%
2006	278,865	10,366	37,171	5.1%
2005	274,494	9,414	34,295	5.7%
2004	269,569	8,733	32,396	6.8%
2003	265,136	8,402	31,689	7.2%
2002	260,102	8,077	31,053	6.5%

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/>

* 2011 update is not available at this time

See Independent Auditor's Report.

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

Table 13

Employer	2012		2011		2010		2009		2008	
University of Texas Medical Branch	7,500	53.24%	7,600	52.99%	7,900	54.47%	12,000	58.84%	12,000	58.84%
Galveston Independent School District	1,366	9.70%	1,105	7.70%	1,044	7.20%	1,221	5.99%	1,221	5.99%
Landry's Inc. ****	1,300	9.23%	-	-	-	-	-	-	-	-
American National Insurance Company	866	6.15%	859	5.99%	850	5.86%	1,476	7.24%	1,476	7.24%
Galveston County (on Island only)	864	6.13%	1,132	7.89%	1,210	8.34%	969	4.75%	969	4.75%
City of Galveston	722	5.13%	743	5.18%	758	5.23%	825	4.04%	825	4.04%
Landry's Seafood Inc. *	-	-	733	5.11%	746	5.14%	1,245	6.10%	1,245	6.10%
Fertitta Hospitality **	-	-	709	4.94%	743	5.12%	698	3.42%	698	3.42%
Mitchell Family Group	460	3.27%	-	-	-	-	-	-	-	-
Texas A&M University of Galveston	423	3.00%	352	2.45%	329	2.27%	400	1.96%	400	1.96%
Galveston College	300	2.13%	300	2.09%	140	0.97%	-	-	-	-
Schlitterbahn ***	286	2.03%	-	-	-	-	-	-	-	-
Moody Gardens	-	-	810	5.65%	783	5.40%	840	4.12%	840	4.12%
Wal-Mart	-	-	-	-	-	-	410	2.01%	410	2.01%
U.S. Army Corps of Engineers	-	-	-	-	-	-	312	1.53%	312	1.53%
Total	14,087	100.00%	14,343	100.00%	14,503	100.00%	20,396	100.00%	20,396	100.00%

Source:
 Galveston Economic Development Partnership (GEDP)

Notes:

- * Landry's SeaFood Inc. includes Landry's Seafood House at The San Luis Resort; Joe's Crab Shack (two locations), Fish Tales, Willie G's Seafood & Steakhouse; Rainforest Café, Fisherman's Wharf and Landry's Oster Bar.
- ** Fertitta Hospitality, LLC includes The San Luis Resort, Spa & Conference Center; Hilton Resort Galveston Island; International House of Pancakes (IHOP), and Holiday Inn Resort on the Beach.
- *** Schlitterbahn: Employment increases to almost 700 during the summer.
- **** Landry's Inc.: Employment increases by 45% - almost 600 additional jobs during the summer.

See Independent Auditor's Report.

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

Table 14

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Faculty:										
Full-Time	47	51	52	58	57	60	54	51	51	56
Part-Time	53	61	66	40	69	80	87	92	86	92
Total	<u>100</u>	<u>112</u>	<u>118</u>	<u>98</u>	<u>126</u>	<u>140</u>	<u>141</u>	<u>143</u>	<u>137</u>	<u>148</u>
Percent:										
Full-Time	47.0%	45.5%	44.1%	59.2%	45.2%	42.9%	38.3%	35.7%	37.2%	37.8%
Part-Time	53.0%	54.5%	55.9%	40.8%	54.8%	57.1%	61.7%	64.3%	62.8%	62.2%
Staff and Administrators:										
Full-Time	85	89	90	99	99	107	96	89	95	100
Part-Time	47	57	47	44	51	111	162	39	72	86
Total	<u>132</u>	<u>146</u>	<u>137</u>	<u>143</u>	<u>150</u>	<u>218</u>	<u>258</u>	<u>128</u>	<u>167</u>	<u>186</u>
Percent:										
Full-Time	64.4%	61.0%	65.7%	69.2%	66.0%	49.1%	37.2%	69.5%	56.9%	53.8%
Part-Time	35.6%	39.0%	34.3%	30.8%	34.0%	50.9%	62.8%	30.5%	43.1%	46.2%
FTSE per Full-time Faculty	33.5	32.4	28.5	22.5	24.2	19.5	19.7	18.9	19.9	17.5
FTSE per Full-Time Staff Member	18.5	18.6	16.5	13.2	13.9	7.5	10.9	15.1	13.4	11.8
Average Annual Faculty Staff										
Equated to 9 Month Contract	\$ 62,016	\$ 59,858	\$ 58,136	\$ 53,498	\$ 49,429	\$ 46,179	\$ 46,127	\$ 44,374	\$ 38,802	\$ 42,536

See Independent Auditor's Report.

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

Table 15

Student Classification	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent																
00-30 hours	1,463	66.08%	1,521	65.62%	1,367	63.08%	1,484	66.58%	1,368	66.93%	1,557	73.69%	1,631	73.63%	1,863	79.21%	1,750	78.13%
31-60 hours	503	22.72%	498	21.48%	433	19.98%	454	20.37%	401	19.62%	357	16.90%	394	17.79%	245	10.42%	257	11.47%
> 60 hours	68	3.07%	42	1.81%	145	6.69%	154	6.91%	162	7.93%	130	6.15%	140	6.32%	148	6.29%	138	6.16%
Unclassified	180	8.13%	257	11.09%	222	10.24%	137	6.15%	113	5.53%	69	3.27%	50	2.26%	96	4.08%	95	4.24%
Total	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%

Semester Hour Load	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent																
Less than 3	26	1.17%	24	1.04%	34	1.57%	33	1.48%	28	1.37%	30	1.42%	35	1.58%	37	1.57%	35	1.56%
3-5 semester hours	452	20.42%	541	23.34%	514	23.72%	630	28.26%	580	28.38%	565	26.74%	599	27.04%	646	27.47%	634	28.30%
6-8 Semester hours	598	27.01%	582	25.11%	623	28.75%	601	26.96%	541	26.47%	485	22.95%	600	27.09%	530	22.53%	524	23.39%
9-11 semester hours	416	18.79%	398	17.17%	346	15.97%	371	16.64%	277	13.55%	293	13.87%	292	13.18%	352	14.97%	314	14.02%
12-14 semester hours	523	23.62%	565	24.37%	522	24.09%	477	21.40%	495	24.22%	583	27.59%	536	24.20%	622	26.45%	602	26.88%
15-17 semester hours	192	8.67%	202	8.71%	119	5.49%	113	5.07%	110	5.38%	148	7.00%	143	6.46%	144	6.12%	118	5.27%
18 & over	7	0.32%	6	0.26%	9	0.42%	4	0.18%	13	0.64%	9	0.43%	10	0.45%	21	0.89%	13	0.58%
Total	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%

Average Course Load	Fall 2011	Fall 2010	Fall 2009	Fall 2008	Fall 2007	Fall 2006	Fall 2005	Fall 2004	Fall 2003
	9.1	9.0	8.2	8.3	8.5	8.6	8.6	8.8	8.6

Tuition Status	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent																
Texas Resident (in-District)	1,207	54.52%	1,442	62.21%	2,069	95.48%	2,119	95.07%	1,951	95.45%	2,039	96.50%	2,111	95.30%	2,266	96.34%	2,165	96.65%
Texas Resident (out-of-District)	892	40.29%	786	33.91%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Non-Resident Tuition	86	3.88%	82	3.54%	87	4.01%	110	4.93%	60	2.94%	73	3.45%	104	4.70%	86	3.66%	75	3.35%
Tuition Exemption/Wavier	29	1.31%	8	0.35%	11	0.51%	-	0.00%	33	1.61%	1	0.05%	-	0.00%	-	0.00%	-	0.00%
Total	2,214	100.00%	2,318	100.00%	2,167	100.00%	2,229	100.00%	2,044	100.00%	2,113	100.00%	2,215	100.00%	2,352	100.00%	2,240	100.00%

Source:

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

See Independent Auditor's Report.

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

Table 16

Gender	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent																
Female	1,298	58.63%	1,390	59.97%	1,368	63.13%	1,459	65.46%	1,333	65.22%	1,409	66.68%	1,427	64.42%	1,528	68.98%	1,475	62.71%
Male	916	41.37%	928	40.03%	799	36.87%	770	34.54%	711	34.78%	704	33.32%	788	35.58%	824	37.20%	765	32.53%
Total	<u>2,214</u>	<u>100.00%</u>	<u>2,318</u>	<u>100.00%</u>	<u>2,167</u>	<u>100.00%</u>	<u>2,229</u>	<u>100.00%</u>	<u>2,044</u>	<u>100.00%</u>	<u>2,113</u>	<u>100.00%</u>	<u>2,215</u>	<u>100.00%</u>	<u>2,352</u>	<u>100.00%</u>	<u>2,240</u>	<u>100.00%</u>

Ethnic Origin	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent																
White	966	43.63%	1,049	45.25%	1,012	46.70%	1,078	48.36%	1,014	49.61%	1,073	50.78%	1,159	52.33%	1,253	53.27%	1,181	52.72%
Hispanic	639	28.86%	653	28.17%	603	27.83%	565	25.35%	521	25.49%	531	25.13%	535	24.15%	542	23.04%	520	23.21%
African American	420	18.97%	433	18.68%	424	19.57%	439	19.69%	401	19.62%	406	19.21%	414	18.69%	450	19.13%	422	18.84%
Asian	61	2.76%	65	2.80%	59	2.72%	65	2.92%	65	3.18%	54	2.56%	67	3.02%	61	2.59%	67	2.99%
International	4	0.18%	-	0.00%	19	0.88%	35	1.57%	32	1.57%	39	1.85%	33	1.49%	38	1.62%	38	1.70%
Native American	12	0.54%	17	0.73%	8	0.37%	11	0.49%	4	0.20%	10	0.47%	6	0.27%	5	0.21%	8	0.36%
Multi-racial	7	0.32%	1	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Native Hawaiian/Pacific Islander	1	0.05%	2	0.09%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unknown/Not Reported	104	4.70%	98	4.23%	42	1.94%	36	1.62%	7	0.34%	-	0.00%	1	0.05%	3	0.13%	4	0.18%
Total	<u>2,214</u>	<u>100.00%</u>	<u>2,318</u>	<u>100.00%</u>	<u>2,167</u>	<u>100.00%</u>	<u>2,229</u>	<u>100.00%</u>	<u>2,044</u>	<u>100.00%</u>	<u>2,113</u>	<u>100.00%</u>	<u>2,215</u>	<u>100.00%</u>	<u>2,352</u>	<u>100.00%</u>	<u>2,240</u>	<u>100.00%</u>

Age	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent																
Under 18	224	10.12%	209	9.02%	280	12.92%	313	14.04%	190	9.30%	205	9.70%	235	10.61%	248	10.54%	267	11.92%
18 - 21	826	37.31%	885	38.18%	794	36.64%	777	34.86%	738	36.11%	738	34.93%	754	34.04%	778	33.08%	764	34.11%
22 - 24	319	14.41%	354	15.27%	324	14.95%	333	14.94%	287	14.04%	285	13.49%	299	13.50%	374	15.90%	328	14.64%
25 - 35	546	24.66%	517	22.30%	465	21.46%	500	22.43%	483	23.63%	518	24.51%	533	24.06%	546	23.21%	501	22.37%
36 - 50	224	10.12%	260	11.22%	209	9.64%	226	10.14%	254	12.43%	274	12.97%	301	13.59%	310	13.18%	292	13.04%
51 & over	75	3.39%	93	4.01%	95	4.38%	80	3.59%	92	4.50%	93	4.40%	93	4.20%	96	4.08%	88	3.93%
Total	<u>2,214</u>	<u>100.00%</u>	<u>2,318</u>	<u>100.00%</u>	<u>2,167</u>	<u>100.00%</u>	<u>2,229</u>	<u>100.00%</u>	<u>2,044</u>	<u>100.00%</u>	<u>2,113</u>	<u>100.00%</u>	<u>2,215</u>	<u>100.00%</u>	<u>2,352</u>	<u>100.00%</u>	<u>2,240</u>	<u>100.00%</u>

Average Age 26 26 26 25 27 27 27 27 26

Source:
Data from THECB CBM001 certified reports

See Independent Auditor's Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 TRANSFERS TO SENIOR INSTITUTIONS
 2010 STUDENTS AS OF FALL 2011
 (Includes Only Public Senior Colleges in Texas)

Table 17

	Transfer Student Count <u>ACADEMIC</u>	Transfer Student Count <u>TECHNICAL</u>	Total of All Transfer Students	% of All Transfer Students
1 Lamar University	31	2	33	7.52%
2 Midwestern State University	-	3	3	0.68%
3 Prairie View A&M University	4	1	5	1.14%
4 Sam Houston State University	19	-	19	4.33%
5 Stephen F. Austin State University	13	1	14	3.19%
6 Tarleton State University	4	-	4	0.91%
7 Texas A&M University	32	1	33	7.52%
8 Texas A&M University - Commerce	1	-	1	0.23%
9 Texas A&M University - Corpus Christi	2	-	2	0.46%
10 Texas A&M University - Kingsville	1	-	1	0.23%
11 Texas A&M University at Galveston	148	1	149	33.94%
12 Texas Southern University	5	-	5	1.14%
13 Texas State University - San Marcos	14	2	16	3.64%
14 Texas Tech University	2	-	2	0.46%
15 Texas Tech University Health Sciences Center	2	-	2	0.46%
16 Texas Woman's University	2	2	4	0.91%
17 The University of Texas at Arlington	7	1	8	1.82%
18 The University of Texas at Austin	26	-	26	5.92%
19 The University of Texas at Brownsville	-	1	1	0.23%
20 The University of Texas at Dallas	2	-	2	0.46%
21 The University of Texas at San Antonio	5	-	5	1.14%
22 The University of Texas at Tyler	2	-	2	0.46%
23 The University of Texas Health Science Center at Houston	1	1	2	0.46%
24 The University of Texas M.D. Anderson Cancer Center	-	1	1	0.23%
25 The University of Texas Medical Branch at Galveston	21	5	26	5.92%
26 University of Houston	27	2	29	6.61%
27 University of Houston - Clear Lake	30	2	32	7.29%
28 University of Houston - Downtown	4	-	4	0.91%
29 University of Houston - Victoria	3	-	3	0.68%
30 University of North Texas	5	-	5	1.14%
Totals	<u>413</u>	<u>26</u>	<u>439</u>	<u>100%</u>

Source:

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

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

Table 18

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Academic buildings	6	6	5	4	4	4	4	4	4	4
Square footage (in thousands)	241	241	216	213	243	243	243	243	243	243
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	13	13	13	13	13	13
Number of Volumes (in thousands)	43	44	44	42	36	35	35	35	34	34
Administrative and support buildings	2	2	1	1	1	1	1	1	1	1
Square footage (in thousands)	53	53	46	46	46	46	46	46	46	46
Apartments	11	9	8	8	6	14	14	14	10	10
Square footage (in thousands)	23	20	19	19	14	14	14	14	10	10
Number of beds	65	61	55	55	35	35	56	56	52	52
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	8	8	8	8	8	8
Average daily customers	400	400	400	400	400	400	400	375	350	325
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	3	3	3	5	5	5	5	5	4	4
Busses	3	3	3	3	-	-	-	-	-	-

See Independent Auditor's Report.