



FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS

AUGUST 31, 2021 AND 2020

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, 2021

BOARD OF REGENTS

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

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

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



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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, 2021 and 2020, 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, 2021 and 2020, 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 27, 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 59, 60, 62 and 63 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, 2021, 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 65 through 68, 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 November 22, 2021, 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
November 22, 2021

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, 2021 and 2020. 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, 2021 and 2020; the Statements of Revenues, Expenses and Changes in Net Position provide a summary of operations for the current and prior fiscal years; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the current and prior fiscal years. Highlighted information from each basic financial statement is presented below:

Financial Highlights for 2021

- The College's net position as of August 31, 2021 was \$33.39 million. This represents an 11.6% increase of \$3.46 million compared to 2020. The implementation of GASB No. 75 (Retiree Health Insurance) in fiscal year 2018 and its counterpart, GASB No. 68 (TRS Retiree Pension) in 2015 continue to overshadow the statement of net position, reducing the College's overall net position by \$17.41 million. Although required to record the liabilities, no cash was exchanged nor is there any indication that it will be in future periods. The College's unrestricted net position increased by \$2.89 million or 62.4% and cash/short term investments increased by \$3.74 million due to a surplus from operations and reduced operating expenses.
- The College decreased its annual tax rate by 7% from 0.171188 to 0.159188 per \$100 assessed valuation adopting the no-new-revenue tax rate for fiscal year 2021. The no-new-revenue tax rate evaluates the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes), if applied to the same properties that are taxed in both years. However due to new construction, an additional \$165,000 of tax revenue was received over the previous period.
- Galveston College continues to successfully navigate the changing COVID-19 environment, remaining committed to maintaining all full-time employees and supporting the educational needs of the community. The College received federal funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES) Higher Education Emergency Relief Fund (HEERF II) and funding from the American Rescue Plan Act of 2021 (HEERF III) to assist with the response and provide direct payments to students. HEERF Institutional and MSI funds of \$1,066,999 were expensed during fiscal year 2021 to defray expenses associated with Coronavirus, such as technology costs associated with a transition to distance education and implementation of evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

Financial Highlights for 2021 – Continued

The College implemented numerous projects to enhance and support student learning, including Zoom lecture studios, classroom media refreshes to support distance learning, fiber upgrades in the Cheney Student Center and Seibel Wing, installation of fiber connections to student housing, phase one of a network refresh, and a campus wireless refresh. A total of \$905,652 of direct emergency financial aid was provided to students. These funds do not need to be repaid and can be used for any component of students’ costs of attendance or emergency costs that arise due to Coronavirus.

- Student housing, including the new Abe and Annie Seibel Foundation Student Residences, opened in fall 2020 at capacity. Occupancy rates were above established targets generating \$307,000 exceeding the budget by \$67,000 or 28%. The new housing capacity provides students a safe, convenient, and cost effective housing option as local real estate and rental costs skyrocket. Increasing the number of beds is critical as the College grows its Nursing and Health Sciences programs. Moreover, as the College expands and builds new programs, affordable student housing is a significant factor to becoming a student-ready college.

- Galveston College continued to rejuvenate instructional facilities and equipment to stay current with technology and maximize the learning process, concentrating on mitigating the impact of the Coronavirus on student learning outcomes and safety. The College upgraded several classrooms in order to reinforce the infrastructure needs of distance education for students and faculty by purchasing software and equipment which allowed efficient instruction to continue. By providing additional supplemental instruction and licensing reviews to our students, the College was able to maintain social distancing as well. The campus network and Wi-Fi capabilities rapidly expanded to provide the bandwidth required to support the abrupt shift to online instruction and allow the College to continue its tradition of providing high quality and cost-effective educational opportunities to the community during the pandemic. The College purchased and improved two additional adjacent properties for future expansion as the College continues to grow programs.

- Grant funds used in fiscal year 2021:

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
U.S. Department of Education - Federal	CARES Act: Higher Education Emergency Relief Fund - COVID-19 Institutional Portion	09/01/20 - 08/31/21	\$ 990,000
U.S. Department of Education - Federal	CARES Act: Higher Education Emergency Relief Fund - COVID-19 Student Aid Portion	09/01/20 - 08/31/21	758,000
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	09/01/20 - 08/31/21	389,000
U.S. Department of Education - Federal	TRIO - Upward Bound Program	09/01/20 - 08/31/21	298,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2021 – Continued

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
U.S. Department of Education - Federal	TRIO - Building Bridges to Success Program	09/01/20 - 08/31/21	\$ 273,000
U.S. Department of Education - Federal	CARES Act: Higher Education Emergency Relief Fund - COVID-19 Minority Serving Institutions Portion	09/01/20 - 08/31/21	225,000
Texas Workforce Commission - State	Foundational Skills for Construction Career Pathways	09/01/20 - 08/31/21	153,000
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/20 - 08/31/21	146,000
Texas Higher Education Coordinating Board - Federal Pass-Through	Carl D. Perkins Career and Technical Education Program - Basic Grants	09/01/20 - 08/31/21	127,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/20 - 08/31/21	59,000
Mary Moody Northen Endowment	Moody-CE Job Training	09/01/20 - 08/31/21	34,000
U.S. Department of Education -Federal Pass-Through	Education Stabilization Fund Program - GEER Fund	09/01/20 - 08/31/21	34,000
Texas Workforce Commission - State	Skills Development Fund COVID-19 Special Initiative	09/01/20 - 08/31/21	16,000
U.S. Department of Labor - Federal Pass-Through	Occupational Safety and Health Administration - Susan Harwood Training Program	09/01/20 - 08/31/21	16,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Regular Program FY17/18	09/01/20 - 08/31/21	11,000
		TOTAL	\$ 3,529,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2021 – Continued

- Computers - hardware and software, and equipment purchases in fiscal year 2021:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Classroom Refreshes – Distance Learning (<i>On-going</i>)	Federal Grant – COVID-19 – HEERF-Institution	\$ 235,000
Campus Data Backup System	Capital Projects Fund	124,000
Instructional Hybrid Media Studios (3)	Federal Grant - Title V	65,000
Web Content Management System Omni Update	Education & General Fund	58,000
Electrical/Electronics - Training Equipment	Federal Grant - Perkins and Capital Projects Fund	56,000
Supplemental Reviews - Various Programs	Federal Grant – COVID-19 – HEERF-Institution	51,000
Medical and Applied Technology Equipment	Federal Grant - Perkins	49,000
Audio Video Refresh - Rooms R357 & N307	Capital Projects Fund	48,000
Institutional Effectiveness Management System (AEFIS)	Education & General Fund	46,000
Informer Reporting Solution	Capital Projects Fund	36,000
Network Switches Refresh (<i>On-going</i>)	Federal Grant – COVID-19 – HEERF-Institution	36,000
EMS Portable Simulation System	State Grant - Nursing	19,000
	TOTAL	\$ 823,000

- Real estate acquisitions, building renovations and furniture purchases in fiscal year 2021:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
CIP Architect Fees – Health Sciences Building	Construction Fund	\$ 400,000
General Facility Maintenance	Education & General Fund	344,000
4022 Ave Q – New Property	Construction Fund	303,000
2212 Mike Gaido Blvd (39 th St.) – New Property	Construction Fund	238,000
HVAC-AHU Retrofit	Education & General Fund	145,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2021 – Continued

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
Campus Wireless Refresh (<i>On-going</i>)	Federal Grant – COVID-19 – HEERF- Institution	\$ 113,000
Student Housing - Furniture	Education & General Fund	72,000
Student Housing - Whitecaps Wi-Fi	Federal Grant – COVID-19 – HEERF-MSI	57,000
Student Housing Wi-Fi (<i>On-going</i>) – 41 st St., 39 th St., and 38 th St. Properties	Federal Grant – COVID-19 – HEERF- Institution	23,000
	TOTAL	\$ 1,695,000

Financial Highlights for 2020

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 - Continued

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

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
Abe and Annie Seibel Foundation - Private	New Construction of On-Campus Student Housing	09/01/19 - 08/31/20	\$ 2,069,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Relief Fund - Institution	05/05/20 - 08/31/20	553,000
U.S. Department of Education - Federal	COVID-19 Higher Education Emergency Relief Fund - Students	04/21/20 - 08/31/20	458,000
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	09/01/19 - 08/31/20	416,000
U.S. Department of Education - Federal	TRIO – Student Support Services	09/01/19 - 08/31/20	283,000
U.S. Department of Education - Federal	TRIO - Upward Bound Program	09/01/19 - 08/31/20	281,000
National Science Foundation - Federal	STEM Honors, Study Abroad, and Scholars Program	09/01/19 - 08/31/20	165,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 - Continued

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 - Continued

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for 2020 - Continued

- Real estate acquisitions, building renovations and furniture purchases in fiscal year 2020:

DESCRIPTION	FUNDING SOURCE	TOTAL AMOUNT
3826 AVE R - Seibel Student Residences (7) - Construction	Construction Fund	\$ 3,700,000
3826 AVE R - Seibel Student Residences (7) - IT Infrastructure	Construction Fund	221,000
3826 AVE R - Seibel Student Residences (7) - Furniture	Construction Fund	177,000
3802 AVE R - New Property	Construction Fund	187,000
Fine Arts Area - Renovation	Construction Fund	129,000
Student Services Area - Renovation	Federal Grant – Title V	110,000
Cheney Student Center Dining Facilities - Renovation	Construction Fund and Education & General Fund	45,000
Cheney Student Center Dining Facilities - Furniture	Education & General Fund	22,000
Visual Arts Program - Furniture	Education & General Fund	12,000
	TOTAL	\$ 4,603,000

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.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

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

**Net Position
(in thousands)**

	<u>2021</u>	<u>2020</u>	Increase (Decrease) 2021 - <u>2020</u>	<u>2019</u>	Increase (Decrease) 2020 - <u>2019</u>
Assets:					
Current Assets	\$ 29,588	\$ 25,428	\$ 4,160	\$ 25,575	\$ (147)
Noncurrent Assets:					
Capital Assets, Net of Depreciation	25,641	25,086	555	21,431	3,655
Other	<u>261</u>	<u>428</u>	<u>(167)</u>	<u>486</u>	<u>(58)</u>
Total Assets	<u>55,490</u>	<u>50,942</u>	<u>4,548</u>	<u>47,492</u>	<u>3,450</u>
Deferred Outflows of Resources:					
Pension Related Deferred Outflows	2,022	2,457	(435)	2,382	75
OPEB Related Deferred Outflows	<u>2,699</u>	<u>3,624</u>	<u>(925)</u>	<u>3,010</u>	<u>614</u>
Total Deferred Outflows of Resources	<u>4,721</u>	<u>6,081</u>	<u>(1,360)</u>	<u>5,392</u>	<u>689</u>
Liabilities:					
Current Liabilities	4,230	3,519	711	5,515	(1,996)
Noncurrent Liabilities	<u>17,760</u>	<u>19,157</u>	<u>(1,397)</u>	<u>16,874</u>	<u>2,283</u>
Total Liabilities	<u>21,990</u>	<u>22,676</u>	<u>(686)</u>	<u>22,389</u>	<u>287</u>
Deferred Inflows of Resources:					
Pension Related Deferred Inflows	971	1,135	(164)	618	517
OPEB Related Deferred Inflows	<u>3,859</u>	<u>3,279</u>	<u>580</u>	<u>4,276</u>	<u>(997)</u>
Total Deferred Inflows of Resources	<u>4,830</u>	<u>4,414</u>	<u>416</u>	<u>4,894</u>	<u>(480)</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	25,641	25,086	555	21,431	3,655
Restricted – Expendable	237	221	16	217	4
Unrestricted	<u>7,513</u>	<u>4,626</u>	<u>2,887</u>	<u>3,953</u>	<u>673</u>
Total Net Position	\$ <u>33,391</u>	\$ <u>29,933</u>	\$ <u>3,458</u>	\$ <u>25,601</u>	\$ <u>4,332</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Net Position - Continued

Fiscal Year 2021 Compared to 2020

Current assets consist primarily of cash investments in Logic, Lone Star, TexPool, Texas Term Investment pools, collateralized certificate of deposit and receivables. Overall, current assets increased \$4.2 million between the fiscal years driven by a \$3.7 million increase in cash and cash equivalents and short-term investments generated from a surplus of funds from operations in fiscal year 2021 and an increase in receivables. The College's cash position remains strong at \$22.1 million compared to \$21.4 million in fiscal year 2020. Moreover, short-term investments increased \$3.0 million as the College moved funds from the investment pool into a collateralized Moody Bank certificate of deposit. Non-current assets increased by 1.52% or \$0.4 million largely due to architectural and engineering fees associated with the planning of future construction of the Nursing/Health Sciences Instructional Building (Note 6). Galveston College's deferred outflows of resources decreased \$1.4 million due to GASB No. 75 (Retiree Health Insurance), and GASB No. 68 (TRS Retiree Pension). Current liabilities increased by \$0.7 million as \$0.7 million was deferred for the Texas Reskilling Support Fund grant in fiscal year 2021. Non-current liabilities decreased \$1.4 million, mainly due to recording a decrease in the OPEB retiree health liability (GASB No. 75). Although the College is required to record the liabilities, no cash was exchanged nor is there any indication it will be in future periods. Overall, the College's net position increased by approximately 12%, or \$3.5 million, while unrestricted net position increased by \$2.9 million (62%) from \$4.6 million (FY20) to \$7.5 million (FY21).

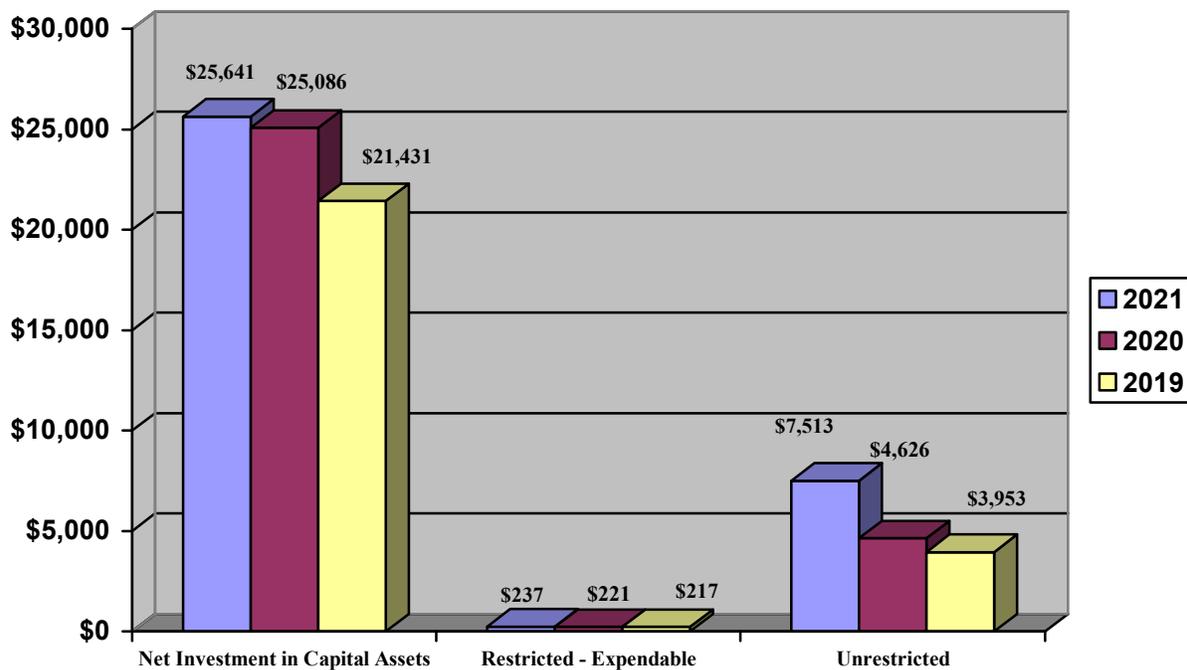
Fiscal Year 2020 Compared to 2019

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

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, 2019 through 2021. Total net position (net investment in capital assets) has increased over the past three years as the College constructs new buildings and continues to make improvements to existing buildings to support student enrollment and program growth. Increase in unrestricted net position for 2020 and 2021 represents surplus from operations for those years.



Statements of Revenues, Expenses and Change in Net Position

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

**Operating Results
(in thousands)**

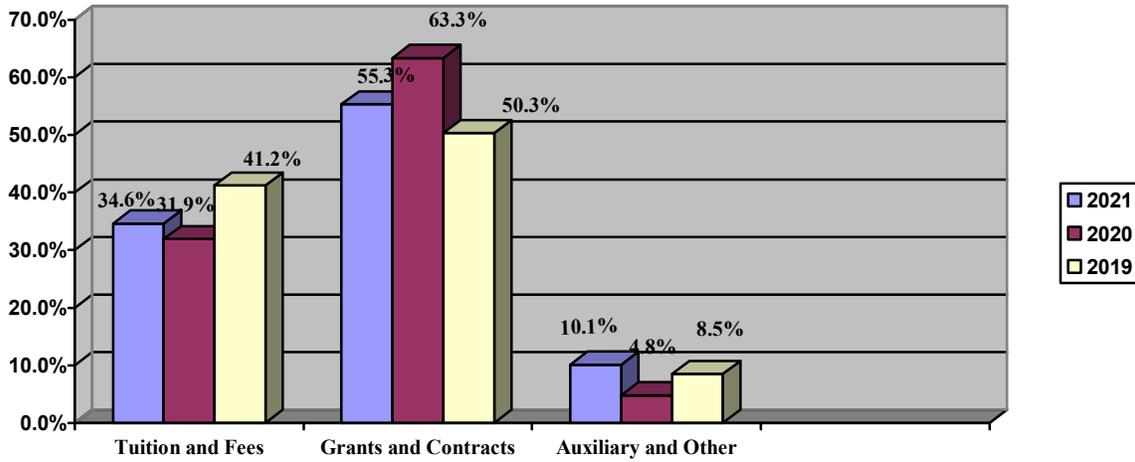
	<u>2021</u>	<u>2020</u>	Increase (Decrease) 2021 - <u>2020</u>	<u>2019</u>	Increase (Decrease) 2020 - <u>2019</u>
Operating Revenues:					
Tuition and Fees, Net of Scholarship Allowance	\$ 2,708	\$ 2,835	\$ (127)	\$ 2,901	\$ (66)
Grants and Contracts	4,325	5,619	(1,294)	3,538	2,081
Auxiliary Enterprises, Net	562	311	251	341	(30)
Other Operating Revenues	<u>223</u>	<u>116</u>	<u>107</u>	<u>259</u>	<u>(143)</u>
Total Operating Revenues	7,818	8,881	(1,063)	7,039	1,842
Less Operating Expenses	<u>28,443</u>	<u>28,920</u>	<u>(477)</u>	<u>27,942</u>	<u>978</u>
Operating Loss	<u>(20,625)</u>	<u>(20,039)</u>	<u>(586)</u>	<u>(20,903)</u>	<u>864</u>
Non-Operating Revenues (Expenses):					
State Appropriations	5,997	6,250	(253)	5,391	859
Property Taxes	14,449	14,284	165	13,870	414
Federal Student Assistance	3,601	3,573	28	3,528	45
Investment and Other Income	35	261	(226)	480	(219)
Other Non-Operating Income (Expense)	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>(683)</u>	<u>686</u>
Total Non-Operating Revenues (Expenses), Net	<u>24,082</u>	<u>24,371</u>	<u>(289)</u>	<u>22,586</u>	<u>1,785</u>
Increase in Net Position	<u>\$ 3,457</u>	<u>\$ 4,332</u>	<u>\$ (875)</u>	<u>\$ 1,683</u>	<u>\$ 2,649</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

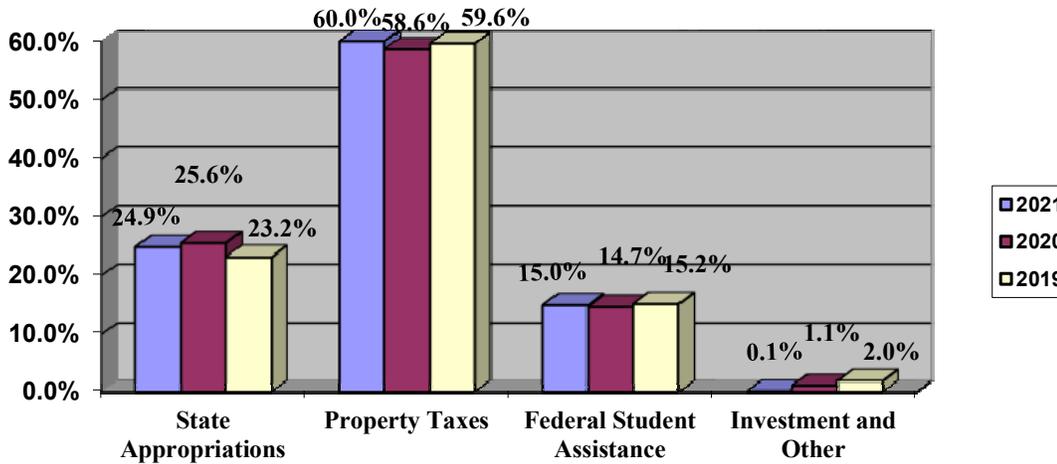
Statements of Revenues, Expenses and Change in Net Position - Continued

The following are graphic illustrations of revenues by source for the years ended August 31, 2019 through 2021:

**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 2021 Compared to 2020

The College has four major sources of revenues: property taxes, state appropriations, federal grants and contracts, and tuition and fees. Overall, operating revenues decreased approximately \$1.1 million compared to the prior fiscal year. Private grants and scholarships revenue decreased by \$2.1 million as the College recognized the \$2 million donated for the construction of the Abe and Annie Seibel Foundation Student Residences in fiscal year 2020. This decrease is offset by increases of \$0.7 million in federal grants and contracts and \$0.4 million in auxiliary enterprises and other operating revenues. State appropriation revenues declined slightly by 4% or \$253,000, due to the non-cash GASB No. 75 (Retiree Health Insurance), and GASB No. 68 (TRS Retiree Pension) entries, not because of a decrease in State appropriation funding compared to fiscal year 2020. Interest rates declined 90% in the last half of fiscal year 2020, as a consequence of the COVID-19 pandemic, and continued to remain at an average of 0.15% through fiscal year 2021. Investment income declined sharply by about 86% from \$261,000 to \$35,000 when comparing fiscal years 2020 and 2021. The College adopted the no-new-revenue tax rate for fiscal year 2021, decreasing the annual tax rate by 7% from 0.171188 to 0.159188 per \$100 assessed valuation. However, due to an increase in the tax base, an additional \$165,000 in property tax revenue was received over the previous period. Tuition and fees revenue remained stable compared to fiscal year 2020, due to rate increases implemented on 04/01/20 effective in fiscal year 2021.

Fiscal Year 2020 Compared to 2019

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

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

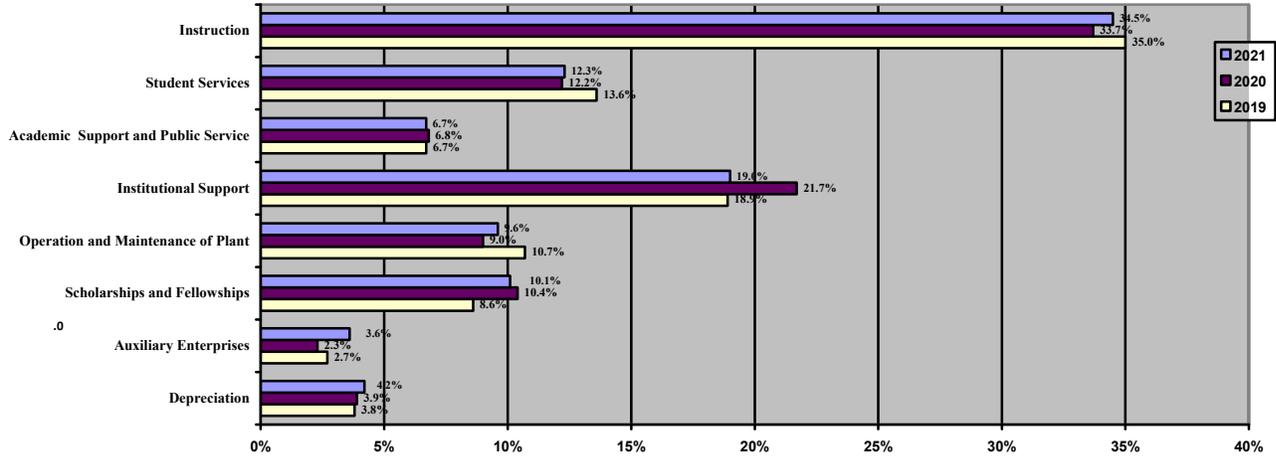
**Operating Expenses
(in thousands)**

	2021	2020	Increase (Decrease) 2021-2020	2019	Increase (Decrease) 2020-2019
Operating Expenses:					
Instruction	\$ 9,826	\$ 9,744	\$ 82	\$ 9,774	\$ (30)
Public Service	4	7	(3)	15	(8)
Academic Support	1,911	1,974	(63)	1,866	108
Student Services	3,493	3,541	(48)	3,808	(267)
Institutional Support	5,416	6,267	(851)	5,295	972
Operation and Maintenance of Plant	2,744	2,594	150	2,983	(389)
Scholarships and Fellowships	2,863	2,998	(135)	2,391	607
Auxiliary Enterprises	1,009	680	329	766	(86)
Depreciation	1,177	1,115	62	1,044	71
Total	<u>\$ 28,443</u>	<u>\$ 28,920</u>	<u>\$ (477)</u>	<u>\$ 27,942</u>	<u>\$ 978</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Operating Expenses



Fiscal Year 2021 Compared to 2020

Galveston College's operating expenses decreased by \$477,000 or 1.7% in fiscal year 2021 as compared to fiscal year 2020. The largest expense category remains Instruction at 34.5%, increasing by \$82,000 in fiscal year 2021. The categories of Academic Support, Student Services, Operation and Maintenance of Plant, and Scholarships and Fellowships remained relatively stable between fiscal years. As reported in *Schedule B*, the largest contributor to the overall decrease in operating expenses is Institutional Support, which decreased 13.6%, or \$851,000. Institutional Support's decrease is mainly due to decreases in benefit expenses associated with the current fiscal year's GASB No. 75 (Retiree Health Insurance) and GASB No. 68 (TRS Retiree Pension) entries and lower HEERF COVID-19 grant expenses in this category. This decrease is offset by an increase in expenses in Auxiliary Enterprises of \$329,000 and Depreciation of \$62,000. Auxiliary Enterprises rose primarily due to increases in food and housing costs as well as baseball and softball departmental expenses, resulting from an upsurge in students returning to campus in fiscal year 2021 as compared to fiscal year 2020. Depreciation expense increased due to the addition of capital assets purchased in the current fiscal year.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fiscal Year 2020 Compared to 2019

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

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>2021</u>	<u>2020</u>	<u>2019</u>
Cash Provided by (Used in):			
Operating Activities	\$(17,321)	\$(18,411)	\$(16,598)
Non-Capital Financing Activities	22,761	22,479	21,447
Capital and Related Financing Activities	(1,731)	(4,768)	(2,258)
Investing Activities	<u>(2,981)</u>	<u>261</u>	<u>1,488</u>
Net Increase (Decrease) in Cash and Cash Equivalents	728	(439)	4,079
Cash and Cash Equivalents – Beginning of Year	<u>21,391</u>	<u>21,830</u>	<u>17,751</u>
Cash and Cash Equivalents – End of Year	<u>\$ 22,119</u>	<u>\$ 21,391</u>	<u>\$ 21,830</u>

The College's cash flows from operating activities is always reflected as a use of cash because the College relies heavily on property taxes and state appropriations revenue to fund operations. The decrease of \$1.1 million in cash used in operating activities is primarily due to increased receipts from grants and contracts (\$1.5 million), and other cash receipts (\$0.4 million) while receipts from students and other customers decreased \$0.3 million. Increases to receipts is offset by increases in payments to or on behalf of employees (\$0.4 million) and to suppliers for goods and services (\$0.2 million) and a decrease in payments for scholarships (\$0.1 million). Overall, receipts had a decrease in cash used for operating activities of \$1.6 million, offset by payments having an overall increase in cash used for operating activities of \$0.5 million. Cash flows from non-capital financing activities increased slightly by \$282,000 due to increased property tax revenues, while federal student assistance proceeds (Title IV grants) and state appropriations remained stable compared to fiscal year 2020.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statements of Cash Flows Activity - Continued

Cash used in capital and related financing activities decreased \$3 million in comparison to fiscal year 2020. The spike in the prior year was due to payments related to building and land improvements for the new on-campus student residences that were completed in fiscal year 2020. Cash provided by investment activities decreased from the prior year by \$3.2 million as the College purchased a \$3 million collateralized certificate of deposit and investment income decreasing by \$227,000 or 87% attributed to the continuing impact of the COVID-19 pandemic. The overall increase in cash and cash equivalents of \$728,000 is primarily driven by a surplus of funds from operations offset by the purchase of the certificate of deposit.

Capital Assets

As shown in Note 6, capital assets increased from \$25.1 million to \$25.6 million due to new property and equipment purchases and facility improvements, offset by \$1.2 million of depreciation expense. The following points explain the material changes in the capital assets categories during fiscal year 2021:

- **Land** increased by \$79,000 due to purchases of new properties at 2212 39th and 4022 Ave Q.
- **Construction in Progress** increased by \$400,000 due to architectural and engineering fees paid in association with the future construction of the Nursing and Health Sciences Instructional Building.
- **Buildings** increased by \$463,000 as related to the new properties purchased on 39th and on Ave Q.
- **Improvements-Other Than Buildings** increased by \$145,000 due to the upgrade of the air handling unit at the main campus.
- **Equipment, Furniture, and Software** increased by \$490,000 due to capitalization of new equipment offset by retirement of obsolete equipment. The College purchased various capital equipment to be predominantly used for student remote instruction.
- **Library Books** increased \$22,000 due to capitalization of new books purchased in fiscal year 2021.

**Capital Assets
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Capital Assets:			
Land and Improvements	\$ 8,913	\$ 8,689	\$ 8,528
Construction in Progress	486	87	414
Buildings	24,946	24,483	19,889
Equipment, Furniture, and Software	5,852	5,362	5,369
Library Books	<u>666</u>	<u>644</u>	<u>1,182</u>
Total	<u>\$ 40,863</u>	<u>\$ 39,265</u>	<u>\$ 35,382</u>
Less Accumulated Depreciation	<u>(15,222)</u>	<u>(14,179)</u>	<u>(13,951)</u>
Net Capital Assets	<u>\$ 25,641</u>	<u>\$ 25,086</u>	<u>\$ 21,431</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions

- Galveston College awarded its first bachelor degrees in fiscal year 2021. Sixteen students graduated with a Bachelor of Applied Science in Healthcare Management. Based on the Texas Higher Education Coordinating Board's (THECB) Accountability system, the College's graduation success rate, defined as employment and/or enrollment in higher education in the fall semester following graduation, 94.9% increased two percentage points above the performance of fiscal year 2018 graduates. Galveston College students are increasingly satisfied with their experiences. The fall 2020 Ruffalo Noel-Levitz Student Satisfaction Inventory administration revealed that the College's students' satisfaction levels on all twelve composite scales have increased over time; recent scores exceed 2015 scores on each scale by anywhere from 4% to 12%. Moreover, Galveston College's students reported greater levels of satisfaction than their national peers did on nine of the scales. (Source: Ruffalo Noel-Levitz Student Satisfaction Inventory).
- Galveston College's TRIO-Building Bridges to Success (BBS) program recently celebrated 24 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, and disabled students at Galveston College. For the past academic year, BBS served 206 students, with 56 students graduating. 97% of participants were in good academic standing (2.0 or above GPA), and 54% 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, 29% also transferred to a four-year institution. Additionally, the persistence rate of BBS students from fall to fall (including graduation or transfer) was 89%.
- 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 61 high-school students in fiscal year 2021 which met the program requirements of having served the required number of participants. Of special note, 100% of the seniors served during the academic year passed the required state assessments and graduated with a distinguished level of achievement with endorsements meeting the rigorous curriculum objective. The ten Upward Bound seniors served during fiscal year 2021 graduated high school in June 2021. All went on to continue their education with nine students enrolled at Galveston College and one enrolled at a university in fall 2021 after earning their associate's degree from Galveston College in May 2021. The six-year college graduation rate for the 2015 cohort was 40% which met and exceeded the program objective.
- Galveston College completed the third year of the five-year Title V grant. The Title V grant has two initiatives: to redesign high-risk general education courses and to develop a comprehensive pathways advising system. The College went fully live with its new student advising software which focused on student planning and financial aid (MyGC) with all major advisors and students using the system. Training material was developed to support the new software and an outreach and information campaign related to the new abilities was conducted. The College created an advising manual that includes practices and guidelines for process in the advising division specifically related to the new pathways advising system. The grant continued to facilitate the development and execution of articulation and transfer agreements with four-year partner institutions and transfer templates/guides to inform students and advisors of regional transfer options and agreements. Utilizing the Title V grant's funds, three classrooms were converted into teaching studios with multi-media equipment and resources needed to support instruction in a fully remote or a mixed remote and face-to-face platform.
- From March 6, 2020 to October 10, 2021, approximately 75% of Galveston College's instructional activities occurred remotely because of a high COVID-19 positivity rate and a significant number of COVID-19 cases reported in Galveston County and the City of Galveston. Certain technical courses and programs required in-person, hands-on instruction that could not be delivered online but could be delivered face-to-face in accordance with appropriate health and safety protocols. From March to August 2020, faculty and staff worked remotely or on an alternating on-campus schedule.

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions - Continued

Faculty and staff returned to campus in August 2020; however, staff in student-facing offices continued to operate on an alternating remote schedule to allow for social distancing in departments. On October 11, 2021, students and faculty returned to campus for in-person classes and activities after more than a year of largely virtual learning.

- The Galveston Community College District Board of Regents convened on September 8, 2021 and approved a board Facilities committee recommendation to move forward with schematic designs for a new building to support Nursing and Health Sciences programs at the College. The modern 62,853 square foot, three-story Health Sciences Education Center, designed by PBK Architects of Houston, will be consistent with the aesthetics of the campus and community. It will contain offices, classrooms, laboratories, simulation labs, lecture halls, and student study spaces. It will house the College's flourishing Nursing and Health Sciences programs. The construction of this state-of-the-art instructional facility is part of the College's strategic plan to cultivate these programs, thereby growing enrollment and providing lucrative employment opportunities to the community.
- The following grants will be active in fiscal year 2022:

GRANT FUNDED BY	PURPOSE	TERM	AMOUNT
U.S. Department of Education - Federal	CARES Act: Higher Education Emergency Relief Fund - COVID-19 Institutional Portion	09/01/21 - 05/18/22	\$ 3,274,000
U.S. Department of Education - Federal	CARES Act: Higher Education Emergency Relief Fund - COVID-19 Student Aid Portion	09/01/21 - 01/19/22	2,245,000
U.S. Department of Education - Federal Pass-Through	Texas Reskilling Support Fund Grant Program	09/01/21 - 08/31/22	748,000
U.S. Department of Education - Federal	Title V - Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	09/01/21 - 08/31/22	461,000
National Science Foundation - Federal	Hispanic Serving Institution Program - Institutional Transformation Project	09/01/21 - 08/31/22	403,000
U.S. Department of Education - Federal	TRIO - Upward Bound Program	09/01/21 - 08/31/22	320,000
U.S. Department of Education - Federal	TRIO - Building Bridges to Success Program	09/01/21 - 08/31/22	295,000
U.S. Department of Education - Federal	CARES Act: Higher Education Emergency Relief Fund - COVID-19 Minority Serving Institutions Portion	09/01/21 - 08/24/22	234,000
Texas Workforce Commission - State	Foundational Skills for Construction Career Pathways	09/01/21 - 09/30/21	233,000
Texas Higher Education Coordinating Board – Federal Pass-Through	Carl D. Perkins Career and Technical Education Program - Basic Grants	09/01/21 - 08/31/22	155,000

GALVESTON COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions and Conditions – Continued

GRANT NAME	PURPOSE	TERM	AMOUNT
Greater Texas Foundation - Private	Greater Texas Foundation - Emergency Aid Grant	09/01/21 - 08/31/22	\$ 70,000
Galveston Career Connect - Private	Strengthen Career Skills of High School Students	09/01/21 - 08/31/22	55,000
U.S. Department of Labor – Federal Pass-Through	Occupational Safety and Health Administration - Susan Harwood Training Program	09/01/21 - 09/30/21	34,000
University of Houston	Houston Guided Pathways to Success - Equity Walk Grant Initiative	09/01/21 - 04/30/22	19,000
Mary Moody Northen Endowment	Moody-CE Job Training	09/01/21 - 08/31/22	16,000
Texas Higher Education Coordinating Board - State	2017-2019 College Readiness and Success Models for 60x30TX (CRSM-2017)	09/01/21 - 08/31/22	15,000
Texas Higher Education Coordinating Board - State	2018-2020 Comprehensive College Readiness and Success Models Co-Req for 60x30TX (CRSM-2018)	09/01/21 - 08/31/22	13,000
Texas Higher Education Coordinating Board - State	Nursing Shortage Reduction Under 70 Program FY18/19	09/01/21 - 08/31/22	10,000
		TOTAL	\$8,600,000

Contacting the College's Financial Management

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

GALVESTON COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31, 2021 AND 2020

Exhibit 1

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Note 4)	\$ 22,064,823	\$ 21,346,580
Short-Term Investment (Note 4)	3,014,907	-
Accounts Receivable (Note 5)	1,141,841	614,186
Property Tax Receivable, Net (Note 5)	710,970	780,061
Student Receivables, Net (Note 5)	1,872,148	1,904,037
Other Assets	783,397	782,935
Total Current Assets	29,588,086	25,427,799
NONCURRENT ASSETS:		
Restricted Agency Funds Cash and Cash Equivalents (Note 4)	53,999	44,459
Long-term Accounts Receivable (Note 5)	207,599	383,487
Capital Assets, Net (Note 6):		
Not Subjected to Depreciation	4,060,492	3,581,940
Subjected to Depreciation	21,580,330	21,504,493
Total Noncurrent Assets	25,902,420	25,514,379
Total Assets	55,490,506	50,942,178
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows (Note 8)	2,022,078	2,457,014
Other Post Employee Benefits Related Deferred Outflows (Note 11)	2,698,599	3,623,668
Total Deferred Outflows of Resources	4,720,677	6,080,682
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable (Note 5)	804,589	825,855
Funds Held for Others - Agency	53,999	44,459
Unearned Revenues	3,305,143	2,584,579
Deposits	26,400	23,400
Compensated Absences - Current Portion (Notes 7 and 12)	40,000	40,000
Total Current Liabilities	4,230,131	3,518,293
NONCURRENT LIABILITIES:		
Compensated Absences (Notes 7 and 12)	460,360	467,253
Net Pension Liability (Note 8)	5,531,062	5,547,478
Net Other Post Employee Benefit Liability (Note 11)	11,768,283	13,142,398
Total Noncurrent Liabilities	17,759,705	19,157,129
Total Liabilities	21,989,836	22,675,422
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows (Note 8)	971,417	1,135,146
Other Post Employee Benefits Related Deferred Inflows (Note 11)	3,858,932	3,278,805
Total Deferred Inflows of Resources	4,830,349	4,413,951
NET POSITION		
Net Investment in Capital Assets	25,640,822	25,086,433
Restricted - Expendable:		
Student Aid	237,583	220,736
Unrestricted	7,512,593	4,626,318
Total Net Position (Schedule D)	\$ 33,390,998	\$ 29,933,487

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, 2021 AND 2020

Exhibit 2

	2021	2020
OPERATING REVENUES:		
Tuition and Fees, Net of Scholarship Allowance of \$2,673,279 for 2021 and \$2,259,509 for 2020	\$ 2,708,288	\$ 2,834,638
Federal Grants and Contracts	3,255,489	2,501,402
State and Local Grants and Contracts	367,738	303,196
Private Grants and Scholarships	701,782	2,815,188
Auxiliary Enterprises, Net of Scholarship Allowance of \$272,309 for 2021 and \$108,943 for 2020	561,858	310,774
Other Operating Revenues	223,278	116,334
Total Operating Revenues (Schedule A)	7,818,433	8,881,532
OPERATING EXPENSES:		
Instruction	9,825,561	9,743,826
Public Service	4,434	6,915
Academic Support	1,911,094	1,974,131
Student Services	3,492,908	3,541,359
Institutional Support	5,415,899	6,266,863
Operation and Maintenance of Plant	2,743,768	2,594,027
Scholarships and Fellowships	2,862,901	2,997,501
Auxiliary Enterprises	1,009,202	680,031
Depreciation	1,176,955	1,115,291
Total Operating Expenses (Schedule B)	28,442,722	28,919,944
OPERATING LOSS	(20,624,289)	(20,038,412)
NON-OPERATING REVENUES (EXPENSES):		
State Appropriations	5,997,261	6,249,901
Property Taxes	14,448,842	14,283,682
Federal Student Assistance (Title IV Grants)	3,600,353	3,573,416
Investment Income	35,344	260,806
Other Non-Operating Income	-	3,000
Non-Operating Revenues, Net (Schedule C)	24,081,800	24,370,805
INCREASE IN NET POSITION	3,457,511	4,332,393
NET POSITION, BEGINNING OF YEAR	29,933,487	25,601,094
NET POSITION, END OF YEAR	\$ 33,390,998	\$ 29,933,487

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, 2021 AND 2020

Exhibit 3

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Students and Other Customers	\$ 2,652,955	\$ 2,951,184
Receipts from Grants and Contracts	4,823,152	3,322,409
Payments to or on Behalf of Employees	(16,284,750)	(15,917,917)
Payments to Suppliers for Goods and Services	(6,434,931)	(6,195,935)
Payments for Scholarships	(2,862,901)	(2,997,501)
Other Cash Receipts	<u>785,136</u>	<u>427,108</u>
Net Cash Used in Operating Activities	<u>(17,321,339)</u>	<u>(18,410,652)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from State Appropriations	4,671,366	4,669,987
Proceeds from Property Taxes	14,517,933	14,236,011
Proceeds from Federal Student Assistance (Title IV Grants)	<u>3,572,299</u>	<u>3,573,165</u>
Net Cash Provided by Non-Capital Financing Activities	<u>22,761,598</u>	<u>22,479,163</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Capital Assets	-	3,000
Purchases of Capital Assets	<u>(1,731,344)</u>	<u>(4,770,892)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,731,344)</u>	<u>(4,767,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term investment	(3,014,907)	-
Investment Income	<u>33,775</u>	<u>260,806</u>
Net Cash Provided by (Used in) Investing Activities	<u>(2,981,132)</u>	<u>260,806</u>
CHANGE IN CASH AND CASH EQUIVALENTS	727,783	(438,575)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>21,391,039</u>	<u>21,829,614</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,118,822</u>	<u>\$ 21,391,039</u>

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, 2021 AND 2020

Exhibit 3 - Continued

	2021	2020
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	\$ (20,624,289)	\$ (20,038,412)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expense	1,176,955	1,115,291
Payments Made Directly by State for Benefits	1,325,933	1,579,216
Changes in Assets and Liabilities:		
Receivables, Net	(290,294)	(162,246)
Other Assets	(462)	(22,610)
Pension Related Deferred Outflows	434,936	(75,393)
Other Post Employee Benefits Related Deferred Outflows	925,069	(613,756)
Accounts Payable	(21,265)	22,196
Funds Held for Others - Agency Funds	9,540	2,033
Unearned Revenues	720,564	(2,034,618)
Deposits	3,000	14,000
Compensated Absences	(6,893)	115,579
Net Pension Liability	(16,416)	71,481
Net Other Post Employee Benefit Liability	(1,374,115)	2,095,735
Pension Related Deferred Inflows	(163,729)	517,812
Other Post Employee Benefits Related Deferred Inflows	580,127	(996,960)
Net Cash Used in Operating Activities	\$ (17,321,339)	\$ (18,410,652)

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, 2021 and 2020 and the cost of services provided by the College to the Foundation during the years then ended are not significant to the College. The Foundation has therefore not been included as a component unit in the financial statements of the College. Financial information for the Foundation may be obtained from its administrative office.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

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

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

Tuition Discounting

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tuition Discounting – Continued

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

Basis of Accounting

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

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

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

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

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

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

Budgetary Data

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

Cash and Cash Equivalents

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

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

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

Revenue Recognition and Unearned Income

Tuition and fee revenues are recorded when earned. Tuition, fees and other revenues related to periods after August 31, 2021 and 2020, 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, 2021 and 2020.

Subsequent Events

The College has evaluated subsequent events through November 22, 2021 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, 2021 and 2020, the carrying amount of the College’s deposits was \$1,286,136 and \$2,747,415, respectively; and bank balances equaled \$1,743,533 and \$2,908,390, respectively. Bank balances totaling \$250,000 were covered by Federal depository insurance and the remaining balance is collateralized with securities. The College uses a sweep agreement as a funding mechanism for its demand deposit accounts. Under this agreement the funds are swept nightly into a repurchase agreement account. As needed to cover disbursements, funds are swept into the demand deposit accounts.

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

	2021	2020
Cash and Cash Equivalents:		
Petty Cash	\$ 1,200	\$ 1,200
Demand Deposits	1,286,136	2,747,415
Vanguard Admiral Treasury Money Market Fund	688,818	688,632
Investment Pools:		
Lone Star Investment Pool	2,933,767	759,000
Local Government Investment Cooperative	6,382,131	6,374,745
Texas Local Government Investment Pool	5,710,908	5,707,515
TexasTERM Local Government Investment Pool	5,115,862	5,112,532
Total Cash and Cash Equivalents	22,118,822	21,391,039
Certificates of Deposit	3,014,907	-
Total Deposits and Investments	\$ 25,133,729	\$ 21,391,039

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – DEPOSITS AND INVESTMENTS - CONTINUED

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

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

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Student Receivables	\$ 2,115,367	\$ 2,147,256
Less Allowance for Doubtful Accounts	<u>(243,219)</u>	<u>(243,219)</u>
Total Student Receivable	<u>\$ 1,872,148</u>	<u>\$ 1,904,037</u>
Federal Receivables	\$ 1,255,977	\$ 916,826
Other Receivables	<u>93,463</u>	<u>80,847</u>
Total Accounts Receivable	<u>\$ 1,349,440</u>	<u>\$ 997,673</u>
Property Tax Receivable	\$ 809,994	\$ 882,064
Less Allowance for Doubtful Accounts	<u>(99,024)</u>	<u>(102,003)</u>
Total Property Tax Receivable	<u>\$ 710,970</u>	<u>\$ 780,061</u>

Payables consist of the following at August 31:

Vendors Payable	\$ 675,612	\$ 585,416
Benefits Payable	<u>128,977</u>	<u>240,039</u>
Total Payables	<u>\$ 804,589</u>	<u>\$ 825,855</u>

Included in federal receivables at August 31, 2021 is \$207,599 of long term receivables that will be collected within the next 2 years. Included in federal receivables at August 31, 2020 is \$383,487 of long term receivables that will be collected within the next 3 years.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2021 was as follows:

	Balance September 1, <u>2020</u>	<u>Increase</u>	Decrease/ <u>Adjustment</u>	Balance August 31, <u>2021</u>
Not Depreciated:				
Land	\$ 3,495,005	\$ 79,010	\$ -	\$ 3,574,015
Construction in Progress	<u>86,935</u>	<u>399,542</u>	<u>-</u>	<u>486,477</u>
Total Not Depreciated	<u>3,581,940</u>	<u>478,552</u>	<u>-</u>	<u>4,060,492</u>
Other Capital Assets:				
Buildings	24,483,308	462,659	-	24,945,967
Land Improvements	5,193,647	145,080	-	5,338,727
Furniture, Equipment and Vehicles	3,951,190	130,362	(132,952)	3,948,600
Computer System	1,410,670	492,367	-	1,903,037
Library Books	<u>644,144</u>	<u>22,324</u>	<u>-</u>	<u>666,468</u>
Total Depreciated	<u>35,682,959</u>	<u>1,252,792</u>	<u>(132,952)</u>	<u>36,802,799</u>
Less Accumulated Depreciation:				
Buildings	8,682,169	456,377	-	9,138,546
Land Improvements	1,897,255	260,892	-	2,158,147
Furniture, Equipment and Vehicles	2,038,658	315,867	(132,952)	2,221,573
Computer System	1,228,727	107,907	-	1,336,634
Library Books	<u>331,657</u>	<u>35,912</u>	<u>-</u>	<u>367,569</u>
Total Accumulated Depreciation	<u>14,178,466</u>	<u>1,176,955</u>	<u>(132,952)</u>	<u>15,222,469</u>
Net Capital Assets	<u>\$ 25,086,433</u>	<u>\$ 554,389</u>	<u>\$ -</u>	<u>\$ 25,640,822</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS – CONTINUED

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

	Balance September 1, 2019	Increase	Decrease/ Adjustment	Balance August 31, 2020
Not Depreciated:				
Land	\$ 3,475,925	\$ 19,080	\$ -	\$ 3,495,005
Construction in Progress	<u>414,454</u>	<u>-</u>	<u>(327,519)</u>	<u>86,935</u>
Total Not Depreciated	<u>3,890,379</u>	<u>19,080</u>	<u>(327,519)</u>	<u>3,581,940</u>
Other Capital Assets:				
Buildings	19,889,000	4,266,789	327,519	24,483,308
Land Improvements	5,051,938	239,009	(97,300)	5,193,647
Furniture, Equipment and Vehicles	3,907,714	223,198	(179,722)	3,951,190
Computer System	1,460,636	5,166	(55,132)	1,410,670
Library Books	<u>1,182,379</u>	<u>17,650</u>	<u>(555,885)</u>	<u>644,144</u>
Total Depreciated	<u>31,491,667</u>	<u>4,751,812</u>	<u>(560,520)</u>	<u>35,682,959</u>
Less Accumulated Depreciation:				
Buildings	8,285,434	396,735	-	8,682,169
Land Improvements	1,740,339	254,216	(97,300)	1,897,255
Furniture, Equipment and Vehicles	1,886,956	331,424	(179,722)	2,038,658
Computer System	1,186,806	97,053	(55,132)	1,228,727
Library Books	<u>851,679</u>	<u>35,863</u>	<u>(555,885)</u>	<u>331,657</u>
Total Accumulated Depreciation	<u>13,951,214</u>	<u>1,115,291</u>	<u>(888,039)</u>	<u>14,178,466</u>
Net Capital Assets	<u>\$ 21,430,832</u>	<u>\$ 3,655,601</u>	<u>\$ -</u>	<u>\$ 25,086,433</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended August 31, 2021 was as follows:

	Balance September 1, 2020	Additions	Reductions	Balance August 31, 2021	Current Portion
Compensated Absences	\$ 507,253	\$ 76,462	\$ (83,355)	\$ 500,360	\$ 40,000
Net Pension Liability (Note 2, 8)	5,547,478	409,689	(426,105)	5,531,062	-
Net OPEB Liability (Note 2, 11)	<u>13,142,398</u>	<u>929,005</u>	<u>(2,303,120)</u>	<u>11,768,283</u>	<u>-</u>
Total Noncurrent Liabilities	<u>\$19,197,129</u>	<u>\$ 1,415,156</u>	<u>\$(2,812,580)</u>	<u>\$17,799,705</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, 2020 was as follows:

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

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 Annual Financial report that includes financial statements and required supplementary information. That report is available at https://www.trs.texas.gov/Pages/about_archive_caftr.aspx (select About TRS, then Publications, then Financial Reports) or write to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

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

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

	Contribution Rates	
	2021	2020
Member	7.7%	7.7%
Non – employer contributing entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Fiscal year 2020 College contributions		\$ 426,105
Fiscal year 2020 State of Texas on-behalf contributions		\$ 322,854
Fiscal year 2020 Member contributions		\$ 770,379

The College’s contributions to the TRS pension plan in 2021 were \$428,844 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 2021 were \$324,356.

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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 31, 2020	2.33%*
Last year ending August 31 in projection period (100 years)	2119
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used on the actuarial valuation as of August 31, 2019, except as disclosed.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

Best estimates of geometric real rates of return for each major asset class included in the system’s target asset allocation as of August 31, 2020, are summarized below:

Table 3.A.1: Asset Allocations				
Asset Class	Target Allocation¹ %	Long-Term Expected Geometric Real Rate of Return²	Expected Contribution to Long- Term Portfolio Returns	
Global Equity				
USA	18.0 %	3.9 %	0.99 %	
Non-U.S. Developed	13.0	5.1	0.92	
Emerging Markets	9.0	5.6	0.83	
Private Equity	14.0	6.7	1.41	
Stable Value				
Government Bonds	16.0 %	(0.7)%	(0.05)%	
Absolute Return (Including Credit Sensitive Investments)	—	1.8	—	
Stable Value Hedge Funds	5.0	1.9	0.11	
Real Return				
Real Estate	15.0 %	4.6 %	1.02 %	
Energy, Natural Resources, and Infrastructure	6.0	6.0	0.42	
Commodities	—	0.8	—	
Risk Parity				
Risk Parity	8.0 %	3.0 %	0.30 %	
Asset Allocation Leverage				
Cash	2.0 %	(1.5)%	(0.03)%	
Asset Allocation Leverage	(6.0)	(1.3)	0.08	
Inflation Expectation			2.00 %	
Volatility Drag ³			(0.67)%	
Expected Return	100.0 %		7.33 %	
¹ Target allocations are based on the FY2020 policy model.				
² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).				
³ The volatility drag results 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 (7.25%) in measuring the net pension liability.

	<u>6.25%</u> <u>Discount Rate</u>	<u>7.25%</u> <u>Discount Rate</u>	<u>8.25%</u> <u>Discount Rate</u>
College’s proportionate share of the net pension liability	\$ 8,528,799	\$ 5,531,062	\$ 3,095,467

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, the College reported a liability of \$5,531,062 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	\$ 5,531,062
State’s proportionate share that is associated with College	<u>4,190,817</u>
Total	<u>\$ 9,721,879</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019, through August 31, 2020.

At the measurement date of August 31, 2020 the employer’s proportion of the collective net pension liability was 0.0001033% which was a decrease of 0.0000034% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

- None major noted since the prior measurement date.

For the year ended August 31, 2021, the College recognized pension expense of \$504,062 and revenue of \$504,062 for support provided by the State.

As of August 31, 2021 and 2020, the College had contributions payable to TRS of \$0 and \$98,620, respectively, which is reflected in accounts payable in the accompanying financial statements.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – EMPLOYEE RETIREMENT PLANS – CONTINUED

Teacher Retirement System of Texas - Continued

At August 31, 2021, 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	\$ 10,099	\$ 154,357
Changes in actuarial assumptions	1,283,403	545,694
Difference between projected and actual investment earnings	111,972	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	187,760	271,366
Contributions paid to TRS subsequent to the measurement date	<u>428,844</u>	<u>-</u>
 Total	 <u>\$ 2,022,078</u>	 <u>\$ 971,417</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>	
2022	\$ 49,931
2023	276,247
2024	268,804
2025	97,098
2026	(61,918)
Thereafter	<u>(8,345)</u>
 Total	 <u>\$ 621,817</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 2021, 2020, and 2019 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 2021, 2020 and 2019, the College contributed 1.9% of annual compensation for each participant hired on or before September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. SB 1812, effective September 1, 2013, passed by the 83rd Texas Legislature, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

Retirement expense. ORP expense to the State for the College, representing the portion of expended appropriations made by the State Legislature on behalf of the College, was \$61,957, \$61,227 and \$58,356 for the fiscal years ended August 31, 2021, 2020 and 2019, respectively.

The total payroll for all College employees was \$12,772,416, \$12,720,937 and \$12,283,624 for the fiscal years ended August 31, 2021, 2020 and 2019, respectively. The total payroll of employees covered by ORP was \$1,927,527, \$1,892,077 and \$1,830,020 for fiscal years August 31, 2021, 2020 and 2019, respectively. The total payroll of employees covered by TRS was \$10,042,641, \$10,004,906 and \$9,546,336 for fiscal years August 31, 2021, 2020 and 2019, 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, 2021, the College had 31 employees participating in the program and a total of \$231,782 in contributions was invested in the plan during the fiscal year. As of August 31, 2020, the College had 32 employees participating in the program and a total of \$216,810 in contributions was invested in the plan during the fiscal year.

NOTE 10 – HEALTH CARE AND LIFE INSURANCE BENEFITS

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State's maximum contribution per full-time employee was \$625 per month for fiscal years 2021 and 2020. The State's maximum contribution for dependent coverage was \$1,222 and \$1,223 per month for fiscal years 2021 and 2020, 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

	2021	2020
Number of retirees	72	68
Cost of health benefits for retirees	\$ 582,899	\$ 554,886
Number of active full time employees	165	172
Cost of health benefits for active full time employees	\$ 1,491,837	\$ 1,471,128
State appropriation for health insurance	\$ 943,625	\$ 943,625

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 Annual Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained by visiting <https://ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

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

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

The following table summarizes the maximum monthly employer contribution toward eligible retirees’ health and basic life premium, which is based on a blended rate. 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 2020**

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

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

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2021 and 2020**

	2021	2020
Employers	\$ 1,070,595	\$ 1,126,765
Members (Employees)	\$ 294,968	\$ 278,329
Non-Employer Contributing Entity (State)	\$ 943,625	\$ 886,723

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, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2020
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Not applicable because the plan operates on pay-as-you-go basis
Discount rate	2.20%
Projected annual salary increase	2.30% to 9.50% including inflation
Annual healthcare trend rate	<u>HealthSelect</u> 8.80% for FY2022, 5.25% for FY2023, 5% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
	<u>HealthSelect Medicare Advantage</u> -53.30% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
	<u>Pharmacy</u> 10% for FY2022 and FY2023, decreasing 10 basis points per year to 5.00% for FY2028 and 4.30% for FY2029 and later years
Inflation assumption rate	2.30%
Adhoc postemployment benefits changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retiree	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

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

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.97%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.20%, which amounted to a decrease of 0.77%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds’ average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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

	<u>1.20%</u> <u>Discount Rate</u>	<u>2.20%</u> <u>Discount Rate</u>	<u>3.20%</u> <u>Discount Rate</u>
College’s proportionate share of the net OPEB liability (in thousands)	\$13,987	\$11,768	\$10,030

Health Care Trend Rate Sensitivity Analysis The initial healthcare trend rate is 8.80% for HealthSelect, -53.30% for HealthSelect Medicare Advantage and 10% for Pharmacy and the ultimate rate is 4.30% for all. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used in measuring the net OPEB liability.

	1% Decrease (HealthSelect: 7.80% decreasing to 3.30%; HealthSelect Medicare Advantage: -54.30% decreasing to 3.30%; Pharmacy: 9.00% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HealthSelect: 8.80% decreasing to 4.30%; HealthSelect Medicare Advantage: -53.30% decreasing to 4.30%; Pharmacy: 10.00% decreasing to 4.30%)	1% Increase (HealthSelect: 9.80% decreasing to 5.30%; HealthSelect Medicare Advantage: -52.30% decreasing to 5.30%; Pharmacy: 11.00% decreasing to 5.30%)
College’s proportionate share of the net OPEB liability (in thousands)	\$9,849	\$11,768	\$14,284

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2021, the College reported a liability of \$11,768,283 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	\$ 11,768,283
State’s proportionate share that is associated with College	<u>10,372,590</u>
Total	<u>\$ 22,140,873</u>

The net OPEB liability was measured as of August 31, 2020, 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, 2019, through August 31, 2020.

At the measurement date of August 31, 2020, the employer’s proportion of the collective net OPEB liability was 0.035613300% which was a decrease of 0.00241153% from its proportion measured as of August 31, 2019.

For the year ended August 31, 2021, the College recognized a reversal in OPEB expense of \$122,383 and revenue of \$122,383 for OPEB support provided by the State.

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

- Demographic assumptions (including rates of preretirement and post-disability mortality for all State Agency members; assumed rates of termination and retirement for certain members who are Certified Peace Officers/Custodial Officers (CPO/CO); and assumed salary, aggregate payroll increases and the assumed rate of general inflation) have been updated to reflect assumptions recently adopted by the System’s Board of Trustees.
- Assumed Per Capita Health Benefit Costs and assumed Health Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future female retirees assumed to be married and electing coverage for their spouse.
- The proportion of future retirees assumed to cover dependent children have been updated to reflect recent plan experience and expected trends. Moreover, the Patient-Centered Outcomes Research Institute fees payable under the Affordable Care Act have been updated to reflect Internal Revenue Service Notice 2020-44.
- The discount rate assumption was changed from 2.97% as of August 31, 2019 to 2.20% as of August 31, 2020 as a result of requirements by GASB 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

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

- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.
- The only benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect effective January 1, 2020. They changed from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

At August 31, 2021, 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	\$ -	\$ 460,264
Changes in actuarial assumptions	681,302	2,535,580
Difference between projected and actual investment earnings	3,512	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	1,802,047	863,088
Contributions paid to ERS subsequent to the measurement date	<u>211,738</u>	<u>-</u>
Total	<u>\$ 2,698,599</u>	<u>\$ 3,858,932</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>	
2022	\$ (585,168)
2023	(247,670)
2024	(58,226)
2025	(291,811)
2026	<u>(189,196)</u>
Total	<u>\$ (1,372,071)</u>

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – COMPENSATED ABSENCES

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

Sick Leave

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

Vacation

Classified and administrative full-time employees are eligible for vacation benefits at a rate of one day per full month of employment; and may accrue and carry forward from one year to the next a maximum of 30 vacation days. Upon termination of employment, not more than 30 vacation days shall be compensated. The College has recognized an accrued liability for unpaid vacation leave in the amount of \$500,360 and \$507,253 as of August 31, 2021 and 2020, respectively. Faculty employees are not eligible to earn vacation benefits.

Compensatory Time

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – PROPERTY TAX

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

At August 31:	<u>2021</u>	<u>2020</u>
Certified Taxable Valuation of the College	\$8,558,749,872	\$8,017,532,136
Adjustments	<u>347,729,304</u>	<u>243,909,384</u>
Net Assessed Valuation of the College	<u>\$8,906,479,176</u>	<u>\$8,261,441,520</u>

	<u>2021</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>
	<u>Operations</u>	<u>Service</u>	
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.159188	-	\$.159188
	<u>2020</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>
	<u>Operations</u>	<u>Service</u>	
Authorized Tax rate per \$100 Valuation	\$.270000	-	\$.270000
Assessed Tax rate per \$100 Valuation	\$.171188	-	\$.171188

Taxes levied for the years ended August 31, 2021 and 2020, based on certified rolls, as reported by the taxing authorities amounted to \$14,183,392 and \$14,149,234, respectively. Galveston County Tax Assessor and Collector is the collecting agency for the levy and remits collections to the College, net of a collection fee.

Tax collections for the years ended August 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current Taxes Collected	\$ 13,743,738	\$ 13,771,482
Delinquent Taxes Collected	380,309	328,129
Penalties and Interest Collected	<u>210,836</u>	<u>164,332</u>
Total Collections	<u>\$ 14,334,883</u>	<u>\$ 14,263,943</u>

Tax collections for the years ended August 31, 2021 and 2020 were 96.90% and 97.33%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – CONTRACT AND GRANT AWARD

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Contract and grant awards are recognized as revenues as funds are actually expended. For contracts and grant awards, funds expended but not collected are reported as receivables. Funds received but not expended during the reporting period are deferred until earned. As of August 31, 2021 and 2020, \$944,346 and \$120,331, respectively, of grant funds have been received in advance.

NOTE 15 – DESIGNATED UNRESTRICTED NET POSITION

In fiscal year 2011, the Board approved \$5,128,890 of unrestricted net position to be designated in the event of a natural disaster. At August 31, 2020, the unrestricted net position of \$4,626,318 was lower than the board designated net position of \$5,128,890 primarily due to the implementation of GASB No. 75 in 2018. Unrestricted net position of \$7,512,593 exceeds the board designated net position of \$5,128,890 at August 31, 2021.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Federal and State of Texas Assisted Programs

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

COVID-19

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

NOTE 17 – GALVESTON COLLEGE FOUNDATION AND RELATED PARTY TRANSACTIONS

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

The Foundation remitted \$260,242 and \$315,734 to the College for scholarship awards during the years ended August 31, 2021 and 2020, respectively. The Foundation did not fund any grant programs in 2021 and 2020.

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

During the years ended August 31, 2021 and 2020, 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 \$52,230 and \$62,508 for fiscal years 2021 and 2020, respectively.

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENT

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

NOTE 19 – OPERATING LEASES

In June 2017, the College entered into a lease agreement for office equipment, expiring June 2021. This lease was renewed in 2021 and now expires in June 2025. During the years ended August 31, 2021 and 2020, rent incurred for leased equipment amounted to \$93,826 and \$97,955, respectively. Future minimum lease payments under this agreement are as follows:

Year Ending <u>August 31,</u>		
2022	\$	73,185
2023		73,185
2024		73,185
2025		60,988
Total	\$	280,543

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*	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of collective net pension liability	0.0103272%	0.0106717%	0.0099487%	0.0102763%	0.0104586%	0.0103144%	0.0117839%
College's proportionate share of collective net pension liability	\$ 5,531,062	\$ 5,547,478	\$ 5,475,997	\$ 3,285,796	\$ 3,952,159	\$ 3,646,003	\$ 3,147,643
State's proportionate share of net pension liability associated with College	4,190,817	3,967,963	3,979,071	2,073,938	2,466,383	2,388,048	2,061,454
Total	<u>9,721,879</u>	<u>9,515,441</u>	<u>9,455,068</u>	<u>5,359,734</u>	<u>6,418,542</u>	<u>6,034,051</u>	<u>5,209,097</u>
College's covered payroll	<u>\$ 10,004,906</u>	<u>\$ 9,546,366</u>	<u>\$ 8,576,788</u>	<u>\$ 8,069,445</u>	<u>\$ 7,880,598</u>	<u>\$ 7,415,939</u>	<u>\$ 7,235,080</u>
College's proportionate share of collective net pension liability as a percentage of covered payroll	55.28%	58.11%	63.85%	40.72%	50.15%	49.16%	43.51%
Plan fiduciary net position as percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

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

<u>For the years ended August 31⁴</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Legally required contributions	\$ 428,844	\$ 426,105	\$ 373,127	\$ 334,968	\$ 336,796	\$ 332,513	\$ 305,714
Actual contributions	<u>(428,844)</u>	<u>(426,105)</u>	<u>(373,127)</u>	<u>(334,968)</u>	<u>(336,796)</u>	<u>(332,513)</u>	<u>(305,714)</u>
Contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered payroll amount	<u>\$ 10,042,641</u>	<u>\$ 10,004,906</u>	<u>\$ 9,546,336</u>	<u>\$ 8,576,788</u>	<u>\$ 8,069,445</u>	<u>\$ 7,880,598</u>	<u>\$ 7,415,939</u>
Contributions as a percentage of covered payroll	4.27%	4.26%	3.91%	3.91%	4.17%	4.22%	4.12%

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR PENSIONS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 1 - CHANGES OF BENEFIT TERMS INCLUDE:

There were no changes in benefit terms for the fiscal year ended August 31, 2021.

NOTE 2 - CHANGES OF ASSUMPTIONS:

There were no material changes to assumptions for the fiscal year ended August 31, 2021.

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of collective net OPEB liability	0.03561330%	0.03802483%	0.03727228%	0.02926327%
College's proportionate share of collective net OPEB liability	\$ 11,768,283	\$ 13,142,398	\$ 11,046,663	\$ 9,970,878
State's proportionate share of net OPEB liability associated with College	<u>10,372,590</u>	<u>10,342,591</u>	<u>8,714,666</u>	<u>9,948,492</u>
Total	<u><u>22,140,873</u></u>	<u><u>23,484,989</u></u>	<u><u>19,761,329</u></u>	<u><u>19,919,370</u></u>
College's covered-employee payroll	<u>\$ 11,785,731</u>	<u>\$ 11,398,722</u>	<u>\$ 10,505,500</u>	<u>\$ 10,018,381</u>
College's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	99.85%	115.30%	105.15%	99.53%
Plan fiduciary net position as percentage of the total OPEB liability	0.32%	0.17%	1.27%	2.04%

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

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

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

<u>For the year ended August 31*</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Legally required contributions	\$ 1,119,322	\$ 980,737	\$ 1,126,497	\$ 1,087,352
Actual contributions	<u>(1,119,322)</u>	<u>(980,737)</u>	<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>\$ 11,871,132</u>	<u>\$ 11,785,731</u>	<u>\$ 12,386,235</u>	<u>\$ 10,505,500</u>
Contributions as a percentage of covered-employee payroll	9.43%	8.32%	9.09%	10.35%

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

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

GALVESTON COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES FOR OPEB
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 1 - CHANGES OF BENEFIT TERMS INCLUDE:

The only benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect effective January 1, 2020. They changed from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

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

NOTE 2 - CHANGES OF ASSUMPTIONS:

Demographic Assumptions

The following assumptions have been updated since the previous valuation to reflect plan experience and expected trends.

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

Economic Assumptions

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

The discount rate assumption was changed from 2.97% to 3.96% as a result of requirements by GASB 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The minor benefit changes have been reflected in the FY 2020 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, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

Schedule A

	Unrestricted	Restricted	Total Educational Activity	Auxiliary Enterprises	2021 Total	2020 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 1,997,970	\$ -	\$ 1,997,970	\$ -	\$ 1,997,970	\$ 2,033,384
TPEG - Credit (set aside) *	131,801	-	131,801	-	131,801	132,520
Non-Resident Tuition	280,611	-	280,611	-	280,611	220,451
Non-State Funded Educational Programs	30,928	-	30,928	-	30,928	42,711
Total Tuition	2,441,310	-	2,441,310	-	2,441,310	2,429,066
Fees:						
Student Service Fee	-	-	-	65,967	65,967	71,631
Course Fees	830,445	-	830,445	-	830,445	589,913
Building Use Fee	1,146,859	-	1,146,859	-	1,146,859	1,079,988
Out of District Fee	467,480	-	467,480	-	467,480	448,199
General Service Fee	267,146	-	267,146	-	267,146	296,076
Registration Fee	162,360	-	162,360	-	162,360	179,274
Total Fees	2,874,290	-	2,874,290	65,967	2,940,257	2,665,081
Scholarship Allowances and Discounts:						
Scholarship Allowances	(687,049)	-	(687,049)	(6,432)	(693,481)	(620,586)
Remissions and Exemptions - State	(428,311)	-	(428,311)	-	(428,311)	(383,622)
Title IV Federal Grants to Students	(1,531,031)	-	(1,531,031)	(20,456)	(1,551,487)	(1,255,301)
Total Scholarship Allowances and Discounts	(2,646,391)	-	(2,646,391)	(26,888)	(2,673,279)	(2,259,509)
Total Net Tuition and Fees	2,669,209	-	2,669,209	39,079	2,708,288	2,834,638
Additional Operating Revenues:						
Federal Grants and Contracts	-	3,255,489	3,255,489	-	3,255,489	2,501,402
State Grants and Contracts	-	367,738	367,738	-	367,738	303,196
Private Grants and Scholarships	-	701,782	701,782	-	701,782	2,815,188
Other Operating Revenues	223,278	-	223,278	-	223,278	116,334
Total Additional Operating Revenues	223,278	4,325,009	4,548,287	-	4,548,287	5,736,120
Auxiliary Enterprises:						
Residential Life	-	-	-	672,485	672,485	200,538
Less Scholarship Allowances and Discounts	-	-	-	(272,309)	(272,309)	(108,943)
Bookstore Commissions	-	-	-	37,135	37,135	74,470
Vending Commissions	-	-	-	3,528	3,528	4,689
Other Auxiliary Revenue	-	-	-	121,019	121,019	140,020
Total Auxiliary Enterprises	-	-	-	561,858	561,858	310,774
Total Operating Revenues	\$ 2,892,487	\$ 4,325,009	\$ 7,217,496	\$ 600,937	\$ 7,818,433	\$ 8,881,532
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code §56.003, \$131,801 and \$132,520 for years August 31, 2021 and 2020, 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, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

Schedule B

	Operating Expenses			2021 Total	2020 Total	
	Salaries and Wages	Benefits				Other Expenses
		State	Local			
Unrestricted - Educational Activities:						
Instruction	\$ 6,248,508	\$ -	\$ 1,342,082	\$ 592,621	\$ 8,183,211	\$ 8,135,469
Public Service	-	-	-	4,434	4,434	6,915
Academic Support	1,249,065	-	298,317	227,080	1,774,462	1,831,373
Student Services	1,426,860	-	354,879	680,477	2,462,216	2,587,778
Institutional Support	2,351,021	-	776,316	1,860,475	4,987,812	5,272,467
Operation and Maintenance of Plant	549,399	-	255,754	1,938,615	2,743,768	2,594,027
Total Unrestricted Educational Activities	11,824,853	-	3,027,348	5,303,702	20,155,903	20,428,029
Restricted - Educational Activities:						
Instruction	466,919	584,206	112,897	478,328	1,642,350	1,608,357
Academic Support	-	136,632	-	-	136,632	142,758
Student Services	448,415	167,704	142,093	272,480	1,030,692	953,581
Institutional Support	-	307,507	-	120,580	428,087	994,396
Scholarships and Fellowships	-	-	-	2,862,901	2,862,901	2,997,501
Total Restricted Educational Activities	915,334	1,196,049	254,990	3,734,289	6,100,662	6,696,593
Total Educational Activities	12,740,187	1,196,049	3,282,338	9,037,991	26,256,565	27,124,622
Auxiliary Enterprises	182,201	-	62,391	764,610	1,009,202	680,031
Depreciation Expense - Buildings and Other Real Estate						
Improvements	-	-	-	717,268	717,268	650,951
Depreciation Expense - Equipment, Furniture and Library Books	-	-	-	459,687	459,687	464,340
Total Operating Expenses	\$ 12,922,388	\$ 1,196,049	\$ 3,344,729	\$ 10,979,556	\$ 28,442,722	\$ 28,919,944
				(Exhibit 2)	(Exhibit 2)	

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2021 Total	2020 Total
Non-Operating Revenues:					
State Appropriations:					
Education and General State Support	\$ 4,609,371	\$ -	\$ -	\$ 4,609,371	\$ 4,609,458
State Group Insurance	-	943,625	-	943,625	943,625
State Retirement Match	-	444,265	-	444,265	696,818
Total State Appropriations	4,609,371	1,387,890	-	5,997,261	6,249,901
Property Taxes	14,448,842	-	-	14,448,842	14,283,682
Federal Student Assistance (Title IV Grants)	-	3,600,353	-	3,600,353	3,573,416
Investment Income	35,344	-	-	35,344	260,806
Other Non-Operating Income	-	-	-	-	3,000
Total Non-Operating Revenues	14,484,186	3,600,353	-	18,084,539	18,120,904
NET NON-OPERATING REVENUES	\$ 19,093,557	\$ 4,988,243	\$ -	\$ 24,081,800	\$ 24,370,805
				(Exhibit 2)	(Exhibit 2)

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

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	\$ 5,441,050	\$ -	\$ -	\$ -	\$ 5,441,050	\$ 5,441,050	\$ -
Auxiliary	678,032	-	-	-	678,032	678,032	-
Scholarships	-	237,583	-	-	237,583	237,583	-
Plant:							
Unexpended	1,393,511	-	-	-	1,393,511	1,393,511	-
Investment in Plant	-	-	-	25,640,822	25,640,822	-	25,640,822
Total Net Position, August 31, 2021	7,512,593	237,583	-	25,640,822	33,390,998	7,750,176	25,640,822
Total Net Position, August 31, 2020	4,626,318	220,736	-	25,086,433	29,933,487	4,847,054	25,086,433
Net Increase in Net Position	\$ 2,886,275	\$ 16,847	\$ -	\$ 554,389	\$ 3,457,511	\$ 2,903,122	\$ 554,389

(Exhibit 2)

See Independent Auditors' Report.

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

a beacon of light guiding lifelong learning



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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, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 22, 2021.

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) as a basis for designing 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 financial statements. 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.

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

Houston, Texas
November 22, 2021



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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, 2021. 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, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Caru, Riggs & Ingram, L.L.C.

Houston, Texas
November 22, 2021

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing 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		\$ 91,564	-
Federal Work-Study Program	84.033		31,394	-
Federal Pell Grant Program	84.063		3,477,395	-
Federal Direct Student Loans	84.268		<u>1,162,770</u>	<u>-</u>
Total Student Financial Assistance Cluster			<u>4,763,123</u>	<u>-</u>
TRIO Cluster:				
TRIO _ Student Support Services	84.042		272,531	-
TRIO _ Upward Bound	84.047		<u>298,343</u>	<u>-</u>
Total TRIO Cluster			<u>570,874</u>	<u>-</u>
Higher Education _ Institutional Aid -				
Pathway Model for Improved Teaching, Advising, and Transfer at Hispanic-Serving Community College	84.031S		388,745	-
COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund:				
COVID-19 Student Aid Portion	84.425E		757,862	-
COVID-19 Institutional Portion	84.425F		989,588	-
COVID-19 Minority Serving Institutions	84.425L		<u>225,201</u>	<u>-</u>
Total COVID-19: Higher Education Emergency Relief Fund Direct Funding			1,972,651	-
Passed-Through From:				
Texas Higher Education Coordinating Board:				
COVID-19: Education Stabilization Fund:				
Governor's Emergency Education Relief (GEER) Fund	84.425C	23509, 24775	<u>34,092</u>	<u>-</u>
Total COVID-19: Education Stabilization Fund			<u>2,006,743</u>	<u>-</u>
Passed-Through From:				
Texas Higher Education Coordinating Board:				
Career and Technical Education - Basic Grants	84.048	23680	<u>126,976</u>	<u>-</u>
Total U.S. Department of Education			<u>7,856,461</u>	<u>-</u>
U.S. Department of Labor				
Passed-Through From:				
Occupational Safety and Health Administration				
Occupational Safety and Health Susan Harwood Training Grants	17.502	SH990055SH0	<u>15,999</u>	<u>-</u>
Total U.S. Department of Labor			<u>15,999</u>	<u>-</u>
National Science Foundation				
Direct Programs:				
Research and Development Cluster:				
Education and Human Resources - STEM Honors, Study Abroad, and Scholars Programs	47.076		<u>146,152</u>	<u>-</u>
Total Research and Development Cluster and National Science Foundation			<u>146,152</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,018,612</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, 2021

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, 2021. 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, 2021.

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)	\$ 3,255,489
Federal Student Assistance, Non-Operating – (Schedule C)	<u>3,600,353</u>
Total Federal Revenues, per Statement of Revenues, Expenses and Changes In Net Position	6,855,842
Reconciling Item – Direct Student Loans	<u>1,162,770</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 8,018,612</u>

NOTE 3 – RELATIONSHIP TO FEDERAL REPORTS

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

GALVESTON COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2021

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? Yes

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*? Yes

Identification of major programs:

<u>Assistance Listing 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
COVID-19: Education Stabilization Fund:	
84.425C	COVID-19 Governor’s Emergency Education Relief (GEER) Fund
Higher Education Emergency Relief Fund	
84.425E	COVID-19 Student Aid Portion
84.425F	COVID-19 Institutional Portion
84.425L	COVID-19 Minority Serving Institutions

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, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 Compliance and Internal Controls over Quarterly Reporting (Significant Deficiency)

U.S. Department of Education
COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund
84.425E – COVID-19 Student Aid Portion

2020-2021 Funding

Criteria: Under 2 CFR Section 200.303(a), non-federal entities must establish and maintain effective internal controls to provide reasonable assurance that the entity is managing the federal awards in compliance with statutes, regulations, and the terms and conditions of the award. Additionally, Department of Education, through an electronic announcement (EA) required institutions that received a HEERF 1 Section 18004(a)(1) Student Aid portion award to publicly post certain information on their website no later than 30 days after award, and update that information every 45 days thereafter (by posting a new report). Through a revised EA, the frequency of the reporting was reduced to every calendar quarter.

Condition: Grant quarterly reports for student aid portion were not posted publicly on the College’s website. The College’s established controls over the quarterly reporting process did not work effectively to detect and / or correct this non-compliance over the quarterly reporting process.

Effect: This report is important because it lets the Department of Education know about the usage of funds under the COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund.

Cause: There is no formal reporting calendar established at the College to prevent / detect reporting non-compliance.

Questioned Costs: None.

Auditors’ Recommendation: We recommend that the quarterly report reminders be set on the Director of Financial Aid, the Associate Vice President of Student Services, the Financial Aid Office staff, and the General Financial Aid Office’s calendars.

Views of Responsible Officials: Management has already taken action to ensure that the deficiency noted above is being promptly corrected and control recommendation above is being implemented. In addition to the calendar reminders, the College’s HEERF support staff will be copied on the confirmation emails of the reports sent to the Department of Education. In the event that the Director of Financial Aid is unavailable to submit the reports, the Associate Vice President of Student Services will complete the procedure to post and submit the HEERF quarterly reports.

GALVESTON COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED

2021-002 Compliance and Internal Controls over Enrollment Reporting (Significant Deficiency)

U.S. Department of Education

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

2020-2021 Funding

Criteria: Under 34 CFR Section 685.309(b), participating schools in the Direct Loan program must update all information included in the enrollment report in the manner and format prescribed by the Secretary of Education.

Condition: Enrollment status for eleven out of the forty student files reviewed was not reported accurately in the enrollment reports submitted to the Department of Education. The College's established controls over the enrollment reporting process did not work effectively to detect and / or correct these non-compliances over the enrollment reporting process.

Effect: This information is important to the National Student Clearinghouse (Clearinghouse) because it lets them know which students are still working towards their degree, and which students are no longer enrolled (either from graduating or dropping out). This information needs to be known because students have a six month grace period after the time they are no longer enrolled and after this grace period is over, student loans must start being repaid. This report also allows the College to determine whether a student has withdrawn and therefore return of funds may be necessary.

Cause: The errors arose from a glitch in the College's reporting software which resulted in the College reporting the enrollment status of students of both the current and the immediately previous semester in submissions to the Clearinghouse, instead of just the current semester.

Questioned Costs: None.

Auditors' Recommendation: We recommend that enrollment reports are manually reviewed by the Director of Admissions/Registrar and the Director of Financial Aid before they are submitted to the Clearinghouse. Evidence of the review should also be maintained to allow for proper audit trail.

Views of Responsible Officials: Management has already taken action to ensure that the deficiency noted above is being promptly corrected and control recommendation above is being implemented. In addition to current checks and controls, the institution will create a comparison report using business intelligence tools to manually calculate enrolled hours and enrollment status for the term and current report. This report will be compared in detail verifying that each enrollment record agrees to the submission to the National Student Clearinghouse. If any discrepancies are found, they will be corrected prior to submission. The Director of Admissions/Registrar and the Director of Financial Aid will review and sign-off on the comparison report and retain a copy of each report for archival purposes. Additionally, the statuses of students impacted by the glitch have been corrected and revisions to the submissions have been made.

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, 2020.

GALVESTON COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021



November 22, 2021

Galveston College respectfully submits the following corrective action plan for the year ended August 31, 2021:

2021-001 Compliance and Internal Controls over Quarterly Reporting (Significant Deficiency)

Recommendation: We recommend that the quarterly report reminders be set on the Director of Financial Aid, the Associate Vice President of Student Services, the Financial Aid Office staff, and the General Financial Aid Office's calendars.

Corrective Action: In addition to the calendar reminders, the College's HEERF support staff will be copied on the confirmation emails of the reports sent to the Department of Education. In the event that the Director of Financial Aid is unavailable to submit the reports, the Associate Vice President of Student Services will complete the procedure to post and submit the HEERF quarterly reports.

Responsible Party: Director of Financial Aid - Meghann Nash /Associate Vice President of Student Services - Ron Crumedy /Financial Aid Office staff

Date Expected to be Corrected: Immediately (Reports were posted on the Galveston College website and emailed to HEERFreporting@ed.gov on October 21, 2021.)

2021-002 Compliance and Internal Controls over Reporting (Significant Deficiency)

Recommendation: We recommend that enrollment reports are manually reviewed by the Director of Admissions/Registrar and the Director of Financial Aid before they are submitted to the Clearinghouse. Evidence of the review should also be maintained to allow for proper audit trail.

Corrective Action: In addition to current checks and controls, the institution will create a comparison report using business intelligence tools to manually calculate enrolled hours and enrollment status for the term and current report. This report will be compared in detail verifying that each enrollment record agrees to the submission to the National Student Clearinghouse. If any discrepancies are found, they will be corrected prior to submission. The Director of Admissions/Registrar and the Director of Financial Aid will review and sign-off on the comparison report and retain a copy of each report for archival purposes.

Responsible Party: Director of Admissions/Registrar - Scott Branum /Director of Financial Aid - Meghann Nash

Date Expected to be Corrected: Immediately

Sincerely,

Jeff Engbrock- CFO/Comptroller

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)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Invested in Capital Assets, Net of Related Debt	\$ 25,641	\$ 25,086	\$ 21,431	\$ 20,901	\$ 20,510	\$ 20,188	\$ 19,538	\$ 17,990	\$ 17,273	\$ 14,748
Restricted - Expendable	237	221	217	188	253	242	174	879	887	893
Unrestricted	7,513	4,626	3,953	2,829	13,428	11,002	9,383	11,349	10,304	11,633
Total Net Position	\$ 33,391	\$ 29,933	\$ 25,601	\$ 23,918	\$ 34,191	\$ 31,432	\$ 29,095	\$ 30,218	\$ 28,464	\$ 27,274

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)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tuition and Fees (Net of Discounts)	\$ 2,708	\$ 2,835	\$ 2,901	\$ 2,909	\$ 2,767	\$ 2,605	\$ 2,574	\$ 2,519	\$ 2,521	\$ 2,524
Governmental Grants and Contracts:										
Federal Grants and Contracts	3,255	2,501	2,227	1,180	1,756	1,543	2,078	2,222	1,712	1,269
State Grants and Contracts	368	303	361	441	224	505	604	265	216	167
Non-Governmental Grants and Contracts	702	2,815	950	638	782	556	581	681	553	390
Auxiliary Enterprises	562	311	341	315	244	233	298	305	248	220
Other Operating Revenues	223	116	259	175	261	217	137	141	115	97
Total Operating Revenues	7,818	8,881	7,039	5,658	6,034	5,659	6,272	6,133	5,365	4,667
State Appropriations	5,997	6,250	5,391	5,687	4,741	4,766	4,709	4,662	3,853	4,039
Property Taxes	14,449	14,284	13,870	12,762	12,355	11,815	11,022	10,512	10,086	9,483
Federal Student Assistance	3,601	3,573	3,528	2,932	2,845	2,729	2,852	3,343	3,809	4,189
Investment and Other Income	35	261	480	292	124	51	19	20	40	75
Other Non-Operating Revenues	-	3	-	58	137	49	-	-	-	-
Total Non-Operating Revenues	24,082	24,371	23,269	21,731	20,202	19,410	18,602	18,537	17,788	17,786
Total Revenues	\$ 31,900	\$ 33,252	\$ 30,308	\$ 27,389	\$ 26,236	\$ 25,069	\$ 24,874	\$ 24,670	\$ 23,153	\$ 22,453

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tuition and Fees (Net of Discounts)	8.49%	8.52%	9.57%	10.62%	10.55%	10.39%	10.35%	10.21%	10.89%	11.24%
Governmental Grants and Contracts:										
Federal Grants and Contracts	10.21%	7.52%	7.35%	4.31%	6.69%	6.16%	8.35%	9.01%	7.39%	5.65%
State Grants and Contracts	1.15%	0.91%	1.19%	1.61%	0.85%	2.01%	2.43%	1.07%	0.93%	0.75%
Non-Governmental Grants and Contracts	2.20%	8.47%	3.13%	2.33%	2.98%	2.22%	2.34%	2.76%	2.39%	1.74%
Auxiliary Enterprises	1.76%	0.93%	1.13%	1.15%	0.93%	0.93%	1.20%	1.24%	1.07%	0.98%
Other Operating Revenues	0.70%	0.35%	0.85%	0.64%	1.00%	0.87%	0.55%	0.57%	0.50%	0.43%
Total Operating Revenues	<u>24.51%</u>	<u>26.70%</u>	<u>23.22%</u>	<u>20.66%</u>	<u>23.00%</u>	<u>22.58%</u>	<u>25.22%</u>	<u>24.86%</u>	<u>23.17%</u>	<u>20.79%</u>
State Appropriations	18.80%	18.80%	17.79%	20.76%	18.07%	19.01%	18.93%	18.90%	16.64%	17.99%
Property Taxes	45.29%	42.96%	45.76%	46.60%	47.09%	47.13%	44.31%	42.61%	43.56%	42.23%
Federal Student Assistance	11.29%	10.75%	11.65%	10.71%	10.84%	10.89%	11.46%	13.55%	16.45%	18.66%
Investment and Other Income	0.11%	0.78%	1.58%	1.07%	0.47%	0.20%	0.08%	0.08%	0.18%	0.33%
Other Non-Operating Revenues	-	0.01%	-	0.20%	0.53%	0.19%	-	-	-	-
Total Non-Operating Revenues	<u>75.49%</u>	<u>73.30%</u>	<u>76.78%</u>	<u>79.34%</u>	<u>77.00%</u>	<u>77.42%</u>	<u>74.78%</u>	<u>75.14%</u>	<u>76.83%</u>	<u>79.21%</u>
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)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction	\$ 9,826	\$ 9,744	\$ 9,774	\$ 9,052	\$ 8,436	\$ 8,008	\$ 7,520	\$ 7,811	\$ 7,464	\$ 6,121
Public Service	4	7	15	38	25	36	21	12	19	37
Academic Support	1,911	1,974	1,866	1,780	1,527	1,620	1,471	1,404	1,358	1,261
Student Services	3,493	3,541	3,808	3,491	2,894	2,729	2,785	2,760	2,405	2,527
Institutional Support	5,416	6,267	5,295	4,895	4,499	4,399	4,099	4,191	3,862	3,621
Operation and Maintenance of Plant	2,744	2,594	2,983	2,858	2,359	2,448	2,558	2,695	2,469	2,391
Scholarships and Fellowships	2,863	2,998	2,391	2,043	1,851	1,905	2,090	2,392	2,770	3,008
Auxiliary Enterprises	1,009	680	766	848	822	718	696	731	698	577
Depreciation	1,177	1,115	1,044	990	950	869	830	865	826	787
Total Operating Expenses	<u>28,443</u>	<u>28,920</u>	<u>27,942</u>	<u>25,995</u>	<u>23,363</u>	<u>22,732</u>	<u>22,070</u>	<u>22,861</u>	<u>21,871</u>	<u>20,330</u>
Interest on Capital Related Debt	-	-	-	-	-	-	28	54	76	95
Loss on Disposal of Capital Assets	-	-	683	-	-	-	332	-	-	-
Other Expenses	-	-	-	28	114	-	-	1	16	-
Total Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>683</u>	<u>28</u>	<u>114</u>	<u>-</u>	<u>360</u>	<u>55</u>	<u>92</u>	<u>95</u>
Total Expenses	<u>\$ 28,443</u>	<u>\$ 28,920</u>	<u>\$ 28,625</u>	<u>\$ 26,023</u>	<u>\$ 23,477</u>	<u>\$ 22,732</u>	<u>\$ 22,430</u>	<u>\$ 22,916</u>	<u>\$ 21,963</u>	<u>\$ 20,425</u>

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction	34.55%	33.69%	34.14%	34.78%	35.93%	35.23%	33.53%	34.09%	33.98%	29.97%
Public Service	0.01%	0.02%	0.05%	0.15%	0.11%	0.16%	0.09%	0.05%	0.09%	0.18%
Academic Support	6.71%	6.83%	6.52%	6.84%	6.50%	7.13%	6.56%	6.13%	6.18%	6.17%
Student Services	12.28%	12.24%	13.30%	13.42%	12.33%	12.01%	12.42%	12.04%	10.95%	12.37%
Institutional Support	19.04%	21.67%	18.50%	18.81%	19.16%	19.35%	18.27%	18.29%	17.58%	17.73%
Operation and Maintenance of Plant	9.65%	8.97%	10.42%	10.98%	10.05%	10.77%	11.40%	11.76%	11.24%	11.71%
Scholarships and Fellowships	10.07%	10.37%	8.35%	7.85%	7.88%	8.38%	9.33%	10.44%	12.62%	14.73%
Auxiliary Enterprises	3.55%	2.35%	2.68%	3.26%	3.50%	3.16%	3.10%	3.19%	3.18%	2.82%
Depreciation	4.14%	3.86%	3.65%	3.80%	4.05%	3.81%	3.70%	3.77%	3.76%	3.85%
Total Operating Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>97.61%</u>	<u>99.89%</u>	<u>99.51%</u>	<u>100.00%</u>	<u>98.40%</u>	<u>99.76%</u>	<u>99.58%</u>	<u>99.53%</u>
Interest on Capital Related Debt	-	-	-	-	-	-	0.12%	0.24%	0.35%	0.47%
Loss on Disposal of Capital Assets	-	-	2.39%	-	-	-	1.48%	-	-	-
Other Expenses	-	-	-	0.11%	0.49%	-	-	0.00%	0.07%	-
Total Non-Operating Expenses	<u>0.00%</u>	<u>0.00%</u>	<u>2.39%</u>	<u>0.11%</u>	<u>0.49%</u>	<u>0.00%</u>	<u>1.60%</u>	<u>0.24%</u>	<u>0.42%</u>	<u>0.47%</u>
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)

Table 4

Academic Year (Fall)	Registration Fee (per student)	Resident Fees per Semester Credit Hour (SCH)					Student Activity Fees (per student)	General Service Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		In-District Tuition	Out-of-District Tuition	Building Use Fee	Technology Fees							
2021	\$ 30	\$ 45	\$ 22	\$ 25	\$ -	\$ 15	\$ 50	\$ 935	\$ 1199	0.00%	0.00%	
2020	30	45	22	25	-	15	50	935	1199	11.44%	11.12%	
2019	30	40	20	22	-	15	50	839	1079	0.00%	0.00%	
2018	30	40	20	22	-	15	50	839	1079	0.00%	0.00%	
2017	30	40	20	22	-	15	50	839	1079	0.00%	0.00%	
2016	30	40	20	22	-	15	50	839	1079	7.70%	11.12%	
2015	30	37	16	20	-	15	50	779	971	0.00%	5.20%	
2014	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2013	30	37	12	20	-	15	50	779	923	0.00%	0.00%	
2012	30	37	12	20	-	15	50	779	923	0.00%	0.00%	

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							
2021	\$ 30	\$ 120	22	\$ 25	\$ -	\$ 15	\$ 50	\$ 2,099	\$ 2,099	0.00%	0.00%	
2020	30	120	22	25	-	15	50	2,099	2,099	12.91%	12.91%	
2019	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%	
2018	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%	
2017	30	105	105	22	-	15	50	1,859	1,859	0.00%	0.00%	
2016	30	105	105	22	-	15	50	1,859	1,859	7.64%	7.64%	
2015	30	100	100	20	-	15	50	1,727	1,727	2.86%	2.86%	
2014	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2013	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	
2012	30	100	100	20	-	15	50	1,679	1,679	0.00%	0.00%	

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)
2020-21	\$ 8,558,750	\$ 347,729	\$ 8,906,479	96.10%	\$ 0.159188	\$ -	\$ 0.159188
2019-20	8,017,532	243,910	8,261,442	97.05%	0.171188	-	0.171188
2018-19	7,494,157	337,879	7,832,036	95.69%	0.175190	-	0.175190
2017-18	7,192,912	403,273	7,596,185	94.69%	0.166188	-	0.166188
2016-17	6,673,918	519,168	7,193,086	92.78%	0.170250	-	0.170250
2015-16	5,984,833	532,190	6,517,023	91.83%	0.178750	-	0.178750
2014-15	5,300,704	521,565	5,822,269	91.04%	0.187000	-	0.187000
2013-14	5,293,746	269,062	5,562,808	95.16%	0.187000	-	0.187000
2012-13	4,919,249	331,813	5,251,062	93.68%	0.189400	-	0.189400
2011-12	4,664,510	249,166	4,913,676	94.93%	0.189450	-	0.189450

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
2020-2021	\$ 4,609,371	1,517	\$ 3,038	551,600	526,256	38,792	1,116,648	\$ 4.13
2019-2020	4,609,458	1,607	2,868	608,624	519,888	54,313	1,182,825	3.90
2018-2019	4,086,685	1,607	2,543	610,827	521,792	52,962	1,185,581	3.45
2017-2018	4,086,757	1,472	2,776	567,424	461,712	52,360	1,081,496	3.78
2016-2017	3,659,631	1,414	2,588	580,608	426,064	28,551	1,035,223	3.54
2015-2016	3,654,400	1,414	2,584	556,496	413,664	44,763	1,014,923	3.60
2014-2015	3,759,208	1,412	2,662	573,491	389,040	22,975	985,506	3.81
2013-2014	3,759,208	1,483	2,535	619,467	401,440	11,335	1,032,242	3.64
2012-2013	3,143,636	1,560	2,015	677,200	375,472	5,333	1,058,005	2.97
2011-2012	3,364,137	1,575	2,136	701,232	346,672	10,216	1,058,120	3.18

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 FISCAL YEARS
 (Unaudited)

Table 7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Fiscal Year (\$000)										
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
TEXAS INTERNATIONAL TERMINALS	Transportation	\$ 56,534	\$ 11,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CENTERPOINT ENERGY HOUSTON	Utilities	52,586	52,088	80,272	46,451	46,207	44,882	47,163	46,500	41,553	40,100	27,402
FERTITTA HOSPITALITY INC	Hospitality	51,077	43,026	43,126	43,130	38,570	34,120	33,173	30,703	28,380	28,380	27,402
EIGHTEEN SEVENTY STRAND CORP	Hospitality	44,535	18,520	16,830	16,500	22,125	16,791	14,765	13,556	12,940	-	-
TFT GALVESTON PORTFOLIO LTD	Real Estate	27,688	18,679	19,343	18,699	18,501	12,381	10,340	-	8,932	-	-
2014 GALVESTON JONES DRIVE LLC	Real Estate	21,984	14,161	14,061	13,835	12,893	-	-	-	-	-	-
BEATTY STREET PROPERTIES INC	Real Estate	18,977	20,035	22,453	-	-	-	-	-	-	-	-
SILVERLEAF RESORTS INC	Hospitality	18,202	17,957	17,993	17,858	17,711	18,168	18,788	15,135	14,824	-	-
GALVESTON ISLAND WATER PARK LP	Hospitality	17,808	17,243	17,248	17,293	17,293	17,055	16,785	19,235	15,980	16,420	-
TPI CAMPECHE COVE LLC	Real Estate	17,298	12,000	11,845	11,573	9,959	-	-	-	-	-	-
PHI INC	Transportation	16,933	-	-	-	-	-	-	-	-	-	-
G&H TOWING COMPANY	Transportation	16,635	-	-	-	-	-	-	-	-	-	-
ISLAND HOSPITALITY INC	Hospitality	16,550	15,160	15,160	15,201	13,991	12,782	12,782	12,082	11,834	-	-
UNION PACIFIC RAILROAD CO	Railroad	15,548	14,784	14,243	-	-	-	-	-	-	-	-
INTERCHEM USA INC	Oil/Gas	15,181	13,236	13,269	-	-	-	-	-	-	-	-
BNSF RAILWAY CO	Railroad	14,762	13,861	13,277	11,880	11,704	11,177	11,162	-	9,236	-	-
GULF COAST KINGTON PROPERTIES LLC	Real Estate	14,624	-	-	-	-	-	-	-	-	-	-
GALVESTON TERMINALS INC	Transportation	14,503	14,609	14,492	14,556	15,019	15,639	15,757	16,418	24,831	24,888	-
CRESTMARC REDWOOD CARELTON HOLDINGS LLC	Real Estate	13,868	-	-	-	-	-	-	-	-	-	-
MOSAIC FERTILIZER LLC	Refinery	-	28,992	-	-	-	-	-	11,878	-	30,330	-
EMERALD GATHER & TRANS LLC	Oil/Gas	-	13,142	-	-	22,477	22,477	-	33,071	27,479	23,354	-
G&I VIII CLUB OF THE ISLE JV LP	Real Estate	-	12,582	12,582	12,582	-	-	-	-	-	-	-
WILLIE G'S POST OAK INC	Hospitality	-	11,984	18,814	23,927	30,077	31,377	31,379	31,500	-	-	-
WALMART REALTY CO #504	Real Estate	-	11,875	11,875	12,566	12,500	12,500	12,600	13,015	13,015	-	-
LAKESIDE GALVESTON PARTNERS LP	Real Estate	-	-	11,549	-	-	-	-	-	-	-	-
AMERICAN NATIONAL INS CO	Insurance	-	-	10,992	11,199	10,539	10,539	10,534	10,534	10,534	-	-
TRANSOCEAN OFFSHORE DEEPWATER	Oil/Gas	-	-	10,966	-	-	-	-	-	-	-	-
LAFITTES HARBOR DEVELOPMENT 11 LP	Insurance	-	-	-	18,523	-	-	-	-	-	-	-
RANGER OFFSHORE INC	Oil/Gas	-	-	-	13,645	-	-	-	-	-	-	-
AET LIGHTERING SERVICES LLC	Transportation	-	-	-	12,460	-	-	-	-	-	-	-
CLARK OIL TRADING COMPANY	Oil/Gas	-	-	-	11,994	-	-	-	-	-	-	-
CAMERON HIGHWAY OIL PIPELINE	Oil/Gas	-	-	-	11,323	-	-	-	-	-	-	-
AET OFFSHORE SERVICES INC	Oil/Gas	-	-	-	-	14,297	14,843	15,842	14,402	-	-	-
CHS INC	Oil/Gas	-	-	-	-	13,055	18,648	-	16,851	9,123	-	-
MP ISLAND INVESTMENTS LLC	Real Estate	-	-	-	-	11,941	11,941	10,994	10,994	11,017	-	-
9550 SEAWALL BLVD LLP	Hospitality	-	-	-	-	10,152	-	-	10,639	-	-	-
GULF SULPHUR SERVICES LTD LLP	Transportation	-	-	-	-	9,950	10,098	9,916	9,985	10,393	-	-
HALLIBURTON ENERGY SERVICES IN	Oil/Gas	-	-	-	-	-	11,368	13,908	12,850	18,968	25,085	-
OLCC TEXAS LLC	Computers	-	-	-	-	-	10,391	9,942	-	9,860	-	-
SWS HOLDINGS-BRADY ISLAND LP	Real Estate	-	-	-	-	-	9,844	-	-	-	-	-
Totals		465,293	375,931	390,390	355,195	358,961	347,021	295,830	329,348	278,899	187,579	
Total Taxable Assessed Value		\$ 8,906,860	\$ 8,261,450	\$ 7,494,157	\$ 7,192,912	\$ 6,673,918	\$ 5,984,833	\$ 5,300,704	\$ 5,293,746	\$ 4,919,249	\$ 4,664,510	

Source: Local County Appraisal District

See Independent Auditors' Report.

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

Table 7 - Continued

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
TEXAS INTERNATIONAL TERMINALS	Transportation	0.63%	0.15%	-	-	-	-	-	-	-	-
CENTERPOINT ENERGY HOUSTON	Utilities	0.59%	0.63%	1.07%	0.65%	0.69%	0.75%	0.89%	0.88%	0.84%	0.86%
FERTITTA HOSPITALITY INC	Hospitality	0.57%	0.52%	0.58%	0.60%	0.58%	0.57%	0.63%	0.58%	0.58%	0.59%
EIGHTEEN SEVENTY STRAND CORP	Hospitality	0.50%	0.22%	0.22%	0.23%	0.33%	0.28%	0.28%	0.26%	0.26%	-
TFT GALVESTON PORTFOLIO LTD	Real Estate	0.31%	0.23%	0.26%	0.26%	0.28%	0.21%	0.20%	-	0.18%	-
2014 GALVESTON JONES DRIVE LLC	Real Estate	0.25%	0.17%	0.19%	0.19%	0.19%	-	-	-	-	-
BEATTY STREET PROPERTIES INC	Real Estate	0.21%	0.24%	0.30%	-	-	-	-	-	-	-
SILVERLEAF RESORTS INC	Hospitality	0.20%	0.22%	0.24%	0.25%	0.27%	0.30%	0.35%	0.29%	0.30%	-
GALVESTON ISLAND WATER PARK LP	Hospitality	0.20%	0.21%	0.23%	0.24%	0.26%	0.28%	0.32%	0.36%	0.32%	0.35%
TPI CAMPECHE COVE LLC	Real Estate	0.19%	0.15%	0.16%	0.16%	0.15%	-	-	-	-	-
PHI INC	Transportation	0.19%	-	-	-	-	-	-	-	-	-
G&H TOWING COMPANY	Transportation	0.19%	-	-	-	-	-	-	-	-	-
ISLAND HOSPITALITY INC	Hospitality	0.19%	0.18%	0.20%	0.21%	0.21%	0.21%	0.24%	0.23%	0.24%	-
UNION PACIFIC RAILROAD CO	Railroad	0.17%	0.18%	0.19%	-	-	-	-	-	-	-
INTERCHEM USA INC	Oil/Gas	0.17%	0.16%	0.18%	-	-	-	-	-	-	-
BNSF RAILWAY CO	Railroad	0.17%	0.17%	0.18%	0.17%	0.18%	0.19%	0.21%	-	0.19%	-
GULF COAST KINGTON PROPERTIES LLC	Real Estate	0.16%	-	-	-	-	-	-	-	-	-
GALVESTON TERMINALS INC	Transportation	0.16%	0.18%	0.19%	0.20%	0.23%	0.26%	0.30%	0.31%	0.50%	0.53%
CRESTMARC REDWOOD CARELTON HOLDINGS LLC	Real Estate	0.16%	-	-	-	-	-	-	-	-	-
MOSAIC FERTILIZER LLC	Refinery	-	0.35%	-	-	-	-	-	0.22%	-	0.65%
EMERALD GATHER & TRANS LLC	Oil/Gas	-	0.16%	-	-	0.34%	0.38%	-	0.62%	0.56%	0.50%
G&I VIII CLUB OF THE ISLE JV LP	Real Estate	-	0.15%	0.17%	0.17%	-	-	-	-	-	-
WILLIE G'S POST OAK INC	Hospitality	-	0.15%	0.25%	0.33%	0.45%	0.52%	0.59%	0.60%	-	-
WALMART REALTY CO #504	Real Estate	-	0.14%	0.16%	0.17%	0.19%	0.21%	0.24%	0.25%	0.26%	-
LAKESIDE GALVESTON PARTNERS LP	Real Estate	-	-	0.15%	-	-	-	-	-	-	-
AMERICAN NATIONAL INS CO	Insurance	-	-	0.15%	0.16%	0.16%	0.18%	0.20%	0.20%	0.21%	-
TRANSOCEAN OFFSHORE DEEPWATER	Oil/Gas	-	-	0.15%	-	-	-	-	-	-	-
LAFITTES HARBOR DEVELOPMENT 11 LP	Insurance	-	-	-	0.26%	-	-	-	-	-	-
RANGER OFFSHORE INC	Oil/Gas	-	-	-	0.19%	-	-	-	-	-	-
AET LIGHTERING SERVICES LLC	Transportation	-	-	-	0.17%	-	-	-	-	-	-
CLARK OIL TRADING COMPANY	Oil/Gas	-	-	-	0.17%	-	-	-	-	-	-
CAMERON HIGHWAY OIL PIPELINE	Oil/Gas	-	-	-	0.16%	-	-	-	-	-	-
AET OFFSHORE SERVICES INC	Oil/Gas	-	-	-	-	0.21%	0.25%	0.30%	0.27%	-	-
CHS INC	Oil/Gas	-	-	-	-	0.20%	0.31%	-	0.32%	0.19%	-
MP ISLAND INVESTMENTS LLC	Real Estate	-	-	-	-	0.18%	0.20%	0.21%	0.21%	0.22%	-
9550 SEAWALL BLVD LLP	Hospitality	-	-	-	-	0.15%	-	-	0.20%	-	-
GULF SULPHUR SERVICES LTD LLP	Transportation	-	-	-	-	0.15%	0.17%	0.19%	0.19%	0.21%	-
HALLIBURTON ENERGY SERVICES IN	Oil/Gas	-	-	-	-	-	0.19%	0.26%	0.24%	0.39%	0.54%
OLCC TEXAS LLC	Computers	-	-	-	-	-	0.17%	0.19%	-	0.20%	-
SWS HOLDINGS-BRADY ISLAND LP	Real Estate	-	-	-	-	-	0.16%	-	-	-	-
Totals		5.21%	4.56%	5.22%	4.94%	5.40%	5.79%	5.60%	6.23%	5.65%	4.02%

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
2021	\$ 14,183	\$ 13,744	96.90%	\$ 380	\$ 14,124	99.58%
2020	14,149	13,771	97.33%	328	14,099	99.65%
2019	13,728	13,395	97.57%	314	13,709	99.86%
2018	12,628	12,330	97.64%	277	12,607	99.83%
2017	12,253	11,977	97.75%	227	12,204	99.60%
2016	11,656	11,409	97.89%	251	11,660	100.03%
2015	10,894	10,648	97.74%	213	10,861	99.70%
2014	10,403	10,144	97.52%	215	10,359	99.58%
2013	9,950	9,537	95.85%	382	9,919	99.69%
2012	9,315	8,947	96.05%	350	9,297	99.81%

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
2020	350,682	\$ *	\$ *	8.7%
2019	342,139	18,561	54,250	4.0%
2018	337,890	17,498	51,785	4.6%
2017	335,036	16,443	49,079	5.2%
2016	329,431	15,683	47,605	5.8%
2015	322,225	15,464	47,991	5.0%
2014	314,198	14,741	46,917	5.5%
2013	306,782	14,479	47,186	6.2%
2012	300,484	13,652	45,433	6.9%
2011	295,747	12,849	43,444	8.7%

Sources:

- County Population from U.S. Bureau of the Economic Analysis <http://www.bea.gov/>
- Personal Income data from U.S. Bureau of Economic Analysis <http://www.bea.gov/regional/reis/drill.cfm>
- Unemployment Rate from Texas Labor and Market Information <http://www.lmci.state.tx.us/>

* 2020 update is not available at this time

See Independent Auditors' Report.

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

Table 10

Employer	2021		2020		2019	2018	2017	
University of Texas Medical Branch	8,948	49.88%	8,324	47.74%			7,864	47.24%
Landry's Inc.	1,930	10.76%	1,930	11.07%			1,688	10.14%
Galveston Independent School District	1,251	6.98%	1,069	6.13%			1,032	6.20%
Moody Gardens	1,000	5.58%	1,034	5.93%			1,008	6.06%
American National Insurance Company	900	5.02%	950	5.45%			871	5.23%
Galveston County (on Island only)	888	4.95%	1,247	7.15%	Information not available	Information not available	1,333	8.01%
City of Galveston	803	4.48%	868	4.98%			753	4.52%
Schlitterbahn *	700	3.90%	500	2.87%			508	3.05%
Wal-Mart	500	2.79%	360	2.06%			431	2.59%
I. L. A. (Local-20, 1665, 1504-8, 1443)	360	2.01%	500	2.87%			465	2.79%
Mitchell Historic Properties	335	1.87%	335	1.92%			337	2.02%
Texas A&M University of Galveston	319	1.78%	319	1.83%			356	2.15%
Total	17,934	100.00%	17,436	100.00%			16,646	100.00%

Source:

Galveston Economic Development Partnership (GEDP)

<https://www.gedp.org/site-selection>

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Faculty:										
Full-Time	55	62	60	59	56	56	56	58	52	47
Part-Time	43	50	47	55	42	41	40	43	62	53
Total	<u>98</u>	<u>112</u>	<u>107</u>	<u>114</u>	<u>98</u>	<u>97</u>	<u>96</u>	<u>101</u>	<u>114</u>	<u>100</u>
Percent:										
Full-Time	56.1%	55.4%	56.1%	51.8%	57.1%	57.7%	58.3%	57.4%	45.6%	47.0%
Part-Time	43.9%	44.6%	43.9%	48.2%	42.9%	42.3%	41.7%	42.6%	54.4%	53.0%
Staff and Administrators:										
Full-Time	101	109	109	101	100	102	99	96	90	85
Part-Time	54	46	64	52	56	53	47	46	38	47
Total	<u>155</u>	<u>155</u>	<u>173</u>	<u>153</u>	<u>156</u>	<u>155</u>	<u>146</u>	<u>142</u>	<u>128</u>	<u>132</u>
Percent:										
Full-Time	65.2%	70.3%	63.0%	66.0%	64.1%	65.8%	67.8%	67.6%	70.3%	64.4%
Part-Time	34.8%	29.7%	37.0%	34.0%	35.9%	34.2%	32.2%	32.4%	29.7%	35.6%
FTSE per Full-time Faculty	27.6	25.9	26.8	24.9	25.3	25.3	25.2	25.6	30.0	33.5
FTSE per Full-Time Staff Member	15.0	14.7	14.7	14.6	14.1	13.9	14.3	15.4	17.3	18.5
Average Annual Faculty Staff Equated to 9 Month Contract	\$ 66,320	\$ 65,384	\$ 70,523	\$ 77,418	\$ 74,786	\$ 69,278	\$ 64,486	\$ 64,779	\$ 65,613	\$ 62,016

See Independent Auditors' Report.

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

Table 12

Student Classification	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent																		
00-30 hours	1,268	61.55%	1,484	64.35%	1,601	66.08%	1,404	63.91%	1,436	65.27%	1,275	61.56%	1,323	64.60%	1,354	63.57%	1,398	63.75%	1,463	66.08%
31-60 hours	479	23.25%	477	20.69%	489	20.18%	455	20.71%	451	20.50%	509	24.58%	420	20.51%	496	23.29%	529	24.12%	503	22.72%
> 60 hours	143	6.94%	156	6.76%	141	5.82%	138	6.28%	101	4.59%	95	4.59%	103	5.03%	98	4.60%	78	3.56%	68	3.07%
Unclassified	170	8.26%	189	8.20%	192	7.92%	200	9.10%	212	9.64%	192	9.27%	202	9.86%	182	8.54%	188	8.57%	180	8.13%
Total	2,060	100.00%	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%

Semester Hour Load	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent																		
Less than 3	5	0.24%	11	0.48%	11	0.45%	12	0.55%	19	0.83%	9	0.43%	17	0.83%	17	0.80%	20	0.91%	26	1.17%
3-5 semester hours	440	21.36%	557	24.15%	609	25.13%	572	26.04%	584	23.58%	499	24.09%	483	23.58%	526	24.69%	469	21.39%	452	20.42%
6-8 Semester hours	532	25.83%	556	24.11%	631	26.04%	671	30.54%	672	29.83%	678	32.74%	611	29.83%	592	27.79%	669	30.51%	598	27.01%
9-11 semester hours	403	19.56%	451	19.56%	462	19.07%	358	16.29%	360	19.43%	381	18.40%	398	19.43%	418	19.62%	421	19.20%	416	18.79%
12-14 semester hours	435	21.12%	482	20.90%	451	18.61%	379	17.25%	383	17.19%	332	16.03%	352	17.19%	387	18.17%	478	21.80%	523	23.62%
15-17 semester hours	225	10.92%	233	10.10%	232	9.58%	197	8.97%	173	8.84%	163	7.88%	181	8.84%	187	8.78%	134	6.11%	192	8.67%
18 & over	20	0.97%	16	0.70%	27	1.12%	8	0.36%	9	0.30%	9	0.43%	6	0.30%	3	0.15%	2	0.08%	7	0.32%
Total	2,060	100.00%	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%

Average Course Load	8.8	8.5	8.9	8.6	8.5	8.5	8.7	8.7	8.8	9.1
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Tuition Status	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent																		
Texas Resident (In-District)	1,143	55.49%	1,255	54.42%	1,321	54.52%	1,166	53.07%	1,230	55.91%	1,139	55.00%	1,068	52.15%	1,106	51.92%	1,197	54.58%	1,207	54.52%
Texas Resident (Out-of-District)	783	38.01%	898	38.94%	942	38.88%	890	40.51%	823	37.41%	816	39.40%	873	42.63%	907	42.58%	897	40.90%	892	40.29%
Non-Resident Tuition	89	4.32%	92	3.99%	117	4.83%	98	4.46%	91	4.13%	83	4.01%	77	3.76%	80	3.76%	72	3.28%	86	3.88%
Tuition Exemption/Wavier	45	2.18%	61	2.65%	43	1.77%	43	1.96%	56	2.55%	33	1.59%	30	1.46%	37	1.74%	27	1.24%	29	1.31%
Total	2,060	100.00%	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%

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 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011			
	Number	Percent																				
Gender																						
Female	1,298	63.01%	1,415	68.69%	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%		
Male	762	36.99%	891	43.25%	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%		
Total	2,060	100.00%	2,306	111.94%	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%		
Ethnic Origin																						
White	723	35.10%	845	36.64%	894	36.90%	855	38.92%	925	42.05%	878	42.39%	915	44.68%	971	45.59%	971	44.28%	966	43.63%		
Hispanic	860	41.75%	933	40.46%	961	39.66%	342	15.57%	822	37.36%	771	37.23%	668	32.62%	634	29.77%	678	30.92%	639	28.86%		
African American	315	15.29%	337	14.61%	363	14.98%	834	37.95%	314	14.27%	266	12.84%	313	15.28%	357	16.76%	372	16.96%	420	18.97%		
Asian	65	3.16%	73	3.17%	88	3.63%	61	2.78%	52	2.36%	60	2.90%	56	2.73%	59	2.77%	67	3.06%	61	2.76%		
International	10	0.48%	15	0.65%	20	0.83%	7	0.32%	23	1.05%	25	1.21%	18	0.88%	14	0.66%	8	0.36%	4	0.18%		
Native American	10	0.48%	6	0.26%	8	0.33%	22	1.00%	8	0.36%	10	0.48%	8	0.39%	7	0.33%	7	0.32%	12	0.54%		
Multi-racial	35	1.70%	43	1.86%	42	1.73%	22	1.00%	10	0.45%	8	0.39%	12	0.59%	7	0.33%	9	0.41%	7	0.32%		
Native Hawaiian/Pacific Islander	5	0.24%	5	0.22%	3	0.12%	4	0.18%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1	0.05%		
Unknown/Not Reported	37	1.80%	49	2.13%	44	1.82%	50	2.28%	46	2.10%	53	2.56%	58	2.83%	81	3.79%	81	3.69%	104	4.69%		
Total	2,060	100.00%	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%		
Age																						
Under 18	427	20.73%	556	24.11%	589	24.31%	391	17.80%	467	21.23%	316	15.26%	283	13.82%	277	13.00%	262	11.95%	224	10.12%		
18 - 21	707	34.32%	769	33.35%	738	30.46%	745	33.91%	698	31.73%	705	34.04%	674	32.91%	741	34.79%	794	36.21%	826	37.31%		
22 - 24	295	14.32%	275	11.93%	295	12.17%	267	12.15%	294	13.36%	288	13.91%	303	14.79%	303	14.23%	318	14.50%	319	14.41%		
25 - 35	391	18.98%	454	19.69%	531	21.92%	522	23.76%	488	22.18%	531	25.64%	506	24.71%	501	23.52%	499	22.75%	546	24.66%		
36 - 50	172	8.35%	204	8.84%	216	8.91%	214	9.74%	193	8.77%	176	8.50%	219	10.69%	231	10.85%	245	11.17%	224	10.12%		
51 & over	68	3.30%	48	2.08%	54	2.23%	58	2.64%	60	2.73%	55	2.65%	63	3.08%	77	3.61%	75	3.42%	75	3.38%		
Total	2,060	100.00%	2,306	100.00%	2,423	100.00%	2,197	100.00%	2,200	100.00%	2,071	100.00%	2,048	100.00%	2,130	100.00%	2,193	100.00%	2,214	100.00%		
Average Age	24		24		24		25		25		25		25		26		26		26			

Source:
Data from THECB CBM001 certified reports

See Independent Auditors' Report.

GALVESTON COMMUNITY COLLEGE DISTRICT
 TRANSFER STUDENTS TO SENIOR INSTITUTIONS
 2018-2019 STUDENTS AS OF FALL 2019
 (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	0.25%
2 Lamar University	19	1	20	4.96%
3 Midwestern State University	1	4	5	1.24%
4 Prairie View A&M University	6		6	1.49%
5 Sam Houston State University	10	1	11	2.73%
6 Stephen F. Austin State University	7		7	1.74%
7 Tarleton State University	4		4	0.99%
8 Texas A&M International University		1	1	0.25%
9 Texas A&M University	39		39	9.68%
10 Texas A&M University - Corpus Christi	3	1	4	0.99%
11 Texas A&M University - Kingsville	2		2	0.50%
12 Texas A&M University at Galveston	121		121	30.02%
13 Texas Southern University	4	1	5	1.24%
14 Texas State University	19		19	4.71%
15 Texas Tech University	10		10	2.48%
16 Texas Woman's University	1		1	0.25%
17 The University of Texas at Arlington	1	7	8	1.99%
18 The University of Texas at Austin	23		23	5.71%
19 The University of Texas at Dallas	1		1	0.25%
20 The University of Texas at San Antonio	7		7	1.74%
21 The University of Texas of the Permian Basin	1		1	0.25%
22 University of Houston	38		38	9.43%
23 University of Houston - Clear Lake	55	2	57	14.13%
24 University of Houston - Downtown	2		2	0.50%
25 University of North Texas	7	2	9	2.23%
26 West Texas A&M University	1		1	0.25%
Totals	<u>383</u>	<u>20</u>	<u>403</u>	<u>100.00%</u>

Source:

Data from THECB Automated Student and Adult Learner Follow-Up System - Students Pursuing Additional Education by Institution
<http://www.txhighereddata.org/reports/performance/ctcasalf/>
 Information for 2019-2020 is not available.

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

Table 15

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Academic buildings	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	241	241	241	241	241	241	241	241	241	241
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	14	14	14	14	14	14	14	14	14	14
Number of volumes (in thousands)	43	43	43	43	43	43	43	43	43	43
Administrative and support buildings	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	53	53	53	53	53	53	53	53	53	53
Apartments	12	12	8	5	5	5	5	10	11	11
Square footage (in thousands)	58	34	10	14	14	14	14	22	23	23
Number of beds	113	113	51	48	48	48	48	65	65	65
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	4	4	4	4	4	4	4	4	4	4
Average daily customers	350	350	350	350	350	350	350	350	350	400
Athletic Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	16	16	16	16	16	16	16	16	16	16
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Fitness Centers	1	1	1	1	1	1	1	1	1	1
Plant Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Light Trucks/Vans	5	5	5	4	4	4	4	3	3	3
Buses	3	3	3	4	3	3	3	3	3	3

See Independent Auditors' Report.