



FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS

AUGUST 31, 2019 AND 2018

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, 2019

BOARD OF REGENTS

		Term Expires <u>May 31,</u>
<u>OFFICERS</u>		
Ms. Karen F. Flowers – Chairperson	Galveston, Texas	2024
Mr. Fred D. Raschke – Vice Chairperson	Galveston, Texas	2024
Mr. Michael B. Hughes - Secretary	Galveston, Texas	2020

<u>MEMBERS</u>		
Mr. Carl E. Kelly	Galveston, Texas	2022
Ms. Mary R. Longoria	Galveston, Texas	2024
Mr. Armin Cantini	Galveston, Texas	2022
Mr. Carroll G. Sunseri	Galveston, Texas	2020
Ms. Rebecca Trout Unbehagen	Galveston, Texas	2022
Mr. Raymond Lewis, Jr.	Galveston, Texas	2020

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

INDEPENDENT AUDITORS' REPORT

Board of Regents
Galveston Community College District
Galveston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Galveston Community College District (the "College") as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galveston Community College District as of August 31, 2019 and 2018, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 25, and the schedules of College's proportionate share of net pension liability, College's contributions for pensions, College's proportionate share of net OPEB liability and College's contributions for OPEB on pages 56, 57, 59 and 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards for the year ended August 31, 2019, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the supplementary schedules on pages 62 through 65, as required by the Texas Higher Education Coordinating Board ("THECB") (collectively, the Supplementary Information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

The Statistical Section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Houston, Texas
December 26, 2019

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Galveston Community College District (the "College" or "Galveston College") Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended August 31, 2019 and 2018. Since management's discussion and analysis is designed to focus on current activities, and currently known facts, please read this in conjunction with the College's financial statements and the notes thereto.

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

The College's financial report includes three basic financial statements: the Statements of Net Position provide a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of August 31, 2019 and 2018; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the fiscal year; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the fiscal year. Highlighted information from each basic financial statement is presented below:

Financial Highlights for 2019

- The College's net position as of August 31, 2019 was \$25.6 million. This represents a 7% increase from 2018. The implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) in fiscal year 2018 and its counterpart, GASB No. 68, *Accounting and Financial Reporting for Pensions* in 2015 continues to permeate the financial statements, having a net effect of reducing the College's overall net position by \$16 million. The assumed rate of return on GASB No. 68 pension plan investments reduced from 8% in fiscal year 2018 to 7.25% in fiscal year 2019. Additionally the discount rate used in actuarial valuation reduced from 8% in fiscal year 2018 to 6.907% in fiscal year 2019. Both these factors had a material impact on the retiree pension liability which increased an additional \$2.2 million compared to prior year. OPEB liability also increased by \$1.1 million primarily due to increase in the College's allocation of the net OPEB liability from prior year. The College's unrestricted net position increased by \$1.1 million as a result of surplus from operations. Cash and total current assets increased by approximately \$3.7 million for the year as a result of surplus from operations and a \$2 million donation for the construction of the Abe and Annie Seibel Foundation Student Residences.
- The College increased its annual tax rate from \$0.166188 to \$0.175190 per \$100 assessed valuation for fiscal year 2019. An additional \$1.1 million in property tax revenue was received over the previous period due to the rate and overall tax base growth.
- Tuition and fees revenue (before the impact of scholarship allowances and discounts) grew by \$302,000 or about 6% as the College experienced an increase in student enrollment for the fiscal year 2019 of 445 students or about 8% compared to the prior year. The College recorded fall 2018 census-day credit head count enrollment of 2,423 students, which represents a 10% increase from the 2,197 students who attended Galveston College during the fall 2017 semester.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 - Continued

- Education infrastructure, such as buildings, classrooms, laboratories, study spaces, and equipment, are all critical attributes of the learning environments at colleges and universities. There is direct evidence that high-quality infrastructure results in improved instruction, student outcomes, and reduced dropout rates. Galveston College renovated the Moody Student Services Center and implemented new technology to improve the flow and efficiency of the advising and registration process thereby phasing-out the days of standing in lines. The College implemented a virtual queue to schedule students and provide them with needed resources, redirecting them if issues occur. New furniture in the Student Services area improved the functionality and provided a modern look to the space. Library renovations included the addition of electrical and data connections, thus enhancing the integration of laptops, cellphones, and tablets into the learning process. The glass curtain wall was replaced on the Northern Building as well as upgrades to the elevator thereby extending its useful life and avoiding unplanned service interruptions. The College purchased three additional properties to be used for student housing and future expansion. Furthermore, the Development Office renovated and purchased new furniture to support the philanthropic needs of Galveston College and this growing department. See “Building renovations and furniture purchases in fiscal year 2019” section.
- Galveston College continued to rejuvenate instructional facilities and equipment to stay current with technology and maximize the learning process. The College continued its computer refresh cycle by purchasing 160 new computers for students and staff, strengthened the network, and amplified wireless technology. The Abe and Annie Seibel Foundation Wing’s audio/visual capabilities were enhanced with new state-of-the-art projectors to allow for large meetings for students, staff, and the community. A power generator system integrated with critical components for College operations was implemented to provide power to the IT systems. The College replenished a maintenance van and a police vehicle that were close to the end of their useful lives. Additional equipment was purchased for the welding, instrumentation, nursing, and HVAC programs, as well as a new forklift for the Charlie Thomas Family Applied Technology Center. See “Computers – hardware and software, and equipment purchases in fiscal year 2019” section.
- Grant funds used in fiscal year 2019:

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	10/01/18 - 08/31/19	\$ 1,010,000
U.S. Department of Education - Federal	TRIO _ Upward Bound Program	09/01/18 - 08/31/19	302,000
U.S. Department of Education - Federal	TRIO _ Building Bridges to Success Program	09/01/18 - 08/31/19	266,000
U.S. Department of Labor - Federal	Building Construction Trades FY19 Training Project	09/01/18 - 08/31/19	232,000
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/18 - 08/31/19	161,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 – Continued

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
Carl D. Perkins Career and Technical Education Program - Basic Grants - Federal	Applied Technology Support	09/01/18 - 08/31/19	\$ 123,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/18 - 08/31/19	91,000
Abe and Annie Seibel Foundation Student Residences - Private	New Construction of On-Campus Student Housing	09/01/18 - 08/31/19	83,000
2016-2018 Comprehensive College Readiness and Success Models for 60x30TX - State	Provide Services to Students to Enable Successful Completion of CERT1 Credentials	09/01/18 - 08/31/19	78,000
Texas Higher Education Coordinating Board - State	Nursing & Allied Health - Building Simulation & Skills Lab Capacity	09/01/18 - 08/31/19	72,000
National Science Foundation - Federal	Engineering Technology Instrumentation	09/01/18 - 08/31/19	70,000
U.S. Department of Labor - Federal	Building Construction Trades FY18 Demonstration Project	09/01/18 - 10/31/18	45,000
Texas Workforce Commission - State	Texas Success Center - Scholarships for Dual Credit Students	09/01/18 - 08/31/19	25,000
Texas Workforce Commission - State	Skills Development Fund -Increase Skill Level and Wages of Texas Workforce	09/01/18 - 05/31/19	23,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY14/15	09/01/18 - 08/31/19	20,000
2017-2019 College Readiness and Success Models for 60x30TX - State	Provide Services to Students to Enable Successful Completion of Level 1 Certificates	09/01/18 - 08/31/19	19,000
National Endowment for the Humanities - Coastal Culinary - Federal	Humanities Initiatives at Hispanic-Serving Institutions	09/01/18 - 05/31/19	19,000
		TOTAL	\$ 2,639,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 – Continued

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

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Staff and Labs Computer Refresh	Education & General Fund	\$ 163,000
Ellucian Student Advising Software	Title V Grant - Federal Funds	108,000
Generator - IT Server Room	Capital Projects Fund	68,000
Wireless Infrastructure	Capital Projects Fund	61,000
AV Projector System - Seibel Wing	Capital Projects Fund	54,000
Instrumentation Trainer	Perkins Grant - Federal Funds and Capital Projects Fund	47,000
Cisco Enterprise Router - Network	Capital Projects Fund	36,000
Police Vehicle - Ford Explorer Police Package	Education & General Fund	30,000
Welding - Spitfire Plasma Table	Perkins Grant - Federal Funds	30,000
Nursing Simulation Training Package	Nursing Shortage Grant - State Funds	28,000
Forklift - Applied Tech Center	Capital Projects Fund	25,000
Maintenance Vehicle - Ford Transit Connect	Education & General Fund	22,000
HVAC Trainer – Applied Tech Center	Education & General Fund	21,000
	TOTAL	\$ 693,000

- Building renovations and furniture purchases in fiscal year 2019:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Student Services Area Renovation	Title V Grant - Federal Funds and Education & General Fund	\$ 593,000
Building Maintenance and Repairs	Education & General Fund and Construction Fund	470,000
Curtain Wall Renovation	Construction Fund	387,000
Property Purchase - 2223 41 st St.	Construction Fund	253,000
Property Purchase - 3815 Ave Q ½	Construction Fund	237,000
Property Purchase - 2301 41 st St.	Construction Fund	176,000
Furniture - Student Services Area	Title V Grant - Federal Funds and Education & General Fund	108,000
Furniture - Development Office Suite	Construction Fund	88,000
Remodel - Development Office Suite	Construction Fund	85,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2019 – Continued

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Library Renovations	Capital Project Fund	\$ 85,000
Architect/Engineering Fees – On-Campus Student Housing	Construction Fund	83,000
Elevator Repairs - Northen Building	Construction Fund	65,000
Electrical Upgrades – Student Services Area & Library	Title V Grant - Federal Funds	64,000
	TOTAL	\$ 2,694,000

Financial Highlights for 2018

- In fiscal year 2018, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) to recognize the liability related to retiree health insurance. The Employees Retirement System of Texas (ERS) has determined each College's proportionate share of the unfunded liability based on the ratio of the employer's contributions to the total contributions made by all employers in the plan. The OPEB liability to be recognized under the Standard was actuarially determined and audited by the State Auditor's Office. Additionally, GASB No. 75 requires the recognition of deferred outflows of resources and deferred inflows of resources for OPEB that will be recognized in future periods.
- The College's net position as of August 31, 2018 is reported at \$23.9 million. This represents a 30% reduction of net position from 2017 as a result of the implementation of GASB No. 75. The implementation of GASB No. 75 in fiscal year 2018 reduced the College's opening net position by \$11.6 million. At the end of August 31, 2018, the College's net position is lower by \$10.3 million when compared to 2017 year end, reflecting the net change (increase) in net position by \$1.3 million for the year and arising from surplus from operations for the fiscal year.
- The College decreased its annual tax rate by 2.39% from \$0.17025 to \$0.166188 per \$100 assessed valuation for fiscal year 2018. However, due to an increase in the overall tax base, an additional \$407,000 in property tax revenue was received over the previous period.
- Galveston College renovated several areas on the campus to revitalize and re-position the College to better serve the needs of the 21st century learner. Multiple studies have proven that building designs and components have a measurable influence upon student learning outcomes. Faculty offices on the 3rd floor of the Northen Building were completely renovated, replacing carpet, painting, lighting, and furniture. Additional medical sonography equipment was purchased as we continue to develop the program. Moving to a completely digital process, the Photography Lab was completely renovated by replacing furniture and equipment. Additional computer equipment was purchased for staff and network equipment was upgraded to keep Galveston College current with constantly evolving technology. See "Computers - hardware and software, and equipment purchases in fiscal year 2018" section.
- Facility infrastructure was upgraded and evaluated for future expansion to improve the student experience. The College purchased a new cooling tower to fortify the HVAC system, a new bus was purchased to be used by Athletics and student clubs, and a property on Avenue R was purchased to be used for future expansion. The College invested in a new marketing and branding campaign and incurred architect and engineering fees to determine the feasibility of new student housing and a Nursing/Health Science Building. See "Building renovations and furniture purchases in fiscal year 2018" section.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2018 - Continued

- Grant funds received in fiscal year 2018:

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
Dept. of Labor - Federal	Building Construction Trades Training Demonstration Project	09/01/17 - 08/31/18	\$ 269,000
Dept. of Education - Federal	TRIO _ Building Bridges to Success Program	09/01/17 - 08/31/18	262,000
Dept. of Education - Federal	TRIO _ Upward Bound Program	09/01/17 - 08/31/18	261,000
College Readiness and Success Models for 60x30TX - State	Provide Services to Students to Enable Successful Completion of CERT1 Credentials	09/01/17 - 08/31/18	122,000
Texas Higher Education Coordinating Board - State	Nursing & Allied Health - Building Simulation & Skills Lab Capacity	01/01/18 - 08/31/18	113,000
National Science Foundation - Federal	STEM Honors Program	09/01/17 - 08/31/18	102,000
Carl Perkins Grant - Federal	Applied Technology Support	09/01/17 - 08/31/18	92,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/17 - 08/31/18	68,000
Dept. of Education - Federal	HSI – STEM Programs	09/01/17 - 09/30/17	63,000
National Science Foundation - Federal	Engineering Technology Instrumentation	09/01/17 - 08/31/18	55,000
NEH - Coastal Culinary - Federal	Humanities Initiatives at Hispanic-Serving Institutions	09/01/17 - 08/31/18	51,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY14/15	09/01/17 - 08/31/18	49,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2018 - Continued

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
TG Student Loan Corporation - Private	Provide Scholarships for TG Charlie Wootan Scholars	09/01/17 - 08/31/18	\$ 44,000
Texas Workforce Commission - State	Skills Development Fund - To Increase Skill Level and Wages of Texas Workforce	02/26/18 - 08/31/18	36,000
Communities Foundation of Texas - State	Provide Emergency Aid Funding to Students Directly Affected by Hurricane Harvey	01/12/18 - 02/28/18	25,000
Dept. of Education - Federal	Title V	09/01/17 - 09/30/17	22,000
Texas Workforce Commission - State	Texas Success Center - Scholarships for Dual Credit Students	09/01/17 - 08/31/18	17,000
		TOTAL	\$ 1,651,000

- Computers - hardware and software, and equipment purchases in fiscal year 2018:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Replacement of Hyper-V Virtual Operating System	Education & General	\$ 203,000
Network Infrastructure Software (Multiple)	Education & General	174,000
Student Travel Bus	Education & General	146,000
Nursing Equipment	Nursing State Grant	123,000
Faculty and Staff Computer Refresh	Education & General	110,000
Sonography Renovation Lab Equipment	Capital Projects Fund	106,000
Photography Lab Computers	Capital Projects Fund	51,000
STEM Equipment	HSI-STEM Federal Grant	34,000
Replace Security Radios System	Education & General	33,000
	TOTAL	\$ 980,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2018 – Continued

- Building renovations and furniture purchases in fiscal year 2018:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Cooling Tower Replacement	Education & General	\$ 308,000
Student Housing Architect & Engineering Fees	Education & General	229,000
Avenue R Property Purchase	Education & General	172,000
Faculty Office Renovation Furniture	Education & General	128,000
Faculty Office Renovation-Construction	Education & General	123,000
Building Maintenance & Repairs	Education & General	422,000
Photo Lab Renovation	Capital Projects Fund	75,000
Medical Sonography Lab Renovation	Capital Projects Fund	50,000
Future Nursing Building Architect & Engineering Fees	Education & General	25,000
	TOTAL	\$ 1,532,000

Statements of Net Position

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

**Net Position
(in thousands)**

	<u>2019</u>	<u>2018</u>	Increase (Decrease) 2019 - <u>2018</u>	<u>2017</u>	Increase (Decrease) 2018 - <u>2017</u>
Assets:					
Current Assets	\$ 25,575	\$ 21,879	\$ 3,696	\$ 20,864	\$ 1,015
Noncurrent Assets:					
Capital Assets, Net of Depreciation	21,431	20,901	530	20,510	391
Other	<u>486</u>	<u>31</u>	<u>455</u>	<u>43</u>	<u>(12)</u>
Total Assets	<u>47,492</u>	<u>42,811</u>	<u>4,681</u>	<u>41,417</u>	<u>1,394</u>
Deferred Outflows of Resources:					
Pension Related Deferred Outflows	2,382	1,038	1,344	1,281	(243)
OPEB Related Deferred Outflows	<u>3,010</u>	<u>297</u>	<u>2,713</u>	<u>-</u>	<u>297</u>
Total Deferred Outflows of Resources	<u>5,392</u>	<u>1,335</u>	<u>4,057</u>	<u>1,281</u>	<u>54</u>
Liabilities:					
Current Liabilities	5,515	3,150	2,365	3,281	(131)
Noncurrent Liabilities	<u>16,874</u>	<u>13,578</u>	<u>3,296</u>	<u>4,281</u>	<u>9,297</u>
Total Liabilities	<u>22,389</u>	<u>16,728</u>	<u>5,661</u>	<u>7,562</u>	<u>9,166</u>
Deferred Inflows of Resources:					
Pension Related Deferred Inflows	618	1,295	(677)	945	350
OPEB Related Deferred Inflows	<u>4,276</u>	<u>2,205</u>	<u>2,071</u>	<u>-</u>	<u>2,205</u>
Total Deferred Inflows of Resources	<u>4,894</u>	<u>3,500</u>	<u>1,394</u>	<u>945</u>	<u>2,555</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	21,431	20,901	530	20,510	391
Restricted – Expendable	217	188	29	253	(65)
Unrestricted	<u>3,953</u>	<u>2,829</u>	<u>1,124</u>	<u>13,428</u>	<u>(10,599)</u>
Total Net Position	<u>\$ 25,601</u>	<u>\$ 23,918</u>	<u>\$ 1,683</u>	<u>\$ 34,191</u>	<u>\$ (10,273)</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

Fiscal Year 2019 Compared to 2018

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

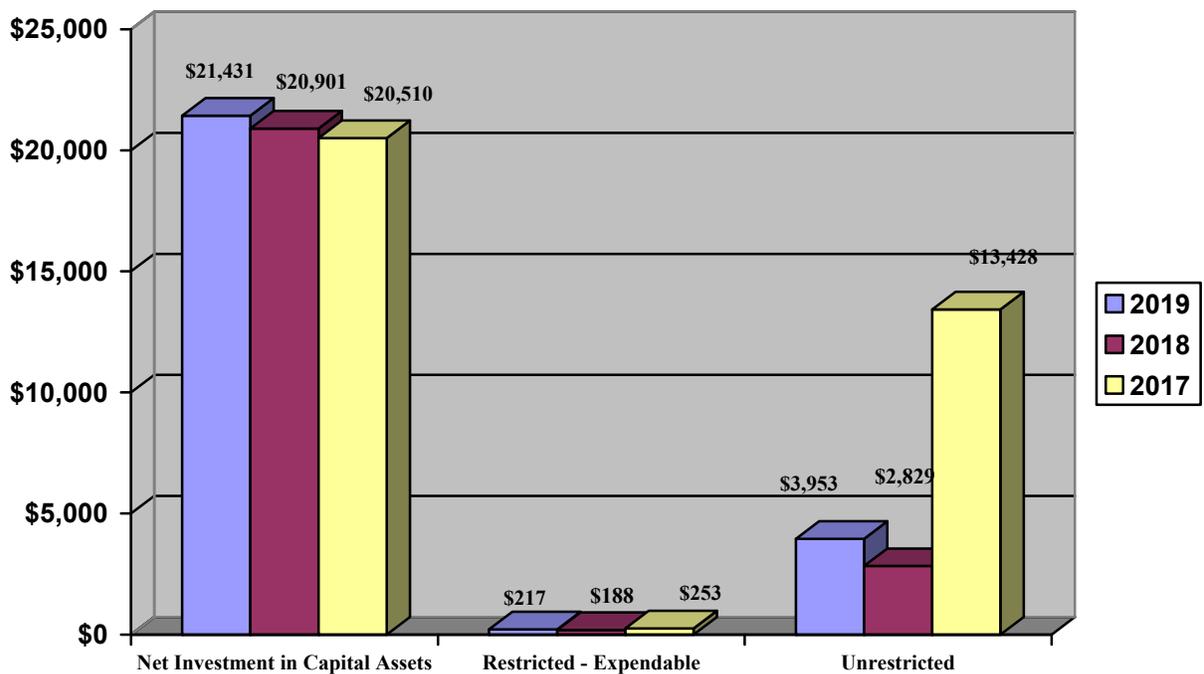
Fiscal Year 2018 Compared to 2017

Current assets mainly consist of cash investments in Logic, Lone Star, TexPool, Texas Term Investment pools, a collateralized certificate of deposit, and receivables. Overall, current assets increased by \$1 million, primarily driven by a net increase of about \$1 million in cash and cash equivalents and short-term investments generated by surplus funds from operations in fiscal year 2018. Short-term investments decreased by \$2 million as the College redeemed \$3 million of collateralized Moody Bank certificates of deposit and replaced them with a \$1 million certificate of deposit that matures in December 2018. During 2018, the College purchased a new property, a Simcab RX cabinet, a Demo Dose Cart RX, nursing mannequins, medical sonography equipment and a new bus for student travel. The College also replaced the cooling towers. As a result, capital assets increased as the College capitalized approximately \$1.4 million (note 6) offset by \$990,000 of depreciation expense. Galveston College's deferred outflows and deferred inflows increased \$54,000 and \$2,555,000, respectively, driven by GASB No. 75, and current liabilities remained stable. Noncurrent liabilities increased \$9.2 million, primarily due to recognizing \$9.9 million of the College's portion of the OPEB retiree health liability. GASB No. 75 fundamentally affected the College's total liabilities which increased by 121% from \$7.6 million to \$16.7 million for the years 2017 and 2018. Although the College was required to book the liability, no cash changed hands nor is there any indication that it will in future periods. Overall, the College's net position decreased by 30% or approximately \$10.3 million and unrestricted net position decreased by \$10.6 million from \$13.4 million to \$2.8 million.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

The following is a graphic illustration of net position (in thousands) for the years ended August 31, 2017 through 2019. Total net position – net investment in capital assets has increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student enrollment and program growth. The decrease in unrestricted net position in 2018 was due to the College implementing GASB No. 75. Increase in unrestricted net position for 2019 represents surplus from operations for the year.



Statements of Revenues, Expenses and Change in Net Position

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

**Operating Results
(in thousands)**

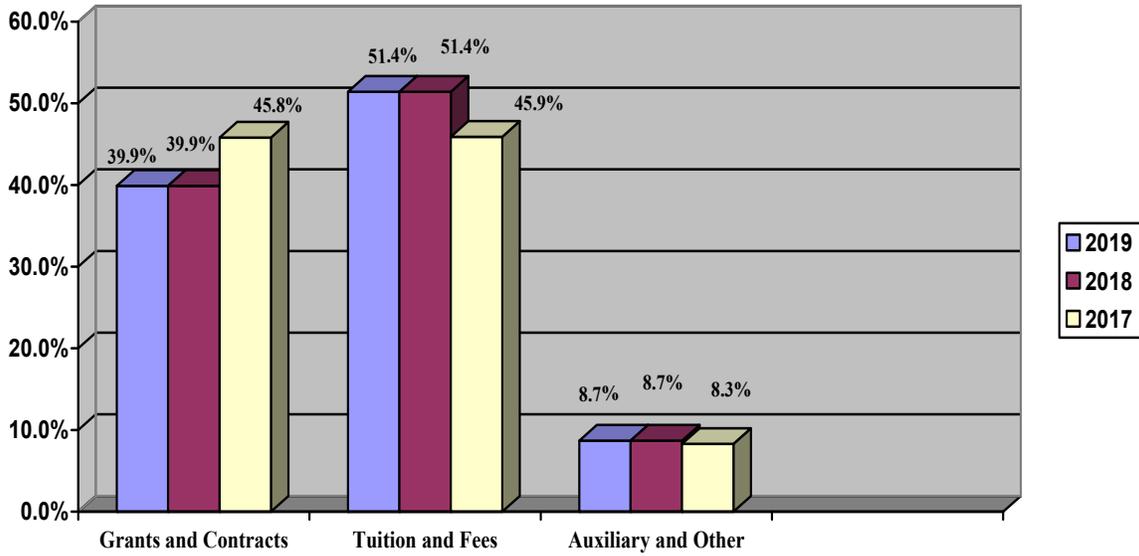
	<u>2019</u>	<u>2018</u>	Increase (Decrease) 2019 - <u>2018</u>	<u>2017</u>	Increase (Decrease) 2018 - <u>2017</u>
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 2,901	\$ 2,909	\$ (8)	\$ 2,767	\$ 142
Grants and Contracts	3,538	2,259	1,279	2,762	(503)
Auxiliary Enterprises, Net	341	315	26	244	71
Other Operating Revenues	<u>259</u>	<u>175</u>	<u>84</u>	<u>261</u>	<u>(86)</u>
Total Operating Revenues	7,039	5,658	1,381	6,034	(376)
Less Operating Expenses	<u>27,942</u>	<u>25,995</u>	<u>1,947</u>	<u>23,363</u>	<u>2,632</u>
Operating Loss	<u>(20,903)</u>	<u>(20,337)</u>	<u>(566)</u>	<u>(17,329)</u>	<u>(3,008)</u>
Non-Operating Revenues (Expenses):					
State Appropriations	5,391	5,687	(296)	4,741	946
Property Taxes	13,870	12,762	1,108	12,355	407
Federal Student Assistance	3,528	2,931	597	2,845	86
Investment and Other Income	480	351	129	261	90
Other Non-Operating Expense	<u>(683)</u>	<u>(28)</u>	<u>(655)</u>	<u>(114)</u>	<u>86</u>
Total Non-Operating Revenues, Net	<u>22,586</u>	<u>21,703</u>	<u>883</u>	<u>20,088</u>	<u>1,615</u>
Increase (Decrease) in Net Position	<u>\$ 1,683</u>	<u>\$ 1,366</u>	<u>\$ 317</u>	<u>\$ 2,759</u>	<u>\$ (1,393)</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

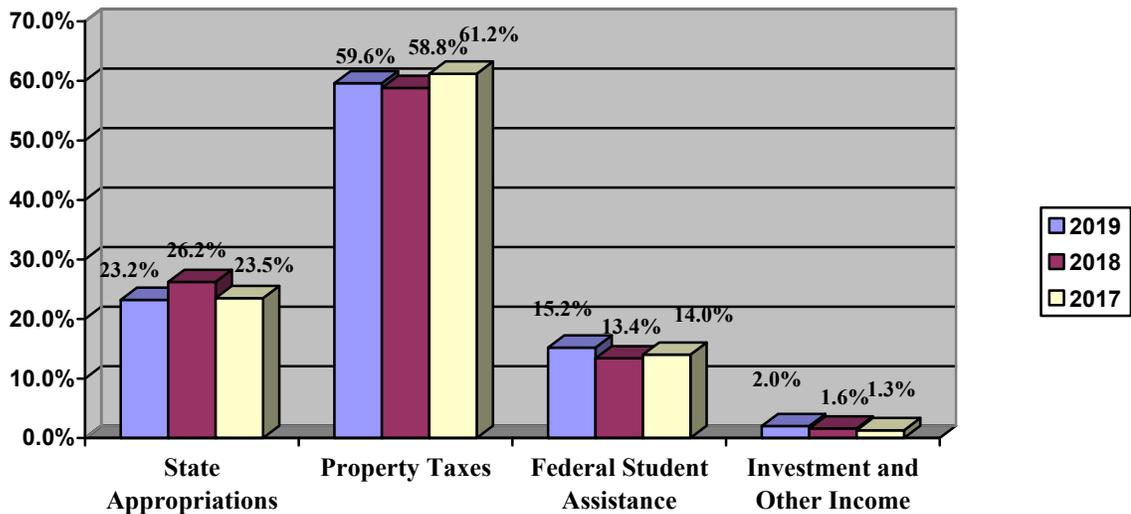
Statements of Revenues, Expenses and Change in Net Position - Continued

The following are graphic illustrations of revenues by source for the years ended August 31, 2017 through 2019:

**Revenues by Source
Operating Revenues**



**Revenues by Source
Non-Operating Revenues**



GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fiscal Year 2019 Compared to 2018

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

Fiscal Year 2018 Compared to 2017

Over the two year period, the proportions of revenue have generally remained constant. The College has four major sources of revenues: property taxes, state appropriations, grants and contracts, and tuition and fees. The College decreased its annual tax rate by 2.39% from \$0.17025 to \$0.166188 per \$100 assessed values. However, due to growth in the overall tax base an additional \$407,000 or 3.3% of property tax revenue was received in fiscal year 2018. State appropriations increased by 19.9% or \$946,000 as the College entered the first year of the legislative biennium funding and recording of matching state income for OPEB in conjunction with the implementation of GASB No. 75. Tuition and Fees revenue increased by \$142,000 or about 5%. Federal grants are down by \$576,000 as the Title V and HSI-STEM federal grants were active only one month in the fiscal year. Federal Student Assistance (Pell and Direct Loans) remained relatively stable in the number or recipients and total funds awarded.

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

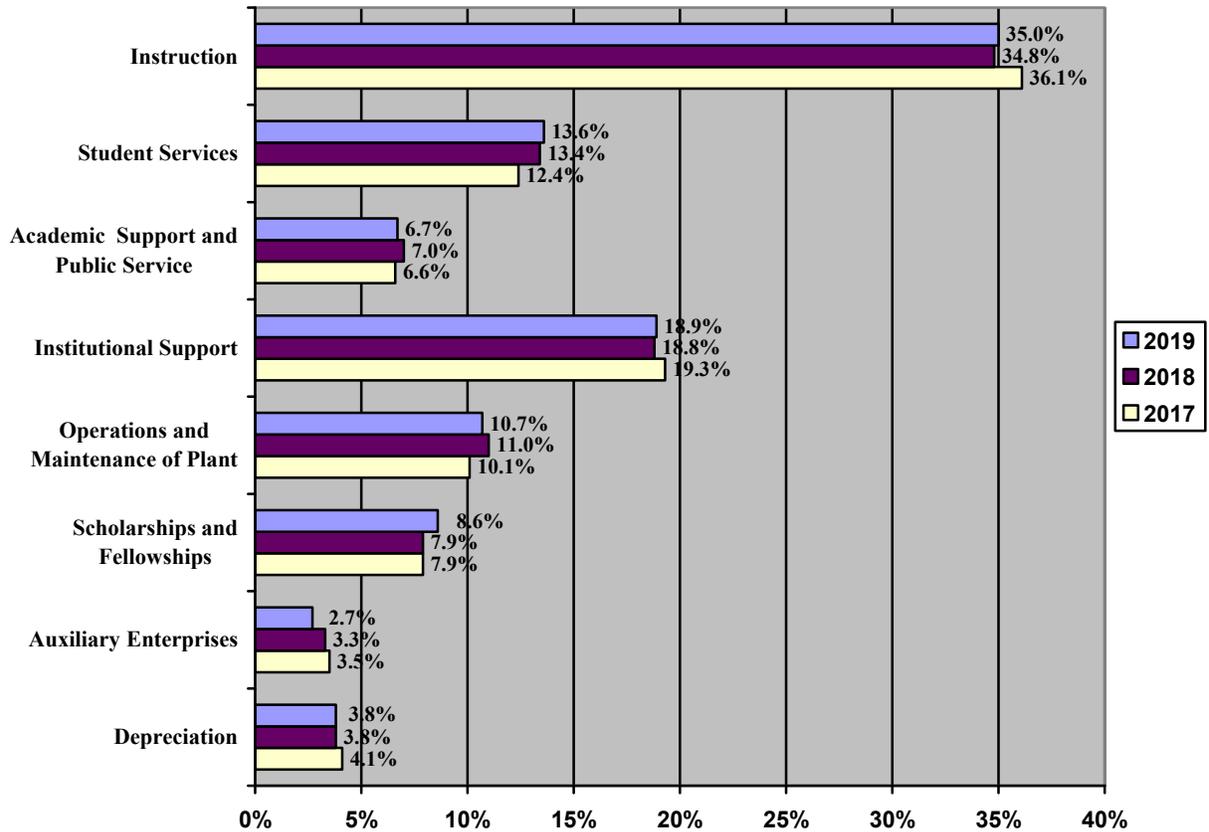
**Operating Expenses
(in thousands)**

	2019	2018	Increase (Decrease) 2019-2018	2017	Increase 2018-2017
Operating Expenses:					
Instruction	\$ 9,774	\$ 9,052	\$ 722	\$ 8,436	\$ 616
Public Service	15	38	(23)	25	13
Academic Support	1,866	1,780	86	1,527	253
Student Services	3,808	3,491	317	2,894	597
Institutional Support	5,295	4,895	400	4,499	396
Operation and Maintenance of Plant	2,983	2,858	125	2,359	499
Scholarships and Fellowships	2,391	2,043	348	1,851	192
Auxiliary Enterprises	766	848	(82)	822	26
Depreciation	1,044	990	54	950	40
Total	<u>\$ 27,942</u>	<u>\$ 25,995</u>	<u>\$ 1,947</u>	<u>\$ 23,363</u>	<u>\$ 2,632</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Operating Expenses



Fiscal Year 2019 Compared to 2018

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fiscal Year 2018 Compared to 2017

Galveston College's operating expenses increased by \$2.6 million or 11.3% in fiscal year 2018 as compared to fiscal year 2017. The College's Board of Regents approved a salary increase of 3% for all employees and general inflation resulted in an increase in most expense categories. The largest expense category remains instruction at 34.8%, increasing by \$616,000 in fiscal year 2018. Student services increased as a result of 2018 being the first full year of the contract with the Galveston County Sheriff's Office to provide certified armed officers to protect and serve staff, students, and the community. The increase in operation and maintenance of plant was driven by several remodeling projects and additional maintenance and repairs as a result of Hurricane Harvey.

Statements of Cash Flows Activity

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash Provided by (Used in):			
Operating Activities	\$(16,598)	\$(17,775)	\$(15,046)
Non-Capital Financing Activities	21,447	19,823	18,850
Capital and Related Financing Activities	(2,258)	(1,381)	(1,273)
Investing Activities	<u>1,488</u>	<u>2,297</u>	<u>1,115</u>
Net Increase in Cash and Cash Equivalents	4,079	2,964	3,646
Cash and Cash Equivalents – Beginning of Year	<u>17,751</u>	<u>14,787</u>	<u>11,141</u>
Cash and Cash Equivalents – End of Year	<u>\$ 21,830</u>	<u>\$ 17,751</u>	<u>\$ 14,787</u>

The College's cash flows from operating activities is always reflected as a use of cash because the College relies heavily on property taxes and state appropriations revenue to fund operations. The increase in cash flows from non-capital financing activities of \$1,624,000 is due to increased collection in property tax revenues of \$1,056,000 and an increase of \$573,000 in federal student assistance proceeds (Title IV grants). Cash used in capital activities increased \$877,000 in comparison to fiscal year 2018 due to costs related to building and land improvements during the year in preparation for the new on-campus student residences and equipment purchased for enhanced student learning. Cash provided by investment activities decreased from the prior fiscal year by \$1 million due to a collateralized certificate of deposit maturing without reinvestment of the funds. The aggregate increase of \$4 million in cash and cash equivalents was mostly the result of the increased receipts from grants and contracts (\$2,152,000 from the Abe and Annie Seibel Foundation in support of the student residences project), increased property tax revenues, and an increase in funds provided for federal student assistance.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

As shown in Note 6 of the financial statements, capital assets increased from \$20.9 million to \$21.4 million due to new property, equipment, and vehicle purchases and facility improvements, offset by \$1 million of depreciation expense. The following points explain the material changes in the capital asset categories during fiscal year 2019:

- Land increased by \$45,000 due to purchases of new properties as well as reclassification from buildings.
- Construction in progress decreased by \$164,000 due to the Theater & Arts Center and Photo Lab projects being discontinued, offset by the start-up of the Abe and Annie Seibel Foundation's student residences project.
- Buildings increased by \$246,000 as a result of three new properties purchased and reclassification of asset categories.
- Improvements for other buildings increased by \$1 million due to renovations of the Moody Student Services Center and completion of the glass curtain wall.
- Furniture, equipment and vehicles decreased by \$453,000 due to the retirement of obsolete assets. The College also purchased two new vehicles and various equipment for student training.
- Computer equipment decreased by \$1.3 million due to retirement of obsolete computer equipment, offset by the replacement of the projector system in the Seibel Wing.
- Library books increased by \$15,000.

**Capital Assets
(in thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital Assets:			
Land and Improvements	\$ 8,528	\$ 7,426	\$ 7,218
Construction in Progress	414	578	259
Buildings	19,889	19,643	19,370
Equipment, Furniture, and Software	5,369	7,128	6,572
Library Books	<u>1,182</u>	<u>1,167</u>	<u>1,142</u>
Total	<u>\$ 35,382</u>	<u>\$ 35,942</u>	<u>\$ 34,561</u>
Less Accumulated Depreciation	<u>(13,951)</u>	<u>(15,041)</u>	<u>(14,051)</u>
Net Capital Assets	<u>\$ 21,431</u>	<u>\$ 20,901</u>	<u>\$ 20,510</u>

Currently Known Facts, Decisions and Conditions

- Based on the 2019 Texas Higher Education Almanac, Galveston College continues to improve in terms of overall graduation rates and continues to outperform other Texas two-year institutions. The College's three-year graduation rate for full-time students increased by 14 percentage points from 28.2% in 2018 to 44.2% in 2019, and is currently the fifth highest in the state. The College has also seen great gains in developmental education by addressing the needs of this high-risk population to increase student success. In particular, the percentage of math developmental education students completing a college-level course within two years has nearly doubled from only 15.7% in 2018 to 30.9% in 2019 (compared to the statewide average of 24.3%). These gains are mirrored in the institutional developmental three-year graduation rates, which far exceed the state average of 17.8% at 44.7%.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions - Continued

- Galveston College's TRIO _ Building Bridges to Success (BBS) program recently celebrated 22 years of success at Galveston College. BBS is a TRIO Student Support Services program that is funded by the U.S. Department of Education to serve first-generation, low-income students at Galveston College. For the past academic year, BBS served 206 students, with 58 students graduating. 98% of participants were in good academic standing (2.0 or above GPA), and 71% of participants earned an associate's degree or certificate within 4 years of entering the program. Of those who graduated with an associate's degree or certificate, 33% also transferred to a four-year institution. Additionally, the persistence rate of BBS students from fall to fall (including graduation or transfer) was 90%.
- Galveston College's TRIO _ Upward Bound program has been quite successful in recent years. Using federal grant funds provided by the U. S. Department of Education, the TRIO _ Upward Bound program was able to serve 70 high-school students in fiscal year 2019. Of special note, 100% of the seniors served during the academic year passed the required state assessments and graduated with a rigorous degree plan. Of the 70 students served, 100% of them were retained and persisted to the next grade level or graduated. The eighteen Upward Bound seniors served during the 2018-2019 fiscal year graduated high-school in May 2019, and 94% went on to continue their education with ten students enrolled at Galveston College and seven enrolled at other institutions of higher education.
- Galveston College completed the first of the five-year Title V grant project to transform the College's approach to instruction and advising thereby increasing retention, persistence, graduation, and transfer rates. New equipment and renovations occurred to classrooms providing more access to electrical and data connectivity. The Student Services area was renovated and a new student advising software implemented. In fiscal year 2020, Galveston College will continue to meet the two primary initiatives, the first is to redesign high-risk general education courses and the second initiative is to develop a comprehensive Pathways Advising System.
- In June 2019, the College broke ground on the Abe and Annie Seibel Foundation student residences project, which will include seven units designed to resemble the historical homes of Galveston. The project is funded by college resources and through the generous support of the Abe and Annie Seibel Foundation, which also provided a significant capital expansion grant for the Abe and Annie Seibel Foundation Wing. The project is scheduled for completion in summer 2020, and will provide low-cost housing to 130 Galveston College students.
- Galveston College spent the 2018-2019 fiscal year in preparation of a much-anticipated historic milestone that occurred in fall 2019 – our first bachelor's degree program, a Bachelor of Applied Science in Healthcare Management. The program currently has a full cohort of students with plans to expand in the next year.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The following grants will be active in fiscal year 2020:

GRANT NAME	PURPOSE	TERM	TOTAL AMOUNT
Abe and Annie Seibel Foundation Student Residences - Private	New Construction of On-Campus Student Housing	09/01/19 - 08/31/20	\$ 2,069,000
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	09/01/19 - 08/31/20	550,000
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/19 - 08/31/20	322,000
U.S. Department of Education - Federal	TRIO_ Upward Bound Program	09/01/19 - 08/31/20	304,000
U.S. Department of Education - Federal	TRIO_ Building Bridges to Success Program	09/01/19 - 08/31/20	261,000
Carl D. Perkins Career and Technical Education Program - Basic Grants - Federal	Applied Technology Support	09/01/19 - 08/31/20	113,000
U.S. Department of Labor - Federal	Building Construction Trades FY19 Training Project	09/01/19 - 12/31/19	95,000
2017-2019 College Readiness and Success Models for 60x30TX - State	Provide Services to Students to Enable Successful Completion of Level 1 Certificates	09/01/19 - 08/31/20	95,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/19 - 08/31/20	77,000
National Science Foundation - Federal	Engineering Technology Instrumentation	09/01/19 - 08/31/20	33,000
2018-2020 College Readiness and Success Models Co-Req for 60x30TX - State	Provide Services to Students to Enable Successful Completion of Developmental Mathematics and College Algebra Courses	09/01/19 - 08/31/20	33,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY16/17	09/01/19 - 08/31/20	32,000
Texas Workforce Commission - State	Texas Success Center - Scholarships for Dual Credit Students	09/01/19 - 08/31/20	25,000
Texas Higher Education Coordinating Board - State	Nursing & Allied Health - Building Simulation & Skills Lab Capacity	09/01/19 - 12/31/19	12,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Regular Program FY17/18	09/01/19 - 08/31/20	11,000
		TOTAL	\$4,032,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, students, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Business Office at 4015 Avenue Q, Galveston, Texas 77550.

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31, 2019 AND 2018

Exhibit 1

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Note 4)	\$ 21,787,188	\$ 17,719,526
Short-Term Investment (Note 4)	-	1,000,000
Accounts Receivable (Note 5)	538,826	392,268
Property Tax Receivable, Net (Note 5)	732,390	648,529
Student Receivables, Net (Note 5)	1,755,710	1,595,018
Other Assets	760,325	523,660
Total Current Assets	25,574,439	21,879,001
NONCURRENT ASSETS:		
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	42,426	31,472
Long-term Accounts Receivable (Note 5)	443,979	-
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	3,890,379	4,009,335
Subjected to Depreciation	17,540,453	16,891,492
Total Noncurrent Assets	21,917,237	20,932,299
Total Assets	47,491,676	42,811,300
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows (Note 8)	2,381,621	1,038,031
Other Post Employee Benefits Related Deferred Outflows (Note 11)	3,009,912	297,148
Total Deferred Outflows of Resources	5,391,533	1,335,179
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable (Note 5)	803,659	631,682
Funds Held for Others - Agency	42,426	31,472
Unearned Revenues	4,619,197	2,436,869
Deposits	9,400	10,400
Compensated Absences - Current Portion (Notes 7 and 12)	40,000	40,000
Total Current Liabilities	5,514,682	3,150,423
NONCURRENT LIABILITIES:		
Compensated Absences (Notes 7 and 12)	351,674	321,760
Net Pension Liability (Note 8)	5,475,997	3,285,796
Net Other Post Employee Benefit Liability (Note 11)	11,046,663	9,970,878
Total Noncurrent Liabilities	16,874,334	13,578,434
Total Liabilities	22,389,016	16,728,857
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows (Note 8)	617,334	1,294,845
Other Post Employee Benefits Related Deferred Inflows (Note 11)	4,275,765	2,204,609
Total Deferred Inflows of Resources	4,893,099	3,499,454
NET POSITION		
Net Investment in Capital Assets	21,430,832	20,900,827
Restricted - Expendable:		
Student Aid	216,652	188,647
Unrestricted	3,953,610	2,828,694
Total Net Position (Schedule D)	\$ 25,601,094	\$ 23,918,168

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

Exhibit 2

	2019	2018
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$2,300,585 for 2019 and \$1,990,086 for 2018	\$ 2,900,554	\$ 2,908,930
Federal Grants and Contracts	2,227,540	1,180,240
State and Local Grants and Contracts	361,015	440,360
Private Grants and Scholarships	950,006	638,041
Auxiliary Enterprises, Net of Scholarship Allowance of \$150,888 for 2019 and \$136,908 for 2018	341,136	315,225
Other Operating Revenues	258,771	175,253
Total Operating Revenues (Schedule A)	7,039,022	5,658,049
OPERATING EXPENSES:		
Instruction	9,773,923	9,052,151
Public Service	15,561	38,292
Academic Support	1,865,634	1,779,597
Student Services	3,808,283	3,491,173
Institutional Support	5,294,778	4,894,705
Operation and Maintenance of Plant	2,982,641	2,857,517
Scholarships and Fellowships	2,391,014	2,043,189
Auxiliary Enterprises	766,281	847,764
Depreciation	1,044,189	990,410
Total Operating Expenses (Schedule B)	27,942,304	25,994,798
OPERATING LOSS	(20,903,282)	(20,336,749)
NON-OPERATING REVENUES (EXPENSES):		
State Appropriations	5,391,247	5,686,868
Property Taxes	13,869,957	12,761,818
Federal Student Assistance (Title IV Grants)	3,527,826	2,931,508
Investment Income	480,498	292,452
Loss on Disposal of Capital Assets	(683,320)	-
Other Non-Operating Income	-	58,250
Other Non-Operating Expenses	-	(28,158)
Non-Operating Revenues, Net (Schedule C)	22,586,208	21,702,738
INCREASE IN NET POSITION	1,682,926	1,365,989
NET POSITION, BEGINNING OF YEAR	23,918,168	22,552,179
NET POSITION, END OF YEAR	\$ 25,601,094	\$ 23,918,168

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, 2019 AND 2018

Exhibit 3

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 2,856,918	\$ 2,939,592
Receipts from Grants and Contracts	5,028,467	2,396,904
Payments to or on Behalf of Employees	(16,187,506)	(15,145,446)
Payments to Suppliers for Goods and Services	(6,504,886)	(6,413,085)
Payments for Scholarships	(2,391,014)	(2,043,189)
Other Cash Receipts	599,907	490,478
Net Cash Used in Operating Activities	(16,598,114)	(17,774,746)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	4,145,280	4,148,430
Proceeds from Property Taxes	13,786,096	12,730,555
Proceeds from Federal Student Assistance (Title IV Grants)	3,515,287	2,942,120
Other Non-Operating Income	-	30,400
Other Non-Operating Expenses	-	(28,158)
Net Cash Provided by Non-Capital Financing Activities	21,446,663	19,823,347
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Capital Assets	12,898	-
Purchases of Capital Assets	(2,270,412)	(1,381,615)
Net Cash Used in Capital and Related Financing Activities	(2,257,514)	(1,381,615)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Receipt on Maturity of Short-Term Investment	1,000,000	2,000,000
Investment Income	487,581	296,640
Net Cash Provided by Investing Activities	1,487,581	2,296,640
INCREASE IN CASH AND CASH EQUIVALENTS	4,078,616	2,963,626
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,750,998	14,787,372
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 21,829,614	\$ 17,750,998

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, 2019 AND 2018

Exhibit 3 - Continued

	2019	2018
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (20,903,282)	\$ (20,336,749)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,044,189	990,410
Payments Made Directly by State for Benefits	1,246,206	1,538,660
Changes in Assets and Liabilities:		
Receivables, Net	(746,012)	(48,784)
Other Assets	(236,665)	25,308
Pension Related Deferred Outflows	(1,343,590)	242,775
Other Post Employee Benefits Related Deferred Outflows	(2,712,764)	(23,002)
Accounts Payable	171,977	(319,859)
Funds Held for Others - Agency Funds	10,954	(11,620)
Unearned Revenues	2,182,328	226,129
Deposits	(1,000)	3,200
Compensated Absences	29,914	(7,247)
Net Pension Liability	2,190,201	(666,363)
Net Other Post Employee Benefit Liability	1,075,785	(1,942,201)
Pension Related Deferred Inflows	(677,511)	349,988
Other Post Employee Benefits Related Deferred Inflows	2,071,156	2,204,609
Net Cash Used in Operating Activities	\$ (16,598,114)	\$ (17,774,746)

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

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

The Governmental Accounting Standards Board (GASB) gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. In 2011, the College adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which changed the criteria for a component unit. The Galveston College Foundation (the “Foundation”) is a legally separate not-for-profit corporation controlled by a separate board of trustees, whose sole purpose is to provide scholarships and other benefits to the students and staff of the College. The Foundation does not provide a financial benefit or impose a financial burden on the College. The College does not appoint any of the Foundation’s board members nor does it fund or is it obligated to pay debt related to the Foundation. The financial position of the Foundation as of August 31, 2019 and 2018 and the cost of services provided by the System to the Foundation during the years then ended are not significant to the System. The Foundation has therefore not been included as a component unit in the financial statements of the System. Financial information for the Foundation may be obtained from its administrative office.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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

Tuition Discounting

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

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

Basis of Accounting

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

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

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

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

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

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

Budgetary Data

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

Cash and Cash Equivalents

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. The College's short term investments consisted of certificates of deposit totaling \$1,000,000 at August 31, 2018. These certificates of deposits were liquidated during 2019.

Capital Assets

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

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

Revenue Recognition and Unearned Income

Tuition and fee revenues are recorded when earned. Tuition, fees and other revenues related to periods after August 31, 2019 and 2018, respectively, have been deferred to the subsequent fiscal year.

Pensions

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as revenue until that time. Deferred inflows of resources consist of unrecognized items not yet charged to pension and OPEB liability.

Other Post-Employment Benefits (OPEB)

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

Operating and Non-Operating Revenues and Expenses Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a business-type activity and as a single, proprietary fund. Operating revenues and expenses generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. The principal operating revenues are tuition, fees and grants. The major non-operating revenues are State appropriations, property tax and Title IV financial aid funds (i.e. Pell grants). The operations of the bookstore and food services are performed by a third party contracted by the College.

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

Management Estimates

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

Income Taxes

The College is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2019 and 2018.

Subsequent Events

The College has evaluated subsequent events through December 26, 2019 which is the date the financial statements were available to be issued. No matters were identified that require disclosure or adjustment to these financial statements or related disclosures.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – AUTHORIZED INVESTMENTS

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

NOTE 4 – 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, 2019 and 2018, the carrying amount of the College’s deposits was \$1,472,315 and \$896,190, respectively; and bank balances equaled \$1,782,644 and \$1,504,155, 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 College’s investment in certificates of deposits requires pledged collateral with a market value of at least 102% of the par value of the deposit. In addition, monthly collateral reports reporting the pledged securities and their market values are received from the College’s financial institution. As of August 31, 2018, the College had certificates of deposits in the amount of \$1,000,000. These certificates of deposits were liquidated during 2019.

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

	2019	2018
Cash and Cash Equivalents:		
Petty Cash	\$ 1,200	\$ 1,200
Demand Deposits	1,472,315	896,190
Vanguard Admiral Treasury Money Market Fund	681,473	666,487
Investment Pools:		
Lone Star Investment Pool	6,160,451	6,455,862
Local Government Investment Cooperative	6,289,410	6,136,161
Texas Local Government Investment Pool	5,646,617	2,052,995
Texas TERM Local Government Investment Pool	1,578,148	1,542,103
Total Cash and Cash Equivalents	21,829,614	17,750,998
Certificates of Deposit	-	1,000,000
Total Deposits and Investments	\$ 21,829,614	\$ 18,750,998

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO 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. First Public is rated AAA by Standard & Poor's.

Local Government Investment Cooperative (LOGIC or the Cooperative) was organized in conformity with the Inter-local Cooperation Act, Chapter 791, of the Texas Government Code, and operated under the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. Participation in the Cooperative is limited to those eligible Government Entities which have become parties to the Participation Agreement. LOGIC is overseen by a governing board consisting of individuals from participating government entities in the pool. The business and affairs of LOGIC are managed by the Board. J.P. Morgan Asset Management provides investment management, fund accounting, transfer agency and custodial services for the pool and Hilltop Securities Inc. provides administrative, marketing and participant services. In compliance with the Public Funds Investment Act, all portfolios will maintain a AAA or equivalent rating from at least one nationally recognized rating agency. LOGIC has been assigned a rating of AAAM by Standard & Poor's.

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool invests in securities that meet the requirements of Texas Public Funds Investment Act. Standard & Poor rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor, as well as to the Office of Comptroller of Public Accounts, for review.

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	<u>2019</u>	<u>2018</u>
Student Receivables	\$ 1,998,929	\$ 1,846,690
Less Allowance for Doubtful Accounts	<u>(243,219)</u>	<u>(251,672)</u>
Total Student Receivable	<u>\$ 1,755,710</u>	<u>\$ 1,595,018</u>
Federal Receivables	\$ 874,249	\$ 210,114
Other Receivables	<u>108,556</u>	<u>182,154</u>
Total Accounts Receivable	<u>\$ 982,805</u>	<u>\$ 392,268</u>
Property Tax Receivable	\$ 829,981	\$ 738,969
Less Allowance for Doubtful Accounts	<u>(97,591)</u>	<u>(90,440)</u>
Total Property Tax Receivable	<u>\$ 732,390</u>	<u>\$ 648,529</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 669,707	\$ 501,105
Benefits Payable	<u>133,952</u>	<u>130,577</u>
Total Payables	<u>\$ 803,659</u>	<u>\$ 631,682</u>

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

Capital assets activity for the year ended August 31, 2018 was as follows:

	Balance September 1, <u>2017</u>	<u>Increase</u>	Decrease/ <u>Transfers</u>	Balance August 31, <u>2018</u>
Not Depreciated:				
Land	\$ 3,531,040	\$ 26,552	\$ (126,582)	\$ 3,431,010
Construction in Progress	<u>258,596</u>	<u>319,729</u>	<u>-</u>	<u>578,325</u>
Total Not Depreciated	<u>3,789,636</u>	<u>346,281</u>	<u>(126,582)</u>	<u>4,009,335</u>
Other Capital Assets:				
Buildings	19,370,246	145,851	126,582	19,642,679
Land Improvements	3,686,634	308,000	-	3,994,634
Furniture, Equipment and Vehicles	3,991,889	368,461	-	4,360,350
Computer System	2,580,160	187,609	-	2,767,769
Library Books	<u>1,142,118</u>	<u>25,413</u>	<u>-</u>	<u>1,167,531</u>
Total Depreciated	<u>30,771,047</u>	<u>1,035,334</u>	<u>126,582</u>	<u>31,932,963</u>
Less Accumulated Depreciation:				
Buildings	7,535,862	391,725	-	7,927,587
Land Improvements	1,358,301	182,034	-	1,540,335
Furniture, Equipment and Vehicles	1,950,450	316,060	-	2,266,510
Computer System	2,415,070	63,915	-	2,478,985
Library Books	<u>791,378</u>	<u>36,676</u>	<u>-</u>	<u>828,054</u>
Total Accumulated Depreciation	<u>14,051,061</u>	<u>990,410</u>	<u>-</u>	<u>15,041,471</u>
Net Capital Assets	<u>\$ 20,509,622</u>	<u>\$ 391,205</u>	<u>\$ -</u>	<u>\$ 20,900,827</u>

The loss on disposal of capital assets of \$683,320 in 2019 is primarily due to the demolition required for the construction of the Abe and Annie Seibel Foundation student residences project, abandonment of the construction in progress related to the Theater & Arts Center, and the disposal of capital equipment not fully depreciated.

NOTE 7 – NONCURRENT LIABILITIES

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NONCURRENT LIABILITIES – CONTINUED

Noncurrent liability activity for the year ended August 31, 2018 was as follows:

	Balance September 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance August 31, <u>2018</u>	Current <u>Portion</u>
Compensated Absences	\$ 369,007	\$ 69,128	\$ (76,375)	\$ 361,760	\$ 40,000
Net Pension Liability (Note 2, 8)	3,952,159	650	(667,013)	3,285,796	-
Net OPEB Liability (Note 2, 11)	<u>11,913,079</u>	<u>1,033,087</u>	<u>(2,975,288)</u>	<u>9,970,878</u>	-
Total Noncurrent Liabilities	<u>\$16,234,245</u>	<u>\$ 1,102,865</u>	<u>\$(3,718,676)</u>	<u>\$13,618,434</u>	<u>\$ 40,000</u>

NOTE 8 – EMPLOYEE RETIREMENT PLANS

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

Teacher Retirement System of Texas

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

	2019	2018
Member	7.7%	7.7%
Non – employer contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Fiscal year 2018 College contributions		\$ 335,146
Fiscal year 2018 State of Texas on-behalf contributions		\$ 243,378
Fiscal year 2018 Member contributions		\$ 334,353

The College’s contributions to the TRS pension plan in 2019 were \$373,127 as reported in the Schedule of College’s Contributions for Pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2019 were \$393,822.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas – Continued

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	6.907%
Long-term expected investment rate of return*	7.25%
Municipal bond rate*	3.69%*
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period. Assumptions, methods, and plan changes were updated from the prior year's report.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

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

- The total pension liability as of August 31, 2018 was developed using a roll forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the discount rate was the primary reason for the increase in the net pension liability.

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

Discount Rate. The discount rate used to measure the total pension liability was 6.907 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2018, are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00	6.90	0.90
Emerging Markets	9.00	8.95	0.80
Directional Hedge Funds	4.00	3.53	0.14
Private Equity	13.00	10.18	1.32
Stable Value			
U.S. Treasuries	11.00	1.11	0.12
Absolute Return	0.00	0.00	0.00
Stable Value Hedge Funds	4.00	3.09	0.12
Cash	1.00	(0.30)	0.00
Real Return			
Global Inflation Linked Bonds	3.00	0.70	0.02
Real Assets	14.00	5.21	0.73
Energy and Natural Resources	5.00	7.48	0.37
Commodities	0.00	0.00	0.00
Risk Parity			
Risk Parity	5.00	3.70	0.18
Inflation Expectation			2.30
Volatility Drag ²			(0.79)
Total	100.00%		7.25%

¹ Target allocations are based on the FY2016 policy model.

² The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 net pension liability.

	<u>5.907%</u> <u>Discount Rate</u>	<u>6.907%</u> <u>Discount Rate</u>	<u>7.907%</u> <u>Discount Rate</u>
College’s proportionate share of the net pension liability	\$8,264,593	\$5,475,997	\$3,218,464

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2019, the College reported a liability of \$5,475,997 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College’s proportionate share of the collective net pension liability	\$ 5,475,997
State’s proportionate share that is associated with College	<u>3,979,071</u>
Total	<u>\$ 9,455,068</u>

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net pension liability was based on the employer’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At the measurement date of August 31, 2018 the employer’s proportion of the collective net pension liability was 0.0099487% which was a decrease of 0.0003276% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College recognized pension expense of \$393,822 and revenue of \$393,822 for support provided by the State.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

At August 31, 2019, the College reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 34,133	\$ 134,359
Changes in actuarial assumptions	1,974,361	61,699
Difference between projected and actual investment earnings	-	103,903
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	-	317,373
Contributions paid to TRS subsequent to the measurement date	<u>373,127</u>	<u>-</u>
 Total	 <u>\$ 2,381,621</u>	 <u>\$ 617,334</u>

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

<u>Year Ending August 31,</u>	
2020	\$ 351,146
2021	132,494
2022	89,858
2023	309,777
2024	302,749
Thereafter	<u>205,136</u>
 Total	 <u>\$ 1,391,160</u>

Optional Retirement Plan

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Optional Retirement Plan - Continued

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. In 2019, 2018, and 2017 the percentages of participant salaries contributed by the State and each participant were 6.6% and 6.65%, respectively of annual compensation. In addition, for fiscal years 2019, 2018 and 2017, the College contributed 1.9% of annual compensation for each participant hired on or before September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. SB 1812, effective September 1, 2013, passed by the 83rd Texas Legislature, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

Retirement expense. The total payroll for all College employees was \$12,283,624, \$11,360,358 and \$10,959,772 for the fiscal years ended August 31, 2019, 2018 and 2017, respectively. The total payroll of employees covered by ORP was \$1,830,020, \$1,882,292 and \$1,870,931 for fiscal years August 31, 2019, 2018 and 2017, respectively. The total payroll of employees covered by TRS was \$9,546,336, \$8,576,788 and \$8,069,445 for fiscal years August 31, 2019, 2018 and 2017, respectively.

ORP expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$58,356, \$61,451 and \$58,453 for the fiscal years ended August 31, 2019, 2018 and 2017, respectively.

NOTE 9 – DEFERRED COMPENSATION PROGRAM

The College's employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code Section 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants. As of August 31, 2019, the College had 32 employees participating in the program and a total of \$234,901 in contributions was invested in the plan during the fiscal year. As of August 31, 2018, the College had 35 employees participating in the program and a total of \$201,316 in contributions was invested in the plan during the fiscal year.

NOTE 10 – HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's maximum contribution per full-time employee was \$625 and \$622 per month for fiscal years 2019 and 2018, respectively. The State's maximum contribution for dependent coverage was \$1,223 and \$1,217 per month for fiscal years 2019 and 2018 respectively. The table below depicts the cost of providing health care benefits to the College's retired and active employees, and the amount appropriated to the College from the State of Texas. Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – HEALTH CARE AND LIFE INSURANCE BENEFITS – CONTINUED

	2019	2018
Number of retirees	70	70
Cost of health benefits for retirees	\$ 596,988	\$ 571,198
Number of active full time employees	169	159
Cost of health benefits for active full time employees	\$ 1,427,787	\$ 1,322,558
State appropriation for health insurance	\$ 903,661	\$ 848,064

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

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

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

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

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2018**

Retiree only	\$ 621.90
Retiree & Spouse	\$ 1,334.54
Retiree & Children	\$ 1,099.06
Retiree & Family	\$ 1,811.70

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

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2019 and 2018**

	2019	2018
Employers	\$ 307,028,461	\$ 890,735,173
Members (Employees)	\$ 203,123,120	\$ 195,806,162
Non-Employer Contributing Entity (State)	\$ 16,585,270	\$ 44,433,743

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2018
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Not applicable
Discount rate	3.96%
Projected annual salary increase	2.50% to 9.50% including inflation
Annual healthcare trend rate	7.30% for FY2020, 7.40% for FY2021, 7% for FY2022, decreasing 0.5% per year to 4.50% for FY2027 and later years)
Inflation assumption rate	2.5%
Adhoc postemployment benefits changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retiree	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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

	2.96%	3.96%	4.96%
	<u>Discount Rate</u>	<u>Discount Rate</u>	<u>Discount Rate</u>
College's proportionate share of the net OPEB liability (in thousands)	\$13,115	\$11,047	\$9,481

Health Care Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.30% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less (i.e. 6.30% decreasing to 3.50%) than and 1 percent greater (i.e. 8.30% decreasing to 5.50%) than the healthcare cost trend rate (7.30% decreasing to 4.50%) that was used in measuring the net OPEB liability.

	1% decrease	Current rate	1% increase
	<u>Healthcare</u>	<u>Healthcare</u>	<u>Healthcare</u>
	<u>Trend Rate</u>	<u>Trend Rate</u>	<u>Trend Rate</u>
College's proportionate share of the net OPEB liability (in thousands)	\$9,355	\$11,047	\$13,229

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2019, the College reported a liability of \$11,046,663 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net OPEB liability	\$ 11,046,663
State's proportionate share that is associated with College	<u>8,714,666</u>
Total	<u>\$ 19,761,329</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017, through August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.03727228% which was an increase of 0.00800991% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College reduced OPEB expense by \$51,805 and revenue by \$51,805 for adjustment in OPEB support provided by the State.

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2019 assumed per capita health benefit costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

At August 31, 2019, the College reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 404,714
Changes in actuarial assumptions	-	3,871,051
Difference between projected and actual investment earnings	5,231	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,879,152	-
Contributions paid to ERS subsequent to the measurement date	<u>125,529</u>	<u>-</u>
Total	\$ <u>3,009,912</u>	\$ <u>4,275,765</u>

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

<u>Year Ending August 31,</u>	
2020	\$ (461,551)
2021	(461,551)
2022	(461,551)
2023	(108,331)
2024	<u>101,602</u>
Total	\$ <u>(1,391,382)</u>

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 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 \$391,674 and \$361,760 as of August 31, 2019 and 2018, 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>2019</u>	<u>2018</u>	
Certified Taxable Valuation of the College	\$7,494,157,019	\$7,192,912,401	
Adjustments	<u>337,879,473</u>	<u>403,272,451</u>	
Net Assessed Valuation of the College	<u>\$7,832,036,492</u>	<u>\$7,596,184,852</u>	
	<u>2019</u>		
	<u>Current</u>	<u>Debt</u>	
	<u>Operations</u>	<u>Service</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.175190	-	\$.175190
	<u>2018</u>		
	<u>Current</u>	<u>Debt</u>	
	<u>Operations</u>	<u>Service</u>	<u>Total</u>
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.166188	-	\$.166188

Taxes levied for the years ended August 31, 2019 and 2018, based on certified rolls, as reported by the taxing authorities amounted to \$13,728,040 and \$12,628,017, 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 FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX – CONTINUED

Tax collections for the years ended August 31, 2019 and 2018 were as follows:

	2019	2018
Current Taxes Collected	\$ 13,394,963	\$ 12,329,503
Delinquent Taxes Collected	313,939	276,866
Penalties and Interest Collected	144,767	146,323
Total Collections	\$ 13,853,669	\$ 12,752,692

Tax collections for the years ended August 31, 2019 and 2018 were 97.57% and 97.64%, 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, 2019 and 2018, \$2,403,789 and \$328,563, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET POSITION

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

NOTE 16 – COMMITMENTS

Federal and State of Texas Assisted Programs

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – GALVESTON COLLEGE FOUNDATION AND RELATED PARTY TRANSACTIONS

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

The Foundation solicits donations and acts as coordinator of contributions made by other parties. During the year ended August 31, 2019, the Foundation remitted contributions of \$2,320,635 for student housing and other construction projects. \$2,068,597 of contributions for student housing project has been deferred by the College as the project has not been completed and funds have not been utilized. The Foundation did not fund any grant programs in 2018.

The Foundation remitted \$299,714 and \$312,295 to the College for scholarship awards during the years ended August 31, 2019 and 2018, respectively.

During the years ended August 31, 2019 and 2018, the College provided office space and staff assistance to the Foundation at no cost. The College’s management estimates the value of the salary, benefits, and operational expense provided to the Foundation to be \$60,579 and \$51,114 for fiscal years 2019 and 2018. As of August 31, 2018, the amount due from the Foundation was \$2,679. No amounts were due from the Foundation at August 31, 2019.

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

NOTE 18 – NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the College’s fiscal year ended August 31, 2021. The College is currently evaluating the impact of adopting this standard.

NOTE 19 – OPERATING LEASES

In June 2017, the College entered into a lease agreement for office equipment, expiring June 2021. During the years ended August 31, 2019 and 2018, rent incurred for leased equipment amounted to \$97,955. Future minimum lease payments under this agreement are as follows:

Year Ending <u>August 31,</u>	
2020	\$ 97,955
2021	<u>81,629</u>
Total	\$ <u>179,584</u>

REQUIRED SUPPLEMENTARY SCHEDULES

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

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

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

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

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

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR PENSIONS
FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 1 - CHANGES OF BENEFIT TERMS INCLUDE:

There were no changes in benefit terms for the fiscal year ended August 31, 2019.

NOTE 2 - CHANGES OF ASSUMPTIONS:

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

- The total pension liability as of August 31, 2018 was developed using a roll forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the discount rate was the primary reason for the increase in the net pension liability.

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

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

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

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

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

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

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

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR OPEB
FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 1 - CHANGES OF BENEFIT TERMS INCLUDE:

The latest valuation reflects the benefit changes that became effective September 1, 2017, since these changes were communicated to plan members in advance of the preparation of the latest valuation report. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

- an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- elimination of the copayment for virtual visits;
- a reduction in the copayment for Airrosti; and
- for out-of-state participants, (i) elimination of the deductible for in-network services and (ii) application of a copayment rather than coinsurance to certain services like primary care and specialist office visits.

These minor benefit changes are provided for in the fiscal year 2018 assumed per capita health benefit costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

NOTE 2 - CHANGES OF ASSUMPTIONS:

Demographic Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

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

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

Economic Assumptions

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

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

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20 year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

Minor benefit changes have been reflected in the fiscal year 2018 assumed per capita health benefit costs.

SUPPLEMENTARY SCHEDULES

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GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2019 Total	2018 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 2,015,897	\$ -	\$ 2,015,897	\$ -	\$ 2,015,897	\$ 1,919,227
TPEG - Credit (set aside) *	133,254	-	133,254	-	133,254	127,720
Non-Resident Tuition	292,017	-	292,017	-	292,017	255,466
Non-State Funded Educational Programs	61,765	-	61,765	-	61,765	63,385
Total Tuition	2,502,933	-	2,502,933	-	2,502,933	2,365,798
Fees:						
Student Service Fee	-	-	-	73,235	73,235	67,942
Course Fees	622,688	-	622,688	-	622,688	605,583
Building Use Fee	1,063,700	-	1,063,700	-	1,063,700	970,769
Out of District Fee	450,656	-	450,656	-	450,656	429,643
General Service Fee	303,632	-	303,632	-	303,632	286,090
Registration Fee	184,295	-	184,295	-	184,295	173,191
Total Fees	2,624,971	-	2,624,971	73,235	2,698,206	2,533,218
Scholarship Allowances and Discounts:						
Scholarship Allowances	(565,153)	-	(565,153)	(6,774)	(571,927)	(572,299)
Remissions and Exemptions - State	(432,868)	-	(432,868)	-	(432,868)	(302,562)
Title IV Federal Grants to Students	(1,275,273)	-	(1,275,273)	(20,517)	(1,295,790)	(1,115,225)
Total Scholarship Allowances and Discounts	(2,273,294)	-	(2,273,294)	(27,291)	(2,300,585)	(1,990,086)
Total Net Tuition and Fees	2,854,610	-	2,854,610	45,944	2,900,554	2,908,930
Additional Operating Revenues:						
Federal Grants and Contracts	-	2,227,540	2,227,540	-	2,227,540	1,180,240
State Grants and Contracts	-	361,015	361,015	-	361,015	440,360
Private Grants and Scholarships	-	950,006	950,006	-	950,006	638,041
Other Operating Revenues	258,771	-	258,771	-	258,771	175,253
Total Additional Operating Revenues	258,771	3,538,561	3,797,332	-	3,797,332	2,433,894
Auxiliary Enterprises:						
Residential Life	-	-	-	216,423	216,423	240,300
Less Scholarship Allowances and Discounts	-	-	-	(150,888)	(150,888)	(136,908)
Bookstore Commissions	-	-	-	75,370	75,370	42,995
Vending Commissions	-	-	-	5,597	5,597	3,765
Other Auxiliary Revenue	-	-	-	194,634	194,634	165,073
Total Auxiliary Enterprises	-	-	-	341,136	341,136	315,225
Total Operating Revenues	\$ 3,113,381	\$ 3,538,561	\$ 6,651,942	\$ 387,080	\$ 7,039,022	\$ 5,658,049
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code §56.003, \$133,254 and \$127,720 for years August 31, 2019 and 2018, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

Schedule B

	Operating Expenses				2019 Total	2018 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 5,775,254	\$ -	\$ 1,309,998	\$ 844,255	\$ 7,929,507	\$ 7,094,798
Public Service	6,370	-	695	8,496	15,561	38,292
Academic Support	1,180,058	-	314,510	229,245	1,723,813	1,556,015
Student Services	1,510,267	-	394,051	892,503	2,796,821	2,625,960
Institutional Support	2,202,997	-	695,027	1,939,772	4,837,796	4,294,783
Operation and Maintenance of Plant	530,647	-	291,833	2,160,161	2,982,641	2,857,517
Total Unrestricted Educational Activities	<u>11,205,593</u>	<u>-</u>	<u>3,006,114</u>	<u>6,074,432</u>	<u>20,286,139</u>	<u>18,467,365</u>
Restricted - Educational Activities:						
Instruction	573,966	556,121	169,106	545,223	1,844,416	1,957,353
Academic Support	-	141,821	-	-	141,821	223,582
Student Services	392,300	183,897	140,985	294,280	1,011,462	865,213
Institutional Support	-	303,542	-	153,440	456,982	599,922
Scholarships and Fellowships	-	-	-	2,391,014	2,391,014	2,043,189
Total Restricted Educational Activities	<u>966,266</u>	<u>1,185,381</u>	<u>310,091</u>	<u>3,383,957</u>	<u>5,845,695</u>	<u>5,689,259</u>
Total Educational Activities	<u>12,171,859</u>	<u>1,185,381</u>	<u>3,316,205</u>	<u>9,458,389</u>	<u>26,131,834</u>	<u>24,156,624</u>
Auxiliary Enterprises	<u>175,938</u>	<u>-</u>	<u>63,890</u>	<u>526,453</u>	<u>766,281</u>	<u>847,764</u>
Depreciation Expense - Buildings and Other Real Estate Improvements	-	-	-	603,227	603,227	573,759
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	440,962	440,962	416,651
Total Operating Expenses	<u>\$ 12,347,797</u>	<u>\$ 1,185,381</u>	<u>\$ 3,380,095</u>	<u>\$ 11,029,031</u>	<u>\$ 27,942,304</u> (Exhibit 2)	<u>\$ 25,994,798</u> (Exhibit 2)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2019 Total</u>	<u>2018 Total</u>
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 4,086,685	\$ -	\$ -	\$ 4,086,685	\$ 4,086,757
State Group Insurance	-	903,661	-	903,661	848,064
State Retirement Match	-	400,901	-	400,901	752,047
	<u>4,086,685</u>	<u>1,304,562</u>	<u>-</u>	<u>5,391,247</u>	<u>5,686,868</u>
Total State Appropriations					
Property Taxes	13,869,957	-	-	13,869,957	12,761,818
Federal Student Assistance (Title IV Grants)	-	3,527,826	-	3,527,826	2,931,508
Investment Income	480,498	-	-	480,498	292,452
Other Non-Operating Income	-	-	-	-	58,250
	<u>14,350,455</u>	<u>3,527,826</u>	<u>-</u>	<u>17,878,281</u>	<u>16,044,028</u>
Total Non-Operating Revenues					
Non-Operating Expenses:					
Loss on Disposal of Capital Assets	683,320	-	-	683,320	-
Other Non-Operating Expenses	-	-	-	-	28,158
	<u>683,320</u>	<u>-</u>	<u>-</u>	<u>683,320</u>	<u>28,158</u>
Total Non-Operating Expenses					
NET NON-OPERATING REVENUES	<u>\$ 17,753,820</u>	<u>\$ 4,832,388</u>	<u>\$ -</u>	<u>\$ 22,586,208</u> (Exhibit 2)	<u>\$ 21,702,738</u> (Exhibit 2)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2019
(With Memorandum Totals for the Year Ended August 31, 2018)

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 2,923,099	\$ -	\$ -	\$ -	\$ 2,923,099	\$ 2,923,099	\$ -
Auxiliary	532,251	-	-	-	532,251	532,251	-
Scholarships	-	216,652	-	-	216,652	216,652	-
Plant:							
Unexpended	498,260	-	-	-	498,260	498,260	-
Investment in Plant	-	-	-	21,430,832	21,430,832	-	21,430,832
Total Net Position, August 31, 2019	3,953,610	216,652	-	21,430,832	25,601,094	4,170,262	21,430,832
Total Net Position, August 31, 2018	2,828,694	188,647	-	20,900,827	23,918,168	3,017,341	20,900,827
Net Increase in Net Position	\$ 1,124,916	\$ 28,005	\$ -	\$ 530,005	\$ 1,682,926	\$ 1,152,921	\$ 530,005

(Exhibit 2)

See Independent Auditors' Report.

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

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

Board of Regents
Galveston Community College District
Galveston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Galveston Community College District (the "College") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 26, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Texas Public Funds Investment Act

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

Purpose of this Report

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

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

Houston, Texas
December 26, 2019



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

Board of Regents
Galveston Community College District
Galveston, Texas

Report on Compliance for Each Major Federal Program

We have audited Galveston Community College District's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended August 31, 2019. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

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

Houston, Texas
December 26, 2019

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2019

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements	Expenditures to Subrecipients
U.S. Department of Education				
Direct Programs:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 34,984	-
Federal Work-Study Program	84.033		61,059	-
Federal Pell Grant Program	84.063		3,431,783	-
Federal Direct Student Loans	84.268		1,376,795	-
Total Student Financial Assistance Cluster			<u>4,904,621</u>	<u>-</u>
TRIO Cluster:				
TRIO _ Student Support Services	84.042		266,068	-
TRIO _ Upward Bound	84.047		301,765	-
Total TRIO Cluster			<u>567,833</u>	<u>-</u>
Higher Education _ Institutional Aid - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College				
	84.031S		1,010,143	-
Passed-Through From:				
Texas Higher Education Coordinating Board:				
Career and Technical Education - Basic Grants to States	84.048	184221	122,674	-
Total U.S. Department of Education			<u>6,605,271</u>	<u>-</u>
U.S. Department of Labor				
Passed-Through From:				
Texas Workforce Commission:				
Workforce Innovation and Opportunity Act Cluster				
Building Construction Trades Demonstration Project FY 18	17.258.6	2817WOS005	45,085	-
Building Construction Trades Training Project FY 19	17.258	2818WOS002	231,587	-
Total WIOA Cluster and U.S. Department of Labor			<u>276,672</u>	<u>-</u>
National Endowment for the Humanities				
Direct Program:				
Promotion of the Humanities - Teaching and Learning Resources and Curriculum Development				
Coastal Culinary: Exploring Food Narratives	45.162		19,303	-
Total National Endowment for the Humanities			<u>19,303</u>	<u>-</u>
National Science Foundation				
Direct Programs:				
Research and Development Cluster:				
Education and Human Resources - Engineering Technology Instrumentation Project				
	47.076		70,318	-
Education and Human Resources - STEM Honors, Study Abroad, and Scholars Programs				
	47.076		160,597	-
Total Research and Development Cluster - National Science Foundation			<u>230,915</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,132,161</u>	<u>\$ -</u>

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2019

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, 2019. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

Expenditures presented on the schedule of expenditures of Federal awards are recognized following the cost principles as found in the Uniform Guidance. The College has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The College did not receive any federal noncash assistance for the year ended August 31, 2019.

NOTE 2 – FEDERAL ASSISTANCE RECONCILIATION

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

Federal Revenues:	
Federal Grants and Contracts – (Schedule A)	\$ 2,227,540
Federal Student Assistance, Non-Operating – (Schedule C)	<u>3,527,826</u>
Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Position	5,755,366
Reconciling Item – Direct Student Loans	<u>1,376,795</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 7,132,161</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.

NOTE 4 – RELATED PARTY TRANSACTIONS

During the year ended August 31, 2019, the College awarded a construction contract worth \$606,776 to a Company owned by an immediate family member of one of the Board of Regents. Construction was completed during 2019. Receipts from Title V grant award were used to fund the construction project.

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
Cluster of Programs – Student Financial Assistance	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.031S	Higher Education _ Institutional Aid - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College

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

Auditee qualified as low-risk auditee? Yes

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

The audit of Federal awards disclosed no findings that were required to be reported relating to the year ended August 31, 2018.

SUPPLEMENTARY INFORMATION – STATISTICAL SECTION (UNAUDITED)

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

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GALVESTON COMMUNITY COLLEGE DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)

Table 1

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Invested in Capital Assets, Net of Related Debt	\$ 21,431	\$ 20,901	\$ 20,510	\$ 20,188	\$ 19,538	\$ 17,990	\$ 17,273	\$ 14,748	\$ 14,050	\$ 11,662
Restricted - Expendable	217	188	253	242	174	879	887	893	917	926
Unrestricted	<u>3,953</u>	<u>2,829</u>	<u>13,428</u>	<u>11,002</u>	<u>9,383</u>	<u>11,349</u>	<u>10,304</u>	<u>11,633</u>	<u>10,279</u>	<u>10,862</u>
 Total Net Position	 <u>\$ 25,601</u>	 <u>\$ 23,918</u>	 <u>\$ 34,191</u>	 <u>\$ 31,432</u>	 <u>\$ 29,095</u>	 <u>\$ 30,218</u>	 <u>\$ 28,464</u>	 <u>\$ 27,274</u>	 <u>\$ 25,246</u>	 <u>\$ 23,450</u>

See Independent Auditors' Report.

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

Table 2

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and Fees (Net of Discounts)	\$ 2,901	\$ 2,909	\$ 2,767	\$ 2,605	\$ 2,574	\$ 2,519	\$ 2,521	\$ 2,524	\$ 1,942	\$ 1,715
Governmental Grants and Contracts:										
Federal Grants and Contracts	2,227	1,180	1,756	1,543	2,078	2,222	1,712	1,269	1,193	2,057
State Grants and Contracts	361	441	224	505	604	265	216	167	344	230
Non-Governmental Grants and Contracts	950	638	782	556	581	681	553	390	262	420
Auxiliary Enterprises	341	315	244	233	298	305	248	220	200	191
Other Operating Revenues	259	175	261	217	137	141	115	97	88	179
Total Operating Revenues	<u>7,039</u>	<u>5,658</u>	<u>6,034</u>	<u>5,659</u>	<u>6,272</u>	<u>6,133</u>	<u>5,365</u>	<u>4,667</u>	<u>4,029</u>	<u>4,792</u>
State Appropriations	5,391	5,687	4,741	4,766	4,709	4,662	3,853	4,039	5,710	5,770
Property Taxes	13,870	12,762	12,355	11,815	11,022	10,512	10,086	9,483	8,962	8,160
Federal Student Assistance	3,528	2,932	2,845	2,729	2,852	3,343	3,809	4,189	4,436	3,791
Investment and Other Income	480	292	124	51	19	20	40	75	25	1,678
Other Non-Operating Revenues	-	58	137	49	-	-	-	-	-	-
Total Non-Operating Revenues	<u>23,269</u>	<u>21,731</u>	<u>20,202</u>	<u>19,410</u>	<u>18,602</u>	<u>18,537</u>	<u>17,788</u>	<u>17,786</u>	<u>19,133</u>	<u>19,399</u>
Total Revenues	<u>\$ 30,308</u>	<u>\$ 27,389</u>	<u>\$ 26,236</u>	<u>\$ 25,069</u>	<u>\$ 24,874</u>	<u>\$ 24,670</u>	<u>\$ 23,153</u>	<u>\$ 22,453</u>	<u>\$ 23,162</u>	<u>\$ 24,191</u>

See Independent Auditors' Report.

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

Table 2 - Continued

	For the Year Ended August 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and Fees (Net of Discounts)	9.57%	10.62%	10.55%	10.39%	10.35%	10.21%	10.89%	11.24%	8.38%	7.09%
Governmental Grants and Contracts:										
Federal Grants and Contracts	7.35%	4.31%	6.69%	6.16%	8.35%	9.01%	7.39%	5.65%	5.15%	8.50%
State Grants and Contracts	1.19%	1.61%	0.85%	2.01%	2.43%	1.07%	0.93%	0.75%	1.49%	0.95%
Non-Governmental Grants and Contracts	3.13%	2.33%	2.98%	2.22%	2.34%	2.76%	2.39%	1.74%	1.13%	1.74%
Auxiliary Enterprises	1.13%	1.15%	0.93%	0.93%	1.20%	1.24%	1.07%	0.98%	0.86%	0.79%
Other Operating Revenues	0.85%	0.64%	1.00%	0.87%	0.55%	0.57%	0.50%	0.43%	0.38%	0.74%
Total Operating Revenues	<u>23.22%</u>	<u>20.66%</u>	<u>23.00%</u>	<u>22.58%</u>	<u>25.22%</u>	<u>24.86%</u>	<u>23.17%</u>	<u>20.79%</u>	<u>17.39%</u>	<u>19.81%</u>
State Appropriations	17.79%	20.76%	18.07%	19.01%	18.93%	18.90%	16.64%	17.99%	24.65%	23.85%
Property Taxes	45.76%	46.60%	47.09%	47.13%	44.31%	42.61%	43.56%	42.23%	38.69%	33.73%
Federal Student Assistance	11.65%	10.71%	10.84%	10.89%	11.46%	13.55%	16.45%	18.66%	19.15%	15.67%
Investment and Other Income	1.58%	1.07%	0.47%	0.20%	0.08%	0.08%	0.18%	0.33%	0.12%	6.94%
Other Non-Operating Revenues	-	0.20%	0.53%	0.19%	-	-	-	-	-	0.00%
Total Non-Operating Revenues	<u>76.78%</u>	<u>79.34%</u>	<u>77.00%</u>	<u>77.42%</u>	<u>74.78%</u>	<u>75.14%</u>	<u>76.83%</u>	<u>79.21%</u>	<u>82.61%</u>	<u>80.19%</u>
Total Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditors' Report.

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

Table 3

	For the Year Ended August 31, (Amounts Expressed in Thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	\$ 9,774	\$ 9,052	\$ 8,436	\$ 8,008	\$ 7,520	\$ 7,811	\$ 7,464	\$ 6,121	\$ 6,560	\$ 5,965
Public Service	15	38	25	36	21	12	19	37	76	103
Academic Support	1,866	1,780	1,527	1,620	1,471	1,404	1,358	1,261	1,377	1,985
Student Services	3,808	3,491	2,894	2,729	2,785	2,760	2,405	2,527	2,330	2,305
Institutional Support	5,295	4,895	4,499	4,399	4,099	4,191	3,862	3,621	3,844	4,678
Operation and Maintenance of Plant	2,983	2,858	2,359	2,448	2,558	2,695	2,469	2,391	2,394	1,868
Scholarships and Fellowships	2,391	2,043	1,851	1,905	2,090	2,392	2,770	3,008	3,191	3,318
Auxiliary Enterprises	766	848	822	718	696	731	698	577	662	637
Depreciation	1,044	990	950	869	830	865	826	787	746	579
Total Operating Expenses	<u>27,942</u>	<u>25,995</u>	<u>23,363</u>	<u>22,732</u>	<u>22,070</u>	<u>22,861</u>	<u>21,871</u>	<u>20,330</u>	<u>21,180</u>	<u>21,438</u>
Interest on Capital Related Debt	-	-	-	-	28	54	76	95	110	125
Loss on Disposal of Capital Assets	683	-	-	-	332	-	-	-	-	-
Other Expenses	-	28	114	-	-	1	16	-	76	1
Total Non-Operating Expenses	<u>683</u>	<u>28</u>	<u>114</u>	<u>-</u>	<u>360</u>	<u>55</u>	<u>92</u>	<u>95</u>	<u>186</u>	<u>126</u>
Total Expenses	<u>\$ 28,625</u>	<u>\$ 26,023</u>	<u>\$ 23,477</u>	<u>\$ 22,732</u>	<u>\$ 22,430</u>	<u>\$ 22,916</u>	<u>\$ 21,963</u>	<u>\$ 20,425</u>	<u>\$ 21,366</u>	<u>\$ 21,564</u>

See Independent Auditors' Report.

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

Table 3 - Continued

	For the Year Ended August 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	34.14%	34.78%	35.93%	35.23%	33.53%	34.09%	33.98%	29.97%	30.70%	27.66%
Public Service	0.05%	0.15%	0.11%	0.16%	0.09%	0.05%	0.09%	0.18%	0.36%	0.48%
Academic Support	6.52%	6.84%	6.50%	7.13%	6.56%	6.13%	6.18%	6.17%	6.44%	9.21%
Student Services	13.30%	13.42%	12.33%	12.01%	12.42%	12.04%	10.95%	12.37%	10.91%	10.69%
Institutional Support	18.50%	18.81%	19.16%	19.35%	18.27%	18.29%	17.58%	17.73%	17.99%	21.69%
Operation and Maintenance of Plant	10.42%	10.98%	10.05%	10.77%	11.40%	11.76%	11.24%	11.71%	11.20%	8.66%
Scholarships and Fellowships	8.35%	7.85%	7.88%	8.38%	9.33%	10.44%	12.62%	14.73%	14.93%	15.39%
Auxiliary Enterprises	2.68%	3.26%	3.50%	3.16%	3.10%	3.19%	3.18%	2.82%	3.11%	2.95%
Depreciation	3.65%	3.80%	4.05%	3.81%	3.70%	3.77%	3.76%	3.85%	3.49%	2.69%
Total Operating Expenses	<u>97.61%</u>	<u>99.89%</u>	<u>99.51%</u>	<u>100.00%</u>	<u>98.40%</u>	<u>99.76%</u>	<u>99.58%</u>	<u>99.53%</u>	<u>99.13%</u>	<u>99.42%</u>
Interest on Capital Related Debt	-	-	-	-	0.12%	0.24%	0.35%	0.47%	0.51%	0.58%
Loss on Disposal of Capital Assets	2.39%	-	-	-	1.48%	-	-	-	-	-
Other Expenses	-	0.11%	0.49%	-	-	0.00%	0.07%	-	0.36%	0.00%
Total Non-Operating Expenses	<u>2.39%</u>	<u>0.11%</u>	<u>0.49%</u>	<u>0.00%</u>	<u>1.60%</u>	<u>0.24%</u>	<u>0.42%</u>	<u>0.47%</u>	<u>0.87%</u>	<u>0.58%</u>
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See Independent Auditors' Report.

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

Academic Year (Fall)	Registration Fee (per student)	Resident Fees per Semester Credit Hour (SCH)					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							
2019	\$ 30	\$ 40	\$ 20	\$ 22	\$ -	\$ 15	\$ 50	\$ 839	\$ 1079	0.00%	0.00%	
2018	30	40	20	22	-	15	50	839	1079	0.00%	0.00%	
2017	30	40	20	22	-	15	50	839	1079	0.00%	0.00%	
2016	30	40	20	22	-	15	50	839	1079	7.70%	11.12%	
2015	30	37	16	20	-	15	50	779	971	0.00%	5.20%	
2014	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2013	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2012	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2011	30	37	12	20	-	15	50	779	923	34.08%	58.86%	
2010	25	30	-	12	-	15	37	581	581	0.00%	0.00%	

Academic Year (Fall)	Registration Fee (per student)	Non - Resident Fees per Semester Credit Hour (SCH)					Student Activity Fees	General Service Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
		Non-Resident Tuition Out of State	Non-Resident Tuition International	Building Use Fee	Technology Fees							
2019	\$ 30	\$ 105	105	\$ 22	\$ -	\$ 15	\$ 50	\$ 1,859	\$ 1,859	0.00%	0.00%	
2018	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%	
2017	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%	
2016	30	105	105	22	-	15	50	1,859	1,859	7.64%	7.64%	
2015	30	100	100	20	-	15	50	1,727	1,727	2.86%	2.86%	
2014	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2013	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2012	30	100	100	20	-	15	50	1679	1679	0.00%	0.00%	
2011	30	100	100	20	-	15	50	1679	1679	78.43%	78.43%	
2010	25	60	60	12	-	15	37	941	941	0.00%	0.00%	

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

See Independent Auditors' Report.

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

Table 5

Fiscal Year	(Amounts Expressed in Thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Certified Taxable Valuation	Adjustments	Assessed Valuation of Property		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2018-19	\$ 7,494,157	\$ 337,879	\$ 7,832,036	95.69%	\$ 0.175190	\$ -	\$ 0.175190
2017-18	7,192,912	403,273	7,596,185	94.69%	0.166188	-	0.166188
2016-17	6,673,918	519,168	7,193,086	92.78%	0.170250	-	0.170250
2015-16	5,984,833	532,190	6,517,023	91.83%	0.178750	-	0.178750
2014-15	5,300,704	521,565	5,822,269	91.04%	0.187000	-	0.187000
2013-14	5,293,746	269,062	5,562,808	95.16%	0.187000	-	0.187000
2012-13	4,919,249	331,813	5,251,062	93.68%	0.189400	-	0.189400
2011-12	4,664,510	249,166	4,913,676	94.93%	0.189450	-	0.189450
2010-11	4,475,548	166,900	4,642,448	96.40%	0.189475	-	0.189475
2009-10	4,232,865	290,361	4,523,226	93.58%	0.190000	-	0.190000

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

See Independent Auditors' Report.

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

Table 6

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour				
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Continuing Education Contact Hours (c)	Total Contact Hours	State Appropriation per Contact Hour
2018-2019	\$ 4,086,685	1,607	\$ 2,543	610,827	521,792	52,962	1,185,581	\$ 3.45
2017-2018	4,086,757	1,472	2,776	567,424	461,712	52,360	1,081,496	3.78
2016-2017	3,659,631	1,414	2,588	580,608	426,064	28,551	1,035,223	3.54
2015-2016	3,654,400	1,414	2,584	556,496	413,664	44,763	1,014,923	3.60
2014-2015	3,759,208	1,412	2,662	573,491	389,040	22,975	985,506	3.81
2013-2014	3,759,208	1,483	2,535	619,467	401,440	11,335	1,032,242	3.64
2012-2013	3,143,636	1,560	2,015	677,200	375,472	5,333	1,058,005	2.97
2011-2012	3,364,137	1,575	2,136	701,232	346,672	10,216	1,058,120	3.18
2010-2011	4,378,534	1,651	2,652	702,176	393,088	25,320	1,120,584	3.91
2009-2010	4,398,215	1,522	2,891	648,896	348,880	38,437	1,036,213	4.24

Notes:

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

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

See Independent Auditors' Report.

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

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Blanchard Refining Co. LLC	Refinery	\$ 1,356,182	\$ 1,070,011	\$ 889,743	\$ 1,000,632	\$ 1,152,354	\$ 1,331,771	\$ 1,277,844	\$ -	\$ -	\$ -
Valero Refining - Texas LP	Refinery	430,155	479,383	445,689	581,724	615,880	624,770	589,502	580,719	563,156	547,376
Praxair Inc.	Supplier	234,030	235,242	187,765	141,910	211,265	203,332	207,861	169,821	171,220	173,279
Union Carbide Corp	Refinery	206,456	186,533	150,118	150,355	219,265	241,915	269,300	249,898	219,411	222,150
Texas-New Mexico Power Co.	Utilities	203,498	188,259	179,592	162,126	145,785	125,986	105,152	100,499	93,553	91,737
Centerpoint Energy Inc.	Utilities	121,596	109,235	135,040	103,446	97,269	100,909	103,168	92,488	90,424	92,158
BP Amoco Chemical Co.	Refinery	118,426	134,971	128,810	117,495	139,603	185,987	183,918	164,334	156,054	113,992
ISP Technologies Inc.	Computers	93,848	58,377	79,706	87,805	74,291	68,414	84,530	82,138	54,880	53,013
Galveston Outlets LLC	Retail	77,287	80,419	87,007	91,170	87,604	82,565	82,476	-	-	-
South Houston Green Power	Utilities	69,655	66,510	64,135	68,000	228,890	232,068	94,699	178,245	176,234	141,357
Komatsu America Corp	Refinery	69,064	-	49,642	92,356	73,070	109,981	75,406	38,432	-	-
Comcast of Houston LLC	Utilities	63,335	38,327	38,547	38,730	-	-	36,052	34,337	41,046	40,663
Eastman Chemical Inc.	Refinery	57,193	59,555	55,366	56,837	63,792	61,563	65,554	51,430	-	-
Feritta Hospitality INC	Hospitality	45,396	45,496	45,394	41,061	36,659	35,535	33,165	-	-	-
DOW Chemical Company	Refinery	42,442	37,049	36,365	32,164	-	-	-	-	-	-
INEOS Styrolution America LLC	Supplier	41,238	51,185	35,007	-	-	-	-	-	-	-
Valero Marketing and Supply CO	Supplier	39,331	40,356	-	-	37,640	80,519	90,271	103,193	52,150	60,903
Amalfi & Sorrento Prop LLC	Real Estate	38,490	37,240	35,976	35,517	34,219	-	-	-	-	-
Union Pacific Railroad CO.	Railroad	38,364	36,950	-	-	-	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	-	126,953	186,953	200,934	192,058	350,642	234,530	225,231	178,597	129,179
BNSF Railway Company	Railroad	-	-	27,395	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	-	-	26,867	-	33,563	33,805	33,216	35,085	34,691	34,240
Styrolution America LLC	Refinery	-	-	-	47,173	47,834	46,068	60,035	47,616	-	-
American National INS Co	Insurance	-	-	-	35,525	35,050	35,070	35,095	35,166	37,453	-
Praxair Hydrogen Supply Inc.	Supplier	-	-	-	-	32,126	34,811	-	-	31,210	-
TRAFIGURA INC	Refinery	-	-	-	-	-	32,367	-	-	-	-
GTE Southwest Inc.	Utilities	-	-	-	-	-	-	36,357	39,302	37,431	35,911
BP Products (NA) Inc	Refinery	-	-	-	-	-	-	-	1,503,012	1,433,426	1,384,642
B.A.S.F. Corp	Refinery	-	-	-	-	-	-	-	37,981	-	-
BP Alternative Energy	Utilities	-	-	-	-	-	-	-	32,900	38,500	54,600
Sterling Chemicals Inc.	Refinery	-	-	-	-	-	-	-	-	44,968	46,580
Ineds Styrenics	Refinery	-	-	-	-	-	-	-	-	38,651	38,540
SouthWestern Bell Telephone	Utilities	-	-	-	-	-	-	-	-	31,248	35,846
Houston Refining LP	Refinery	-	-	-	-	-	-	-	-	-	45,454
A-S 85 Victory Lakes	Supplier	-	-	-	-	-	-	-	-	-	36,616
Totals		3,345,986	3,082,051	2,885,117	3,084,960	3,558,217	4,018,078	3,698,131	3,801,827	3,524,303	3,378,236
Total Taxable Assessed Value		\$ 27,954,896	\$ 26,196,031	\$ 25,463,330	\$ 24,239,333	\$ 23,027,051	\$ 21,569,879	\$ 20,456,984	\$ 19,920,511	\$ 19,216,690	\$ 18,763,026

Source: Local County Appraisal District

See Independent Auditors' Report.

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

Table 7 - Continued

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Blanchard Refining Co. LLC	Refinery	4.85%	4.08%	3.49%	4.13%	5.00%	6.17%	6.25%	-	-	-
Valero Refining - Texas LP	Refinery	1.54%	1.83%	1.75%	2.40%	2.67%	2.90%	2.88%	2.92%	2.93%	2.92%
Praxair Inc.	Supplier	0.84%	0.90%	0.74%	0.59%	0.92%	0.94%	1.02%	0.85%	0.89%	0.92%
Union Carbide Corp	Refinery	0.74%	0.71%	0.59%	0.62%	0.95%	1.12%	1.32%	1.25%	1.14%	1.18%
Texas-New Mexico Power Co.	Utilities	0.73%	0.72%	0.71%	0.67%	0.63%	0.58%	0.51%	0.50%	0.49%	0.49%
Centerpoint Energy Inc.	Utilities	0.43%	0.42%	0.53%	0.43%	0.42%	0.47%	0.50%	0.46%	0.47%	0.49%
BP Amoco Chemical Co.	Refinery	0.42%	0.52%	0.51%	0.48%	0.61%	0.86%	0.90%	0.82%	0.81%	0.61%
ISP Technologies Inc.	Computers	0.34%	0.22%	0.31%	0.36%	0.32%	0.32%	0.41%	0.41%	0.29%	0.28%
Galveston Outlets LLC	Retail	0.28%	0.31%	0.34%	0.38%	0.38%	0.38%	0.40%	-	-	-
South Houston Green Power	Utilities	0.25%	0.25%	0.25%	0.28%	0.99%	1.08%	0.46%	0.89%	0.92%	0.75%
Komatsu America Corp	Refinery	0.25%	-	0.19%	0.38%	0.32%	0.51%	0.37%	0.19%	-	-
Comcast of Houston LLC	Utilities	0.23%	0.15%	0.15%	0.16%	-	-	0.18%	0.17%	0.21%	0.22%
Eastman Chemical Inc.	Refinery	0.20%	0.23%	0.22%	0.23%	0.28%	0.29%	0.32%	0.26%	-	-
Feritta Hospitality INC	Hospitality	0.16%	0.17%	0.18%	0.17%	0.16%	0.16%	0.16%	-	-	-
DOW Chemical Company	Refinery	0.15%	0.14%	0.14%	0.13%	-	-	-	-	-	-
INEOS Styrolution America LLC	Supplier	0.15%	0.20%	0.14%	-	-	-	-	-	-	-
Valero Marketing and Supply CO	Supplier	0.14%	0.15%	-	-	0.16%	0.37%	0.44%	0.52%	0.27%	0.32%
Amalfi & Sorrento Prop LLC	Real Estate	0.14%	0.14%	0.14%	0.15%	0.15%	-	-	-	-	-
Union Pacific Railroad CO.	Railroad	0.14%	0.14%	-	-	-	-	-	-	-	-
Marathon Petroleum Co., LLC	Refinery	-	0.48%	0.73%	0.83%	0.83%	1.63%	1.15%	1.13%	0.93%	0.69%
BNSF Railway Company	Railroad	-	-	0.11%	-	-	-	-	-	-	-
Walmart Stores Texas LP	Retail	-	-	0.11%	-	0.15%	0.16%	0.16%	0.18%	0.18%	0.18%
Styrolution America LLC	Refinery	-	-	-	0.19%	0.21%	0.21%	0.29%	0.24%	-	-
American National INS Co	Insurance	-	-	-	0.15%	0.15%	0.16%	0.17%	0.18%	0.19%	-
Praxair Hydrogen Supply Inc.	Supplier	-	-	-	-	0.14%	0.16%	-	-	0.16%	-
TRAFIGURA INC	Refinery	-	-	-	-	-	0.15%	-	-	-	-
GTE Southwest Inc.	Utilities	-	-	-	-	-	-	0.18%	0.20%	0.19%	0.19%
BP Products (NA) Inc	Refinery	-	-	-	-	-	-	-	7.55%	7.46%	7.38%
B.A.S.F. Corp	Refinery	-	-	-	-	-	-	-	0.19%	-	-
BP Alternative Energy	Utilities	-	-	-	-	-	-	-	0.17%	0.20%	0.29%
Sterling Chemicals Inc.	Refinery	-	-	-	-	-	-	-	-	0.23%	0.25%
Ineds Styrenics	Refinery	-	-	-	-	-	-	-	-	0.20%	0.21%
SouthWestern Bell Telephone	Utilities	-	-	-	-	-	-	-	-	0.16%	0.19%
Houston Refining LP	Refinery	-	-	-	-	-	-	-	-	-	0.24%
A-S 85 Victory Lakes	Supplier	-	-	-	-	-	-	-	-	-	0.20%
Totals		11.98%	11.76%	11.33%	12.73%	15.44%	18.62%	18.07%	19.08%	18.32%	18.00%

Source: Local County Appraisal District

See Independent Auditors' Report.

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

Table 8

Fiscal Year Ended August 31	Levy (a)	Collections - Year of Levy (b)	Percentage	Current Collections of Prior Levies (b)	Total Collections	Percentage of Current and Prior Levies
2019	\$ 13,728	\$ 13,395	97.57%	\$ 314	\$ 13,709	99.86%
2018	12,628	12,330	97.64%	277	12,607	99.83%
2017	12,253	11,977	97.75%	227	12,204	99.60%
2016	11,656	11,409	97.89%	251	11,660	100.03%
2015	10,894	10,648	97.74%	213	10,861	99.70%
2014	10,403	10,144	97.52%	215	10,359	99.58%
2013	9,950	9,537	95.85%	382	9,919	99.69%
2012	9,315	8,947	96.05%	350	9,297	99.81%
2011	8,801	8,518	96.78%	254	8,772	99.67%
2010	8,042	7,740	96.24%	271	8,011	99.61%

Source: Local Tax Assessor/Collector and District records.

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

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

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

Table 9

Calendar Year	Galveston County Population	Galveston County Personal Income (in millions of dollars)	Galveston County Personal Income Per Capita	Galveston County Unemployment Rate
2018	337,890 •	\$ *	\$ *	4.6%
2017	335,036	16,443	49,079	5.2%
2016	329,431	15,683	47,605	5.8%
2015	322,225	15,464	47,991	5.0%
2014	314,198	14,741	46,917	5.5%
2013	306,782	14,479	47,186	6.2%
2012	300,484	13,652	45,433	6.9%
2011	295,747	12,849	43,444	8.7%
2010	291,309	12,510	42,945	9.2%
2009	287,428	12,075	42,011	8.2%

Sources:

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

* 2018 update is not available at this time

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

See Independent Auditors' Report.

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

Table 10

Employer	2018	2017	2016	2015	2014			
University of Texas Medical Branch		7,864	47.24%		8,254	45.11%	8,272	49.06%
Landry's Inc.		1,688	10.14%		2,788	15.24%	1,366	8.10%
Galveston County (on Island only)		1,333	8.01%		1,340	7.32%	1,340	7.95%
Galveston Independent School District		1,032	6.20%		1,100	6.01%	1,371	8.13%
Moody Gardens		1,008	6.06%		1,027	5.61%	981	5.82%
American National Insurance Company	Information not available	871	5.23%	Information not available	845	4.62%	833	4.94%
City of Galveston		753	4.52%		744	4.07%	700	4.15%
Schlitterbahn *		508	3.05%		500	2.73%	300	1.77%
I. L. A. (Local-20, 1665, 1504-8, 1443)		465	2.79%		470	2.57%	500	2.97%
Wal-Mart		431	2.59%		475	2.60%	500	2.97%
Texas A&M University of Galveston		356	2.15%		375	2.05%	319	1.89%
Mitchell Historic Properties		337	2.02%		379	2.07%	379	2.25%
Total		16,646	100.00%		18,297	100.00%	16,861	100.00%

Source:

Galveston Economic Development Partnership (GEDP) updated every 2 years

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

Notes:

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

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

See Independent Auditors' Report.

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

Table 11

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Faculty:										
Full-Time	60	59	56	56	56	58	52	47	51	52
Part-Time	47	55	42	41	40	43	62	53	61	66
Total	<u>107</u>	<u>114</u>	<u>98</u>	<u>97</u>	<u>96</u>	<u>101</u>	<u>114</u>	<u>100</u>	<u>112</u>	<u>118</u>
Percent:										
Full-Time	56.1%	51.8%	57.1%	57.7%	58.3%	57.4%	45.6%	47.0%	45.5%	44.1%
Part-Time	43.9%	48.2%	42.9%	42.3%	41.7%	42.6%	54.4%	53.0%	54.5%	55.9%
Staff and Administrators:										
Full-Time	109	101	100	102	99	96	90	85	89	90
Part-Time	64	52	56	53	47	46	38	47	57	47
Total	<u>173</u>	<u>153</u>	<u>156</u>	<u>155</u>	<u>146</u>	<u>142</u>	<u>128</u>	<u>132</u>	<u>146</u>	<u>137</u>
Percent:										
Full-Time	63.0%	66.0%	64.1%	65.8%	67.8%	67.6%	70.3%	64.4%	61.0%	65.7%
Part-Time	37.0%	34.0%	35.9%	34.2%	32.2%	32.4%	29.7%	35.6%	39.0%	34.3%
FTSE per Full-time Faculty	26.8	24.9	25.3	25.3	25.2	25.6	30.0	33.5	32.4	28.5
FTSE per Full-Time Staff Member	14.7	14.6	14.1	13.9	14.3	15.4	17.3	18.5	18.6	16.5
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 70,523	\$ 77,418	\$ 74,786	\$ 69,278	\$ 64,486	\$ 64,779	\$ 65,613	\$ 62,016	\$ 59,858	\$ 58,136

See Independent Auditors' Report.

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

Table 12

Student Classification	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent																		
00-30 hours	1,601	66.08%	1,404	63.91%	1,436	65.27%	1,275	61.56%	1,323	64.60%	1,354	63.57%	1,398	63.75%	1,463	66.08%	1,521	65.62%	1,367	63.08%
31-60 hours	489	20.18%	455	20.71%	451	20.50%	509	24.58%	420	20.51%	496	23.29%	529	24.12%	503	22.72%	498	21.48%	433	19.98%
> 60 hours	141	5.82%	138	6.28%	101	4.59%	95	4.59%	103	5.03%	98	4.60%	78	3.56%	68	3.07%	42	1.81%	145	6.69%
Unclassified	192	7.92%	200	9.10%	212	9.64%	192	9.27%	202	9.86%	182	8.54%	188	8.57%	180	8.13%	257	11.09%	222	10.25%
Total	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%

Semester Hour Load	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent																		
Less than 3	11	0.45%	12	0.55%	19	0.83%	9	0.43%	17	0.83%	17	0.80%	20	0.91%	26	1.17%	24	1.04%	34	1.57%
3-5 semester hours	609	25.13%	572	26.04%	584	23.58%	499	24.09%	483	23.58%	526	24.69%	469	21.39%	452	20.42%	541	23.34%	514	23.72%
6-8 Semester hours	631	26.04%	671	30.54%	672	29.83%	678	32.74%	611	29.83%	592	27.79%	669	30.51%	598	27.01%	582	25.11%	623	28.75%
9-11 semester hours	462	19.07%	358	16.29%	360	19.43%	381	18.40%	398	19.43%	418	19.62%	421	19.20%	416	18.79%	398	17.17%	346	15.97%
12-14 semester hours	451	18.61%	379	17.25%	383	17.19%	332	16.03%	352	17.19%	387	18.17%	478	21.80%	523	23.62%	565	24.37%	522	24.09%
15-17 semester hours	232	9.58%	197	8.97%	173	8.84%	163	7.88%	181	8.84%	187	8.78%	134	6.11%	192	8.67%	202	8.71%	119	5.49%
18 & over	27	1.12%	8	0.36%	9	0.30%	9	0.43%	6	0.30%	3	0.15%	2	0.08%	7	0.32%	6	0.26%	9	0.41%
Total	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%

Average Course Load	8.9	8.6	8.5	8.5	8.7	8.7	8.8	9.1	9.0	8.2
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Tuition Status	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent																		
Texas Resident (in-District)	1,321	54.52%	1,166	53.07%	1,230	55.91%	1,139	55.00%	1,068	52.15%	1,106	51.92%	1,197	54.58%	1,207	54.52%	1,442	62.21%	2,069	95.48%
Texas Resident (out-of-District)	942	38.88%	890	40.51%	823	37.41%	816	39.40%	873	42.63%	907	42.58%	897	40.90%	892	40.29%	786	33.91%	-	0.00%
Non-Resident Tuition	117	4.83%	98	4.46%	91	4.13%	83	4.01%	77	3.76%	80	3.76%	72	3.28%	86	3.88%	82	3.54%	87	4.01%
Tuition Exemption/Wavier	43	1.77%	43	1.96%	56	2.55%	33	1.59%	30	1.46%	37	1.74%	27	1.24%	29	1.31%	8	0.34%	11	0.51%
Total	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%

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

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

Table 13

	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009			
	Number	Percent																				
Gender																						
Female	1,494	61.66%	1,341	61.04%	1,281	58.23%	1,274	61.52%	1,255	61.28%	917	43.05%	1,298	59.19%	1,298	58.63%	1,390	59.97%	1,368	63.13%		
Male	929	38.34%	856	38.96%	919	41.77%	797	38.48%	793	38.72%	1,213	56.95%	895	40.81%	916	41.37%	928	40.03%	799	36.87%		
Total	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%		
Ethnic Origin																						
White	894	36.90%	855	38.92%	925	42.05%	878	42.39%	915	44.68%	971	45.59%	971	44.28%	966	43.63%	1,049	45.25%	1,012	46.70%		
Hispanic	961	39.66%	342	15.57%	822	37.36%	771	37.23%	668	32.62%	634	29.77%	678	30.92%	639	28.86%	653	28.17%	603	27.83%		
African American	363	14.98%	834	37.95%	314	14.27%	266	12.84%	313	15.28%	357	16.76%	372	16.96%	420	18.97%	433	18.68%	424	19.57%		
Asian	88	3.63%	61	2.78%	52	2.36%	60	2.90%	56	2.73%	59	2.77%	67	3.06%	61	2.76%	65	2.80%	59	2.72%		
International	20	0.83%	7	0.32%	23	1.05%	25	1.21%	18	0.88%	14	0.66%	8	0.36%	4	0.18%	-	0.00%	19	0.88%		
Native American	8	0.33%	22	1.00%	8	0.36%	10	0.48%	8	0.39%	7	0.33%	7	0.32%	12	0.54%	17	0.73%	8	0.37%		
Multi-racial	42	1.73%	22	1.00%	10	0.45%	8	0.39%	12	0.59%	7	0.33%	9	0.41%	7	0.32%	1	0.04%	-	0.00%		
Native Hawaiian/Pacific Islander	3	0.12%	4	0.18%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1	0.05%	2	0.09%	-	0.00%		
Unknown/Not Reported	44	1.82%	50	2.28%	46	2.10%	53	2.56%	58	2.83%	81	3.79%	81	3.69%	104	4.69%	98	4.24%	42	1.93%		
Total	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%		
Age																						
Under 18	589	24.31%	391	17.80%	467	21.23%	316	15.26%	283	13.82%	277	13.00%	262	11.95%	224	10.12%	209	9.02%	280	12.92%		
18 - 21	738	30.46%	745	33.91%	698	31.73%	705	34.04%	674	32.91%	741	34.79%	794	36.21%	826	37.31%	885	38.18%	794	36.64%		
22 - 24	295	12.17%	267	12.15%	294	13.36%	288	13.91%	303	14.79%	303	14.23%	318	14.50%	319	14.41%	354	15.27%	324	14.95%		
25 - 35	531	21.92%	522	23.76%	488	22.18%	531	25.64%	506	24.71%	501	23.52%	499	22.75%	546	24.66%	517	22.30%	465	21.46%		
36 - 50	216	8.91%	214	9.74%	193	8.77%	176	8.50%	219	10.69%	231	10.85%	245	11.17%	224	10.12%	260	11.22%	209	9.64%		
51 & over	54	2.23%	58	2.64%	60	2.73%	55	2.65%	63	3.08%	77	3.61%	75	3.42%	75	3.38%	93	4.01%	95	4.39%		
Total	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%	2,318	100.00%	2,167	100.00%		
Average Age	24		25		25		25		25		26		26		26		26		26		26	

Source:
Data from THECB CBM001 certified reports

GALVESTON COMMUNITY COLLEGE DISTRICT
TRANSFER STUDENTS TO SENIOR INSTITUTIONS
2016 STUDENTS AS OF FALL 2017
(Includes Only Public Senior Colleges in Texas)

Table 14

	Transfer Student Count <u>ACADEMIC</u>	Transfer Student Count <u>TECHNICAL</u>	Total of All Transfer Students	% of All Transfer Students
1 Angelo State University	1		1	0.23%
2 Lamar University	23		23	5.24%
3 Midwestern State University	1	3	4	0.91%
4 Prairie View A&M University	6		6	1.37%
5 Sam Houston State University	18		18	4.10%
6 Stephen F. Austin State University	9		9	2.05%
7 Tarleton State University	4		4	0.91%
8 Texas A&M International University	1		1	0.23%
9 Texas A&M University	33		33	7.52%
10 Texas A&M University - Commerce	1		1	0.23%
11 Texas A&M University - Corpus Christi	1		1	0.23%
12 Texas A&M University at Galveston	153	1	154	35.08%
13 Texas Southern University	4		4	0.91%
14 Texas State University	32	1	33	7.52%
15 Texas Tech University	9		9	2.05%
16 Texas Woman's University	3	1	4	0.91%
17 The University of Texas at Arlington	8	3	11	2.51%
18 The University of Texas at Austin	17		17	3.87%
19 The University of Texas at Dallas	2		2	0.45%
20 The University of Texas at El Paso	1	1	2	0.45%
21 The University of Texas at San Antonio	13	1	14	3.18%
22 The University of Texas at Tyler	3		3	0.68%
23 University of Houston	23		23	5.24%
24 University of Houston - Clear Lake	48	4	52	11.85%
25 University of Houston - Downtown	3		3	0.68%
26 University of Houston - Victoria	1		1	0.23%
27 University of North Texas	6		6	1.37%
Totals	<u>424</u>	<u>15</u>	<u>439</u>	<u>100.00%</u>

Source:

Data from THECB Automated Student and Adult Learner Follow-Up System - Students Pursuing Additional Education by Institution Information for 2017-2018 is not available.

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

Table 15

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Academic buildings	6	6	6	6	6	6	6	6	6	5
Square footage (in thousands)	241	241	241	241	241	241	241	241	241	216
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	14	14	14	14	14	14
Number of volumes (in thousands)	43	43	43	43	43	43	43	43	44	44
Administrative and support buildings	2	2	2	2	2	2	2	2	2	1
Square footage (in thousands)	53	53	53	53	53	53	53	53	53	46
Apartments	8	5	5	5	5	10	11	11	9	8
Square footage (in thousands)	10	14	14	14	14	22	23	23	20	19
Number of beds	51	48	48	48	48	65	65	65	61	55
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	4	4	4
Average daily customers	350	350	350	350	350	350	350	400	400	400
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	5	4	4	4	4	3	3	3	3	3
Buses	3	4	3	3	3	3	3	3	3	3

See Independent Auditors' Report.