Galveston Community College District

REQUIRED COMMUNICATIONS

August 31, 2023

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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December 21, 2023

The Board of Regents and Management of
Galveston Community College District

We are pleased to present the results of our audit of the 2023 financial statements of Galveston Community College District (the College).

This report to the Board of Regents and management summarizes our audit, the reports issued and various analyses and observations related to the College's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the College's 2023 financial statements. We considered the College's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the College's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

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

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 832-333-7408 or agallardo@cricpa.com.

Very truly yours,

Ana Gallardo

Partner

As discussed with management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the College. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Regents and management, 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, in order to express an opinion on the College's financial statements for the year ending August 31, 2023.

- 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*; and Uniform Guidance 2 CFR Part 200 in order to express an opinion on compliance with requirements applicable to each major federal program.

- Report on internal control over compliance with the types of compliance requirements described in Uniform Guidance 2 CFR Part 200 and the OMB Compliance Supplement.

- Communicate directly with the Board of Regents and management regarding the results of our procedures.

- Address with the Board of Regents and management any accounting and financial reporting issues.

- Anticipate and respond to concerns of the Board of Regents and management; and

- Address other audit-related projects as they arise and upon request.

We have audited the financial statements of Galveston Community College District (the College) for the year ended August 31, 2023, and have issued our report thereon dated December 21, 2023. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Auditors' responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards*	As stated in our engagement letter dated February 27, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the College. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
Client's responsibility	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates *The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.*	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."
Potential effect on the financial statements of any significant risks and exposures *Major risks and exposures facing the College and how they are disclosed.*	None noted.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles • *The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.* • *The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the College's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.* • *Critical accounting policies and practices applied by the College in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations.*	Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 2 to the financial statements. Effective September 1, 2022, the College implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 required retrospective application to the financial statements with adjustments to be made to the earliest period presented. Further details regarding the new pronouncement is described in Note 2 to the financial statements and required disclosures in Notes 6, 7 and 8 to the financial statements. No other changes in accounting policies or their application occurred during the current fiscal year. We noted no transactions entered into by the College during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of revenue bonds, employee retirement plans and other post employment benefits in Notes 9, 10 and 13, respectively, to the financial statements. Further, the disclosures in the College's financial statements are neutral, consistent, and clear.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Significant difficulties encountered in the audit *Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.*	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Disagreements with management *Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.*	We are pleased to report that no such disagreements arose during the course of our audit.
Other findings or issues *Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.*	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management *Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.*	None noted.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Corrected and uncorrected misstatements *All significant audit adjustments arising from the audit, whether or not recorded by the College, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.*	See "Summary of Audit Adjustments" section.
Major issues discussed with management prior to retention *Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.*	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Consultations with other accountants *When management has consulted with other accountants about significant accounting or auditing matters.*	To our knowledge, there were no such consultations with other accountants.
Written representations *A description of the written representations the auditor requested.*	See "Management Representation Letter" section.
Internal control deficiencies *Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.*	See "Internal Control Findings" section.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Fraud and illegal acts *Fraud involving the College's personnel or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.*	We are unaware of any fraud or illegal acts involving personnel or causing material misstatement of the financial statements.
Other information in documents containing audited financial statements *The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.*	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. We have not been provided any such other items to date and are unaware of any other documents that contain the audited financial statements.
Significant unusual accounting transactions *Auditor communication with governance to include auditors' views on policies and practices management used, as well as the auditors' understanding of the business purpose.*	None noted.
Required Supplementary Information *The auditors' responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.*	We applied certain limited procedures to the required supplementary information (RSI) consisting of management's discussion and analysis, schedule of College's proportionate share of net pension and other postemployment benefits (OPEB) liability and the schedule of College's contributions for pension and OPEB (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Supplementary Information in relation to the financial statements as a whole *The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.*	We made certain inquiries of management and evaluated the form, content, and methods of preparing the supplementary schedules (Schedules A through D) and the schedule of expenditures of federal awards accompanying the basic financial statements to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We were not engaged to report on the statistical section required by the Texas Higher Education Coordinating Board. We did not audit or perform other procedures on this information and we do not express any opinion or provide any assurance on it.

Accounting Policies, Judgements and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the College's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Regents may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Collectability of tuition, property tax and grant receivables	All receivables are booked at net realizable value. Receivables not expected to be collected within 12 months are discounted, if material.	Yes	Management calculates allowance for tuition receivable using semester wise student balances. Allowance is calculated using lower % for latest semester and higher % is used for prior year semester balances. Management's estimate of the allowance for property tax receivables is based on year wise balances. Old year balances allowance is calculated using higher % and recent year balances allowance is calculated using lower %. Grant receivables are assessed based on history with the grantor agency. Generally no collection issues have been noted in prior years.	The methods used by management in the application of these accounting policies and the related financial statement disclosures are consistent with government accounting standards, as well as the College's specific circumstances.

Accounting Policies, Judgements and Sensitive Estimates & CRI Comments on Quality

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Depreciation of capital assets	Assets are depreciated over the expected remaining useful life of the individual asset.	Yes	Judgments in this area relate to the estimate of the remaining useful life of the asset.	The College's policies are in accordance with all applicable accounting guidelines.
Defined benefit pension plan	The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS utilizes an independent actuary to provide an actuarial valuation report specific to each participating employer. This report provides each participating employer with estimates of the total pension liability, fiduciary net position, related deferred outflows/inflows and actuarially required contributions in accordance with the provisions of GASB 68.	Yes	Key assumptions utilized by the actuary in making the estimates in accordance with GASB 68. The total pension liability was determined by an actuarial valuation as of August 31, 2021 rolled forward to August 31, 2022.	We evaluated the assumptions used by the actuary in estimating the College's total pension liability, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of GASB 68 and reasonable in relation to the financial statements taken as a whole.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Other post-employment benefit obligation	The College records a liability for its post-employment benefits obligation other than pensions.	Yes	The OPEB liability is projected using methods and assumptions as provided in the most recent actuarial valuation, in accordance with the provisions of GASB Statement No. 75. Health care cost trend rates were based on market assessments.	We evaluated the assumptions used by the actuary in determining the total OPEB liability and found them to be in accordance with the provisions of GASB 75 and reasonable in relation to the financial statements taken as a whole.
Functional allocation of expenses	The costs of providing the various programs have been summarized on a functional basis in the statements of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among the various functions.	Yes	Expenses specific to each function are recorded in that particular functional code in the general ledger. Allocations between functions are made based on various determinations by management.	The methods used by management in the application of these accounting policies and the related financial statement disclosures are consistent with government accounting standards, as well as College's specific circumstances.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Subscription-Based Information Technology Arrangements (SBITAs)	The College has the noncancellable right to use certain third-party vendor information technology software. These subscription-based technology arrangements primarily consist of software used for the College's accounting and operational needs as well as student assessment and engagement and other software needs. Management determines if an arrangement is a SBITA or contains a SBITA at inception. For subscription agreements that have a maximum possible term of 12 months or less at commencement, the College recognizes expense based on the provisions of the subscription agreement. For all other subscription-based agreements, the College recognizes a subscription-based liability and an intangible right-to-use subscription-based-asset.	X	In determining the discount rate used to measure the subscription-based assets and liabilities, the College uses its estimated incremental borrowing rate as the discount rate. The incremental borrowing rate for subscription-based agreements is based on the rate of interest it would have to pay if it issued general obligation bonds to borrow an amount equal to the subscription payment under similar terms at the commencement or remeasurement date. The subscription term includes noncancellable period to use certain third-party vendor information technology software plus any additional periods covered by either the College or the vendor's option to extend or terminate. Extension of additional periods is reasonably certain to be exercised, while termination of periods is reasonably certain to not be exercised. Periods for which both the College and the SBITA vendor have an option to terminate without permission from the other party are cancelable periods and are excluded from the subscription term.	The College's policies, discount rates used and the agreement lives are in accordance with all applicable accounting guidelines.

During the course of our audit, we accumulate differences between amounts recorded by the College and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the College or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

The following is a list of adjustments recorded (corrected) by the College. These entries are primarily Provided by Client (PBC) entries provided after the initial trial balance:

Corrected audit adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
PBC entry to adjust for GASB 75 update			
21606	Deferred OPEB Payable_NC	3,075,144.00	
41162	OPEB Grant Revenue	326,900.00	
49911	Trns from E & G	604.00	
58719	ERS OPEB Exp	226,857.00	
11916	Deferred OPEB Expense		850,063.00
20606	Deferred OPEB Payable_CL		556,476.00
21316	Deferred OPEB Receivable		1,684,230.00
58716	OPEB Grant Exp		327,504.00
58718	OPEB Exp Offset		210,628.00
59919	Trns to St Elig Benefits		604.00
Total		**3,629,505.00**	**3,629,505.00**
Adjusting Journal Entries JE # 2			
PBC Entry to record YE SBITA Asset and liability			
11530	ROU Subscription Asset, net	1,800,554.00	
21200	ROU Subscription Liability		1,800,554.00
Total		**1,800,554.00**	**1,800,554.00**

Uncorrected audit adjustments

Account	Description	Debit	Credit
Proposed JE # 201			
To record ROU Asset and Lease Liability for GASB 87 as of 8/30/2023			
11600	GASB 87 ROU Asset	142,745.00	
21810	GASB 87 Lease Liability		142,745.00
Total		**142,745.00**	**142,745.00**
Proposed JE # 202			
To record difference related to incremental payments for subscriptions			
51220	Contr Serv Comp Lic	85,346.00	
11530	ROU Subscription Asset, net		85,346.00
Total		**85,346.00**	**85,346.00**

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the College's operating environment that has been identified as playing a significant role in the College's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Galveston College

December 21, 2023

Carr, Riggs & Ingram, LLC.
Two Riverway, 15th Floor
Houston, Texas 77056

This representation letter is provided in connection with your audits of the financial statements of Galveston Community College District (the College), which comprise the respective financial position as of August 31, 2023 and 2022, and the changes of its financial position and cash flows for the years then ended, and the related notes to the financial statements (collectively the financial statements), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 27, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

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6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the College is contingently liable, if any, have been properly recorded or disclosed.

11) We believe that the actuarial assumptions and methods used to measure pension and other post-employment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

12) Receivables recorded in the financial statements represents valid claims against debtors for transactions arising on or before the statement of net position date have been reduced to their estimated net realizable value.

13) We have implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the audit period. We have implemented the new accounting standard in accordance with the transition guidance prescribed in the GASB. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amounts recorded and disclosed in the financial statements.

Information Provided

14) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the College from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of the Board of Regents or summaries of actions of recent meetings for which minutes have not yet been prepared.

15) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

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17) We have no knowledge of any fraud or suspected fraud that affects the College and involves—

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

18) We have no knowledge of any allegations of fraud or suspected fraud affecting the College's financial statements communicated by employees, former employees, regulators, or others.

19) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

20) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

21) We have disclosed to you the names of the College's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

22) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

23) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

24) No investigations or legal proceedings that have been initiated with respect to the period under audit.

25) The College has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

27) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

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29) As part of your audit, you assisted with preparation of the financial statements and disclosures, supplemental schedules required by the Texas Higher Education Coordinating Board, required supplementary schedules relating to GASB 68 and 75 and related notes and completing submission of data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating Jeff Engbrock, Chief Financial Officer / Comptroller, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, supplemental schedules required by the Texas Higher Education Coordinating Board, required supplementary schedules relating to GASB 68 and 75 and related notes, and data collection form.

30) The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

31) The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

32) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.

33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

34) Provisions for uncollectible receivables have been properly identified and recorded.

35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

37) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.

38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

39) We have appropriately disclosed the College's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

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42) With respect to the supplementary information required by the Texas Higher Education Coordinating Board and the schedule of expenditures of federal awards (collectively, the supplementary information):

a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

43) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

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f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

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s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Myles Shelton (Dec 21, 2023 10:31 CST)

W. Myles Shelton, Ed.D.

President

Karen f. Flowers

Karen f. Flowers (Dec 21, 2023 10:38 CST)

Karen F. Flowers

Chairperson, Board of Regents

M. Jeff Engbrock

Chief Financial Officer / Comptroller

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Uncorrected audit adjustments for 2023

Account	Description	Debit	Credit
Proposed JE # 201			
To record ROU Asset and Lease Liability for GASB 87 as of 8/30/2023			
11600	GASB 87 ROU Asset	142,745.00	
21810	GASB 87 Lease Liability		142,745.00
Total		**142,745.00**	**142,745.00**
Proposed JE # 202			
To record difference related to incremental payments for subscriptions			
51220	Contr Serv Comp Lic	85,346.00	
11530	ROU Subscription Asset, net		85,346.00
Total		**85,346.00**	**85,346.00**

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The Board of Regents and Management
Galveston Community College District

In planning and performing our audit of the financial statements of Galveston Community College District (the College) as of and for the year ended August 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing auditing 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 and was not designed to identify all deficiencies in internal control that might be material weakness. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

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

Houston, Texas
December 21, 2023