



# **San Jacinto Community College District**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2012 AND 2011**

Prepared by  
The Department of Fiscal Affairs  
4624 Fairmont Parkway  
Pasadena, Texas 77504

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended August 31, 2012 and 2011**

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**SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Organizational Data**

**Board of Trustees and Key Officers  
Year Ended August 31, 2012**

Officers

|                       |                     |
|-----------------------|---------------------|
| Mrs. Marie Flickinger | Chair               |
| Mr. Dan Mims          | Vice Chair          |
| Mr. Larry Wilson      | Secretary           |
| Mr. John Moon, Jr.    | Assistant Secretary |

Members

|                       |                    | Term Expires<br><u>May 31,</u> |
|-----------------------|--------------------|--------------------------------|
| Mrs. Marie Flickinger | Houston, Texas     | 2013                           |
| Mr. Larry Wilson      | Pasadena, Texas    | 2013                           |
| Mr. Dan Mims          | Channelview, Texas | 2015                           |
| Mr. John Moon, Jr.    | Pasadena, Texas    | 2015                           |
| Mr. Keith Sinor       | Deer Park, Texas   | 2015                           |
| Mr. Brad Hance        | Pasadena, Texas    | 2017                           |
| Dr. Ruede Wheeler     | La Porte, Texas    | 2017                           |

Trustee Emeritus

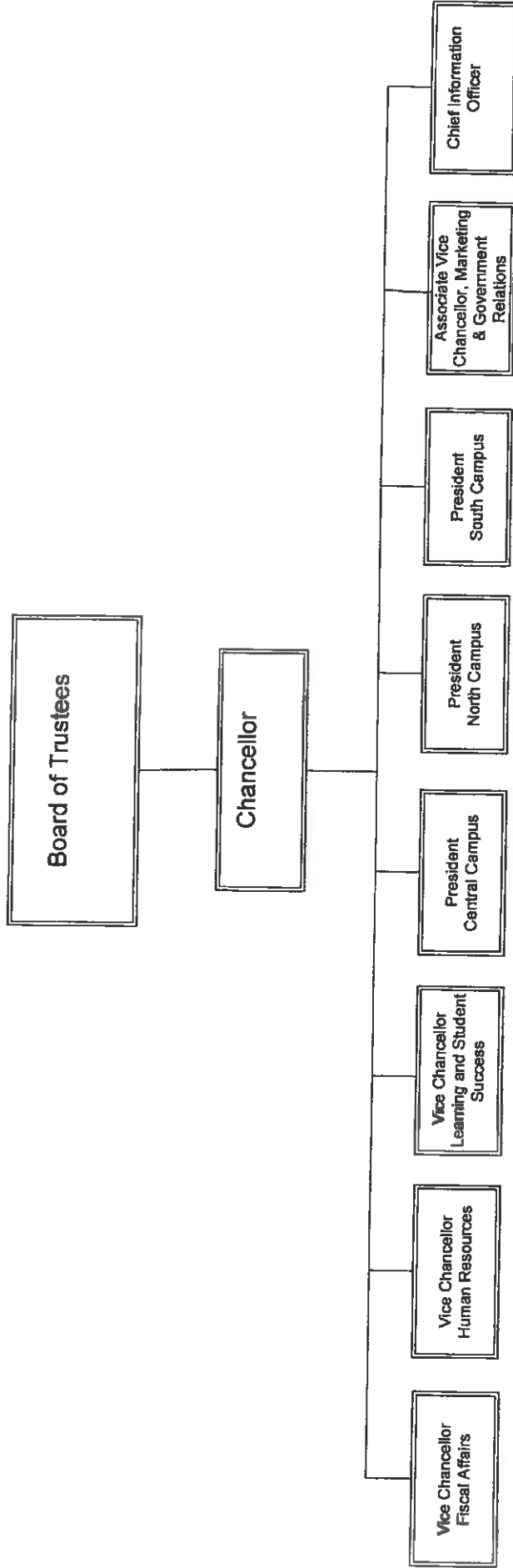
Mr. J.D. Bruce  
Mr. Ben Meador  
Mr. C. Wayne Slovacek  
Mr. W.L. "Levi" Smallwood

Key Officers

|                          |  |
|--------------------------|--|
| Dr. Brenda L. Hellyer    | Chancellor   |
| Mr. Kenneth D. Lynn, CPA | Vice Chancellor of Fiscal Affairs  |
| Mr. Steve Trncak         | Vice Chancellor of Human Resources   |
| Dr. Laurel V. Williamson | Vice Chancellor for Learning and Student Success<br>Interim - President, Central Campus<br>Interim - President, South Campus |
| Dr. Allatia Harris       | President, North Campus  |
| Ms. Teri Fowle           | Associate Vice Chancellor of Marketing   |
| Mr. Rob Stanicic         | Acting Chief Information Officer   |

# San Jacinto Community College District

August 31, 2012



December 11, 2012

To the members of the Board of Trustees, Taxpayers of Harris and Chambers Counties, and citizens of the San Jacinto Community College service area:

Texas statutes require the Comptroller of Public Accounts and the Texas Higher Education Coordinating Board to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the comprehensive annual financial report (CAFR) of the San Jacinto Community College District ("the College") for the fiscal years ended August 31, 2012 and 2011.

The report consists of management's representations concerning the finances of the College. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the College has established a comprehensive internal control framework that is designed to protect the College's assets from material loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the College's financial statements in conformity with generally accepted accounting principles (GAAP).

The College's system of internal control is supported by written policies and procedures and is continually reviewed, evaluated, and modified to meet current needs. Because the cost of internal controls should not outweigh their benefits, the College's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The College's financial statements have been audited by MFR, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for the years ended August 31, 2012 and 2011 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor has concluded, based upon the audit, that there is a reasonable basis for rendering an unqualified opinion that the College's financial statements for the years ended August 31, 2012 and 2011 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The College's MD&A can be found immediately following the report of the independent auditors.

## **College Profile**

San Jacinto Community College opened its doors in September 1961 with one campus, the Central campus in Pasadena, with over 850 students enrolled. The initial enrollment set a record for new enrollment for community colleges in Texas.

By 1974 the College opened its North campus on Uvalde Road near the communities of Galena Park and Channelview which are north of the Houston Ship Channel. In 1979 the College opened its South campus near the intersection of Beamer Road and Dixie Farm Road.

From the initial enrollment of 850 students, the College has grown to three campuses, five outreach centers, approximately 30,000 credit students and approximately 11,900 continuing and professional development students. The College offers over 200 degree and certificate options and provides students the opportunity to be involved in inter-collegiate sports, intramural sports, and the fine arts.

From the early administration to the current administration, community service has been embraced. Administrators, faculty, and staff of the College serve on countless boards in the community and local independent school districts. They are also members of Rotary, Chambers of Commerce, Kiwanis, YMCA, and other community organizations. Serving the community and being active constituents of the community remain at the core of the mission of the College.

In addition to the quality and rounded education experience offered to our students, the College also partners with businesses in the community to provide continuing development for current and future employees of local industry. The College partners with such organizations as Shell, Aramco, General Motors, Ford, Toyota, Honda, BMW, Chrysler, NASA, the Port of Houston Authority, Union Pacific Railroad and Delta Airlines.

The College has also partnered with local independent school districts to provide dual credit for high school students. This program allows students to graduate from high school with college credit and in some cases, a full associate degree. Our automotive, criminal justice, nursing assistant, and cosmetology programs are also offering skills courses for high school students to enable them to find employment after high school.

Recently, the College has also increased its partnership with other institutions of higher education. The College has a long standing partnership with the University of Houston Clear Lake providing freshman and sophomore year classes to nearly 70 percent of their undergraduate students. The College has also entered into dual enrollment agreements with Sam Houston State University and Texas A&M University including its Galveston marine and maritime branch campus.

The College, established 50 years ago, has been serving the Bay Area Houston community by educating the workforce. We are proud to be a part of this community and look forward to another 50 more years of serving the people of our community through quality and well-rounded education.

## **Local Economy**

Harris County is located in southeast Texas within the Houston-Sugar Land-Baytown metropolitan area. Harris County is named for John Richardson Harris, an early settler of the area. According to the U.S. Census Bureau's 2010 estimates there were 4,092,459 people in Harris County making it the largest county by population in Texas and the third most populous county in the United States. The population



density was 2,367 people per square mile. There were 1,598,698 housing units at an average density of 924 per square mile. The racial makeup of the county was 56.6% White, 18.9% Black or African American, 6.2% Asian, 0.7% Native American, 0.7% Pacific Islander, 14.2% Other and 1.2% from two or more races. In 2006 Harris County had 3,886,207 residents - a 5.3% growth since 2006.

The 2008 median income for a household in the county was \$52,391 while 15.3% of the population was below the poverty line.

The College is located in the city of Pasadena, Texas. The city's economy is closely linked to the nearby Houston Ship Channel and its related industrial districts, as well as the National Aeronautics and Space Administration's Lyndon B. Johnson Space Center in the bordering Clear Lake area.

### **Debt Management**

The College is authorized to sell bonds and to levy an ad valorem tax in payment of the debt by the Constitution and the laws of the State of Texas. At August 31, 2012, the College had \$318,240,695 in general obligation debt outstanding. Ad valorem property taxes to support outstanding debt are limited to a maximum rate of \$0.50 tax per hundred dollars of taxable assessed valuation. Proceeds from general obligation debt may be used to purchase land for sites, construct, improve, renovate, and equip College facilities; to refund certain bonds of the College; and to pay the issuance costs of bonds. The College's uninsured general obligation debt is currently rated AA by Standard and Poor's and Aa2 by Moody's.

### **Bond Referendum**

On May 22, 2008, the College conducted a successful bond referendum in which the voters of the District authorized the issuance of \$295 million of general obligation bonds for site improvements, construction, and equipping facilities throughout the District. The successful election was the culmination of a comprehensive facilities review and evaluation focused on providing facilities and infrastructure for the College's three campuses which was conducted during the 2006-2007 year. The planning process included a College leadership group, faculty and staff, architects and the College's financial advisors. During the fiscal year ended August 31, 2008, the College issued \$230 million of the \$295 million authorization bonds, with the remaining \$65 million bond issue being completed during the 2010-2011 fiscal year.

To date, the College has completed construction and occupied a 40,000 square foot each one-stop Student Services facility on both the North and South campuses; a 75,000 square foot Central Automotive Technology Center; a 35,000 square foot addition to the Central Allied Health building; and, a 98,000 square foot Central Science Building. In addition to new construction, the College is aggressively planning highest and best academic use renovations for existing square footage made available by transitioning to new facilities.

By the end of the 2013 fiscal year, two additional new facilities will be completed and occupied – a 128,000 square foot North Science and Allied Health Center and a 155,000 square foot South Science and Allied Health Center. Academic program planning continues for a maritime training facility on 13 acres of Port of Houston waterfront property owned by the College.

### **Long-Range Planning**

The College is beginning the next phase of the long-range planning process by implementing several new studies that will inform future planning processes in terms of changing academic, economic and demographic factors within the College service area and the surrounding metroplex.

## **GFOA Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2011. This was the fifth consecutive year that the College received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the services of the entire Fiscal Affairs staff. I would like to express my appreciation for their efforts toward advancing the quality and effectiveness of the College's financial reporting processes. Credit should also be given to the Chancellor and the Board of Trustees for their support in maintaining the highest standards of professionalism with regard to the College's financial operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Lynn', with a stylized flourish extending to the right.

Kenneth D. Lynn, CPA

Vice Chancellor of Fiscal Affairs

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**San Jacinto  
Community College District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Merrill*

President

*Jeffrey R. Egan*

Executive Director

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
San Jacinto Community College District:

We have audited the accompanying basic financial statements of San Jacinto Community College District (the College) as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is supplementary information 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. This information is the responsibility of the College's management. 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 principally of inquiries of management regarding the methods of preparing the financial 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the College, taken as a whole. The required supplemental schedules A through D are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards (schedule E) and State awards (schedule F) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* and the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The required supplemental schedules A through D and schedules of expenditures of Federal and State awards are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section as listed in the table of contents is the responsibility of the College's management and is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section 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.

A handwritten signature in black ink, appearing to read "MFR, P.C.", is positioned in the middle-right section of the page.

December 11, 2012

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2012 (Unaudited)

### **About San Jacinto Community College District**

The San Jacinto Community College District (the College) has served east Harris County in Texas and celebrated its 50<sup>th</sup> anniversary during fiscal year 2011-2012, demonstrating a partnership between a growing community college and a sprawling area rich in history. The diverse college district has now grown to include three campuses, a network of off-campus learning centers, and online offerings. Total credit enrollment exceeds 30,000 students with approximately 11,900 adult learners enrolled in continuing education classes for personal enrichment or professional development. In order to serve these students, the College employs over 2,400 full-time and part-time personnel. Most faculty have earned master's and doctoral degrees, and many have been nationally recognized for their teaching, research, or authorship.

The College benefits from a solid tax base and proximity to Houston, the largest city in the State of Texas and the nation's fourth largest. The area is also home to the nation's second largest port and NASA's Johnson Space Center. In true community college fashion, the College maintains partnerships with many of the area's import and export companies, major oil and gas refineries, manufacturing firms, and a consortium of aerospace interests. To help meet the specialized workforce needs of the surrounding community, the College has fashioned innovative instructional partnerships with port industries, business, healthcare providers, various foundations and nonprofit organizations, and other colleges and universities.

Working closely with area school districts, the College has built educational ladders which take students from kindergarten to college within a framework that includes state-approved tech prep initiatives, articulation agreements, and dual credit programs. Students are attracted to the College's specialized instructional programs and the transferability of all credits to four-year universities. Students can choose from various certificate programs, workshops, and the following degrees: Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of Arts in Teaching. In total, the College offers more than 140 degree and certificate programs.

The College is governed by a seven-member Board of Trustees (the Board) elected for six-year terms by the taxpayers within its taxing district, which encompasses more than 497,000 citizens and 320 square miles. The Board is responsible for oversight of academic programs, budgets, general administration, and employment of staff and faculty.

### **Overview of the Annual Financial Report**

The College presents its annual financial report in a "business type activity" format, in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The statements are prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided by the College and expenses and liabilities are recognized when services are provided to the College, regardless of when cash is exchanged.

The annual financial report consists of three basic financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. While each statement presents a unique set of information, they should be used together and in conjunction with the notes to the basic financial statements. This section of the annual financial report is entitled "Management's Discussion and Analysis". It provides an overview of the College's financial activities for the current year along with a comparison to the prior year. In addition, the annual financial report includes an unqualified opinion letter from the College's independent auditors.

## Financial Highlights for 2012

- Community colleges in Texas have three primary sources of revenue – state appropriations, ad valorem taxes, and tuition and fees. Historically, the College has endeavored to maintain a balance between the revenue sources so that responsibility for funding College operations is somewhat equally shared. During the 82nd Texas Legislature, funding to community colleges was reduced significantly. This reduction is compounded by unfunded enrollment growth, reduced funding for benefits, and increased costs for implementing mandates. The average funding in contact hour reimbursement is at an all-time low of \$2.78 representing a 21.8% decrease from the prior biennium rate of \$3.56.

The College balanced the 2011-2012 budget through a combination of expense reduction strategies (budget reductions, funds and projects repurposed, and a hiring freeze) rather than by increasing tuition or property taxes.

- In the fall of 2010, the College Board of Trustees (the Board) authorized a compensation study to be conducted to provide a comprehensive evaluation of the external market position for the college's jobs, review and develop pay structures and salary grade ranges, and review and recommend compensation practices.

In May of 2012, the Board took a significant step to recognize our employees by moving forward with the study despite the difficult economic times and the reduction in state revenue. They also decided to continue with the project when many other colleges in the state chose not to provide merit or COLA (cost of living adjustments) for their employees.

Internal and external market equities have been addressed, to the extent possible, with the budgeted allotment, as part of the College's overall compensation study conducted in 2012. Recommendations for changes to compensation practices will be addressed in the future based on obtaining an additional understanding of the fiscal, competitive, and strategic impacts. The salary ranges and market competitiveness will not be stagnant, but will be reviewed and monitored on a regular basis.

- In March of 2012, the Board ratified the purchase of 13 acres, more or less, on the Bayport ship channel for one million dollars. The College intends to develop the property as part of a new Maritime Technology program for the Central Campus.

The College leadership proposed a full range of certificates culminating in an Associate of Applied Science (AAS) degree in Maritime Technology. The Associate of Applied Science consists of 61 semester credit hours (SCH); the Able Bodied Seaman certificate of technology consists of 27 SCH; the Professional Mariner C2-level certificate consists of 43 SCH; the Competent Mariner certificate of technology consists of 28 SCH; and the Maritime Dual Credit Career Interest certificate of technology consists of 17 SCH. The degree has multiple exit points wherein each exit point provides a certificate up to the associate degree. The curriculum follows the United States Coast Guard curriculum and regulations pertaining to instruction.

The Gulf Coast is one of the largest regional employers of professional mariners. Over half of the workforce is greater than 50 years of age and replacement workers will be needed. The expansion of the Panama Canal slated for completion in 2014 will require additional employees. The Bureau of Labor and Statistics (BLS) projects an overall increase of 12,000 jobs or 15% for all Water Transportation Occupations (from 81,100 to 93,100) for the period of 2008-2018. The BLS projects a 12% increase (3,800) in positions for Sailors and Marine Oilers, an increase of 16% (6,000) for Ship and Boat Captains and Operators, and an increase of 17% (5,700) for the same time period.

The Texas Labor Market Information source, TRACER, estimates an increase from 3,110 to 3,720 (19.6%) for 2008-2018 for the Gulf Coast. Standardized Occupational Components for Research and Analysis of Trends in Employment System (SOCRATES) projects 21.6% increase from 3,110 to 3,720 for 2008-2018. The program is also supported by industry which participated in at least two advisory committee meetings during the curriculum development process.

There are no other college programs on the Texas Gulf Coast that offer certificates of technology or associate's degrees in maritime technology. Texas A&M University offers a bachelor degree in maritime administration and College representatives have met with its administrators several times to discuss alignment and partnerships. Additionally, the College has been actively working with local high schools in the development of maritime programs that engage high school students to explore potential career opportunities in the maritime industry. Dual credit offerings in maritime courses will be offered as part of the new programming.

- During the 2011 legislative session, the Texas legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges. In satisfaction of this requirement, in the so-called "Rider 13" to the community college appropriations, the State's contribution to Teachers Retirement System of Texas (TRS)/Optional Retirement Plan (ORP) on behalf of community colleges was restricted to only six percent of each district's unrestricted General Revenue appropriation for each year of the biennium state budget.

Since each community college's unrestricted General Revenue appropriation for the biennium was significantly less than the anticipated total of the college's compensation to be paid to employees who are TRS or ORP participants, the State appropriation was less than that apparently required by the state constitution.

The TRS System of Texas has expectations that the College will provide the difference between the formula required contribution and the amount provided by the State, which is less than the amount believed to be required by the constitution. The College estimates the contribution shortage to be \$1,902,150. It is the College's contention that the State is the employer government legally responsible for the required contributions under GASB Statement No. 27.

### **Financial Highlights for 2011**

- For the year ended August 31, 2011, the College realized record revenues related to Federal, State, and local grants. Funding from Federal grants (excluding Federal Title IV) totaled \$7,904,101 or 72%, State grants (excluding student financial aid) totaled \$2,601,873 or 24%, and local grants totaled \$307,233 or 3% of grant activity. Fiscal year 2011 marked the first year the College exceeded the \$10 million dollar barrier, with a total of \$10,813,207 in grant revenue/expenses. It also marked the highest total number of project grants maintained in the Office of Grants Management for a single year with 77.
- In January 2011, the State of Texas notified the College that the State is experiencing budget difficulties because of the current economic conditions. In December 2010, the Governor asked state agencies to make additional reductions to State appropriations equal to 2.5 percent of the original appropriation for fiscal year 2011. Based on the 2.5 percent reduction, the College's State appropriation payment schedule has been adjusted. The impact on the fiscal year 2010 – 2011 budget is a reduction of the College's unrestricted revenue and expenditure budgets by \$972,087.
- In January 2011, the College approved the parameter order authorizing the issuance of \$65 million of Series 2011 General Obligation bonds. The Series 2011 General Obligation Bond issue of \$65 million is the final issue of the bond authorization approved by the voters in May 2008. Projects to be funded by this issue will include renovations of the libraries and gymnasiums on all three campuses as well as providing funds to begin renovations of instructional space vacated by the completion of new construction projects.



- In April 2011, the College approved the sale of five acres, more or less, of surplus property in the amount of \$338,338. The College no longer had any intentions of developing the real estate and at the March 7, 2011 regular Board meeting, the Board approved the property be declared as surplus property and authorized to offer the land for sale or exchange. The College obtained an Opinion of Value assessing the current value of the property to be \$1.50 per square foot. In accordance with Local Government Code Section 272.001, the College initiated the action to dispose of the property by issuing an Invitation for Bids to sell the property.
- In April 2011, the College approved the Voluntary Separation and Severance Plan (VSSP) and approved modifications to select human resource policies and guidelines. Components of the VSSP were:

**Phase 1:**

A cost-saving program has been instituted to reduce current budget year (2010-2011) spending by \$4 million dollars. This amount is in addition to the \$2.9 million in cuts already submitted to the State and \$1.7 million in lower projected maintenance and operations tax collections. The \$4 million is being set aside to assist with a Voluntary Separation and Severance Plan (see Phase 3 below), and to address potential shortfalls for next year.

**Phase 2:**

A cost-saving program for 2011-2012 is being instituted to achieve \$6 million dollars from the College's operating budget (non-full-time personnel categories). Employees have been asked to submit cost savings ideas. Those and many more will be assessed and implemented as part of this reduction effort.

**Phase 3:**

The College will offer the VSSP to all full-time employees with three or more years of service with the College. The purpose of this plan is to encourage employees who are considering retirement or a career change or a different path to consider seriously those options at this point. The hope from implementation of this plan is that full-time personnel related costs will be reduced by \$6 million.

**Phase 4:**

In the event that the necessary cost reductions are not realized through the above actions, the College will implement other initiatives including business process enhancements, outsourcing, and involuntary personnel reductions, as part of a college-wide reorganization. Any decisions regarding involuntary reductions have not yet been made and could be affected by the number of employees who participate in the voluntary program.

- In May 2011, the College purchased 2.008 acres, more or less, and the office building located thereon at 4620 Fairmont Parkway, Pasadena, Texas 77504. The College had leased space at the 4620 Fairmont location for at least the past 12 years. In fiscal year 2010-2011, the College leased approximately 6,900 square feet of office space in the building at a cost of over \$134,000 annually. Purchasing the building reduced the operating expenses by the amount of the annual lease obligations. The purchase was made from maintenance and operating reserves and will be depreciated over a 50 year life in compliance with State accounting and financial reporting guidelines. The purchase price of the building was \$1,750,000.

- In May 2011, the Chancellor recommended that the Board of Trustees authorize the Chancellor or designee to execute an earnest money contract and to deposit sufficient funds into escrow to secure the transaction, complete the inspection of and to effect the purchase of 13.060 acres, more or less, in the W. P. Harris League, Abstract 30. Purchase of the 13.060 acres will provide a waterfront site on the Houston ship channel for construction of a maritime training facility. The specific curriculum to be taught at this location is still under evaluation, but likely courses of study would be those that are United States Coast Guard approved and range from preparing someone to be a deckhand through the various stages of tankerman, mate, engineer, captain, and pilot. Those embarking on a new career, recertifying at a particular mariner level, and those striving for higher-wage jobs will receive quality training in a sophisticated environment that is guided by the San Jacinto College Maritime Advisory Committee, composed of industry leaders. The negotiated purchase price of the land is one million dollars. The entire purchase price was paid from operating net assets and capitalized as a land purchase.

### The Statement of Net Assets

The Statement of Net Assets is a point in time financial statement and presents a fiscal snapshot of all assets owned by the College, all liabilities owed by the College to others, and the resulting net assets - the difference between assets and liabilities. The focus is to report the total net resources available to finance future services. Assets and liabilities are presented in the order of their liquidity with noncurrent defined as greater than one year. Net assets are displayed in three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Increases or decreases to net assets 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 of Net Assets is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year. The following is prepared from the College's Statement of Net Assets and provides a summary of its assets, liabilities, and net assets for the years ended August 31:

#### Summary of Statements of Net Assets – Exhibit 1 (In Thousands)

|   | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       |
|---|-------------------|-------------------|-------------------|
| Current assets                                  | \$ 119,522        | \$ 76,660         | \$ 74,505         |
| Noncurrent assets:                              |                   |                   |                   |
| Capital assets, net of depreciation             | 326,940           | 236,471           | 173,747           |
| Other   | <u>129,653</u>    | <u>266,704</u>    | <u>258,473</u>    |
| Total assets                                    | \$ <u>576,115</u> | \$ <u>579,835</u> | \$ <u>506,725</u> |
| Current liabilities                             | \$ 54,059         | \$ 57,051         | \$ 44,578         |
| Noncurrent liabilities                          | <u>309,704</u>    | <u>318,602</u>    | <u>263,843</u>    |
| Total liabilities                               | \$ <u>363,763</u> | \$ <u>375,653</u> | \$ <u>308,421</u> |
| Net assets:                                     |                   |                   |                   |
| Invested in capital assets, net of related debt | \$ 130,942        | \$ 121,440        | \$ 109,326        |
| Expendable – restricted                         | 3,197             | 4,199             | 4,624             |
| Unrestricted                                    | <u>78,213</u>     | <u>78,543</u>     | <u>84,354</u>     |
| Total net assets                                | \$ <u>212,352</u> | \$ <u>204,182</u> | \$ <u>198,304</u> |

### **Fiscal Year 2012 Compared to 2011**

Total assets decreased \$3.7 million during 2012, a 0.06% decrease. The relatively modest change in total assets resulted from a \$93 million decrease in cash, cash equivalents and investments and were offset by a \$90 million increase in capital assets related to the on-going construction projects. The College continued its conservative approach to investments through a mixture of Federal agency and municipal securities as well as liquidity in investment pools and money market funds.

The College's current ratio increased to 2.21 in 2012 from 1.34 in 2011 due to decreases in current liabilities related to vendor payments as of August 31, 2012, primarily in construction projects.

Total liabilities decreased by \$11.9 million during 2012, a 3.2% decrease due to a decrease in bonds and vendors payable.

Total net assets increased by \$8 million during 2012, a modest 4% increase.

### **Fiscal Year 2011 Compared to 2010**

Total assets increased \$73 million during 2011, a 14% increase, primarily due to capitalization of completed construction projects. Current assets remained relatively unchanged as an increase in cash from the sale of bonds approximated the decrease in cash related to the on-going construction projects. The College continued its conservative approach to investments through a mixture of Federal agency and municipal securities as well as liquidity in investment pools and money market funds.

The College's current ratio decreased to 1.34 in 2011 from 1.67 in 2010 due to increases in current liabilities related to vendors payable as of August 31, 2011, primarily in construction projects.

Total liabilities increased \$67 million during 2011, a 22% increase due to an increase in bonds and vendors payable.

Total net assets increased by \$6 million during 2011, a modest 3% increase. Net assets invested in capital assets, net of related debt had a \$12 million increase while unrestricted net assets declined by \$6 million.

### **The Statement of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net assets have increased during the year ended August 31, 2012, with comparative information for fiscal year 2011. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College.

Tuition and auxiliary revenues are shown net of scholarship allowances and discounts, depreciation is provided for capital assets, and there is a required subtotal for net operating income or loss. This required subtotal will generally reflect a "loss" for community colleges in Texas. This is primarily due to the way operating and non-operating items are defined by generally accepted accounting principles. For community colleges, State appropriations, ad valorem taxes, and Federal Title IV revenues, while budgeted for operations, are non-exchange transactions and, as such, are treated as non-operating revenues for financial statement purposes.

The following is a summary prepared from the College's Statement of Revenues, Expenses and Changes in Net Assets for the years ended August 31:

**Summary of Revenues, Expenses, and Changes Net Assets - Exhibit 2**  
(In Thousands)

|   | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       |
|---|-------------------|-------------------|-------------------|
| <b>Revenues:</b>  |                   |                   |                   |
| <b>Operating revenues:</b>  |                   |                   |                   |
| Student tuition and fees, net of scholarship allowances and discounts | \$ 32,746         | \$ 34,233         | \$ 31,298         |
| Federal grants and contracts  | 8,322             | 7,913             | 6,722             |
| State grants and contracts  | 4,824             | 4,495             | 3,521             |
| Non-government grants and contracts                                   | 1,260             | 1,470             | 1,265             |
| Sales and services of educational activities                          | 1,510             | 1,124             | 869               |
| Auxiliary enterprises, net of discounts                               | 3,895             | 3,923             | 3,755             |
| General operating revenues  | <u>1</u>          | <u>2</u>          | <u>2</u>          |
| Total operating revenues  | <u>52,558</u>     | <u>53,160</u>     | <u>47,432</u>     |
| <b>Expenses:</b>  |                   |                   |                   |
| <b>Operating expenses:</b>  |                   |                   |                   |
| Instruction   | 64,118            | 68,296            | 60,430            |
| Public service  | 4,343             | 3,702             | 4,446             |
| Academic support  | 12,750            | 12,620            | 10,088            |
| Student services  | 12,453            | 13,471            | 13,239            |
| Institutional support   | 33,560            | 31,638            | 30,855            |
| Operation and maintenance of plant                                    | 17,168            | 15,487            | 13,427            |
| Scholarships and fellowships  | 45,304            | 42,060            | 34,194            |
| Auxiliary enterprises   | 3,980             | 4,125             | 4,044             |
| Depreciation  | <u>9,627</u>      | <u>7,798</u>      | <u>6,816</u>      |
| Total operating expenses  | <u>203,303</u>    | <u>199,197</u>    | <u>177,539</u>    |
| Operating loss  | <u>(150,745)</u>  | <u>(146,037)</u>  | <u>(130,107)</u>  |
| <b>Non-operating revenues (expenses):</b>                             |                   |                   |                   |
| State appropriations  | 42,513            | 47,123            | 47,400            |
| Maintenance ad valorem taxes  | 43,476            | 43,432            | 45,350            |
| Debt service ad valorem taxes   | 25,173            | 21,374            | 22,027            |
| Federal revenue, non-operating  | 56,053            | 51,385            | 40,151            |
| Investment income (net of investment expenses)                        | 942               | 1,100             | 1,649             |
| Interest on capital related debt                                      | (9,135)           | (12,144)          | (12,355)          |
| Hurricane Ike expenses (net of recoveries)                            | -                 | -                 | 620               |
| Other non-operating revenues (expenses)                               | <u>(107)</u>      | <u>(355)</u>      | <u>(1,170)</u>    |
| Total non-operating revenue, net                                      | <u>158,915</u>    | <u>151,915</u>    | <u>143,672</u>    |
| Increase in net assets  | 8,170             | 5,878             | 13,565            |
| Net assets, beginning of year   | <u>204,182</u>    | <u>198,304</u>    | <u>184,739</u>    |
| Net assets, end of year   | \$ <u>212,352</u> | \$ <u>204,182</u> | \$ <u>198,304</u> |

**Fiscal Year 2012 Compared to 2011**

Tuition and fee revenue (before the allowance for scholarships and discounts) increased by \$700 thousand in 2012 to \$51.4 million from \$50.7 million in 2011. This modest increase is the result of consistent enrollment and no increase to tuition in 2012. It includes tuition and fees for both State-funded academic and non-State funded contract training and workforce development instructional activities. Contact hours for 2012 increased by 0.7 million to 12.3 million from 11.6 million contact hours for 2011. Although the contact hours increased, the State appropriation per contact hour decreased by an average of \$0.16 per contact hour. Continuing education courses increased by \$1.3 million overall between state funded and non-funded courses.

Operating expenses increased by \$4.1 million to \$203.3 million for 2012 from \$199.2 million for 2011. Operating expenses related to instruction through operation and maintenance of plant increased by only \$822 thousand. Scholarships and Fellowships increased by \$3.2 million, attributable primarily to an increase in payments to Federal Title IV recipients for direct loans and grant programs. Auxiliary enterprises remained unchanged at \$4 million, and depreciation increased by \$1.8 million.

Increases in net non-operating revenue and expenses totaled \$7 million in 2012 from 2011. Ad valorem tax revenue remained unchanged. The College's tax rate for maintenance and operations per \$100 valuation increased to 11.8688 cents for 2012 from 11.4293. The debt service increased to 6.6914 cents for 2012 from 6.1984 cents to offset the increase in debt service payment requirements. Net investment income remained steady at \$1.0 million due to the continuation of lower rates. Interest on capital related debt declined by \$3 million for 2012. Federal revenue increased by \$4.6 million to \$56 million for 2012 as compared to \$51.4 million for 2011 related to Federal Title IV direct loans and grant programs.

### **Fiscal Year 2011 Compared to 2010**

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$50.7 million in 2011 from \$43.8 million in 2010. This 14.18% increase of \$6.9 million is a result of a 5.7% increase in enrollment and in increase of \$5 per semester credit hour in tuition rates plus a \$5 per term increase in the general service fee. It includes tuition and fees for both State-funded academic and non-State funded contract training and workforce development instructional activities. Contact hours for 2011 increased by 0.09 million to 11.6 million from 10.7 million contact hours for 2010. Although the contact hours increased the State appropriation per contact hour decreased by an average of \$0.29 per contact hour. Non-State funded contract training and workforce development instruction revenues reversed the 2010 decline with \$1.5 million for 2011 and \$1.3 million for 2010.

Operating expenses increased by \$21.7 million to \$199.2 million for 2011 from \$177.5 million for 2010. Operating expenses related to instruction through operation and maintenance of plant increased by \$12.7 million; this is attributable to increases in instruction and academic support as well as payments related to the Voluntary Separation and Severance Plan. Scholarships and Fellowships increased by \$7.9 million, attributable primarily to an increase in payments to Federal Title IV recipients for direct loans and grant programs. Auxiliary enterprises remained unchanged at \$4 million, and depreciation increased by \$0.9 million.

Increases in net non-operating revenue and expenses totaled \$8.2 million in 2011 from 2010. Ad valorem tax revenue decreased a total of \$2 million due to a decline in assessed valuations. The College's tax rate for maintenance and operations per \$100 valuation remained at 11.4293 cents for 2011. The debt service increased to 6.1984 cents for 2011 from 5.6507 cents to offset the increase in debt service payment requirements. Net investment income declined by \$0.5 million for 2011 from 2010 due to lower rates. Interest on capital related debt remained stable at \$12 million for 2011 and 2010. Federal revenue increased by \$11 million to \$51 million for 2011 as compared to \$40 million for 2010 related to Federal Title IV direct loans and grant programs.

### **The Statement of Cash Flows**

The Statement of Cash Flows reports the cash receipts and cash payments that occurred during the fiscal year with comparative data for the prior year.

The statement helps users assess the College's ability:

- 1) To generate future cash flows;
- 2) To meet its obligations as they come due;
- 3) To meet its needs for external financing.

The sources and uses of cash are categorized by operating, non-capital financing, capital and related financing, and investing activities.

The following chart summarizes the Statements of Cash Flows Exhibit 3 (rounded to the nearest thousand) for the fiscal years ended August 31:

|  | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|-------------------|
| Cash (used by) provided by:                          |                   |                   |                   |
| Operating activities                                 | \$ (136,473)      | \$ (122,474)      | \$ (106,267)      |
| Non-capital financing activities                     | 136,443           | 131,370           | 120,744           |
| Capital and related financing activities             | (94,620)          | (4,827)           | (41,992)          |
| Investing activities                                 | <u>105,051</u>    | <u>35,760</u>     | <u>(95,360)</u>   |
| Net increase (decrease) in cash and cash equivalents | 10,401            | 39,829            | (122,875)         |
| Cash and cash equivalents - beginning of year        | <u>162,833</u>    | <u>123,004</u>    | <u>245,879</u>    |
| Cash and cash equivalents - end of year              | \$ <u>173,234</u> | \$ <u>162,833</u> | \$ <u>123,004</u> |

In accordance with generally accepted accounting principles, State appropriations, maintenance ad valorem tax revenues, and non-operating Federal revenue (Title IV) are reported as revenues from non-exchange transactions and are, therefore, classified as cash flow from non-capital financing activities.

State appropriations, maintenance ad valorem tax revenues, and non-operating Federal revenue provided cash flows of \$136 million in 2012, \$131 million in 2011, and \$121 million in 2010. The increases for the three years are due primarily from increases in Federal Title IV activities related to Direct Loans and Pell grants. The College received \$4.035 million from the sale of maintenance tax notes in 2011. Uses of non-capital financing for 2011 increased to \$4.7 million as proceeds from the new issues were used to retire all but \$0.5 million of the 2003 maintenance tax notes.

The College received in 2012, \$14.6 million from the sale of General Obligation Unlimited Tax Refunding bonds to retire bonds in the 2003 and 2004 series. The College used \$100 million in 2012 and \$70.9 million in 2011 in payments for purchases of capital assets as part of the on-going construction related projects. The College received in 2011, \$70.9 million from the sale of general obligation bonds. Net cash flows from capital and related financing activities used \$94.6 million in 2012, \$5 million in 2011 and \$42 million in 2010. Net cash flows from investing activities were \$105 million for 2012, \$35.8 million for 2011 and a use of \$95.4 million for 2010. This is attributable to changes between pooled investments and securities and use of funds for capital projects.

Net cash provided by operating and non-capital financing activities resulted in no increase or decrease for 2012 and provided \$8.9 million for 2011 and \$14.5 million for 2010. Net cash used for capital and related financing activities plus investing activities provided \$10.4 million for 2012 and \$30.9 million for 2011, and a use of \$137.4 million for 2010.

### **Capital Assets and Long-Term Debt Activity**

#### Capital Assets - Fiscal Year 2012

In 2012, the College completed the Central Welding Addition, Central Allied Health Addition, Central Science Building, North Student Success Center, South Student Success Center, and District Wide Graphics for a total cost of \$72 million. At August 31, 2012, \$82.7 million remained in Construction in Process for Central Davis Library, Central Ander's Gym, Central Maintenance and Police Building, Central Transportation Center Build-Out, Central Primary Service Retrofit, a new North Allied Health Science Building, North Nichol's Gym Renovation, North Lehr Library, a new South Allied Health Science Building, South Smallwood Gym, Parker Williams Library, South Infrastructure, South pavement and drainage improvements, network upgrades and building renovations on all three campuses, site work related to Phase 2 athletic field improvements, and a Maritime Center. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. Land located on the Bayport Turning Basin, consisting of 13.06 acres, was purchased for \$1 million.

## Capital Assets - Fiscal Year 2011

In 2011, the College completed the Central Campus Transportation Building and Central Campus Pavement and Drainage for a total cost of \$29 million. At August 31, 2011, \$58.6 million remained in Construction in Process for a Central Welding addition, Central Allied Health addition, a new Central Science Building, Central Davis Library, Central Ander's Gym, Central Maintenance and Police Building, a new College Workforce Training Center, North Student Success Center addition, a new North Allied Health Science Building, North Nichol's Gym Renovation, North Lehr Library, South Student Success Center addition, a new South Allied Health Science Building, South Smallwood Gym, Parker Williams Library, network upgrades on all three campuses, pavement and drainage improvements for South Campus, site work related to Phase 2 athletic field improvements, and site work related to the new construction bond program. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. The College purchased the District Annex land and building for \$1,740,618. Land located at Fairmont Parkway and Federal Road, consisting of 5.01 acres, was sold for \$338,338 resulting in a loss of \$286,931.

## Long-Term Debt

On October 1, 2012, the Board approved the adoption of the 2012 tax rate of \$18.5602 cents per \$100 valuation. The Maintenance and Operations tax rate was increased to \$0.121571 cents and the debt service tax rate was decreased to \$0.064031 cents. The recommended 2012 tax rate of 18.5602 cents per \$100 valuation is the same as the total effective tax rate for 2011.

The maintenance and operation tax rate was established to generate approximately \$1.1 million additional revenue as in the prior year which resulted in the adoption of the maintenance and operation effective tax rate (11.9966 cents versus prior rate of 11.8688 cents). The total taxes imposed on a residence homestead with a market value of \$100,000 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$187.51, an increase of \$2.88 from 2011. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence appraised at the current year's average appraised value.

On June 6, 2012, the Board approved the sale of \$13.8 million of General Obligation Unlimited Tax Refunding Bonds – Series 2012 on May 23, 2012. The Refunding Bonds were used to extinguish all of the Limited Tax General Obligation Bonds, Series 2003 and a significant portion of the Limited Tax General Obligation Bonds, Series 2004. The Refunding Bonds will generate debt service savings in excess of \$1.3 million over the next 20 years. The present value of the stream of future savings is \$1.02 million.

On October 3, 2011, the Board approved the adoption of the 2011 tax rate of \$18.5602 cents per \$100 valuation. The Maintenance and Operations tax rate was increased to \$0.118688 cents and the debt service tax rate was increased to \$0.066914 cents. The debt service tax rate increase was necessary to fund the increase in debt service requirements related to the \$65 million dollars of newly issued 2011 general obligation bonds. The recommended 2011 tax rate of 18.5602 cents per \$100 valuation is less than the total effective tax rate for 2011.

The 2011 maintenance and operation tax rate was established to generate approximately the same tax revenue as in the prior year which resulted in the adoption of the maintenance and operation effective tax rate (11.8688 cents versus the 2010 rate of 11.4293 cents). The total taxes imposed on a residence homestead at the current year's average market value of \$106,030 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate was \$187.51, an increase of \$6.87 from 2010. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption incurred no taxes (\$0.00) to the College on a residence appraised at the current year's average appraised value.

On October 4, 2010, the Board approved the adoption of the 2010 tax rate of \$17.6277 cents per \$100 valuation. The 2010 maintenance and operations tax rate remained the same as 2009 at \$0.114293 cents and the debt service tax rate was increased from 2009 to \$0.061984 cents. Due to average appraised values on a residence homestead being reduced from \$109,879 in 2009 to \$107,473 in 2010, this resulted in a \$7.03 reduction in overall tax to the homeowner. The tax rate increase was necessary to fund the increase in debt service requirements related to the \$150 million dollars of newly issued 2009 general obligation bonds.

On May 10, 2008, a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters. On August 11, 2008, in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming, and other construction activities, the Board approved an initial issuance of \$80 million. On July 15, 2009, the College issued an additional \$150 million of the \$295 million bond authorization, leaving a balance of \$65 million authorized but not issued.

The College is committed to progressing with its construction, facilities management, and technology programs, while still maintaining an aggressive debt payment schedule. As of August 31, 2012, the balance of the College Notes and Bonds Payable is \$318,240,695.

At August 31, 2012, the College's credit ratings have been affirmed as follows:

|                           | <u>Moody's Investor's Service</u> | <u>Standard &amp; Poor's</u> |
|---------------------------|-----------------------------------|------------------------------|
| General Obligation Bonds  | Aa2                               | AA                           |
| Maintenance and Tax Notes | Aa2                               | AA                           |

Related information is included in the Notes to Basic Financial Statements:

|                                 |                                      |
|---------------------------------|--------------------------------------|
| Note 6 - Capital Assets         | Note 7 - Construction Commitments    |
| Note 8 - Noncurrent Liabilities | Note 9 - Bonds and Notes Payable     |
| Note 10 - Debt Obligations      | Note 11 - Pledged Revenue Coverage   |
| Note 12 - Refunding Bonds       | Note 13 - Defeased Bonds Outstanding |

### **Currently Known Facts, Decisions and Conditions**

Looking ahead to fiscal year 2012 and beyond, management sees continuing challenges regarding the levels of State support, increased resistance to property tax increases, and increased pressure to keep tuition and fees affordable for students. Consequently, the College is committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks, while maintaining a clear focus on quality instructional programs. A clear indication of its focus on quality is the College's emphasis in 2012 on redefining expectations, encouraging the exploration of new opportunities, and empowering students to achieve their goals. The College will continue to focus on strengthening the teaching and learning process while maintaining its sound financial position. San Jacinto Community College District is a dynamic institution which is an integral part of the success of East Harris County and the surrounding communities.

### **Contacting the College's Financial Management**

This financial report is designed to provide the College's citizens, taxpayers, students, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Vice Chancellor of Fiscal Affairs.



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Assets  
August 31, 2012 and 2011

|   | <u>2012</u>           | <u>2011</u>           |
|---|-----------------------|-----------------------|
| <u>Assets</u>                                   |                       |                       |
| Current assets:                                 |                       |                       |
| Cash and cash equivalents                       | \$ 78,086,413         | \$ 42,837,558         |
| Deposits held by others                         | 21,601                | 21,601                |
| Other short-term investments                    | 15,277,681            | 7,067,160             |
| Accounts receivable, net                        | 23,515,189            | 24,155,695            |
| Deferred charges                                | 2,167,685             | 2,215,133             |
| Inventories                                     | 453,787               | 363,139               |
| Total current assets                            | <u>119,522,356</u>    | <u>76,660,286</u>     |
| Noncurrent assets:                              |                       |                       |
| Restricted cash and cash equivalents            | 95,147,389            | 119,995,497           |
| Restricted short-term investments               | 22,154,208            | 14,416,688            |
| Other long-term investments                     | -                     | 45,510,220            |
| Restricted long-term investments                | 10,004,230            | 84,264,602            |
| Bond issuance costs                             | 2,346,606             | 2,516,804             |
| Capital assets net of accumulated depreciation  | 235,731,597           | 170,357,927           |
| Capital assets not being depreciated            | 91,208,327            | 66,113,428            |
| Total noncurrent assets                         | <u>456,592,357</u>    | <u>503,175,166</u>    |
| Total assets                                    | <u>576,114,713</u>    | <u>579,835,452</u>    |
| <u>Liabilities</u>                              |                       |                       |
| Current liabilities:                            |                       |                       |
| Accounts payable                                | 19,138,205            | 22,580,561            |
| Accrued liabilities                             | 579,434               | 609,732               |
| Accrued compensable absences                    | 154,221               | 256,636               |
| Deferred compensation                           | 10,000                | 452,325               |
| Deferred revenues                               | 23,219,117            | 19,942,492            |
| Notes payable - current portion                 | 251,792               | 526,873               |
| Bonds payable - current portion                 | 10,706,605            | 12,682,266            |
| Total current liabilities                       | <u>54,059,374</u>     | <u>57,050,885</u>     |
| Noncurrent liabilities:                         |                       |                       |
| Accrued compensable absences                    | 2,421,153             | 2,289,996             |
| Notes payable                                   | 3,766,132             | 4,018,727             |
| Bonds payable                                   | 303,516,166           | 312,293,924           |
| Total noncurrent liabilities                    | <u>309,703,451</u>    | <u>318,602,647</u>    |
| Total liabilities                               | <u>363,762,825</u>    | <u>375,653,532</u>    |
| <u>Net Assets</u>                               |                       |                       |
| Invested in capital assets, net of related debt | 130,941,830           | 121,440,491           |
| Expendable, restricted for:                     |                       |                       |
| Grants  | 2,492,490             | 1,511,504             |
| Debt service                                    | 704,089               | 2,687,249             |
| Unrestricted                                    | 78,213,479            | 78,542,676            |
| Total net assets (Schedule D)                   | <u>\$ 212,351,888</u> | <u>\$ 204,181,920</u> |

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses, and Changes in Net Assets  
Years Ended August 31, 2012 and 2011

|  | <u>2012</u>           | <u>2011</u>           |
|--|-----------------------|-----------------------|
| <u>Operating Revenues</u>  |                       |                       |
| Student tuition and fees, (net of scholarship allowances and discounts of \$18,692,369 and \$16,494,958, respectively) | \$ 32,746,050         | \$ 34,233,232         |
| Federal grants and contracts   | 8,321,473             | 7,912,674             |
| State grants and contracts   | 4,823,456             | 4,494,887             |
| Non-governmental grants and contracts  | 1,260,427             | 1,470,213             |
| Sales and services of educational and non-educational activities   | 1,510,234             | 1,124,440             |
| Auxiliary enterprises, (net of discounts)  | 3,894,798             | 3,922,490             |
| General operating revenues   | 1,443                 | 2,048                 |
| Total operating revenues (Schedule A)  | <u>52,557,881</u>     | <u>53,159,984</u>     |
| <u>Operating Expenses</u>  |                       |                       |
| Instruction  | 64,117,436            | 68,296,241            |
| Public service   | 4,342,374             | 3,701,650             |
| Academic support   | 12,750,284            | 12,620,285            |
| Student services   | 12,453,085            | 13,470,745            |
| Institutional support  | 33,560,335            | 31,638,055            |
| Operation and maintenance of plant   | 17,168,307            | 15,486,765            |
| Scholarships and fellowships   | 45,303,998            | 42,060,513            |
| Auxiliary enterprises  | 3,979,520             | 4,124,852             |
| Depreciation   | 9,627,286             | 7,797,949             |
| Total operating expenses (Schedule B)  | <u>203,302,625</u>    | <u>199,197,055</u>    |
| Operating loss   | <u>(150,744,744)</u>  | <u>(146,037,071)</u>  |
| <u>Non-operating revenues (expenses)</u>   |                       |                       |
| State appropriations   | 42,513,037            | 47,123,286            |
| Maintenance ad valorem taxes   | 43,476,293            | 43,431,527            |
| Debt service ad valorem taxes  | 25,172,501            | 21,374,140            |
| Federal revenue, non-operating   | 56,053,391            | 51,385,403            |
| Investment income (net of investment expenses)   | 941,926               | 1,099,473             |
| Interest on capital related debt   | (9,135,053)           | (12,144,364)          |
| Other non-operating revenues (expenses)  | <u>(107,383)</u>      | <u>(354,592)</u>      |
| Total non-operating revenues, net (Schedule C)   | <u>158,914,712</u>    | <u>151,914,873</u>    |
| Increase in net assets   | 8,169,968             | 5,877,802             |
| Net assets, beginning of year  | <u>204,181,920</u>    | <u>198,304,118</u>    |
| Net assets, end of year  | <u>\$ 212,351,888</u> | <u>\$ 204,181,920</u> |

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows  
Years Ended August 31, 2012 and 2011

|   | <u>2012</u>             | <u>2011</u>             |
|---|-------------------------|-------------------------|
| <u>Cash flows from operating activities</u>                                       |                         |                         |
| Receipts from students and other customers  | \$ 41,584,359           | \$ 36,509,035           |
| Receipts of grants and contracts  | 14,129,811              | 13,962,399              |
| Payments to suppliers for goods or services                                       | (47,255,478)            | (31,171,819)            |
| Payments to or on behalf of employees and fellowships                             | (99,422,450)            | (99,958,390)            |
| Payments of scholarships  | (45,508,906)            | (41,815,386)            |
| Net cash used by operating activities   | <u>(136,472,664)</u>    | <u>(122,473,961)</u>    |
| <u>Cash flows from non-capital financing activities</u>                           |                         |                         |
| Receipts from state appropriations  | 37,228,983              | 37,306,726              |
| Receipts from ad valorem taxes - maintenance and operating                        | 43,751,889              | 43,373,604              |
| Receipts from non-operating Federal revenue                                       | 56,053,391              | 51,385,403              |
| Proceeds from notes   | -                       | 4,035,600               |
| Payments on notes - principal   | (527,676)               | (4,560,000)             |
| Payments on notes - interest  | (63,945)                | (171,336)               |
| Net cash provided by non-capital financial activities                             | <u>136,442,642</u>      | <u>131,369,997</u>      |
| <u>Cash flows from capital and related financing activities</u>                   |                         |                         |
| Receipts from ad valorem taxes - debt service                                     | 25,267,297              | 21,414,138              |
| Purchases of capital assets   | (100,203,238)           | (70,876,950)            |
| Proceeds from general obligation bonds  | 15,125,040              | 70,919,546              |
| Payment on capital debt - principal   | (25,878,459)            | (13,600,533)            |
| Payment on capital debt - interest  | (8,931,208)             | (12,682,705)            |
| Net cash used by capital and related financing activities                         | <u>(94,620,568)</u>     | <u>(4,826,504)</u>      |
| <u>Cash flows from investing activities</u>                                       |                         |                         |
| Proceeds from sale and maturities of investments                                  | 157,550,000             | 420,522,144             |
| Investment income   | 1,984,325               | 1,389,978               |
| Purchase of investments   | (54,482,988)            | (386,152,268)           |
| Net cash provided by investing activities   | <u>105,051,337</u>      | <u>35,759,854</u>       |
| Increase in cash and cash equivalents   | 10,400,747              | 39,829,386              |
| Cash and cash equivalents, beginning of year                                      | 162,833,055             | 123,003,869             |
| Cash and cash equivalents, end of year  | <u>\$ 173,233,802</u>   | <u>\$ 162,833,055</u>   |
| <u>Reconciliation of operating loss to net cash used by operating activities</u>  |                         |                         |
| Operating loss  | \$ (150,744,744)        | \$ (146,037,071)        |
| Adjustments to reconcile operating loss to net cash used by operating activities: |                         |                         |
| Depreciation expense  | 9,627,286               | 7,797,949               |
| Tax collection fee  | 103,590                 | 217,916                 |
| State retirement match  | 1,015,973               | 3,153,945               |
| State group insurance   | 4,268,081               | 6,662,615               |
| Changes in assets and liabilities:  |                         |                         |
| Receivables, net  | (120,336)               | (3,859,623)             |
| Deferred charges  | 47,448                  | (802,525)               |
| Inventories   | (90,648)                | 35,864                  |
| Accounts payable  | (4,176,783)             | 8,578,716               |
| Accrued liabilities   | 734,427                 | 292,270                 |
| Compensated absences  | (413,583)               | 314,910                 |
| Deferred revenues   | 3,276,625               | 1,171,073               |
| Net cash used by operating activities   | <u>\$ (136,472,664)</u> | <u>\$ (122,473,961)</u> |

See accompanying notes to basic financial statements.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements August 31, 2012 and 2011

### 1. Reporting Entity

San Jacinto Community College District (the College) was established in 1960, in accordance with the laws of the State of Texas (State), to serve the educational needs of the Taxing Entity and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. 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.

### 2. Summary of Significant Accounting Policies

#### Reporting guidelines

The basic financial statements of the College are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and local Governments: Omnibus*. The College is reported as a special government engaged in business-type activities. The basic financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows. The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The significant accounting policies followed by the College in preparing these basic financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

#### 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 §56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and 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 Authority 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 non-operating restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, 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 basic 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.

### Budgetary data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenses for the fiscal year beginning September 1. The College's Board of Trustees 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. The governing board has designated public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

### Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase and are considered as noncurrent assets.

### Inventories

Inventories consist of physical plant supplies. Inventories are valued at cost on a first in, first out basis and are charged to expense as consumed.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Capital assets

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment, and library books. 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. Renovation in excess of \$100,000 to buildings, infrastructure, 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. The College annually evaluates impairment of capital assets. The College does not believe any impairment exists as of August 31, 2012 and 2011. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

|   |          |
|---|----------|
| Buildings                                   | 50 years |
| Land improvements                           | 20 years |
| Library books                               | 15 years |
| Furniture, equipment and vehicles           | 10 years |
| Telecommunications and peripheral equipment | 5 years  |

### Deferred revenues

Deferred revenues, primarily consisting of tuition and fees, relate to academic terms in the next fiscal year and, as such, have been deferred.

### Net assets

The College's net assets are classified as follows:

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

*Restricted - nonexpendable:* Net assets subject to externally imposed stipulations that they be maintained in perpetuity by the College.

*Restricted net assets - expendable:* Net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

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

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Classification of revenues and expenses

The College defines operating activities, for purposes of reporting on the statement of revenues, expenses, and changes in net assets, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all College expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, ad valorem taxes, Federal Title IV financial aid funds, and investment income.

### Management estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles 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

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

### **3. Authorized Investments**

The Board of Trustees 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 Trustees' 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.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

**4. Deposits and Investments**

Cash and deposits included on Exhibit 1, Statement of Net Assets, consist of the items reported below, as of August 31:

|                                     | Cash and Deposits     |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | 2012                  | 2011                  |
| Cash and cash equivalents:          |                       |                       |
| Petty cash on hand                  | \$ 18,025             | \$ 19,025             |
| Investment pools                    | 90,613,928            | 115,771,506           |
| Money market                        | <u>77,645,138</u>     | <u>46,401,793</u>     |
| Sub total cash and cash equivalents | \$ 168,277,091        | \$ 162,192,324        |
| Bank deposits - demand deposits     | <u>4,956,711</u>      | <u>640,731</u>        |
| Total cash and deposits, August 31  | \$ <u>173,233,802</u> | \$ <u>162,833,055</u> |

**Reconciliation of Cash, Deposits and Investments to Exhibit 1**

|   | Market Value          |                       |
|---|-----------------------|-----------------------|
|   | 2012                  | 2011                  |
| U.S. government securities and municipal bonds        | \$ 47,436,119         | \$ 151,258,670        |
| Certificates of deposit                               | <u>-</u>              | <u>-</u>              |
| Total investments                                     | \$ <u>47,436,119</u>  | \$ <u>151,258,670</u> |
| Total cash, deposits and investments                  | \$ <u>220,669,921</u> | \$ <u>314,091,725</u> |
| Exhibit 1 - cash, cash equivalents and investments:   |                       |                       |
| Cash and cash equivalents -<br>current and noncurrent | \$ 173,233,802        | \$ 162,833,055        |
| Investments – short-term and long-term                | <u>47,436,119</u>     | <u>151,258,670</u>    |
| Total cash, cash equivalents and investments          | \$ <u>220,669,921</u> | \$ <u>314,091,725</u> |



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

As of August 31, the College had the following investments and maturities.

| <u>Investment Type</u>         | <u>Investment Maturities (in Years)</u> |                                 |                       |               | <u>Weighted<br/>Average<br/>(Days)</u> | <u>Moody's<br/>Rating</u> |
|--------------------------------|---|---------------------------------|-----------------------|---------------|--|---------------------------|
|                                | <u>Fair<br/>Value</u>                   | <u>Maturity<br/>Less than 1</u> | <u>1 to 2</u>         | <u>2 to 3</u> |  |                           |
| <u>2012</u>                    |   |                                 |                       |               |  |                           |
| U.S. Agencies -<br>Fannie Mae  | \$ 10,004,230                           | \$ -                            | \$ 10,004,230         | \$ -          | 20.21                                  | Aaa                       |
| Municipal Obligations          | <u>37,431,889</u>                       | <u>37,431,889</u>               | -                     | -             | <u>13.48</u>                           | MIG1/Aa2                  |
| Totals                         | <u>\$ 47,436,119</u>                    | <u>\$ 37,431,889</u>            | <u>\$ 10,004,230</u>  | <u>\$ -</u>   | <u>33.69</u>                           |                           |
| <u>2011</u>                    |   |                                 |                       |               |  |                           |
| U.S. Agencies -<br>Freddie Mac | \$ 106,193,000                          | \$ -                            | \$ 106,193,000        | \$ -          | 236.47                                 | Aaa                       |
| Municipal Obligations          | <u>45,065,670</u>                       | <u>21,483,848</u>               | <u>23,581,822</u>     | -             | <u>56.23</u>                           | MIG1/Aa2                  |
| Totals                         | <u>\$ 151,258,670</u>                   | <u>\$ 21,483,848</u>            | <u>\$ 129,774,822</u> | <u>\$ -</u>   | <u>292.70</u>                          |                           |

### Interest rate risk

In order to limit interest and market rate risk from changes in interest rates, the College's adopted Investment Policy (the Policy) sets a maximum maturity of three (3) years. The operating funds have a dollar weighted average maturity (WAM) limit of 365 days and debt service funds have a maximum WAM of six (6) months. The bond fund must maintain a 10% liquidity buffer.

During 2012 and 2011, the portfolio contained no investment maturing beyond three (3) years and the dollar weighted average maturity of the total portfolio was 34 days and 293 days as of August 31, 2012 and 2011, respectively.

### Credit risk

State law and the Policy restrict time and demand deposits to those fully collateralized by obligations of the United States Government or its agencies or instrumentalities or FDIC insured from eligible depositories (banks) doing business in Texas. By the Policy, certificates of deposit are limited to maturities not exceeding one (1) year and are further collateralized to 102% with pledged securities, and all collateral is to be held by an independent custodian. The bank is contractually liable for monitoring and maintaining the collateral margins.

State law and the Policy limit repurchase agreements to primary dealers. The Policy requires an industry standard written master repurchase agreement, independent safekeeping of collateral, and a 102% margin on collateral. Repurchase agreements are limited to a maximum maturity of ninety (90) days except for flex repurchase agreements which are restricted by the Policy to be used only with bond funds and are required to match the expenditure plan of the bond proceeds.

Commercial paper is restricted by state law and the Policy to dual rated A1/P1 paper. The Policy restricts all commercial paper to a maximum maturity of six months to stated maturity.

Constant dollar, local government investment pools, as defined by state law (2256.016) and approved by the Policy are authorized investments. By state law all local government pools are rated Aaa or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

Neither state law nor the Policy require SEC registered money market funds to be rated.

### Concentration of credit risk

The Policy requires diversification on all authorized investment types which are monitored on at least a monthly basis. The Policy requires the following diversifications:

| <u>Type of Investment</u>                       | <u>Maximum % of Portfolio</u> |
|---|-------------------------------|
| U.S. Treasury Obligations                       | 90 %                          |
| U.S. Agency Obligations                         | 85 %                          |
| Commercial Paper                                | 25 %                          |
| Limit per issuer                                | 5 %                           |
| Constant Dollar Pools                           | 100 %                         |
| Participation per pool                          | 10 % of pool                  |
| Repurchase Agreements                           | 75 %                          |
| Flex Repurchase (bond funds)                    | 100 % of issue                |
| SEC Registered Money Market Funds               | 60 %                          |
| Collateralized/Insured Certificates of Deposits | 20 %                          |
| Negotiable Certificates of Deposits             | 15 %                          |
| Limit per bank                                  | 5 %                           |
| Municipal Obligations                           | 30 %                          |
| Limit per issuer or geographical region         | 5 %                           |
| Corporate Obligations                           | 30 %                          |
| Limit per issuer                                | 5 %                           |

As of August 31, 2012:

The investment portfolio consisted of:  
76.25% in investment pools and money market accounts  
21.50% in U.S. Government and Municipal securities and  
2.25% in petty cash and demand deposits.

As of August 31, 2011:

The investment portfolio consisted of:  
51.63% in investment pools and money market accounts  
48.16% in U.S. Government and Municipal securities and  
0.21% in petty cash and demand deposits.

### Custodial credit risk

To control custody risk, state law and the College's adopted Investment Policy require collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the College and held in the College's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions and position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% (with 110% on mortgaged-backed securities), and transactions are required to be executed under a written agreement. The counter-party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

Portfolio disclosure as of August 31, 2012 and 2011:

The Portfolio did not contain any repurchase agreements or certificates of deposit. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

**5. Disaggregation of Receivables and Payables Balances**

Accounts receivable consist of the following at August 31:

|                                      | <u>2012</u>          | <u>2011</u>          |
|--------------------------------------|----------------------|----------------------|
| Tuition and fees receivables         | \$ 23,973,786        | \$ 21,474,811        |
| Federal receivables                  | 2,225,716            | 1,308,645            |
| State and local receivables          | 626,708              | 1,268,234            |
| Interest receivable                  | -                    | 286,860              |
| Other receivables                    | 395,154              | 1,126,562            |
| Less allowance for doubtful accounts | <u>(6,743,375)</u>   | <u>(4,820,599)</u>   |
| Total                                | <u>20,477,989</u>    | <u>20,644,513</u>    |
| Property tax receivable              | 3,288,580            | 3,762,562            |
| Less allowance for doubtful accounts | <u>(251,380)</u>     | <u>(251,380)</u>     |
| Total                                | <u>3,037,200</u>     | <u>3,511,182</u>     |
| Total accounts receivables, net      | <u>\$ 23,515,189</u> | <u>\$ 24,155,695</u> |

Accounts payable and accrued liabilities consist of the following at August 31:

|  | <u>2012</u>          | <u>2011</u>          |
|--|----------------------|----------------------|
| Vendors payable                                | \$ 16,882,667        | \$ 20,894,204        |
| Students payable                               | 238,375              | 443,283              |
| Other payables                                 | 720,711              | 681,049              |
| Benefits payable                               | 1,296,452            | 562,025              |
| Accrued interest payable                       | <u>579,434</u>       | <u>609,732</u>       |
| Total accounts payable and accrued liabilities | <u>\$ 19,717,639</u> | <u>\$ 23,190,293</u> |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

**6. Capital Assets**

|  | 2012                            |                       |                      |                               |
|--|---------------------------------|-----------------------|----------------------|-------------------------------|
|  | Balance<br>September 1,<br>2011 | Increase              | Decrease             | Balance<br>August 31,<br>2012 |
|  |                                 |                       |                      |                               |
| <b>Not depreciated:</b>                              |                                 |                       |                      |                               |
| Land   | \$ 7,484,278                    | \$ 1,012,834          | \$ -                 | \$ 8,497,112                  |
| Construction in progress                             | <u>58,629,150</u>               | <u>95,769,377</u>     | <u>71,687,312</u>    | <u>82,711,215</u>             |
| <b>Total not depreciated</b>                         | <u>66,113,428</u>               | <u>96,782,211</u>     | <u>71,687,312</u>    | <u>91,208,327</u>             |
| <b>Other capital assets:</b>                         |                                 |                       |                      |                               |
| Buildings  | 189,317,116                     | 62,079,785            | 531,445              | 250,865,456                   |
| Land improvements                                    | 40,134,042                      | 1,625,440             | -                    | 41,759,482                    |
| Furniture, equipment and vehicles                    | 16,118,597                      | 5,691,445             | 366,961              | 21,443,081                    |
| Telecommunications and computer peripheral equipment | 16,272,309                      | 5,469,551             | 66,206               | 21,675,654                    |
| Library books  | <u>6,852,902</u>                | <u>296,358</u>        | <u>114,478</u>       | <u>7,034,782</u>              |
| <b>Total depreciated</b>                             | <u>268,694,966</u>              | <u>75,162,579</u>     | <u>1,079,090</u>     | <u>342,778,455</u>            |
| <b>Less accumulated depreciation:</b>                |                                 |                       |                      |                               |
| Buildings  | 58,743,631                      | 4,518,567             | 374,270              | 62,887,928                    |
| Land improvements                                    | 11,760,676                      | 1,869,416             | -                    | 13,630,092                    |
| Furniture, equipment and vehicles                    | 11,335,661                      | 1,173,243             | 362,513              | 12,146,391                    |
| Telecommunications and computer peripheral equipment | 12,223,973                      | 1,727,322             | 66,206               | 13,885,089                    |
| Library books  | <u>4,273,098</u>                | <u>338,738</u>        | <u>114,478</u>       | <u>4,497,358</u>              |
| <b>Total accumulated depreciation</b>                | <u>98,337,039</u>               | <u>9,627,286</u>      | <u>917,467</u>       | <u>107,046,858</u>            |
| <b>Net capital assets</b>                            | <u>\$ 236,471,355</u>           | <u>\$ 162,317,504</u> | <u>\$ 71,848,935</u> | <u>\$ 326,939,924</u>         |
|  |                                 |                       |                      |                               |
|  | 2011                            |                       |                      |                               |
|  | Balance<br>September 1,<br>2010 | Increase              | Decrease             | Balance<br>August 31,<br>2011 |
| <b>Not depreciated:</b>                              |                                 |                       |                      |                               |
| Land   | \$ 7,406,564                    | \$ 702,984            | \$ 625,270           | \$ 7,484,278                  |
| Construction in progress                             | <u>22,777,065</u>               | <u>64,665,561</u>     | <u>28,813,476</u>    | <u>58,629,150</u>             |
| <b>Total not depreciated</b>                         | <u>30,183,629</u>               | <u>65,368,545</u>     | <u>29,438,746</u>    | <u>66,113,428</u>             |
| <b>Other capital assets:</b>                         |                                 |                       |                      |                               |
| Buildings  | 169,176,247                     | 20,513,166            | 372,297              | 189,317,116                   |
| Land improvements                                    | 30,749,749                      | 9,384,293             | -                    | 40,134,042                    |
| Furniture, equipment and vehicles                    | 14,673,213                      | 1,547,562             | 102,178              | 16,118,597                    |
| Telecommunications and computer peripheral equipment | 13,357,937                      | 2,914,372             | -                    | 16,272,309                    |
| Library books  | <u>6,715,830</u>                | <u>378,752</u>        | <u>241,680</u>       | <u>6,852,902</u>              |
| <b>Total depreciated</b>                             | <u>234,672,976</u>              | <u>34,738,145</u>     | <u>716,155</u>       | <u>268,694,966</u>            |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

Less accumulated depreciation:

|  |                       |                      |                     |                       |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Buildings  | 54,855,708            | 4,118,603            | 230,680             | 58,743,631            |
| Land improvements                                    | 10,368,232            | 1,392,444            | -                   | 11,760,676            |
| Furniture, equipment and vehicles                    | 10,615,611            | 818,259              | 98,209              | 11,335,661            |
| Telecommunications and computer peripheral equipment | 11,074,311            | 1,149,662            | -                   | 12,223,973            |
| Library books  | <u>4,195,797</u>      | <u>318,981</u>       | <u>241,680</u>      | <u>4,273,098</u>      |
| <b>Total accumulated depreciation</b>                | <u>91,109,659</u>     | <u>7,797,949</u>     | <u>570,569</u>      | <u>98,337,039</u>     |
| <b>Net capital assets</b>                            | <u>\$ 173,746,946</u> | <u>\$ 92,308,741</u> | <u>\$29,584,332</u> | <u>\$ 236,471,355</u> |

**7. Construction Commitments**

The College has entered into construction commitments for various projects including the renovation of facilities and the construction of buildings. At August 31, 2012 and 2011, the outstanding commitment under construction contracts for facilities and other projects is approximately \$27,252,231 and \$107,778,000, respectively.

**8. Noncurrent Liabilities**

Long-term liability activity for the years ended August 31:

|  | 2012                            |                      |                      |                               |                      |
|--|---------------------------------|----------------------|----------------------|-------------------------------|----------------------|
|  | Balance<br>September 1,<br>2011 | Increase             | Decrease             | Balance<br>August 31,<br>2012 | Current<br>Portion   |
| Bonds payable -<br>general obligation bonds                  | \$ 324,976,190                  | \$ 15,838,599        | \$ 26,592,018        | \$ 314,222,771                | \$ 10,706,605        |
| Notes payable -<br>general obligation notes                  | 4,545,600                       | -                    | 527,676              | 4,017,924                     | 251,792              |
| Accrued<br>compensable absences<br>and deferred compensation | <u>2,998,957</u>                | <u>142,964</u>       | <u>556,547</u>       | <u>2,585,374</u>              | <u>164,221</u>       |
| <b>Total</b>   | <u>\$ 332,520,747</u>           | <u>\$ 15,981,563</u> | <u>\$ 27,676,241</u> | <u>\$ 320,826,069</u>         | <u>\$ 11,122,618</u> |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

Long-term liability activity for the year ended August 31:

|  | 2011                            |                             |                             |                               |                             |
|--|---------------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
|  | Balance<br>September 1,<br>2010 | Increase                    | Decrease                    | Balance<br>August 31,<br>2011 | Current<br>Portion          |
| Bonds payable -<br>general obligation bonds                  | \$ 267,657,177                  | \$ 70,919,546               | \$ 13,600,533               | \$ 324,976,190                | \$ 12,682,266               |
| Notes payable -<br>general obligation notes                  | 5,070,000                       | 4,035,600                   | 4,560,000                   | 4,545,600                     | 526,873                     |
| Accrued<br>compensable absences<br>and deferred compensation | <u>2,684,047</u>                | <u>908,182</u>              | <u>593,272</u>              | <u>2,998,957</u>              | <u>708,961</u>              |
| <b>Total</b>   | <b>\$ <u>275,411,224</u></b>    | <b>\$ <u>75,863,328</u></b> | <b>\$ <u>18,753,805</u></b> | <b>\$ <u>332,520,747</u></b>  | <b>\$ <u>13,918,100</u></b> |

**9. Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

| <u>General Obligation Bonds</u>  | <u>2012</u> | <u>2011</u>  |
|--|-------------|--------------|
| Limited Tax General Obligation Bonds, Series 2003, to construct, improve, renovate, and equip facilities. Issued January 31, 2003, in the amount of \$6,560,000. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2031.   | \$ -        | \$ 3,220,000 |
| Limited Tax General Obligation Bonds, Series 2004, to construct, improve, renovate, and equip facilities. Issued February 2, 2004, in the amount of \$20,835,000. Tax supported bonds. Interest rates range from 3.125% to 5.125%. Due February 2033.  | 1,710,000   | 13,805,000   |
| Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2033. | 17,105,308  | 17,973,085   |
| Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2025.   | 12,456,007  | 12,598,971   |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

|   |                      |                      |
|---|----------------------|----------------------|
| <p>Limited Tax General Obligation Bonds, Series 2008A, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued September 1, 2008, in the amount of \$80,000,000. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2038.</p> | 60,402,369           | 59,890,193           |
| <p>Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Tax supported bonds. Interest rates range from 3.500% to 5.000%. Due February 2039.</p>     | 137,471,430          | 146,569,394          |
| <p>Limited Tax General Obligation Building and Refunding Bonds, Series 2011, to refund a portion of 2009 General Obligation Bonds, to construct and equip facilities, and to purchase sites for school buildings. Issued July 21, 2011, in the amount of \$68,055,568 plus a premium of \$2,863,979. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2032.</p>  | 70,819,058           | 70,919,547           |
| <p>Limited Tax General Obligation Refunding Bonds, Series 2012, to refund 2003 and 2004 General Obligation Bonds. Issued May 23, 2012, in the amount of \$13,800,000 plus a premium of \$548,973, less a discount of \$90,374. Tax supported bonds. Interest rates range from 2.00% to 5.00%. Due February 2033</p>   | 14,258,599           | -                    |
| <u>Maintenance Tax Notes</u>  |                      |                      |
| <p>Maintenance Tax Notes, Series 2003, to repair and renovate major building system components and to purchase and install equipment. Issued January 31, 2003, in the amount of \$10,440,000. Tax supported notes. Interest rates range from 2.80% to 4.80%. Stated maturity date February 2022, but to be paid in full February 2012 due to refunding with Series 2011.</p>  | -                    | 510,000              |
| <p>Maintenance Tax Notes, Series 2011, to refund 2003 Maintenance Tax Notes. Issued July 21, 2011, in the amount of \$3,850,000 plus a premium of \$185,600. Tax supported notes. Interest rates range from 2.00% to 3.00%. Due February 2022.</p>  | 4,017,924            | 4,035,600            |
| <p><b>Total bonds and notes payable</b></p>   | <u>\$318,240,695</u> | <u>\$329,521,790</u> |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

**10. Debt Obligations**

Debt service requirements as of August 31, 2012 were as follows:

| Year<br>Ending<br>August 31, | General Obligation<br>Bonds/Notes |                       | Total Bonds        |
|------------------------------|-----------------------------------|-----------------------|--------------------|
|                              | Principal                         | Interest              |                    |
| 2013                         | \$ 10,958,397                     | \$ 13,132,336         | \$ 24,090,733      |
| 2014                         | 10,360,626                        | 14,552,215            | 24,912,841         |
| 2015                         | 9,444,906                         | 16,332,375            | 25,777,281         |
| 2016                         | 10,042,136                        | 13,648,369            | 23,690,505         |
| 2017                         | 10,707,547                        | 12,013,608            | 22,721,155         |
| 2018-2022                    | 53,228,343                        | 58,572,042            | 111,800,385        |
| 2023-2027                    | 59,556,970                        | 49,508,251            | 109,065,221        |
| 2028-2032                    | 59,108,645                        | 30,206,641            | 89,315,286         |
| 2033-2037                    | 65,999,536                        | 15,394,250            | 81,393,786         |
| 2038-2040                    | <u>28,833,589</u>                 | <u>1,573,975</u>      | <u>30,407,564</u>  |
| Total                        | \$ <u>318,240,695</u>             | \$ <u>224,934,062</u> | <u>543,174,757</u> |

**11. Pledged Revenue Coverage**

The College has pledged a portion of maintenance and operating tax revenues for repayment of 2003 and 2011 Maintenance Tax Notes as detailed in Note 9. The period covered is from fiscal year 2003 to fiscal year 2022.

| Fiscal Year<br>Ended<br>August 31, | Total<br>Maintenance<br>and Operating<br>Tax<br>Recognized | Amount of Pledged Revenue |                     |                      | Percent of<br>M&O<br>Taxes<br>Recognized to<br>Total<br>Pledged |
|------------------------------------|--|---------------------------|---------------------|----------------------|---|
|                                    |  | Principal                 | Interest            | Total                |   |
| 2003                               | \$ 26,355,326  | \$ 500,000                | \$ 161,131          | \$ 661,131           | 2.5085%   |
| 2004                               | 29,827,208   | 2,460,000                 | 510,467             | 2,970,467            | 9.9589%   |
| 2005                               | 30,668,749   | 1,290,000                 | 450,370             | 1,740,370            | 5.6747%   |
| 2006                               | 33,439,538   | 1,495,000                 | 400,501             | 1,895,501            | 5.6684%   |
| 2007                               | 37,666,186   | 510,000                   | 364,018             | 874,018              | 2.3204%   |
| 2008                               | 42,518,691   | 1,225,000                 | 330,146             | 1,555,146            | 3.6576%   |
| 2009                               | 46,492,505   | 1,225,000                 | 284,065             | 1,509,065            | 3.2458%   |
| 2010                               | 45,349,704   | 1,225,000                 | 240,596             | 1,465,596            | 3.2318%   |
| 2011                               | 43,431,527   | 690,000                   | 205,808             | 895,808              | 2.0625%   |
| 2012                               | 43,476,293   | 527,676                   | 140,814             | 668,490              | 1.4969%   |
| 2013-2022                          | -  | <u>4,017,924</u>          | <u>809,500</u>      | <u>4,827,424</u>     |   |
| Total                              | \$ <u>379,225,727</u>                                      | \$ <u>15,165,600</u>      | \$ <u>3,897,416</u> | \$ <u>19,063,016</u> |   |



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

#### 12. Refunding Bonds

##### Maintenance Tax Refunding Bonds, Series 2012

On May 23, 2012, the College issued \$13,800,000 of Limited Tax General Obligation Refunding Bonds, Series 2012. The bonds mature serially through February 2033. The interest rates range from 2.000% to 5.000%. The Bonds are to refund the Limited Tax General Obligation Building Bonds, Series 2003 and 2004. The par value of the refunding bonds was \$13,800,000 with a reoffering premium of \$548,973, less a discount of \$90,374.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$14,966,700. The aggregate debt service payments of the refunding bonds of \$20,493,611 is \$1,615,412 less than the aggregate debt service payments of the refunded bonds of \$22,109,023. The net present value of the refunding transaction is \$1,019,722 or 7.33%.

##### Maintenance Tax Refunding Bonds, Series 2011

On July 21, 2011, the College issued \$3,850,000 of Maintenance Tax Refunding Bonds, Series 2011. The bonds mature serially through February 2022. The interest rates range from 2.000% to 4.000%. The Bonds are to refund the Maintenance Tax Notes, Series 2003. The par value of the refunding bonds was \$3,850,000 with a reoffering premium of \$185,600.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$4,122,731. The aggregate debt service payments of the refunded bonds of \$5,106,234 is \$315,482 less than the aggregate debt service payments of the refunding bonds of \$4,790,752. The net present value of the refunding transaction is \$272,475 or 07.0407%.

##### Limited Tax Refunding Bonds, Series 2008

On April 1, 2008, the College issued \$12,700,000 of Limited Tax Refunding Bonds, Series 2008. The bonds mature serially through February 2025. The interest rates range from 3.000% to 5.000%. The Bonds are to refund the variable rate Limited Tax General Obligation Bonds, Series 2000. The par value of the refunding bonds was \$12,700,000 with a reoffering premium of \$304,487.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$13,080,983. The aggregate debt service payments of the refunded bonds of \$24,065,689 is \$2,495,905 less than the aggregate debt service payments of the refunding bonds of \$21,569,784. The net present value of the refunding transaction is \$1,554,032 or 12.236%.

#### 13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2012 and 2011, the College had the following defeased bonds outstanding:

| <u>Bond Issue</u>                                    | <u>Year Refunded</u> | <u>Par Value Outstanding</u> |                      |
|--|----------------------|------------------------------|----------------------|
|  |                      | <u>2012</u>                  | <u>2011</u>          |
| Limited Tax General<br>Obligation Bonds, Series 2004 | 2012                 | \$ 10,845,000                | \$ -                 |
| Limited Tax General<br>Obligation Bonds, Series 2009 | 2011                 | 560,000                      | 3,060,000            |
| Limited Tax General<br>Obligation Bonds, Series 2001 | 2007                 | <u>27,395,000</u>            | <u>28,950,000</u>    |
| Total  |                      | \$ <u>38,800,000</u>         | \$ <u>32,010,000</u> |

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 14. Unrestricted Net Assets

The College designates a portion of unrestricted net assets to indicate management's tentative plans for future use of financial resources. At August 31, 2012 and 2011, the College has designated \$50 million of accumulated unrestricted net assets. The designations consist of \$25 million for business continuity and emergency recovery and \$25 million for repair and renovation of facilities.

### 15. Operating Lease Commitments and Rental Agreements

The College leases computers, office space, storage space, copiers, and mailing equipment. The following operating lease commitments requiring future minimum annual rental payments for years ending August 31 are as follows:

| Year Ending<br><u>August 31,</u> | <u>2012</u>         | <u>2011</u>         |
|----------------------------------|---------------------|---------------------|
| 2012                             | \$ -                | \$ 1,392,450        |
| 2013                             | 1,952,266           | 882,904             |
| 2014                             | 1,297,639           | 404,577             |
| 2015                             | 325,407             | 298,162             |
| 2016                             | 212,600             | 266,962             |
| 2017                             | <u>92,346</u>       | <u>-</u>            |
| Total                            | \$ <u>3,880,258</u> | \$ <u>3,245,055</u> |

Computer leases permit automatic renewal at three-month intervals and must be terminated in writing no less than ninety days prior to the end of the lease term. The leases have term expiration dates ranging from 2013 to 2017. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect. Leases include purchase options at the end of the lease term at fair market value.

Office space leases have term expiration dates ranging from 2013 to 2015. Each agreement contains an escalation clause allowing the landlord to allocate additional direct costs related to the operation of the leased sites. Leases currently in effect contain options to renew and allow for subleasing property with landlord's written consent.

The lease for record storage space permits automatic renewal every twelve months unless written notice is given at least ninety days in advance. Additional per box charges and service rates apply in addition to a flat monthly rental fee.

The lease for storage space is based on a monthly term with a requirement of thirty days written notice before the contract can be terminated.

Leases for copiers and mailing equipment have term expiration dates ranging from 2013 to 2014. Monthly rental fees are based on model and number of units leased.

Operating expenses include \$1,847,835 and \$1,887,219 of lease payments paid during fiscal years 2012 and 2011, respectively.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

#### 16. Employees' Retirement Plan

The State of Texas (State) 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 (TRS).

##### Teacher Retirement System of Texas

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a State contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011, and 2010. The percentage of participant salaries currently contributed by the State are 6.0% for fiscal year 2012, 6.644% for fiscal year 2011, and 6.4% for September 2009 through December 2009 with an increase to 6.644% from January 2010 through August 2010 for fiscal year 2010. In certain instances the College is required to make all or a portion of the State's contribution for fiscal years 2012, 2011, and 2010.

##### Optional Retirement Plan (ORP)

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The percentage of participant salaries currently contributed by the State for each participant are, 6.0% for fiscal year 2012 and 6.4% for fiscal years 2011 and 2010. Employee contributions percentages were 6.65% for fiscal years 2012, 2011, and 2010. The College contributed 2.5% for fiscal year 2012 and 2.1% for fiscal years 2011 and 2010 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

On-behalf payments by the State

These amounts represent the portion of expended appropriations made by the State legislature on behalf of the College. The retirement expense related to TRS and ORP contributions paid by the State for the College was \$2,164,927, \$4,443,773 and \$4,108,280 for the fiscal years ended August 31, 2012, 2011, and 2010, respectively. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll for all College employees was \$86,481,931, \$87,199,904, and \$82,796,028 for fiscal years 2012, 2011, and 2010, respectively. The total payroll of employees covered by the State for TRS was \$48,633,309, \$47,472,362, and \$42,548,465 and the total payroll of employees covered by the State for ORP was \$19,647,658, \$20,172,978, and \$21,142,154 for fiscal years 2012, 2011, and 2010, respectively. See Schedules B and C.

**17. Post-Retirement Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through a State sponsored program with premiums 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 contribution per full-time employees was \$87, \$291, and \$343 per month for the years ended August 31, 2012, 2011, and 2010, respectively. The State's cost of providing those benefits for 1,246 active employees was \$1,293,586 and for 479 retirees was \$2,974,495, for a total State funded amount of \$4,268,081 for the year ended August 31, 2012. The State's cost of providing those benefits for 1,239 active employees was \$4,324,614 and for 442 retirees was \$2,338,001, for a total State funded amount of \$6,662,615 for the year ended August 31, 2011. The State's cost of providing those benefits for 1,108 active employees was \$4,558,277 and 436 retirees was \$2,355,183, for a total State funded amount of \$6,913,460 for the year ended August 31, 2010. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. See Schedules B and C.

The following table provides a breakdown of the total premiums paid by fiscal year:

| Fiscal<br>Year<br>Ended<br><u>August 31,</u> | State<br><u>Paid</u> | <u>%</u> | College<br><u>Paid</u> | <u>%</u> | Employee<br><u>Paid</u> | <u>%</u> | Total<br>Annual<br><u>Premiums</u> |
|--|----------------------|----------|------------------------|----------|-------------------------|----------|------------------------------------|
| 2012   | \$ 4,268,081         | 26.61%   | \$ 9,604,172           | 59.89%   | \$ 2,164,989            | 13.50%   | \$ 16,037,242                      |
| 2011   | \$ 6,662,615         | 43.55%   | \$ 6,580,501           | 43.02%   | \$ 2,053,949            | 13.43%   | \$ 15,297,065                      |
| 2010   | \$ 6,913,460         | 50.78%   | \$ 5,164,773           | 37.93%   | \$ 1,536,978            | 11.29%   | \$ 13,615,211                      |

The Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, has been issued and is effective for the fiscal years ended August 31, 2012, 2011, and 2010. The following information is provided to comply with the requirements of the new statement.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

*Plan Description.* The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing multiple-employer, defined benefit post-employment healthcare plan administered by the Employees Retirement System of Texas (ERS). These medical benefits are provided to retired employees of participating universities, community colleges, and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature. ERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

*Funding Policy.* 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. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The College's contributions to the plan for the years ended August 31 are detailed in the table above and equal the required contributions each year.

The Board of Trustees approved a provision in a former Chancellor's contract in 2007 to pay an annual premium of \$7,685 through July of 2026 to provide for a \$500,000 term life insurance policy. The insured has the discretion to name the beneficiary. The College is current on the premium payments as of August 31, 2012, 2011, and 2010, respectively.

#### 18. Compensable Absences

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry a maximum of 200 hours of his accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all annual leave earned in the current year. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$1,217,337 and \$1,250,212 as of August 31, 2012 and 2011, respectively.

The College provides retirement incentive pay for unused sick days accumulated prior to August 1, 1988. To receive the incentive pay, the employees must not terminate for reasons other than leave authorized by Board policy, must retire under the terms of the Teacher Retirement System of Texas, or be paid by reason of death. There is no additional accumulation for retirement incentive pay purposes for any sick days that an employee earned after August 1, 1988. The College recognized for those employees who qualify for retirement incentive pay an accrued liability of \$1,358,037 and \$1,296,420 as of August 31, 2012 and 2011, respectively.

Effective August 1, 1988, the College allows sick leave to accumulate at a rate of eight hours per month to a maximum of 1,280 hours. An employee who is on sick leave will be paid only to the extent of accumulated hours. The College's policy is to recognize the sick leave cost when paid. Upon termination of employment, the employees do not receive payment for unused accumulated sick leave hours.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 19. Deferred Compensation

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2012 and 2011, the College had one employee participant and an accrued liability of \$10,000. Payment to a third-party provider on behalf of the participants was paid in October 2012 and November 2011, respectively.

On April 4, 2011, the Board approved a Voluntary Separation and Severance Plan (VSSP) to provide the College with an opportunity to reduce full-time labor costs by seeking voluntary separations from its employees. The VSSP offered a monetary severance and enhanced benefit package to employees in exchange for the execution of a standard voluntary and waiver release agreement. Nine hundred ninety three (993) employees were eligible to participate in the VSSP. Program components of the VSSP included: (1) A lump sum monetary severance payment equal to three, four, five or six months of pay dependent upon years of service with the College, (2) Employees who have grandfathered sick leave balances (sick leave earned prior to 1988) paid out at their current hourly rate, and (3) Employees received an enhanced vacation benefit paid for the actual balance of earned vacation hours at separation defined as follows: carryover from one year to the next, plus current year's accrual, prorated for the termination date. For the VSSP, the enhancement is the payment for the prior year vacation carryover which was a one-time revision to the current vacation guidelines. Ninety Five (95) employees participated in the VSSP and fifteen (15) employees elected to have their VSSP payments deferred until January 2012. In connection with the VSSP, the College recognized an expense of \$2,143,627 for the year ended August 31, 2011, with an associated accrued liability of \$442,325 as of August 31, 2011. The liability was paid in January of 2012.

### 20. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$553,767 and \$564,042 as of August 31, 2012 and 2011, respectively, has been established as an estimate for unpaid claims and incurred but not reported claims. Accrued liabilities are based on an actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. The College is not responsible for claims beyond its annual maximum loss limitation.

| <u>Liability for Estimated Claims</u>    | <u>2012</u>       | <u>2011</u>       |
|--|-------------------|-------------------|
| Beginning Balance, September 1           | \$ 564,042        | \$ 271,983        |
| Claims incurred and changes in estimates | 236,868           | 496,377           |
| Payments on claims                       | <u>(247,143)</u>  | <u>(204,318)</u>  |
| Ending Balance, August 31                | \$ <u>553,767</u> | \$ <u>564,042</u> |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

**21. Ad Valorem Tax**

The College's ad valorem tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the taxing district.

At August 31:

|                                       | <u>2012</u>              | <u>2011</u>              |
|---------------------------------------|--------------------------|--------------------------|
| Assessed valuation of the College:    | \$ 46,118,994,941        | \$ 44,981,763,334        |
| Less: Exemptions                      | (9,180,052,695)          | (8,340,379,176)          |
| Less: Abatements                      | <u>-</u>                 | <u>-</u>                 |
| Net assessed valuation of the College | \$ <u>36,938,942,246</u> | \$ <u>36,641,384,158</u> |

|   | <u>2012</u>                   |                         |              | <u>2011</u>                   |                         |              |
|---|-------------------------------|-------------------------|--------------|-------------------------------|-------------------------|--------------|
|   | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> |
| Authorized tax rate per \$100 valuation                                     | \$ 0.200000                   | \$ 0.500000             | \$ 0.700000  | \$ 0.200000                   | \$ 0.500000             | \$ 0.700000  |
| Assessed tax rate per \$100 valuation<br>(Maximum per enabling legislation) | \$ 0.118688                   | \$ 0.066914             | \$ 0.185602  | \$ 0.114293                   | \$ 0.061984             | \$ 0.176277  |

Taxes levied for the years ended August 31, 2012 and 2011, amounted to \$64,559,416 and \$64,590,772, respectively. 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. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the assets or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. The College has recognized all assessed taxes in the current year and recorded a receivable for uncollected taxes.

|                              | <u>2012</u>                   |                         |                      | <u>2011</u>                   |                         |                      |
|------------------------------|-------------------------------|-------------------------|----------------------|-------------------------------|-------------------------|----------------------|
|                              | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u>         | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u>         |
| Taxes collected for the year |                               |                         |                      |                               |                         |                      |
| Current taxes                | \$ 42,748,754                 | \$ 24,687,973           | \$ 67,436,727        | \$ 42,742,577                 | \$ 21,109,257           | \$ 63,851,834        |
| Delinquent taxes             | 604,739                       | 349,245                 | 953,984              | 226,811                       | 109,584                 | 336,395              |
| Penalties and interest       | <u>398,396</u>                | <u>230,079</u>          | <u>628,475</u>       | <u>404,216</u>                | <u>195,297</u>          | <u>599,513</u>       |
| Total collections            | \$ <u>43,751,889</u>          | \$ <u>25,267,297</u>    | \$ <u>69,019,186</u> | \$ <u>43,373,604</u>          | \$ <u>21,414,138</u>    | \$ <u>64,787,742</u> |

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

Tax collections for the years ended August 31, 2012 and 2011, were 104.46 percent and 98.86 percent, 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 for the use of maintenance and operations and/or general obligation debt service.

#### 22. Federal and State Contract and Grant Awards

Federal and State contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audit of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedules A and C. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2012 and 2011 for which monies have not been received nor funds expended, totaled \$25,366,108 and \$26,730,564, respectively. Of these amounts, \$22,079,318 and \$21,403,777 were from Federal contract and grant awards; \$3,286,790 and \$5,326,787 were from State contract and grant awards for the fiscal years ended August 31, 2012 and 2011, respectively.

#### 23. Contingent Liabilities

##### Pending lawsuits and claims

As of August 31, 2012, the College is a defendant in various legal actions. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

##### Contingency - State on-behalf appropriations for TRS and ORP

Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system", referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

During the 2011 legislative session, the Texas legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but in the so-called "Rider 13" to the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted General Revenue appropriation for each year of the biennium state budget.

Since each community college's unrestricted General Revenue appropriation for the biennium was significantly less than the anticipated total of the college's compensation to be paid to employees who are TRS or ORP participants, the State appropriation was less than that apparently required by the state constitution.

The TRS has expectations that the College will provide the difference between the formula required contribution and the amount provided by the State, which is less than the amount believed to be required by the constitution. The College estimates the contribution shortage to be \$1,902,150. It is the College's contention that the State is the employer government legally responsible for the required contributions under GASB Statement No. 27.



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

The accompanying financial statements, specifically Exhibit 2 and Schedule C, report amounts as State restricted revenues and expenses that do not include the disputed \$1,902,150 on-behalf contribution required of the State. It is conceivable that at some future point, the College may be required to pay from local funds the disputed TRS/ORP contributions. Should that occur, the College will record a current period expenditure in the year in which the payment is made.

#### State and Federally assisted programs

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

#### **24. Related Parties**

The San Jacinto Community College Foundation (Foundation), incorporated in 1996, is a nonprofit organization with the purpose of supporting the educational and general activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation paid grants of \$1,080,485 and \$1,107,687 to the College's students and programs during the years ended August 31, 2012 and 2011, respectively. The College furnished certain services, such as office space, utilities, and staff assistance, to the Foundation. The cost of these un-reimbursed services was \$367,230 and \$445,213 for the fiscal years ended August 31, 2012 and 2011, respectively. The financial position of the Foundation is not significant to the College; therefore, it is not included in the College's basic financial statements.

#### **25. Recent Accounting Pronouncements - Governmental Accounting Standards Board**

##### GASB Statement No. 62

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is intended to enhance the usefulness of the GASB Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. By incorporating and maintaining this guidance in a single source, this statement improves financial reporting and reduces the complexity of locating and using authoritative literature needed to prepare governmental financial reports.

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. Management of the College does not believe that GASB Statement No. 62 will have a material effect on the College's financial statements when adopted in fiscal year 2013.

##### GASB Statement No. 63

The GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2013.

#### GASB Statement No. 64

The GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2013.

#### GASB Statement No. 65

The GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial Statement presentations. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2014.

#### GASB Statement No. 66

The GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Basic Financial Statements, Continued

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2014.

#### GASB Statement No. 68

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity and creating additional transparency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2015.

#### **26. Subsequent Events**

Management has evaluated subsequent events through December 11, 2012, the date which the financial statements were available to be issued. Management of the College has determined that no subsequent events require disclosure in these financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues  
 Year Ended August 31, 2012  
 (With Memorandum Totals for the Year Ended August 31, 2011)

|  | 2012                 |                      |                            |                       | 2011                 |                      |
|--|----------------------|----------------------|----------------------------|-----------------------|----------------------|----------------------|
|  | Educational Activity |                      | Total Educational Activity | Auxiliary Enterprises | Total                | Total                |
|  | Unrestricted         | Restricted           |                            |                       |                      |                      |
| <b>Tuition</b>                                       |                      |                      |                            |                       |                      |                      |
| State funded courses:                                |                      |                      |                            |                       |                      |                      |
| In-district resident tuition                         | \$ 11,778,059        | \$ -                 | \$ 11,778,059              | \$ -                  | \$ 11,778,059        | \$ 12,381,841        |
| Out-of-district resident tuition                     | 15,466,013           | -                    | 15,466,013                 | -                     | 15,466,013           | 15,708,265           |
| Non-resident tuition                                 | 2,609,839            | -                    | 2,609,839                  | -                     | 2,609,839            | 2,659,671            |
| TPEG-credit (set aside) *                            | 1,386,263            | -                    | 1,386,263                  | -                     | 1,386,263            | 784,869              |
| State funded non credit continuing education courses | 5,478,340            | -                    | 5,478,340                  | -                     | 5,478,340            | 3,959,793            |
| TPEG-non-credit (set aside) *                        | 255,120              | -                    | 255,120                    | -                     | 255,120              | 177,653              |
| Non-state funded educational programs                | 1,341,972            | -                    | 1,341,972                  | -                     | 1,341,972            | 1,502,809            |
| Total tuition  | <u>38,315,606</u>    | <u>-</u>             | <u>38,315,606</u>          | <u>-</u>              | <u>38,315,606</u>    | <u>37,174,901</u>    |
| <b>Fees</b>  |                      |                      |                            |                       |                      |                      |
| General service                                      | 9,655,115            | -                    | 9,655,115                  | -                     | 9,655,115            | 9,697,245            |
| Incidental   | 686,338              | -                    | 686,338                    | -                     | 686,338              | 815,146              |
| Instructional  | 1,956,789            | -                    | 1,956,789                  | -                     | 1,956,789            | 2,162,878            |
| Laboratory   | 824,571              | -                    | 824,571                    | -                     | 824,571              | 878,020              |
| Total fees   | <u>13,122,813</u>    | <u>-</u>             | <u>13,122,813</u>          | <u>-</u>              | <u>13,122,813</u>    | <u>13,553,289</u>    |
| <b>Scholarship allowances and discounts</b>          |                      |                      |                            |                       |                      |                      |
| Remissions and exemptions - state                    | (612,283)            | -                    | (612,283)                  | -                     | (612,283)            | (473,479)            |
| Remissions and exemptions - local                    | (1,161,132)          | -                    | (1,161,132)                | -                     | (1,161,132)          | (1,209,538)          |
| Scholarship allowances                               | (1,299,425)          | -                    | (1,299,425)                | -                     | (1,299,425)          | (851,411)            |
| TPEG awards  | (269,718)            | -                    | (269,718)                  | -                     | (269,718)            | (486,047)            |
| Federal grants to students                           | (13,854,577)         | -                    | (13,854,577)               | -                     | (13,854,577)         | (12,159,163)         |
| State grants to students                             | (1,495,234)          | -                    | (1,495,234)                | -                     | (1,495,234)          | (1,315,320)          |
| Total scholarship allowances and discounts           | <u>(18,692,369)</u>  | <u>-</u>             | <u>(18,692,369)</u>        | <u>-</u>              | <u>(18,692,369)</u>  | <u>(16,494,958)</u>  |
| Total net tuition and fees                           | <u>32,746,050</u>    | <u>-</u>             | <u>32,746,050</u>          | <u>-</u>              | <u>32,746,050</u>    | <u>34,233,232</u>    |
| <b>Other operating revenues</b>                      |                      |                      |                            |                       |                      |                      |
| Federal grants and contracts                         | 395,587              | 7,925,886            | 8,321,473                  | -                     | 8,321,473            | 7,912,674            |
| State grants and contracts                           | 57,096               | 4,766,360            | 4,823,456                  | -                     | 4,823,456            | 4,494,887            |
| Non-governmental grants and contracts                | -                    | 1,260,427            | 1,260,427                  | -                     | 1,260,427            | 1,470,213            |
| Sales and services of educational activities         | 539,117              | -                    | 539,117                    | -                     | 539,117              | 613,341              |
| Sales and services of non-educational activities     | 971,117              | -                    | 971,117                    | -                     | 971,117              | 511,099              |
| Investment income (program restricted)               | -                    | 1,443                | 1,443                      | -                     | 1,443                | 2,048                |
| Total other operating revenues                       | <u>1,962,917</u>     | <u>13,954,116</u>    | <u>15,917,033</u>          | <u>-</u>              | <u>15,917,033</u>    | <u>15,004,262</u>    |
| <b>Auxiliary enterprises</b>                         |                      |                      |                            |                       |                      |                      |
| Bookstores   | -                    | -                    | -                          | 1,333,498             | 1,333,498            | 1,127,128            |
| Child care centers                                   | -                    | -                    | -                          | 372,043               | 372,043              | 374,781              |
| Less child care center discounts                     | -                    | -                    | -                          | (133,940)             | (133,940)            | (125,021)            |
| Food services  | -                    | -                    | -                          | 1,302,818             | 1,302,818            | 1,195,415            |
| Less food service discounts                          | -                    | -                    | -                          | (246,581)             | (246,581)            | (147,592)            |
| Student services/other services                      | -                    | -                    | -                          | 1,266,960             | 1,266,960            | 1,497,779            |
| Total auxiliary enterprises                          | <u>-</u>             | <u>-</u>             | <u>-</u>                   | <u>3,894,798</u>      | <u>3,894,798</u>     | <u>3,922,490</u>     |
| Total operating revenues                             | <u>\$ 34,708,967</u> | <u>\$ 13,954,116</u> | <u>\$ 48,663,083</u>       | <u>\$ 3,894,798</u>   | <u>\$ 52,557,881</u> | <u>\$ 53,159,984</u> |
|  |                      |                      |                            |                       | (Exhibit 2)          | (Exhibit 2)          |

\* In accordance with Education Code 56.033, \$1,641,383 and \$962,522 for years ended August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Expenses by Object  
 Year Ended August 31, 2012  
 (With Memorandum Totals for the Year Ended August 31, 2011)

|  | 2012                  |                     |                      |                      | 2011                  |                       |
|--|-----------------------|---------------------|----------------------|----------------------|-----------------------|-----------------------|
|  | Salaries<br>and Wages | Benefits            |                      | Other<br>Expenses    | Total                 | Total                 |
|  |                       | State               | Local                |                      |                       |                       |
| <u>Unrestricted - educational activities</u>                     |                       |                     |                      |                      |                       |                       |
| Instruction  | \$ 48,532,122         | \$ -                | \$ 5,428,661         | \$ 3,925,157         | \$ 57,885,940         | \$ 59,301,676         |
| Public service   | 1,965,601             | -                   | 227,609              | 1,630,556            | 3,823,766             | 2,874,614             |
| Academic support   | 7,166,024             | -                   | 837,495              | 1,538,399            | 9,541,918             | 9,790,888             |
| Student services   | 8,287,238             | -                   | 1,010,475            | 1,598,200            | 10,895,913            | 10,911,934            |
| Institutional support  | 13,550,542            | -                   | 1,821,416            | 14,148,514           | 29,520,472            | 27,861,800            |
| Operation and maintenance of plant                               | 3,124,692             | -                   | 2,154,672            | 11,888,943           | 17,168,307            | 15,486,765            |
| Total unrestricted educational activities                        | <u>82,626,219</u>     | <u>-</u>            | <u>11,480,328</u>    | <u>34,729,769</u>    | <u>128,836,316</u>    | <u>126,227,677</u>    |
| <u>Restricted - educational activities</u>                       |                       |                     |                      |                      |                       |                       |
| Instruction  | 879,630               | 3,497,083           | 154,411              | 1,700,372            | 6,231,496             | 8,994,565             |
| Public service   | 208,462               | 182,048             | 27,126               | 100,972              | 518,608               | 827,036               |
| Academic support   | 909,909               | 647,378             | 154,615              | 1,496,464            | 3,208,366             | 2,829,397             |
| Student services   | 493,926               | 869,098             | 17,219               | 176,929              | 1,557,172             | 2,558,811             |
| Institutional support  | 227,992               | 1,237,401           | 41,174               | 2,533,296            | 4,039,863             | 3,776,255             |
| Scholarships and fellowships                                     | -                     | -                   | -                    | 45,303,998           | 45,303,998            | 42,060,513            |
| Total restricted educational activities                          | <u>2,719,919</u>      | <u>6,433,008</u>    | <u>394,545</u>       | <u>51,312,031</u>    | <u>60,859,503</u>     | <u>61,046,577</u>     |
| Total educational activities                                     | <u>85,346,138</u>     | <u>6,433,008</u>    | <u>11,874,873</u>    | <u>86,041,800</u>    | <u>189,695,819</u>    | <u>187,274,254</u>    |
| Auxiliary enterprises  | 1,135,793             | -                   | 237,536              | 2,606,191            | 3,979,520             | 4,124,852             |
| Depreciation expense - buildings and improvements                | -                     | -                   | -                    | 6,387,983            | 6,387,983             | 5,511,047             |
| Depreciation expense -<br>equipment, furniture and library books | -                     | -                   | -                    | 3,239,303            | 3,239,303             | 2,286,902             |
| Total operating expenses   | <u>\$ 86,481,931</u>  | <u>\$ 6,433,008</u> | <u>\$ 12,112,409</u> | <u>\$ 98,275,277</u> | <u>\$ 203,302,625</u> | <u>\$ 199,197,055</u> |
|  |                       |                     |                      |                      | (Exhibit 2)           | (Exhibit 2)           |

## SAN JACINTO COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses  
 Year Ended August 31, 2012  
 (With Memorandum Totals for the Year Ended August 31, 2011)

|                                      | 2012          |               |                | 2011           |
|--------------------------------------|---------------|---------------|----------------|----------------|
|                                      | Unrestricted  | Restricted    | Total          | Total          |
| <u>Non-operating revenues</u>        |               |               |                |                |
| State appropriations:                |               |               |                |                |
| Education and general State support  | \$ 36,080,029 | \$ -          | \$ 36,080,029  | \$ 36,016,898  |
| State group insurance                | -             | 4,268,081     | 4,268,081      | 6,662,615      |
| State retirement matching            | -             | 2,164,927     | 2,164,927      | 4,443,773      |
| Total State appropriations           | 36,080,029    | 6,433,008     | 42,513,037     | 47,123,286     |
| Ad valorem taxes:                    |               |               |                |                |
| Taxes for maintenance and operations | 43,476,293    | -             | 43,476,293     | 43,431,527     |
| Taxes for general obligation bonds   | -             | 25,172,501    | 25,172,501     | 21,374,140     |
| Federal revenue, non-operating       | 121,001       | 55,932,390    | 56,053,391     | 51,385,403     |
| Investment income                    | 331,462       | 610,464       | 941,926        | 1,099,473      |
| Total non-operating revenues         | 80,008,785    | 88,148,363    | 168,157,148    | 164,413,829    |
| <u>Non-operating expenses</u>        |               |               |                |                |
| Interest on capital related debt     | -             | 9,135,053     | 9,135,053      | 12,144,364     |
| Loss on disposal of capital assets   | 107,383       | -             | 107,383        | 354,592        |
| Total non-operating expenses         | 107,383       | 9,135,053     | 9,242,436      | 12,498,956     |
| Net non-operating revenues, net      | \$ 79,901,402 | \$ 79,013,310 | \$ 158,914,712 | \$ 151,914,873 |
|                                      |               |               | (Exhibit 2)    | (Exhibit 2)    |

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Assets by Source and Availability  
 Year Ended August 31, 2012  
 (With Memorandum Totals for the Year Ended August 31, 2011)

|  | Detail by Source |                |              | Total         | Current Operations |              |
|--|------------------|----------------|--------------|---------------|--------------------|--------------|
|  | Unrestricted     | Restricted     | Expendable   |               | Yes                | No           |
| <b>Current</b>                             |                  |                |              |               |                    |              |
| Unrestricted -                             | \$ 13,707,231    | \$ -           | \$ -         | \$ 13,707,231 | \$ -               | \$ -         |
| Non-designated Board designated:           |                  |                |              |               |                    |              |
| Business continuity and emergency recovery | 25,000,000       | -              | -            | 25,000,000    | -                  | 25,000,000   |
| Repair and renovation of facilities        | 25,000,000       | -              | -            | 25,000,000    | -                  | 25,000,000   |
| Restricted                                 | -                | 2,492,490      | -            | 2,492,490     | -                  | 2,492,490    |
| Auxiliary                                  | 14,506,248       | -              | -            | 14,506,248    | 14,506,248         | -            |
| <b>Plant</b>                               |                  |                |              |               |                    |              |
| Debt service                               | -                | 704,089        | -            | 704,089       | -                  | 704,089      |
| Investment in plant                        | -                | -              | 130,941,830  | 130,941,830   | -                  | 130,941,830  |
| Total net assets, August 31, 2012          | 78,213,479       | 3,196,579      | 130,941,830  | 212,351,888   | 28,213,479         | 184,138,409  |
| Total net assets, August 31, 2011          | 78,542,676       | 4,198,753      | 121,440,491  | 204,181,920   | 28,542,676         | 175,639,244  |
| Net (decrease) increase in net assets      | \$ (329,197)     | \$ (1,002,174) | \$ 9,501,339 | \$ 8,169,968  | \$ (329,197)       | \$ 8,499,165 |

(Exhibit 2)

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Statistical Section

### Statistical Supplements

|   |         |
|---|---------|
| <b>Financial Trends</b> .....   | 1 - 3   |
| These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.                          |         |
| <b>Revenue Capacity</b> .....   | 4 - 8   |
| These schedules contain trend information to help the reader assess the factors affecting the College's ability to generate property taxes, tuition, grants, and other revenue. |         |
| <b>Debt Capacity</b> .....  | 9 - 11  |
| The debt capacity information will assist the reader in understanding and assessing the College's debt burden and ability to issue debt.  |         |
| <b>Demographic and Economic Information</b> .....   | 12 - 13 |
| The demographic and economic information is presented to assist users in understanding certain aspects of the environment in which the College operates.                        |         |
| <b>Operating Information</b> .....  | 14 - 18 |
| These schedules contain contextual information to help the reader assess the delivery and effectiveness of College operations.  |         |



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Net Assets by Component Last Ten Fiscal Years (Unaudited)

|   | For the Year Ended August 31,<br>(amounts expressed in thousands) |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2012  | 2011              | 2010              | 2009              | 2008              | 2007              | 2006              | 2005              | 2004              | 2003              |
| Invested in capital assets, net of related debt | \$ 130,942  | \$ 121,440        | \$ 109,326        | \$ 89,074         | \$ 78,719         | \$ 65,385         | \$ 64,389         | \$ 60,990         | \$ 54,161         | \$ 40,752         |
| Restricted - expendable                         | 3,197   | 4,199             | 4,624             | 6,549             | 5,715             | 10,067            | 13,957            | 9,892             | 27,636            | 10,996            |
| Restricted - nonexpendable                      | -   | -                 | -                 | -                 | -                 | -                 | 12                | 12                | 12                | 12                |
| Unrestricted                                    | 78,213  | 78,543            | 84,354            | 89,116            | 77,145            | 74,419            | 60,851            | 55,981            | 39,144            | 64,248            |
| <b>Total primary government net assets</b>      | <b>\$ 212,352</b>   | <b>\$ 204,182</b> | <b>\$ 198,304</b> | <b>\$ 184,739</b> | <b>\$ 161,579</b> | <b>\$ 149,871</b> | <b>\$ 139,209</b> | <b>\$ 126,875</b> | <b>\$ 120,953</b> | <b>\$ 116,008</b> |
| Prior Year Change                               | \$ 8,170  | \$ 5,878          | \$ 13,565         | \$ 23,160         | \$ 11,708         | \$ 10,662         | \$ 12,334         | \$ 5,922          | \$ 4,945          |                   |

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source  
Last Ten Fiscal Years  
(Unaudited)

|  | For the Year Ended August 31,<br>(amounts expressed in thousands) |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2012  | 2011              | 2010              | 2009              | 2008              | 2007              | 2006              | 2005              | 2004              | 2003              |
| Tuition and fees (net of scholarship allowances and discounts) | \$ 32,746   | \$ 34,233         | \$ 31,298         | \$ 30,089         | \$ 29,220         | \$ 28,381         | \$ 27,358         | \$ 24,446         | \$ 28,868         | \$ 19,667         |
| Governmental grants and contracts:                             |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Federal grants and contracts                                   | 8,322   | 7,913             | 6,722             | 5,810             | 6,474             | 5,187             | 5,089             | 3,734             | 3,054             | 4,440             |
| State and local grants and contracts                           | 4,824   | 4,495             | 3,521             | 3,090             | 3,818             | 2,354             | 805               | 449               | 761               | 1,244             |
| Non-governmental grants and contracts                          | 1,260   | 1,470             | 1,265             | 1,014             | 795               | 851               | 638               | 783               | 425               | 962               |
| Sales and services of educational activities                   | 1,510   | 1,124             | 889               | 735               | 734               | 582               | 659               | 1,121             | 796               | 398               |
| Auxiliary enterprises  | 3,895   | 3,923             | 3,755             | 3,688             | 3,581             | 5,748             | 9,463             | 8,154             | 11,299            | 6,931             |
| Other operating revenues                                       | 1   | 2                 | 2                 | -                 | 22                | 43                | 35                | 26                | 13                | 281               |
| Total operating revenues                                       | <u>52,558</u>   | <u>53,160</u>     | <u>47,432</u>     | <u>44,386</u>     | <u>44,642</u>     | <u>43,086</u>     | <u>44,047</u>     | <u>38,713</u>     | <u>45,216</u>     | <u>33,923</u>     |
| State appropriations   | 42,513  | 47,123            | 47,400            | 47,838            | 47,658            | 44,310            | 43,906            | 41,472            | 41,457            | 42,976            |
| Ad valorem taxes   | 68,649  | 64,806            | 67,377            | 65,388            | 53,316            | 47,231            | 42,073            | 38,777            | 37,984            | 33,848            |
| Federal revenue, non-operating                                 | 56,053  | 51,385            | 40,151            | 24,744            | 19,511            | 19,763            | 22,629            | 22,646            | 19,802            | 10,766            |
| Investment income  | 942   | 1,100             | 1,649             | 2,623             | 3,363             | 4,908             | 3,213             | 2,019             | 1,636             | 1,471             |
| Total nonoperating revenues                                    | <u>168,157</u>  | <u>164,414</u>    | <u>156,577</u>    | <u>140,593</u>    | <u>123,848</u>    | <u>116,212</u>    | <u>111,821</u>    | <u>104,914</u>    | <u>100,879</u>    | <u>89,081</u>     |
| Total revenues   | <u>\$ 220,715</u>   | <u>\$ 217,574</u> | <u>\$ 204,009</u> | <u>\$ 184,979</u> | <u>\$ 168,490</u> | <u>\$ 159,298</u> | <u>\$ 155,868</u> | <u>\$ 143,627</u> | <u>\$ 146,095</u> | <u>\$ 122,984</u> |
| Prior Year Change  | \$ 3,141  | \$ 13,565         | \$ 19,030         | \$ 16,489         | \$ 9,192          | \$ 3,430          | \$ 12,241         | \$ (2,468)        | \$ 23,111         | \$ (97,731)       |
| Tuition and fees (net of discounts)                            | 14.84%  | 15.73%            | 15.34%            | 16.26%            | 17.34%            | 17.80%            | 17.55%            | 17.02%            | 19.76%            | 15.99%            |
| Federal grants and contracts                                   | 3.77%   | 3.64%             | 3.29%             | 3.14%             | 3.84%             | 3.26%             | 3.26%             | 2.60%             | 2.09%             | 3.61%             |
| State and local grants and contracts                           | 2.19%   | 2.07%             | 1.73%             | 1.67%             | 2.26%             | 1.48%             | 0.52%             | 0.31%             | 0.52%             | 1.01%             |
| Non-governmental grants and contracts                          | 0.57%   | 0.68%             | 0.62%             | 0.55%             | 0.47%             | 0.52%             | 0.41%             | 0.55%             | 0.29%             | 0.78%             |
| Sales and services of educational activities                   | 0.68%   | 0.52%             | 0.43%             | 0.40%             | 0.44%             | 0.35%             | 0.42%             | 0.78%             | 0.54%             | 0.32%             |
| Auxiliary enterprises  | 1.76%   | 1.80%             | 1.84%             | 1.98%             | 2.13%             | 3.61%             | 6.07%             | 5.68%             | 7.73%             | 5.84%             |
| Other operating revenues                                       | 0.00%   | 0.00%             | 0.00%             | 0.00%             | 0.01%             | 0.03%             | 0.02%             | 0.02%             | 0.01%             | 0.23%             |
| Total operating revenues                                       | <u>23.81%</u>   | <u>24.43%</u>     | <u>23.25%</u>     | <u>24.00%</u>     | <u>26.50%</u>     | <u>27.05%</u>     | <u>28.28%</u>     | <u>26.95%</u>     | <u>30.95%</u>     | <u>27.58%</u>     |
| State appropriations   | 19.26%  | 21.66%            | 23.23%            | 25.86%            | 28.28%            | 27.82%            | 28.17%            | 28.87%            | 28.38%            | 34.94%            |
| Ad valorem taxes   | 31.10%  | 29.79%            | 33.03%            | 35.35%            | 31.64%            | 29.65%            | 26.99%            | 27.00%            | 26.00%            | 27.52%            |
| Federal revenue, non-operating                                 | 25.40%  | 23.62%            | 19.68%            | 13.38%            | 11.58%            | 12.41%            | 14.52%            | 15.77%            | 13.55%            | 8.75%             |
| Investment income  | 0.43%   | 0.51%             | 0.81%             | 1.42%             | 2.00%             | 3.08%             | 2.08%             | 1.41%             | 1.12%             | 1.20%             |
| Total nonoperating revenues                                    | <u>76.19%</u>   | <u>75.57%</u>     | <u>76.75%</u>     | <u>76.00%</u>     | <u>73.50%</u>     | <u>72.95%</u>     | <u>71.74%</u>     | <u>73.05%</u>     | <u>69.05%</u>     | <u>72.42%</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>    |

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function  
Last Ten Fiscal Years  
(Unaudited)

For the Year Ended August 31,  
(amounts expressed in thousands)

|                                     | 2012              | 2011              | 2010              | 2009              | 2008              | 2007              | 2006              | 2005              | 2004              | 2003               |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Instruction                         | \$ 64,118         | \$ 68,296         | \$ 60,430         | \$ 55,593         | \$ 57,487         | \$ 48,927         | \$ 46,147         | \$ 43,506         | \$ 40,122         | \$ 44,550          |
| Public service                      | 4,343             | 3,701             | 4,446             | 3,409             | 3,882             | 2,376             | 2,638             | 2,342             | 2,629             | 3,073              |
| Academic support                    | 12,750            | 12,620            | 10,088            | 10,557            | 12,486            | 8,978             | 6,514             | 6,143             | 5,870             | 6,667              |
| Student services                    | 12,453            | 13,471            | 13,239            | 12,343            | 11,830            | 8,108             | 7,724             | 7,619             | 7,199             | 7,660              |
| Institutional support               | 33,560            | 31,638            | 30,855            | 26,367            | 25,643            | 29,608            | 27,287            | 24,294            | 25,268            | 23,240             |
| Operation and maintenance of plant  | 17,168            | 15,487            | 13,427            | 14,163            | 14,820            | 14,218            | 12,251            | 12,781            | 10,705            | 9,920              |
| Scholarships and fellowships        | 45,304            | 42,061            | 34,194            | 21,152            | 16,508            | 18,335            | 16,417            | 16,595            | 17,624            | 5,953              |
| Auxiliary enterprises               | 3,980             | 4,125             | 4,044             | 3,929             | 3,656             | 5,832             | 13,107            | 10,137            | 10,181            | 9,608              |
| Depreciation                        | 9,627             | 7,798             | 8,816             | 7,828             | 6,765             | 6,811             | 6,929             | 6,923             | 7,103             | 2,999              |
| <b>Total operating expenses</b>     | <b>203,303</b>    | <b>199,197</b>    | <b>177,539</b>    | <b>155,139</b>    | <b>153,077</b>    | <b>143,193</b>    | <b>139,014</b>    | <b>130,340</b>    | <b>126,701</b>    | <b>113,670</b>     |
| Interest on capital related debt    | 9,135             | 12,144            | 12,355            | 6,600             | 3,544             | 3,872             | 3,645             | 3,953             | 3,282             | 3,062              |
| Loss on disposal of capital assets  | -                 | 355               | 1,170             | 249               | 162               | 59                | 348               | 2,747             | -                 | 241                |
| Other non-operating                 | 107               | -                 | (620)             | (169)             | -                 | 1,510             | 526               | 666               | 6,002             | 5,497              |
| <b>Total non-operating expenses</b> | <b>9,242</b>      | <b>12,499</b>     | <b>12,905</b>     | <b>6,680</b>      | <b>3,706</b>      | <b>5,441</b>      | <b>4,519</b>      | <b>7,366</b>      | <b>9,284</b>      | <b>8,800</b>       |
| <b>Total expenses</b>               | <b>\$ 212,545</b> | <b>\$ 211,696</b> | <b>\$ 190,444</b> | <b>\$ 161,819</b> | <b>\$ 156,783</b> | <b>\$ 148,634</b> | <b>\$ 143,533</b> | <b>\$ 137,706</b> | <b>\$ 135,985</b> | <b>\$ 122,470</b>  |
| <b>Prior Year Change</b>            | <b>\$ 849</b>     | <b>\$ 21,252</b>  | <b>\$ 28,625</b>  | <b>\$ 5,036</b>   | <b>\$ 8,149</b>   | <b>\$ 5,101</b>   | <b>\$ 5,827</b>   | <b>\$ 1,721</b>   | <b>\$ 13,515</b>  | <b>\$ (90,075)</b> |
| Instruction                         | 30.17%            | 32.26%            | 31.73%            | 34.36%            | 36.67%            | 32.92%            | 32.15%            | 31.59%            | 29.50%            | 36.38%             |
| Public service                      | 2.04%             | 1.75%             | 2.33%             | 2.11%             | 2.48%             | 1.60%             | 1.84%             | 1.70%             | 1.93%             | 2.51%              |
| Academic support                    | 6.00%             | 5.96%             | 5.30%             | 6.52%             | 7.96%             | 6.04%             | 4.54%             | 4.46%             | 4.32%             | 5.44%              |
| Student services                    | 5.86%             | 6.36%             | 6.95%             | 7.63%             | 7.55%             | 5.46%             | 5.38%             | 5.53%             | 5.29%             | 6.25%              |
| Institutional support               | 15.79%            | 14.95%            | 16.20%            | 16.29%            | 16.36%            | 19.92%            | 19.01%            | 17.64%            | 18.58%            | 18.98%             |
| Operation and maintenance of plant  | 8.08%             | 7.32%             | 7.05%             | 8.75%             | 9.45%             | 9.57%             | 8.54%             | 9.28%             | 7.87%             | 8.10%              |
| Scholarships and fellowships        | 21.32%            | 19.87%            | 17.95%            | 13.07%            | 10.53%            | 12.34%            | 11.44%            | 12.05%            | 12.96%            | 4.86%              |
| Auxiliary enterprises               | 1.87%             | 1.95%             | 2.12%             | 2.43%             | 2.33%             | 3.92%             | 9.13%             | 7.36%             | 7.49%             | 7.85%              |
| Depreciation                        | 4.53%             | 3.68%             | 3.58%             | 4.71%             | 4.31%             | 4.58%             | 4.83%             | 5.03%             | 5.22%             | 2.45%              |
| <b>Total operating expenses</b>     | <b>95.65%</b>     | <b>94.10%</b>     | <b>93.22%</b>     | <b>95.87%</b>     | <b>97.64%</b>     | <b>96.34%</b>     | <b>96.85%</b>     | <b>94.65%</b>     | <b>93.17%</b>     | <b>92.81%</b>      |
| Interest on capital related debt    | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%              |
| Loss on disposal of capital assets  | 0.00%             | 0.17%             | 0.61%             | 0.15%             | 0.10%             | 0.04%             | 0.24%             | 1.99%             | 0.00%             | 0.20%              |
| Other non-operating                 | 0.05%             | 0.00%             | -0.33%            | -0.10%            | 0.00%             | 1.02%             | 0.37%             | 0.48%             | 4.41%             | 4.49%              |
| <b>Total non-operating expenses</b> | <b>4.35%</b>      | <b>5.90%</b>      | <b>6.78%</b>      | <b>4.13%</b>      | <b>2.36%</b>      | <b>3.68%</b>      | <b>3.15%</b>      | <b>5.35%</b>      | <b>6.83%</b>      | <b>7.19%</b>       |
| <b>Total expenses</b>               | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>     |

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees  
Last Ten Academic Years  
(Unaudited)

| Academic Year (Fall) | Matriculation Fee | General Service Fee | Resident                            |                         |                 |                       |               |               | 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 |
|----------------------|-------------------|---------------------|-------------------------------------|-------------------------|-----------------|-----------------------|---------------|---------------|-----------------------------|---------------------------------|--------------------------------------|--|
|                      |                   |                     | Fees per Semester Credit Hour (SCH) |                         |                 | Student Activity Fees |               |               |                             |                                 |                                      |  |
|                      |                   |                     | In-District Tuition                 | Out-of-District Tuition | Technology Fees | Technology Fees       | Activity Fees | Activity Fees |                             |                                 |                                      |  |
| 2012                 | \$ -              | 135 \$              | 38 \$                               | 63 \$                   | - \$            | - \$                  | - \$          | 591 \$        | 891                         | -                               | -                                    |  |
| 2011                 | -                 | 135                 | 38                                  | 63                      | -               | -                     | -             | 591           | 891                         | -                               | -                                    |  |
| 2010                 | -                 | 135                 | 38                                  | 63                      | -               | -                     | -             | 591           | 891                         | 12.36%                          | 7.87%                                |  |
| 2009                 | -                 | 130                 | 33                                  | 58                      | -               | -                     | -             | 526           | 826                         | -                               | -                                    |  |
| 2008                 | -                 | 130                 | 33                                  | 58                      | -               | -                     | -             | 526           | 826                         | -                               | -                                    |  |
| 2007                 | -                 | 130                 | 33                                  | 58                      | -               | -                     | -             | 526           | 826                         | 7.35%                           | 4.56%                                |  |
| 2006                 | -                 | 130                 | 30                                  | 55                      | -               | -                     | -             | 490           | 790                         | -                               | -                                    |  |
| 2005                 | -                 | 130                 | 30                                  | 55                      | -               | -                     | -             | 490           | 790                         | 13.16%                          | 11.42%                               |  |
| 2004                 | 15                | 60                  | 22                                  | 45                      | 6               | 6                     | 14            | 433           | 709                         | -                               | -                                    |  |
| 2003                 | 15                | 60                  | 22                                  | 45                      | 6               | 6                     | 14            | 433           | 709                         | 16.09%                          | 20.37%                               |  |

| Academic Year (Fall) | Matriculation Fee | General Service Fee | Non-Resident                        |                                    |                 |                       |               |               | Cost for 12 SCH Out-of-State | Cost for 12 SCH International | Increase from Prior Year Out-of-State | Increase from Prior Year International |
|----------------------|-------------------|---------------------|-------------------------------------|------------------------------------|-----------------|-----------------------|---------------|---------------|------------------------------|-------------------------------|---------------------------------------|--|
|                      |                   |                     | Fees per Semester Credit Hour (SCH) |                                    |                 | Student Activity Fees |               |               |                              |                               |                                       |  |
|                      |                   |                     | Non-Resident Tuition Out-of-State   | Non-Resident Tuition International | Technology Fees | Technology Fees       | Activity Fees | Activity Fees |                              |                               |                                       |  |
| 2012                 | \$ -              | 135 \$              | 113 \$                              | 113 \$                             | - \$            | - \$                  | - \$          | 1,491 \$      | 1,491                        | -                             | -                                     |  |
| 2011                 | -                 | 135                 | 113                                 | 113                                | -               | -                     | -             | 1,491         | 1,491                        | -                             | -                                     |  |
| 2010                 | -                 | 135                 | 113                                 | 113                                | -               | -                     | -             | 1,491         | 1,491                        | 4.56%                         | 4.56%                                 |  |
| 2009                 | -                 | 130                 | 108                                 | 108                                | -               | -                     | -             | 1,426         | 1,426                        | -                             | -                                     |  |
| 2008                 | -                 | 130                 | 108                                 | 108                                | -               | -                     | -             | 1,426         | 1,426                        | -                             | -                                     |  |
| 2007                 | -                 | 130                 | 108                                 | 108                                | -               | -                     | -             | 1,426         | 1,426                        | 38.45%                        | 38.45%                                |  |
| 2006                 | -                 | 130                 | 75                                  | 75                                 | -               | -                     | -             | 1,030         | 1,030                        | -                             | -                                     |  |
| 2005                 | -                 | 130                 | 75                                  | 75                                 | -               | -                     | -             | 1,030         | 1,030                        | 4.57%                         | 4.57%                                 |  |
| 2004                 | 15                | 60                  | 68                                  | 68                                 | 6               | 6                     | 14            | 985           | 985                          | -                             | -                                     |  |
| 2003                 | 15                | 60                  | 68                                  | 68                                 | 6               | 6                     | 14            | 985           | 985                          | 15.47%                        | 15.47%                                |  |

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Assessed Value and Taxable Assessed Value of Property  
Last Ten Fiscal Years  
(Unaudited)**

| Fiscal<br>Year | (Amounts expressed in thousands)     |                     |                                    |        | Ratio of TAV to<br>Assessed Value | Direct Rate                        |                        |              |
|----------------|--------------------------------------|---------------------|------------------------------------|--------|-----------------------------------|------------------------------------|------------------------|--------------|
|                | Assessed<br>Valuation<br>of Property | Less:<br>Exemptions | Taxable<br>Assessed<br>Value (TAV) |        |                                   | Maintenance<br>& Operations<br>(a) | Debt<br>Service<br>(a) | Total<br>(a) |
| 2011-12        | \$ 46,118,995                        | \$ 9,180,053        | \$ 36,938,942                      | 80.09% | 0.118688                          | 0.066914                           | 0.185602               |              |
| 2010-11        | 44,981,763                           | 8,340,379           | 36,641,384                         | 81.46% | 0.114293                          | 0.061984                           | 0.176277               |              |
| 2009-10        | 47,500,387                           | 8,333,505           | 39,166,882                         | 82.46% | 0.114293                          | 0.056507                           | 0.170800               |              |
| 2008-09        | 47,918,939                           | 8,436,860           | 39,482,079                         | 82.39% | 0.115927                          | 0.047484                           | 0.163411               |              |
| 2007-08        | 43,571,837                           | 7,403,078           | 36,168,759                         | 83.01% | 0.115927                          | 0.029438                           | 0.145365               |              |
| 2006-07        | 39,245,803                           | 7,035,225           | 32,210,578                         | 82.07% | 0.115927                          | 0.029438                           | 0.145365               |              |
| 2005-06        | 34,824,332                           | 6,030,925           | 28,793,407                         | 82.68% | 0.115927                          | 0.029438                           | 0.145365               |              |
| 2004-05        | 31,370,541                           | 3,928,408           | 27,442,133                         | 87.48% | 0.109700                          | 0.029430                           | 0.139130               |              |
| 2003-04        | 30,129,024                           | 3,576,980           | 26,552,044                         | 88.13% | 0.109700                          | 0.029430                           | 0.139130               |              |
| 2002-03        | 28,882,123                           | 3,281,633           | 25,600,490                         | 88.64% | 0.101280                          | 0.029430                           | 0.130710               |              |

Source: Harris County Appraisal District

Notes: Property is assessed at full market value.  
(a) Per \$100 Taxable Assessed Valuation

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per FTSE and Contact Hour  
Fiscal Years 2004 to 2012

(Unaudited)

(Amounts expressed in thousands)

| Fiscal Year | State<br>Appropriation | Appropriation per FTSE |                                    | Appropriation per Contact Hour      |                                     |                           |   |
|-------------|------------------------|------------------------|------------------------------------|-------------------------------------|-------------------------------------|---------------------------|---|
|             |                        | FTSE<br>(a)            | State<br>Appropriation<br>per FTSE | Academic<br>Contact<br>Hours<br>(a) | Voc-Tech<br>Contact<br>Hours<br>(b) | Total<br>Contact<br>Hours | State<br>Appropriation<br>per Contact<br>Hour |
| 2011-12     | \$ 36,080              | 22                     | \$ 1,640                           | 8,493                               | 3,768                               | 12,261                    | \$ 2.94                                       |
| 2010-11     | 36,017                 | 23                     | 1,566                              | 8,200                               | 3,435                               | 11,635                    | 3.10  |
| 2009-10     | 36,378                 | 21                     | 1,732                              | 7,455                               | 3,284                               | 10,739                    | 3.39  |
| 2008-09     | 37,123                 | 18                     | 2,062                              | 7,191                               | 3,097                               | 10,288                    | 3.61  |
| 2007-08     | 37,123                 | 18                     | 2,062                              | 6,852                               | 3,119                               | 9,971                     | 3.72  |
| 2006-07     | 35,203                 | 18                     | 1,956                              | 6,781                               | 3,148                               | 9,929                     | 3.55  |
| 2005-06     | 35,203                 | 17                     | 2,071                              | 6,739                               | 3,288                               | 10,027                    | 3.51  |
| 2004-05     | 32,999                 | 17                     | 1,941                              | 6,395                               | 3,447                               | 9,842                     | 3.35  |
| 2003-04     | 32,999                 | 16                     | 2,062                              | 6,497                               | 3,367                               | 9,864                     | 3.35  |

Notes: Full Time Student Equivalent (FTSE) is defined as the number credit hours for the entire fiscal year divided by 30 plus the number of CPD contact hours divided by 900. The College previously did not present this schedule. Information is being presented for the past nine years, and the College will continue to implement prospectively.

(a) Source CBM001 for FTSE

(b) Source THECB for Appropriation per Contact Hours (Prep Online Total Contact Hours by Fund)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Taxpayers  
Last Ten Tax Years  
(Unaudited)

| Taxpayer                            | Type of Business | Taxable Assessed Value (TAV) by Tax Year (\$000 omitted) |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------|------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     |                  | 2012   | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 | 2004                 | 2003                 |
| Houston Refining                    | Refinery         | \$ 1,757,010   | \$ 862,539           | \$ 702,549           | \$ 1,101,988         | \$ 1,149,523         | \$ 925,293           | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Shell Oil Co.                       | Refinery         | 1,676,231  | 1,713,216            | 1,486,769            | 1,877,717            | 2,322,379            | 2,259,147            | 2,023,449            | 1,535,652            | 1,357,730            | 1,583,169            |
| Equistar Chemicals LP               | Chemicals        | 970,267  | 918,205              | 848,797              | 732,388              | 1,355,748            | 1,237,973            | -                    | 996,731              | 887,592              | 1,035,598            |
| Lyondell Chemical Co.               | Chemicals        | 786,743  | 705,239              | 592,522              | 550,065              | 878,319              | 842,933              | 1,548,825            | 1,125,395            | 649,833              | 1,056,866            |
| Chevron Chemical Co.                | Refinery         | 442,462  | 404,968              | 370,234              | 442,761              | 433,345              | 301,017              | 238,414              | 197,235              | -                    | -                    |
| Rohm & Haas Co.                     | Petrochemical    | 418,131  | 400,723              | -                    | -                    | 601,731              | 593,949              | 558,543              | 565,260              | 536,652              | 560,546              |
| Oxy Vinylys LP                      | Petrochemical    | 406,133  | 411,869              | 404,812              | 402,232              | 420,549              | 425,328              | 394,494              | 399,150              | 373,580              | 410,675              |
| Centerpoint Energy, Inc.            | Energy           | 345,180  | 342,704              | 345,960              | 373,904              | 366,282              | -                    | 424,297              | 426,292              | 475,685              | 494,653              |
| BP America Production CO            | Petrochemical    | 289,284  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Lubrizol Corp                       | Chemicals        | 282,813  | 274,178              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Ineos Corp                          | Petrochemical    | -  | 255,193              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Air Liquide                         | Chemicals        | -  | -                    | 339,915              | 331,289              | 354,719              | -                    | -                    | -                    | -                    | -                    |
| Albemarle Corp                      | Chemicals        | -  | -                    | 290,230              | 320,710              | -                    | -                    | -                    | -                    | -                    | -                    |
| Calpine Central LP                  | Energy           | -  | -                    | -                    | -                    | -                    | -                    | 225,987              | 412,795              | 308,600              | -                    |
| Calanese LTD                        | Chemicals        | -  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 288,933              |
| Conoco Phillips                     | Refinery         | -  | -                    | -                    | -                    | -                    | 416,796              | -                    | 376,933              | -                    | 480,763              |
| Dow Chemical                        | Refinery         | -  | -                    | 617,946              | 776,994              | 309,893              | 285,665              | -                    | -                    | -                    | -                    |
| GE Aero Energy Products             | Petrochemical    | -  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 200,424              |
| GE Packaged Power                   | Energy           | -  | -                    | -                    | -                    | -                    | -                    | 211,968              | -                    | -                    | -                    |
| Lyondell Citgo Ref Co LTD           | Refinery         | -  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 275,072              | -                    |
| Phillips 66 Company                 | Refinery         | -  | -                    | -                    | -                    | -                    | -                    | 233,513              | -                    | 364,037              | -                    |
| Reliant Energy Channelview          | Energy           | -  | -                    | -                    | -                    | -                    | -                    | 208,486              | 205,189              | 277,296              | 228,000              |
| <b>Totals</b>                       |                  | <b>\$ 7,374,254</b>                                      | <b>\$ 6,088,834</b>  | <b>\$ 5,999,734</b>  | <b>\$ 6,910,048</b>  | <b>\$ 8,192,489</b>  | <b>\$ 7,683,279</b>  | <b>\$ 6,067,966</b>  | <b>\$ 6,242,532</b>  | <b>\$ 5,506,077</b>  | <b>\$ 6,339,626</b>  |
| <b>Total Taxable Assessed Value</b> |                  | <b>\$ 36,936,942</b>                                     | <b>\$ 36,641,384</b> | <b>\$ 39,166,862</b> | <b>\$ 39,482,079</b> | <b>\$ 36,168,759</b> | <b>\$ 32,210,578</b> | <b>\$ 28,793,407</b> | <b>\$ 27,442,133</b> | <b>\$ 26,552,044</b> | <b>\$ 25,600,490</b> |

| Taxpayer                   | Type of Business | % of Taxable Assessed Value (TAV) by Tax Year |               |               |               |               |               |               |               |               |               |
|----------------------------|------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                            |                  | 2012  | 2011          | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          | 2004          | 2003          |
| Houston Refining           | Refinery         | 4.76%   | 1.81%         | 1.79%         | 2.79%         | 3.18%         | 2.87%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Shell Oil Co.              | Refinery         | 4.54%   | 4.68%         | 3.80%         | 4.76%         | 6.42%         | 7.01%         | 7.03%         | 5.60%         | 5.11%         | 6.18%         |
| Equistar Chemicals LP      | Chemicals        | 2.63%   | 2.51%         | 2.17%         | 1.85%         | 3.75%         | 3.84%         | 0.00%         | 3.84%         | 3.34%         | 4.05%         |
| Lyondell Chemical Co.      | Chemicals        | 2.13%   | 1.92%         | 1.51%         | 1.39%         | 2.43%         | 2.62%         | 5.38%         | 4.10%         | 2.45%         | 4.13%         |
| Shell Oil Co.              | Refinery         | 1.20%   | 1.11%         | 0.95%         | 1.12%         | 1.20%         | 0.93%         | 0.83%         | 0.72%         | 0.00%         | 0.00%         |
| Chevron Chemical Co.       | Refinery         | 1.13%   | 1.09%         | 0.00%         | 0.00%         | 1.69%         | 1.84%         | 1.94%         | 2.06%         | 2.02%         | 2.19%         |
| Oxy Vinylys LP             | Petrochemical    | 1.10%   | 1.12%         | 1.03%         | 1.02%         | 1.16%         | 1.32%         | 1.37%         | 1.45%         | 1.41%         | 1.60%         |
| Rohm & Haas Co.            | Petrochemical    | 0.93%   | 0.94%         | 0.88%         | 0.95%         | 1.01%         | 1.23%         | 1.47%         | 1.55%         | 1.79%         | 1.93%         |
| Centerpoint Energy, Inc.   | Energy           | 0.78%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| BP America Production CO   | Petrochemical    | 0.77%   | 0.75%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Lubrizol Corp              | Chemicals        | 0.00%   | 0.70%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Air Liquide                | Chemicals        | 0.00%   | 0.00%         | 0.87%         | 0.84%         | 0.98%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Albemarle Corp             | Chemicals        | 0.00%   | 0.00%         | 0.74%         | 0.81%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Calpine Central LP         | Energy           | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.78%         | 1.50%         | 1.16%         | 0.00%         |
| Conoco Phillips            | Refinery         | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 1.13%         |
| Dow Chemical               | Refinery         | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 1.29%         | 0.00%         | 1.37%         | 0.00%         | 1.88%         |
| GE Aero Energy Products    | Petrochemical    | 0.00%   | 0.00%         | 1.58%         | 1.97%         | 0.86%         | 0.89%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| GE Packaged Power          | Energy           | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.78%         |
| Lyondell Citgo Ref Co LTD  | Refinery         | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.74%         | 0.00%         | 0.00%         | 0.00%         |
| Phillips 66 Company        | Refinery         | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 1.04%         | 0.00%         |
| Reliant Energy Channelview | Energy           | 0.00%   | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.81%         | 0.00%         | 1.37%         | 0.00%         |
| <b>Totals</b>              |                  | <b>19.97%</b>                                 | <b>16.63%</b> | <b>15.32%</b> | <b>17.50%</b> | <b>22.65%</b> | <b>23.84%</b> | <b>20.36%</b> | <b>21.99%</b> | <b>19.69%</b> | <b>23.87%</b> |

Source: Harris County Appraisal District

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
(Unaudited)  
(amounts expressed in thousands)

| Fiscal Year<br>Ended<br>August 31 | Levy<br>(a) | Cumulative<br>Levy<br>Adjustments | Adjusted Tax<br>Levy<br>(b) | Collections -<br>year of Levy<br>(c) | Percentage | Current<br>Collections<br>of Prior<br>Levies<br>(d) | Total<br>Collections<br>(c+d) | Percentage<br>Cumulative<br>Collections<br>of Adjusted<br>Levy |
|-----------------------------------|-------------|-----------------------------------|-----------------------------|--------------------------------------|------------|---|-------------------------------|--|
| 2012                              | \$ 64,559   | \$ -                              | \$ 64,559                   | \$ 67,437                            | 104.46%    | \$ 954  | \$ 68,391                     | 105.94%  |
| 2011                              | 64,590      | -                                 | 64,590                      | 63,852                               | 98.86%     | 336   | 64,188                        | 99.38%   |
| 2010                              | 66,897      | -                                 | 66,897                      | 64,656                               | 96.65%     | 956   | 65,612                        | 98.08%   |
| 2009                              | 64,518      | -                                 | 64,518                      | 62,339                               | 96.62%     | 1,521   | 63,860                        | 98.98%   |
| 2008                              | 52,577      | -                                 | 52,577                      | 51,215                               | 97.41%     | 811   | 52,026                        | 98.95%   |
| 2007                              | 46,823      | -                                 | 46,823                      | 45,515                               | 97.21%     | 1,150   | 46,665                        | 99.66%   |
| 2006                              | 41,856      | -                                 | 41,856                      | 40,729                               | 97.31%     | 839   | 41,568                        | 99.31%   |
| 2005                              | 38,182      | 1,881                             | 40,063                      | 37,574                               | 98.41%     | 1,335   | 38,909                        | 97.12%   |
| 2004                              | 36,945      | 1,168                             | 38,113                      | 35,487                               | 96.05%     | 975   | 36,462                        | 95.67%   |
| 2003                              | 33,462      | 1,243                             | 34,705                      | 32,618                               | 97.48%     | 702   | 33,320                        | 96.01%   |

Source: Harris County Tax Assessor Collector

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

(b) As of August 31st of the current reporting year.

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

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

|   | For the Year Ended August 31 (amounts expressed in thousands) |            |            |            |           |           |           |           |           |  |
|---|---|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|--|
|   | 2012  | 2011       | 2010       | 2009       | 2008      | 2007      | 2006      | 2005      | 2004      |  |
| <b>General Bonded Debt:</b>               |   |            |            |            |           |           |           |           |           |  |
| General obligation bonds                  | \$ 314,223  | \$ 324,976 | \$ 287,657 | \$ 281,922 | \$ 58,471 | \$ 64,470 | \$ 72,800 | \$ 75,380 | \$ 77,845 |  |
| Notes                                     | 4,018   | 4,546      | 5,070      | 6,295      | 7,520     | 8,830     | 9,340     | 10,835    | 12,125    |  |
| Less: funds restricted for debt service   | (704)   | (2,687)    | (3,091)    | (5,357)    | (4,138)   | (1,527)   | (8,541)   | (6,250)   | (3,940)   |  |
| Net general bonded debt                   | \$ 317,537  | \$ 326,835 | \$ 289,636 | \$ 282,860 | \$ 61,853 | \$ 71,773 | \$ 73,599 | \$ 79,965 | \$ 86,030 |  |
| Revenue bonds                             | -   | -          | -          | -          | -         | 1,325     | 2,615     | 5,325     | 7,940     |  |
| Notes                                     | -   | -          | -          | -          | -         | -         | 555       | 980       | 1,388     |  |
| Less: funds restricted for debt service   | -   | -          | -          | -          | -         | (1,344)   | (1,342)   | (2,595)   | (2,755)   |  |
| Total outstanding debt                    | \$ 317,537  | \$ 326,835 | \$ 289,636 | \$ 282,860 | \$ 61,853 | \$ 71,754 | \$ 75,427 | \$ 83,675 | \$ 92,603 |  |
| <b>General Bonded Debt Ratios:</b>        |   |            |            |            |           |           |           |           |           |  |
| Per Capita                                | \$ 665  | \$ 680     | \$ 545     | \$ 582     | \$ 134    | \$ 151    | \$ 171    | \$ 181    | \$ 191    |  |
| Per FTSE                                  | 14,733  | 14,562     | 13,296     | 15,653     | 3,744     | 4,171     | 4,717     | 5,150     | 5,596     |  |
| As a percentage of taxable assessed value | 0.86%   | 0.89%      | 0.69%      | 0.72%      | 0.17%     | 0.22%     | 0.26%     | 0.29%     | 0.32%     |  |
| <b>Total Outstanding Debt Ratios:</b>     |   |            |            |            |           |           |           |           |           |  |
| Per Capita                                | \$ 664  | \$ 675     | \$ 542     | \$ 584     | \$ 126    | \$ 147    | \$ 157    | \$ 176    | \$ 197    |  |
| Per FTSE                                  | 14,700  | 14,443     | 13,145     | 15,382     | 3,510     | 4,083     | 4,331     | 4,805     | 5,760     |  |
| As a percentage of taxable assessed value | 0.86%   | 0.89%      | 0.69%      | 0.72%      | 0.21%     | 0.25%     | 0.26%     | 0.30%     | 0.35%     |  |

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time equivalent enrollment. General Bonded Debt includes general obligation bonds and maintenance tax notes. Revenue Bonds and Notes include revenue bonds and contractual obligation notes.

Note: The College previously did not present this schedule. Information is being presented for the past nine years, and the College will continue to implement prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)

|   | For the Year Ended August 31 (amounts expressed in thousands) |               |               |               |               |               |               |               |               |               |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2012  | 2011          | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          | 2004          | 2003          |
| Taxable Assessed Value  | \$ 36,938,942   | \$ 36,641,364 | \$ 36,166,882 | \$ 36,482,079 | \$ 36,168,759 | \$ 32,210,576 | \$ 28,793,407 | \$ 27,442,133 | \$ 26,552,044 | \$ 25,600,490 |
| <b>General Obligation Bonds</b>                                     |   |               |               |               |               |               |               |               |               |               |
| Statutory Tax Levy Limit for Debt Service                           | \$ 184,695  | \$ 183,207    | \$ 196,834    | \$ 197,410    | \$ 180,844    | \$ 161,053    | \$ 143,967    | \$ 137,211    | \$ 132,760    | \$ 128,002    |
| Less: funds restricted for repayment of general obligation bonds    | (704)   | (2,687)       | (3,091)       | (5,357)       | (4,138)       | (1,527)       | (6,305)       | (5,399)       | (2,952)       | (1,000)       |
| Total net general obligation debt                                   | 183,991   | 180,520       | 192,743       | 192,053       | 176,706       | 159,526       | 135,662       | 131,812       | 129,808       | 127,002       |
| Current year debt service requirements                              | 26,822  | 23,144        | 25,825        | 19,560        | 9,138         | 6,843         | 6,488         | 5,731         | 5,492         | 5,544         |
| Excess of statutory limit for debt service over current requirement | \$ 157,169  | \$ 157,376    | \$ 167,118    | \$ 173,463    | \$ 167,568    | \$ 152,683    | \$ 129,174    | \$ 126,081    | \$ 124,316    | \$ 121,458    |
| Net current requirements as a % of statutory limit                  | 14.52%  | 12.63%        | 13.09%        | 9.42%         | 5.06%         | 4.25%         | 4.51%         | 4.18%         | 4.14%         | 4.33%         |

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

| Revenue Bonds | Pledged Revenues (\$000 omitted) |         |                |                            |                 |   |                              |                      |                   | Debt Service Requirements (\$000 omitted) |           |          | Coverage Ratio |       |
|---------------|----------------------------------|---------|----------------|----------------------------|-----------------|---|------------------------------|----------------------|-------------------|---|-----------|----------|----------------|-------|
|               | Fiscal Year Ended August 31      | Tuition | Technology Fee | General Service/Other Fees | Laboratory Fees | Continuing or Non-Credit Education Tuition/Fees | General Fund Interest Income | Food Service Revenue | Bookstore Revenue | Total                                     | Principal | Interest |                | Total |
|               | 2012                             | \$ -    | \$ -           | \$ -                       | \$ -            | \$ -  | \$ -                         | \$ -                 | \$ -              | \$ -                                      | \$ -      | \$ -     | \$ -           | \$ -  |
|               | 2011                             | -       | -              | -                          | -               | -   | -                            | -                    | -                 | -   | -         | -        | -              | -     |
|               | 2010                             | -       | -              | -                          | -               | -   | -                            | -                    | -                 | -   | -         | -        | -              | -     |
|               | 2009                             | -       | -              | -                          | -               | -   | -                            | -                    | -                 | -   | -         | -        | -              | -     |
|               | 2008                             | -       | -              | -                          | -               | -   | -                            | -                    | -                 | -   | -         | -        | -              | -     |
|               | 2007                             | 4,816   | -              | 10,532                     | 620             | 5,075   | 4,908                        | 396                  | 3,346             | 29,693                                    | 1,732     | 66       | 1,798          | 16.51 |
|               | 2006                             | 4,744   | -              | 11,435                     | 724             | 2,391   | 3,213                        | 344                  | 7,276             | 30,127                                    | 3,135     | 147      | 3,282          | 9.18  |
|               | 2005                             | 4,392   | 2,999          | 6,770                      | 719             | 2,928   | 1,707                        | 300                  | 8,917             | 28,732                                    | 3,023     | 254      | 3,277          | 8.77  |
|               | 2004                             | 4,409   | 4,159          | 5,369                      | 600             | 3,315   | 1,220                        | 313                  | 10,808            | 30,193                                    | 2,927     | 355      | 3,282          | 9.20  |
|               | 2003                             | 2,783   | 3,140          | 4,060                      | 477             | 3,955   | 718                          | 200                  | 8,506             | 23,839                                    | 1,410     | 195      | 1,605          | 14.85 |

Note: Debt service requirements include revenue bonds.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Demographic and Economic Statistics - Taxing District  
Last Ten Fiscal Years  
(Unaudited)

| Calendar<br>Year | District<br>Population | District Personal<br>Income (a)<br>(thousands<br>of dollars) | District Personal<br>Income<br>Per<br>Capita | Harris<br>County<br>Unemployment<br>Rate |
|------------------|------------------------|--|--|--|
| 2011             | 478,297                | \$ 9,462,150   | \$ 19,783                                    | 8.20%                                    |
| 2010             | 484,546                | 9,205,003  | 18,997                                       | 8.50%                                    |
| 2009             | 497,422                | 9,549,838  | 19,199                                       | 8.20%                                    |
| 2008             | 491,929                | 9,332,877  | 18,972                                       | 5.50%                                    |
| 2007             | 486,664                | 9,104,016  | 18,707                                       | 5.10%                                    |
| 2006             | 481,398                | 8,877,766  | 18,442                                       | 5.50%                                    |
| 2005             | 476,133                | 8,654,310  | 18,176                                       | 5.70%                                    |
| 2004             | 470,868                | 8,433,649  | 17,911                                       | 6.00%                                    |
| 2003             | 465,602                | 8,215,782  | 17,646                                       | 6.40%                                    |
| 2002             | 460,337                | 8,000,710  | 17,380                                       | 6.10%                                    |

Sources: Personal income and Population from Economic Alliance - Houston Port Region.  
Unemployment rate from Texas Workforce Commission.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Principal Employers for the Service Area**  
**Fiscal Years 2005 to 2011**  
**(Unaudited)**

| Employer                           | Number of Employees |               |               |               |               |               |               |
|------------------------------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                    | 2011                | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          |
| Pasadena ISD                       | 7,069               | 7,058         | 7,082         | 7,000         | 7,000         | 7,000         | 7,000         |
| United Space Alliance              | 6,500               | 10,185        | 10,185        | 6,600         | 3,000         | 3,000         | 3,000         |
| Lockheed Martin Corp               | 3,359               | 1,300         | 1,000         | 3,000         | 3,000         | 1,600         | 1,600         |
| NASA Lyndon B Johnson Space Ctr    | 2,500               | 2,500         | 2,500         | 2,750         | 2,500         | 3,200         | 3,200         |
| Memorial Healthcare System         | 2,200               | 2,200         | 1,350         | 1,350         | 1,350         | 1,200         | 1,200         |
| Powell Electrical Systems Inc      | 2,020               | 2,020         | 1,200         | 1,200         | 1,200         | -             | -             |
| Shell Chemical                     | 1,700               | 1,000         | 1,000         | 1,000         | 1,000         | -             | -             |
| Walmart                            | 1,640               | 1,640         | -             | -             | -             | -             | -             |
| Bayshore Medical Center            | 1,500               | 1,200         | 1,200         | 1,350         | 1,500         | 1,200         | 1,200         |
| CHCA Clear Lake, LP                | 1,500               | 1,500         | 1,600         | 1,550         | 1,600         | 1,300         | 1,300         |
| Equistar Chemicals LP              | 1,500               | 1,500         | 1,500         | 1,500         | 1,500         | 1,500         | 1,500         |
| University of Houston - Clear Lake | 1,245               | 1,299         | 1,092         | 1,100         | 1,092         | 1,200         | 1,200         |
| ARCO Chemical                      | 1,200               | -             | -             | -             | -             | -             | -             |
| Lyondell Chemical Co               | 1,200               | 1,200         | 1,200         | 1,200         | 1,200         | -             | -             |
| San Jacinto College                | 1,200               | 1,200         | 1,200         | 1,200         | 1,200         | 1,200         | 1,200         |
| Pasadena City Hall                 | 1,100               | 1,100         | 970           | 1,100         | 1,100         | -             | -             |
| Anheuser-Busch Co                  | 1,000               | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         |
| Rohm & Haas Texas Inc              | 1,000               | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         |
| US Air Force                       | 1,000               | 1,000         | -             | -             | -             | -             | -             |
| Aker Industrial Constructors       | -                   | 1,500         | -             | -             | -             | -             | -             |
| Boeing Co                          | -                   | 2,530         | 2,000         | 2,000         | 2,000         | -             | -             |
| Channelview Complex                | -                   | 1,200         | 1,200         | 1,200         | 1,200         | -             | -             |
| East Houston Regional Med Ctr      | -                   | -             | 1,000         | 1,000         | 1,000         | -             | -             |
| Gulf Stream Marine                 | -                   | -             | 1,700         | 1,700         | 1,700         | -             | -             |
| IKON Office Solutions              | -                   | -             | 1,400         | 1,400         | -             | -             | -             |
| International Business             | -                   | -             | 1,100         | 1,100         | -             | -             | -             |
| Kellogg Brown & Root               | -                   | -             | -             | -             | -             | 1,700         | 1,700         |
| Memorial 55 Plus                   | -                   | -             | -             | -             | 1,000         | -             | -             |
| Pasadena Paper Co                  | -                   | -             | 1,100         | 1,100         | 1,100         | -             | -             |
| Wyle Life Science                  | -                   | -             | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         |
| <b>Totals</b>                      | <b>40,433</b>       | <b>45,130</b> | <b>45,559</b> | <b>44,400</b> | <b>39,242</b> | <b>27,100</b> | <b>27,100</b> |

| Employer                           | Percentage of Total Employment |               |               |               |               |               |               |
|------------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                    | 2011                           | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          |
| Pasadena ISD                       | 3.03%                          | 2.92%         | 3.89%         | 3.63%         | 1.02%         | 1.79%         | 1.79%         |
| United Space Alliance              | 2.79%                          | 4.22%         | 5.61%         | 3.86%         | 2.39%         | 4.17%         | 4.17%         |
| Lockheed Martin Corp               | 1.44%                          | 0.54%         | 2.75%         | 1.79%         | 1.71%         | 0.00%         | 0.00%         |
| NASA Lyndon B Johnson Space Ctr    | 1.07%                          | 1.04%         | 1.38%         | 1.51%         | 0.86%         | 1.90%         | 1.90%         |
| Memorial Healthcare System         | 0.94%                          | 0.91%         | 0.74%         | 0.74%         | 0.51%         | 0.72%         | 0.72%         |
| Powell Electrical Systems Inc      | 0.87%                          | 0.84%         | 0.66%         | 0.61%         | 0.38%         | 0.00%         | 0.00%         |
| Shell Chemical                     | 0.73%                          | 0.41%         | 0.55%         | 0.55%         | 0.34%         | 0.00%         | 0.00%         |
| Walmart                            | 0.70%                          | 0.68%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Bayshore Medical Center            | 0.64%                          | 0.50%         | 0.66%         | 0.66%         | 0.41%         | 0.72%         | 0.72%         |
| CHCA Clear Lake, LP                | 0.64%                          | 0.62%         | 0.88%         | 0.85%         | 0.55%         | 0.78%         | 0.78%         |
| Equistar Chemicals LP              | 0.64%                          | 0.62%         | 0.83%         | 0.83%         | 0.51%         | 0.89%         | 0.89%         |
| University of Houston - Clear Lake | 0.53%                          | 0.54%         | 0.60%         | 0.60%         | 0.37%         | 0.72%         | 0.72%         |
| ARCO Chemical                      | 0.52%                          | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Lyondell Chemical Co               | 0.52%                          | 0.50%         | 0.66%         | 0.66%         | 0.41%         | 0.72%         | 0.72%         |
| San Jacinto College                | 0.52%                          | 0.50%         | 0.66%         | 0.66%         | 0.41%         | 0.72%         | 0.72%         |
| Pasadena City Hall                 | 0.47%                          | 0.46%         | 0.53%         | 0.61%         | 0.38%         | 1.01%         | 1.01%         |
| Anheuser-Busch Co                  | 0.43%                          | 0.41%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Rohm & Haas Texas Inc              | 0.43%                          | 0.41%         | 0.55%         | 0.55%         | 0.34%         | 0.60%         | 0.60%         |
| US Air Force                       | 0.43%                          | 0.41%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Aker Industrial Constructors       | 0.00%                          | 0.82%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Boeing Co                          | 0.00%                          | 1.05%         | 1.10%         | 1.10%         | 0.68%         | 0.00%         | 0.00%         |
| Channelview Complex                | 0.00%                          | 0.50%         | 0.66%         | 0.66%         | 0.41%         | 0.00%         | 0.00%         |
| East Houston Regional Med Ctr      | 0.00%                          | 0.00%         | 0.55%         | 0.55%         | 0.34%         | 0.00%         | 0.00%         |
| Gulf Stream Marine                 | 0.00%                          | 0.00%         | 0.94%         | 0.94%         | 0.58%         | 0.00%         | 0.00%         |
| IKON Office Solutions              | 0.00%                          | 0.00%         | 0.77%         | 0.77%         | 0.00%         | 0.00%         | 0.00%         |
| International Business             | 0.00%                          | 0.00%         | 0.61%         | 0.61%         | 0.00%         | 0.00%         | 0.00%         |
| Kellogg Brown & Root               | 0.00%                          | 0.00%         | 0.00%         | 0.00%         | 0.46%         | 0.71%         | 0.71%         |
| Memorial 55 Plus                   | 0.00%                          | 0.00%         | 0.00%         | 0.00%         | 0.34%         | 0.00%         | 0.00%         |
| Pasadena Paper Co                  | 0.00%                          | 0.00%         | 0.61%         | 0.61%         | 0.38%         | 0.00%         | 0.00%         |
| Wyle Life Science                  | 0.00%                          | 0.00%         | 0.55%         | 0.55%         | 0.34%         | 0.60%         | 0.60%         |
| <b>Totals</b>                      | <b>17.34%</b>                  | <b>18.70%</b> | <b>26.74%</b> | <b>23.90%</b> | <b>14.12%</b> | <b>16.05%</b> | <b>16.05%</b> |

Source: InfoUSA, Hoover's, and the Dunn & Bradstreet Million Dollar Directory.  
 Note: Based on businesses with 1,000 or more full time employees for a total of 232,936 local employees.

The College previously did not present this schedule. Information is being presented for the past seven years, and the College will continue to implement prospectively.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Faculty, Staff, and Administrators Statistics**  
**Fiscal Years 2004 to 2012**  
**(Unaudited)**

|   | Fiscal Year  |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2012         | 2011         | 2010         | 2009         | 2008         | 2007         | 2006         | 2005         | 2004         |
| <b>Faculty:</b>                             |              |              |              |              |              |              |              |              |              |
| Full-time                                   | 523          | 492          | 511          | 454          | 463          | 440          | 439          | 428          | 426          |
| Part-time                                   | 713          | 729          | 763          | 763          | 648          | 685          | 680          | 720          | 696          |
| <b>Total</b>                                | <u>1,236</u> | <u>1,221</u> | <u>1,274</u> | <u>1,217</u> | <u>1,111</u> | <u>1,125</u> | <u>1,119</u> | <u>1,148</u> | <u>1,122</u> |
| <b>Percent:</b>                             |              |              |              |              |              |              |              |              |              |
| Full-time                                   | 42.3%        | 40.3%        | 40.1%        | 37.3%        | 41.7%        | 39.1%        | 39.2%        | 37.3%        | 38.0%        |
| Part-time                                   | 57.7%        | 59.7%        | 59.9%        | 62.7%        | 58.3%        | 60.9%        | 60.8%        | 62.7%        | 62.0%        |
| <b>Staff and Administrators:</b>            |              |              |              |              |              |              |              |              |              |
| Full-time                                   | 721          | 703          | 732          | 703          | 759          | 739          | 694          | 687          | 667          |
| Part-time                                   | 392          | 431          | 577          | 526          | 583          | 518          | 571          | 502          | 553          |
| <b>Total</b>                                | <u>1,113</u> | <u>1,134</u> | <u>1,309</u> | <u>1,229</u> | <u>1,342</u> | <u>1,257</u> | <u>1,265</u> | <u>1,189</u> | <u>1,220</u> |
| <b>Percent:</b>                             |              |              |              |              |              |              |              |              |              |
| Full-time                                   | 64.8%        | 62.0%        | 55.9%        | 57.2%        | 56.6%        | 58.8%        | 54.9%        | 57.8%        | 54.7%        |
| Part-time                                   | 35.2%        | 38.0%        | 44.1%        | 42.8%        | 43.4%        | 41.2%        | 45.1%        | 42.2%        | 45.3%        |
| <b>FTSE per full-time faculty</b>           | 41           | 46           | 40           | 41           | 38           | 40           | 40           | 39           | 38           |
| <b>FTSE per full-time staff member</b>      | 30           | 32           | 28           | 26           | 23           | 24           | 25           | 24           | 24           |
| <b>Average over 9 months faculty salary</b> | \$55,893     | \$56,858     | \$55,500     | \$55,722     | \$55,944     | \$49,000     | \$46,166     | \$47,686     | \$46,821     |

Source: Texas Community College Teacher's Association Salary Survey.

Note: The College previously did not present this schedule. Information is being presented for the past nine years, and the College will continue to implement prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details  
Fiscal Years 2005 to 2011  
(Unaudited)

| Student Classification           | Fall 2011     |                | Fall 2010     |                | Fall 2009     |                | Fall 2008     |                | Fall 2007     |                | Fall 2006     |                | Fall 2005     |                |
|----------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
|                                  | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        |
| 00-29 hours                      | 17,142        | 58.32%         | 17,023        | 58.63%         | 16,487        | 60.96%         | 14,854        | 60.35%         | 14,134        | 60.01%         | 13,968        | 58.85%         | 14,811        | 60.63%         |
| 30-72 hours                      | 8,100         | 27.59%         | 7,589         | 26.58%         | 7,879         | 29.17%         | 7,265         | 29.51%         | 7,008         | 28.76%         | 7,170         | 30.21%         | 6,799         | 28.22%         |
| > 72 hours                       | 4,150         | 14.12%         | 3,937         | 13.79%         | 2,685         | 9.87%          | 2,497         | 10.14%         | 2,409         | 10.23%         | 2,596         | 10.94%         | 2,687         | 11.15%         |
| <b>Total</b>                     | <b>29,392</b> | <b>100.00%</b> | <b>28,549</b> | <b>100.00%</b> | <b>27,011</b> | <b>100.00%</b> | <b>24,616</b> | <b>100.00%</b> | <b>23,551</b> | <b>100.00%</b> | <b>23,734</b> | <b>100.00%</b> | <b>24,097</b> | <b>100.00%</b> |
| <b>Semester Hour Load</b>        |               |                |               |                |               |                |               |                |               |                |               |                |               |                |
| Less than 3                      | 235           | 0.80%          | 298           | 1.04%          | 297           | 1.10%          | 190           | 0.77%          | 146           | 0.62%          | 156           | 0.66%          | 150           | 0.62%          |
| 3 - 5 semester hours             | 4,673         | 15.90%         | 4,485         | 15.71%         | 5,077         | 18.80%         | 4,294         | 17.44%         | 4,317         | 18.33%         | 4,058         | 17.08%         | 4,013         | 16.65%         |
| 6 - 8 semester hours             | 7,595         | 25.84%         | 7,079         | 24.80%         | 6,809         | 25.21%         | 5,777         | 23.47%         | 5,484         | 23.28%         | 5,468         | 23.04%         | 5,601         | 23.24%         |
| 9 - 11 semester hours            | 6,368         | 21.63%         | 5,661         | 19.83%         | 5,171         | 19.14%         | 4,513         | 18.33%         | 4,235         | 17.98%         | 4,446         | 18.73%         | 4,395         | 18.24%         |
| 12 - 14 semester hours           | 8,327         | 28.33%         | 8,635         | 30.25%         | 7,743         | 28.67%         | 6,853         | 27.84%         | 6,505         | 27.62%         | 6,737         | 28.39%         | 6,821         | 28.31%         |
| 15 - 17 semester hours           | 1,723         | 5.86%          | 1,837         | 6.43%          | 1,748         | 6.46%          | 2,184         | 8.87%          | 2,144         | 9.10%          | 2,208         | 9.30%          | 2,387         | 9.81%          |
| 18 & over                        | 481           | 1.64%          | 554           | 1.94%          | 168           | 0.62%          | 805           | 3.28%          | 720           | 3.06%          | 683           | 2.73%          | 730           | 3.03%          |
| <b>Total</b>                     | <b>29,392</b> | <b>100.00%</b> | <b>28,549</b> | <b>100.00%</b> | <b>27,011</b> | <b>100.00%</b> | <b>24,616</b> | <b>100.00%</b> | <b>23,551</b> | <b>100.00%</b> | <b>23,734</b> | <b>100.00%</b> | <b>24,097</b> | <b>100.00%</b> |
| Average course load              | 9.1           |                | 9.3           |                | 8.9           |                | 9.8           |                | 9.7           |                | 9.7           |                | 9.4           |                |
| <b>Tuition Status</b>            |               |                |               |                |               |                |               |                |               |                |               |                |               |                |
| Texas Resident (in-District)     | 14,666        | 49.90%         | 14,312        | 50.13%         | 12,891        | 47.72%         | 11,736        | 47.67%         | 11,523        | 48.93%         | 11,968        | 50.42%         | 12,482        | 51.80%         |
| Texas Resident (out-of-District) | 10,775        | 36.65%         | 10,381        | 36.36%         | 9,684         | 35.78%         | 8,666         | 36.02%         | 8,286         | 35.16%         | 8,374         | 35.28%         | 8,453         | 35.06%         |
| Non-Resident Tuition             | 919           | 3.13%          | 853           | 2.99%          | 1,644         | 6.09%          | 1,594         | 6.43%          | 1,398         | 5.94%          | 1,358         | 5.72%          | 1,260         | 5.23%          |
| Tuition Exemption                | 3,032         | 10.32%         | 3,003         | 10.52%         | 2,693         | 9.97%          | 2,399         | 9.75%          | 2,298         | 9.76%          | 1,989         | 8.38%          | 1,826         | 7.58%          |
| Other                            | -             | 0.00%          | -             | 0.00%          | 119           | 0.44%          | 31            | 0.13%          | 45            | 0.19%          | 47            | 0.20%          | 76            | 0.31%          |
| <b>Total</b>                     | <b>29,392</b> | <b>100.00%</b> | <b>28,549</b> | <b>100.00%</b> | <b>27,011</b> | <b>100.00%</b> | <b>24,616</b> | <b>100.00%</b> | <b>23,551</b> | <b>100.00%</b> | <b>23,734</b> | <b>100.00%</b> | <b>24,097</b> | <b>100.00%</b> |

This schedule does not include non-credit Continuing and Professional Development enrollment.

Source: Data from the CBM001.

Note: The College previously did not present this schedule. Information is being presented for the past seven years, and the College will continue to implement prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile  
Fiscal Years 2005 to 2011  
(Unaudited)

|                      | Fall 2011     |                | Fall 2010     |                | Fall 2009     |                | Fall 2008     |                | Fall 2007     |                | Fall 2006     |                | Fall 2005     |                |
|----------------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
|                      | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        | Number        | Percent        |
| <b>Gender</b>        |               |                |               |                |               |                |               |                |               |                |               |                |               |                |
| Female               | 16,781        | 57.09%         | 16,116        | 56.45%         | 15,107        | 55.93%         | 14,127        | 57.39%         | 13,437        | 57.05%         | 13,670        | 57.60%         | 14,008        | 58.13%         |
| Male                 | 12,611        | 42.91%         | 12,433        | 43.55%         | 11,904        | 44.07%         | 10,489        | 42.61%         | 10,114        | 42.95%         | 10,064        | 42.40%         | 10,089        | 41.87%         |
| <b>Total</b>         | <b>29,392</b> | <b>100.00%</b> | <b>28,549</b> | <b>100.00%</b> | <b>27,011</b> | <b>100.00%</b> | <b>24,616</b> | <b>100.00%</b> | <b>23,551</b> | <b>100.00%</b> | <b>23,734</b> | <b>100.00%</b> | <b>24,097</b> | <b>100.00%</b> |
| <b>Ethnic Origin</b> |               |                |               |                |               |                |               |                |               |                |               |                |               |                |
| White                | 9,636         | 32.78%         | 10,711        | 37.52%         | 11,114        | 41.15%         | 10,566        | 42.88%         | 10,577        | 44.91%         | 10,809        | 45.54%         | 11,247        | 46.67%         |
| Hispanic             | 11,847        | 40.32%         | 11,614        | 40.68%         | 10,397        | 38.49%         | 8,965         | 36.42%         | 8,157         | 34.64%         | 8,053         | 33.93%         | 7,977         | 33.10%         |
| African American     | 3,011         | 10.24%         | 3,027         | 10.60%         | 2,975         | 11.01%         | 2,496         | 10.14%         | 2,334         | 9.91%          | 2,424         | 10.21%         | 2,497         | 10.36%         |
| Asian                | 1,538         | 5.23%          | 1,628         | 5.70%          | 1,590         | 5.89%          | 1,419         | 5.76%          | 1,327         | 5.63%          | 1,275         | 5.37%          | 1,192         | 4.95%          |
| Foreign              | 581           | 1.98%          | 682           | 2.39%          | 791           | 2.93%          | 986           | 4.01%          | 859           | 3.65%          | 868           | 3.66%          | 934           | 3.88%          |
| Native American      | 248           | 0.84%          | 258           | 0.91%          | 144           | 0.53%          | 131           | 0.53%          | 115           | 0.49%          | 94            | 0.40%          | 69            | 0.29%          |
| Other                | 2,531         | 8.61%          | 629           | 2.20%          |               | 0.00%          | 63            | 0.26%          | 182           | 0.77%          | 211           | 0.89%          | 181           | 0.75%          |
| <b>Total</b>         | <b>29,392</b> | <b>100.00%</b> | <b>28,549</b> | <b>100.00%</b> | <b>27,011</b> | <b>100.00%</b> | <b>24,616</b> | <b>100.00%</b> | <b>23,551</b> | <b>100.00%</b> | <b>23,734</b> | <b>100.00%</b> | <b>24,097</b> | <b>100.00%</b> |
| <b>Age</b>           |               |                |               |                |               |                |               |                |               |                |               |                |               |                |
| Under 18             | 1,991         | 6.77%          | 2,057         | 7.21%          | 2,594         | 9.61%          | 1,784         | 7.25%          | 1,644         | 6.96%          | 1,344         | 5.66%          | 1,123         | 4.66%          |
| 18 - 21              | 13,163        | 44.78%         | 12,805        | 44.85%         | 12,362        | 45.77%         | 11,329        | 46.02%         | 10,851        | 46.07%         | 10,786        | 45.45%         | 10,653        | 44.21%         |
| 22 - 24              | 4,805         | 16.35%         | 4,575         | 16.02%         | 3,847         | 14.61%         | 3,901         | 15.85%         | 3,813         | 16.19%         | 3,956         | 16.67%         | 4,178         | 17.34%         |
| 25 - 35              | 6,489         | 22.08%         | 6,234         | 21.84%         | 5,571         | 20.62%         | 5,149         | 20.92%         | 4,834         | 20.53%         | 5,136         | 21.64%         | 5,467         | 22.65%         |
| 36 - 50              | 2,465         | 8.39%          | 2,390         | 8.34%          | 2,135         | 7.90%          | 2,043         | 8.30%          | 2,021         | 8.58%          | 2,139         | 9.01%          | 2,305         | 9.56%          |
| 51 & over            | 479           | 1.63%          | 498           | 1.74%          | 402           | 1.48%          | 410           | 1.66%          | 388           | 1.65%          | 374           | 1.57%          | 361           | 1.58%          |
| <b>Total</b>         | <b>29,392</b> | <b>100.00%</b> | <b>28,549</b> | <b>100.00%</b> | <b>27,011</b> | <b>100.00%</b> | <b>24,616</b> | <b>100.00%</b> | <b>23,551</b> | <b>100.00%</b> | <b>23,734</b> | <b>100.00%</b> | <b>24,097</b> | <b>100.00%</b> |
| <b>Average age</b>   | <b>24</b>     |                | <b>24</b>     |                | <b>24</b>     |                | <b>24</b>     |                | <b>24</b>     |                | <b>24</b>     |                | <b>24</b>     |                |

This schedule does not include non-credit Continuing and Professional Development enrollment.

Sources: Data from the CBM001.

Note: The College previously did not present this schedule. Information is being presented for the past seven years, and the College will continue to implement prospectively.



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions  
Institutions Attended Fall 2011

(Unaudited)

(Includes only public senior colleges in Texas)

|   | Total<br>Transfer<br>Student<br>Count<br>Academic | Total<br>Transfer<br>Student<br>Count<br>Technical | Total<br>Transfer<br>Student<br>Count<br>Tech-Prep | Total<br>of all<br>Sample<br>Transfer<br>Students | % of<br>all Sample<br>Transfer<br>Student |
|---|---|--|--|---|---|
| 1 University of Houston - Clear Lake                            | 1,503   | 35   | 93   | 1,631   | 26.00%                                    |
| 2 University of Houston   | 1,339   | 52   | 69   | 1,460   | 23.27%                                    |
| 3 Texas A&M University  | 472   | 11   | 19   | 502   | 8.00%                                     |
| 4 The University of Texas at Austin                             | 363   | 8  | 16   | 387   | 6.17%                                     |
| 5 University of Houston - Downtown                              | 284   | 23   | 36   | 343   | 5.47%                                     |
| 6 Texas State University - San Marcos                           | 251   | 10   | 12   | 273   | 4.35%                                     |
| 7 Sam Houston State University                                  | 217   | 7  | 11   | 235   | 3.75%                                     |
| 8 Stephen F. Austin State University                            | 149   | 5  | 15   | 169   | 2.69%                                     |
| 9 Texas Tech University   | 141   | 7  | 1  | 149   | 2.37%                                     |
| 10 The University of Texas at San Antonio                       | 132   | 9  | 8  | 149   | 2.37%                                     |
| 11 The University of Texas Medical Branch at Galveston          | 130   | 8  | 2  | 140   | 2.23%                                     |
| 12 Lamar University   | 91  | 9  | 5  | 105   | 1.67%                                     |
| 13 Texas Southern University                                    | 81  | 12   | 8  | 101   | 1.61%                                     |
| 14 The University of Texas at Arlington                         | 73  | 15   | 1  | 89  | 1.42%                                     |
| 15 Prairie View A&M University                                  | 74  | 10   | -  | 84  | 1.34%                                     |
| 16 Texas A&M University at Galveston                            | 72  | 7  | 3  | 82  | 1.31%                                     |
| 17 The University of Texas Health Science Center at Houston     | 46  | 6  | -  | 52  | 0.83%                                     |
| 18 University of North Texas                                    | 36  | 1  | 4  | 41  | 0.65%                                     |
| 19 Texas Woman's University                                     | 31  | 5  | 1  | 37  | 0.59%                                     |
| 20 The University of Texas M.D. Anderson Cancer Center          | 31  | 3  | -  | 34  | 0.54%                                     |
| 21 The University of Texas at Dallas                            | 27  | 2  | 1  | 30  | 0.48%                                     |
| 22 Texas Tech University Health Science Center                  | 22  | 7  | -  | 29  | 0.46%                                     |
| 23 Texas A&M University - Corpus Christi                        | 24  | 2  | 1  | 27  | 0.43%                                     |
| 24 University of Houston - Victoria                             | 18  | -  | 5  | 23  | 0.37%                                     |
| 25 Midwestern State University                                  | 15  | 2  | 1  | 18  | 0.29%                                     |
| 26 The University of Texas at Tyler                             | 10  | -  | -  | 10  | 0.16%                                     |
| 27 Tarleton State University                                    | 9   | -  | -  | 9   | 0.14%                                     |
| 28 Angelo State University                                      | 7   | 1  | -  | 8   | 0.13%                                     |
| 29 Texas A&M University - Kingsville                            | 7   | 1  | -  | 8   | 0.13%                                     |
| 30 The University of Texas at Brownsville                       | 6   | -  | 1  | 7   | 0.11%                                     |
| 31 Texas A&M University - Commerce                              | 6   | -  | -  | 6   | 0.10%                                     |
| 32 Texas A&M University System Health Science Center            | 5   | -  | -  | 5   | 0.08%                                     |
| 33 The University of Texas of the Permian Basin                 | 5   | -  | -  | 5   | 0.08%                                     |
| 34 The University of Texas Health Science Center at San Antonio | 1   | 2  | 2  | 5   | 0.08%                                     |
| 35 West Texas A&M University                                    | 3   | 2  | -  | 5   | 0.08%                                     |
| 36 Sul Ross State University                                    | 2   | 1  | -  | 3   | 0.05%                                     |
| 37 The University of Texas at El Paso                           | 3   | -  | -  | 3   | 0.05%                                     |
| 38 Baylor College of Medicine                                   | 2   | -  | -  | 2   | 0.03%                                     |
| 39 Texas A&M International University                           | 2   | -  | -  | 2   | 0.03%                                     |
| 40 The University of Texas - Pan American                       | 2   | -  | -  | 2   | 0.03%                                     |
| 41 Texas A&M University - Central Texas                         | 1   | -  | -  | 1   | 0.02%                                     |
| 42 University of North Texas at Dallas                          | 1   | -  | -  | 1   | 0.02%                                     |
| 43 University of North Texas Health Science Center              | 1   | -  | -  | 1   | 0.02%                                     |
| <b>Totals</b>   | <b>5,695</b>                                      | <b>263</b>   | <b>315</b>   | <b>6,273</b>                                      | <b>100.00%</b>                            |

Source: Texas Higher Education Coordinating Board Automated Student and Adult Learner Follow-Up System.

Note: This statistical supplement is presented with only the most current information.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Capital Asset Information**  
**Fiscal Years 2006 to 2012**  
(Unaudited)

|                                      | Fiscal Year |           |           |           |           |           |           |
|--------------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                      | 2012        | 2011      | 2010      | 2009      | 2008      | 2007      | 2006      |
| Academic Buildings                   | 34          | 33        | 34        | 32        | 32        | 32        | 32        |
| Square footage (in thousands)        | 1,590,665   | 1,553,083 | 1,476,608 | 1,457,408 | 1,457,408 | 1,457,408 | 1,457,408 |
| Libraries                            | 3           | 3         | 3         | 3         | 3         | 3         | 3         |
| Square footage (in thousands)        | 163,615     | 163,615   | 163,615   | 163,615   | 163,615   | 163,615   | 163,615   |
| Number of Volumes (in thousands)     | 245,932     | 243,340   | 243,695   | 244,602   | 259,434   | 238,489   | 275,713   |
| Administrative and Support Buildings | 7           | 5         | 4         | 4         | 4         | 4         | 4         |
| Square footage (in thousands)        | 369,754     | 288,613   | 265,906   | 265,906   | 265,906   | 265,906   | 265,906   |
| Dormitories                          | 1           | 1         | 1         | 1         | 1         | 1         | 1         |
| Square footage (in thousands)        | 6,050       | 6,050     | 6,050     | 6,050     | 6,050     | 6,050     | 6,050     |
| Athletic Facilities                  | 10          | 10        | 10        | 10        | 10        | 10        | 10        |
| Square footage (in thousands)        | 165,527     | 165,527   | 165,527   | 165,527   | 165,527   | 165,527   | 165,527   |
| Stadiums                             | 3           | 3         | 3         | 3         | 3         | 3         | 3         |
| Fitness Centers/Gymnasiums           | 4           | 4         | 4         | 4         | 4         | 4         | 4         |
| Tennis Courts                        | 3           | 3         | 3         | 3         | 3         | 3         | 3         |
| Other                                | 2           | 2         | 2         | 2         | 2         | 2         | 2         |
| Plant Facilities                     | 14          | 14        | 14        | 14        | 14        | 14        | 14        |
| Square footage (in thousands)        | 49,137      | 49,137    | 49,137    | 49,137    | 49,137    | 49,137    | 49,137    |
| Transportation:                      |             |           |           |           |           |           |           |
| Cars                                 | 4           | 6         | 9         | 11        | 11        | 12        | 12        |
| Light Trucks/Vans                    | 74          | 71        | 68        | 57        | 50        | 47        | 40        |

Source: Master property schedule.

Note: The College previously did not present this schedule. Information is being presented for the past seven years, and the College will continue to implement prospectively.



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

Board of Trustees  
San Jacinto Community College District:

We have audited the basic financial statements of the San Jacinto Community College District (the College) as of and for the year ended August 31, 2012, and have issued our report thereon dated December 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Trustees, the College's management, and Federal and State of Texas awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "MFR.P.C.". The letters are stylized and cursive, with a large 'M' and 'F' at the beginning and a period before the 'P.C.' at the end.

December 11, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees  
San Jacinto Community College District:

**Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Those standards, *OMB Circular A-133* and the *State of Texas Single Audit Circular* 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 and State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs identified in the accompanying schedule of findings and questioned costs for the year ended August 31, 2012.

**Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal and State programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major Federal or State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *State of Texas Single Audit Circular*, 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 or State 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 a material noncompliance with a type of compliance requirement of a Federal or State program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the Board of Trustees, the College's management, and Federal and State of Texas awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "MFR, P.C." in a cursive, stylized font.

December 11, 2012

## Schedule E

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2012

| Federal Grantors/Pass-Through Grantor/<br>Program Title                  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures<br>and Pass-Through<br>Disbursements |
|--|---------------------------|-------------------------------------|---|
| <b>U. S. Department of Education:</b>                                    |                           |                                     |   |
| Direct Programs:   |                           |                                     |   |
| Student Financial Aid Cluster:   |                           |                                     |   |
| Federal Supplemental Educational Opportunity Grants                      | 84.007                    | P007A114114                         | \$ 842,991  |
| Federal Work - Study Program   | 84.033                    | P033A114114                         | 434,970   |
| Federal Pell Grant Program   | 84.063                    | P063P112303                         | 37,798,042  |
| Federal Direct Student Loans - Subsidized                                | 84.268                    | P268K122303                         | 8,357,125   |
| Federal Direct Student Loans - Unsubsidized                              | 84.268                    | P268K122303                         | 8,511,560   |
| Federal Direct Student Loans - Plus Loans                                | 84.268                    | P268K122303                         | 110,703   |
| Total Federal Direct Student Loans                                       |                           |                                     | <u>18,979,388</u>                                 |
| Total Student Financial Aid Cluster - Schedule C                         |                           |                                     | <u>58,053,391</u>                                 |
| Direct Programs:   |                           |                                     |   |
| TRIO Cluster:  |                           |                                     |   |
| TRIO Talent Search   | 84.044A                   | P044A070353                         | 406   |
| TRIO Talent Search   | 84.044A                   | P044A110108                         | 227,107   |
| Total TRIO Talent Search   |                           |                                     | <u>227,513</u>                                    |
| TRIO Upward Bound  | 84.047A                   | P047A070042                         | 319,825   |
| TRIO Upward Bound - Math & Science                                       | 84.047M                   | P047M070003                         | 240,046   |
| Total TRIO Cluster   |                           |                                     | <u>787,184</u>                                    |
| Fund for the Improvement of Postsecondary Education (FIPSE):             |                           |                                     |   |
| Fund for the Improvement of Postsecondary Education - Veterans Center    | 84.116G                   | P116G100242                         | 114,862   |
| Fund for the Improvement of Postsecondary Education - Maritime Equipment | 84.116Z                   | P116Z100163                         | 15,886  |
| Total Funds for the Improvement of Postsecondary Education               |                           |                                     | <u>130,748</u>                                    |
| Pass-Through From:   |                           |                                     |   |
| Harris County Juvenile Board -   |                           |                                     |   |
| Title I Part D Grants to Local Educational Agencies:                     |                           |                                     |   |
| Title I Grants to Local Educational Agencies - HCJJCSVEP 10-11           | 84.010 A                  | P180122                             | 1,270   |
| Title I Grants to Local Educational Agencies - HCJJCSVEP 11-12           | 84.010 A                  | P195043                             | 287,984   |
| Total Title I Grants to Local Educational Agencies                       |                           |                                     | <u>289,254</u>                                    |
| Texas Higher Education Coordinating Board -                              |                           |                                     |   |
| Career and Technical Education/Basic Grants to States:                   |                           |                                     |   |
| Carl Perkins Vocational Education Basic 11-12                            | 84.048                    | 12426                               | 562,882   |
| Carl Perkins Tech Prep Education   | 84.243                    | 08469                               | 14,607  |
| Statewide Data System  | 84.375                    | 03892                               | 3,388   |
| Total U. S. Department of Education                                      |                           |                                     | <u>57,841,452</u>                                 |
| <b>U. S. Department of Agriculture:</b>                                  |                           |                                     |   |
| Pass-Through From:   |                           |                                     |   |
| Texas Department of Agriculture -  |                           |                                     |   |
| Child and Adult Care Food Program  | 10.558                    | NA                                  | 29,170  |
| Total U. S. Department of Agriculture                                    |                           |                                     | <u>29,170</u>                                     |
| <b>U. S. Department of Justice:</b>                                      |                           |                                     |   |
| Direct Programs:   |                           |                                     |   |
| Bulletproof Vest Partnership Program                                     | 16.807                    | 445101701                           | 7,035   |
| Total U. S. Department of Justice  |                           |                                     | <u>7,035</u>                                      |

Continued

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued  
Year Ended August 31, 2012

| Federal Grantors/Pass-Through Grantor/<br>Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures<br>and Pass-Through<br>Disbursements |
|---|---------------------------|-------------------------------------|---|
| <b>U. S. Department of Labor:</b>   |                           |                                     |   |
| <b>Direct Programs:</b>   |                           |                                     |   |
| Workforce Investment Act Pilots, Demonstrations, and Research Project   | 17.261                    | EA-21471-11-60-A-48                 | 248,638   |
| H-1B Job Training Grants  | 17.268                    | HB-22720-12-60-A-48                 | 39,913  |
| Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (ARRA) | ARRA 17.275               | GJ-20047-10-60-A-48                 | 1,516,367   |
| <b>CBJT Cluster:</b>  |                           |                                     |   |
| Community Based Job Training Grants -<br>Gulf Coast Healthcare Partnership  | 17.269                    | CB-20567-10-60-A-48                 | 1,433,867   |
| <b>Pass-Through From:</b>   |                           |                                     |   |
| Lee College:  |                           |                                     |   |
| Community Based Job Training Grants -<br>High Growth and Community Based Job Training Grant                         | 17.269                    | CB-18226-06-60-A-48                 | 20,195  |
| Total CBJT Cluster  |                           |                                     | 1,454,062   |
| Total U. S. Department of Labor   |                           |                                     | 3,258,980   |
| <b>U. S. Department of Transportation:</b>  |                           |                                     |   |
| <b>Direct Programs:</b>   |                           |                                     |   |
| Commerical Motor Vehicle Operator Training Grants   | 20.235                    | FM-DTG-0001-11-01-00                | 48,979  |
| <b>National Aeronautics and Space Administration:</b>   |                           |                                     |   |
| <b>Direct Programs:</b>   |                           |                                     |   |
| Aerospace Education Service Program - NASA Strategic Education Alliance   | 43.008                    | NNX07AP99A                          | 2,749,680   |
| National Aeronautics and Space Administration   | 43.008                    | NNX12AK88A                          | 3,556   |
| Total National Aeronautics and Space Administration   |                           |                                     | 2,753,236   |
| <b>National Endowment for the Humanities:</b>   |                           |                                     |   |
| <b>Direct Programs:</b>   |                           |                                     |   |
| Promotion of the Humanities Federal/State Partnership   | 45.129                    | NA                                  | 3,500   |
| <b>National Science Foundation:</b>   |                           |                                     |   |
| <b>Direct Programs:</b>   |                           |                                     |   |
| Education and Human Resources -<br>Students Expanding Possibilities Undergraduate Program                           | 47.076                    | DUE-0849391                         | 86,751  |
| <b>Pass-Through From:</b>   |                           |                                     |   |
| University of Houston:  |                           |                                     |   |
| Education and Human Resources - IASNRCDUE   | 47.076                    | R-09-0147                           | (628)   |
| Houston Alliance for Minority Participation Project (PH III)  | 47.076                    | R-09-0172                           | 21,631  |
| Lee College:  |                           |                                     |   |
| Education and Human Resources - Analyzer Technician Opportunities Project   | 47.076                    | DUE-0801907                         | 20  |
| Total Education and Human Resources   |                           |                                     | 107,774   |
| Total National Science Foundation   |                           |                                     | 107,774   |
| <b>U. S. Small Business Administration:</b>   |                           |                                     |   |
| <b>Pass-Through From:</b>   |                           |                                     |   |
| The University of Houston-Central:  |                           |                                     |   |
| Small Business Development Center 10/11   | 59.037                    | R-09-0109                           | 16,349  |
| Small Business Development Center 11/12   | 59.037                    | R-12-0072-53826                     | 151,070   |
| Total U. S. Small Business Administration   |                           |                                     | 167,419   |
| <b>U. S. Department of Veterans Affairs:</b>  |                           |                                     |   |
| Direct Programs - All-Volunteer Force Educational Assistance  | 64.124                    | 362/242D                            | 21,031  |

Continued



## Schedule E

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued  
Year Ended August 31, 2012

| Federal Grantors/Pass-Through Grantor/<br>Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures<br>and Pass-Through<br>Disbursements |
|---|---------------------------|-------------------------------------|---|
| <b>U. S. Department of Health and Human Services:</b>   |                           |                                     |   |
| Pass-Through From:  |                           |                                     |   |
| Texas Workforce Commission:   |                           |                                     |   |
| Child Care and Development Block Grant 10-11  | 93.575                    | 06260C267FY11                       | 18,059  |
| Child Care and Development Fund (CCDF) Cluster:   |                           |                                     |   |
| TWC Pass-Through From - Texas Education Agency:   |                           |                                     |   |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund -<br>Texas School Ready! Program III | 93.596                    | NA                                  | 2,000   |
| Texas Workforce Commission:   |                           |                                     |   |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund                                      | 93.596                    | 2812CCMC26                          | 102,143   |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund                                      | 93.596                    | 2812CCMC38                          | 14,086  |
| Total CCDF Cluster  |                           |                                     | <u>118,229</u>                                    |
| Total U. S. Department of Health and Human Services   |                           |                                     | <u>136,288</u>                                    |
| Total Federal Financial Assistance  |                           |                                     | <u>\$ 64,374,864</u>                              |

See accompanying notes to schedules of expenditures of Federal and State awards.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards  
Year Ended August 31, 2012

| Grantor Agency/Program Title   | Grant<br>Contract<br>Number | General<br>Ledger<br>Account | Expenditures        |
|--|-----------------------------|------------------------------|---------------------|
| <b>Texas Workforce Commission (TWC):</b>   |                             |                              |                     |
| <b>Direct Program:</b>   |                             |                              |                     |
| TWC College Credit for Heroes - Dislocated Worker Formula Grant  | 2811WSW003                  | 551009                       | \$ 108,030          |
| Total Texas Workforce Commission - Workforce Investment Act Fund   |                             |                              | <u>108,030</u>      |
| TWC SDF Aerospace Consortium II  | 2810SDF004                  | 551003                       | 31,539              |
| TWC Maritime Consortium 2010   | 2810SDF005                  | 551002                       | 74,363              |
| TWC Skills for Small Business  | 2810SSD001                  | 551004                       | 1,425               |
| San Jacinto College in Partnership with a Petrochemical Manufacturing Consortium                                       | 2810SDF007                  | 551005                       | 1,542,247           |
| San Jacinto College in Partnership with Turner Industries  | 2810SDF009                  | 551007                       | 120,220             |
| TWC Medical Consortium II  | 2811SDF002                  | 551011                       | 88,093              |
| TWC Maritime Consortium II   | 2811SDF000                  | 551012                       | 85,722              |
| TWC Hospital Corporation   | 2811SDF003                  | 551013                       | 16,611              |
| TWC SDF PolyOne  | 2812SDF001                  | 551014                       | 22,782              |
| <b>Pass through from:</b>  |                             |                              |                     |
| Texas State Technical College, Waco -<br>A Partnership with Hospital Corporation of America and United Health Services | 1310SDF000                  | 551006                       | 45,316              |
| Lamar Institute of Technology -<br>CHRISTUS Hospital Consortium Project  | 2811SDF001                  | 551010                       | 33,541              |
| Total Texas Workforce Commission - Skills Development Fund   |                             |                              | <u>2,061,859</u>    |
| <b>Texas Higher Education Coordinating Board:</b>  |                             |                              |                     |
| <b>Student Financial Aid:</b>  |                             |                              |                     |
| State Military Tuition Assistance  | 26041                       | 245127                       | (363)               |
| Texas Grant I - Initial  | 13099                       | 245606                       | 886,398             |
| Texas Grant I - Renewal  | 13099                       | 245610                       | 285,550             |
| Texas Education Opportunity Grant Program - Initial (TEOG)   | 13399                       | 245706                       | 89,775              |
| Texas Education Opportunity Grant Program - Renewal (TEOG)   | 13399                       | 245710                       | 63,315              |
| College Work Study Program   | 22339                       | 245506                       | 68,851              |
| Early High School - House Bill 1479  | 33080                       | 245125                       | 112,824             |
| Top Ten Percent  | 20356                       | 245129                       | 70,000              |
| College Access Loan  | NA                          | 245216                       | 87,960              |
| <b>Direct Program:</b>   |                             |                              |                     |
| P-16 Initiatives - First Year Experience Calling Program 2012/Outreach & Success                                       | 06892                       | 555015/555016/555017         | 26,311              |
| Developmental Education Demonstration Project  | 02778                       | 555008                       | 766,243             |
| Nursing Innovation Central Campus  | 05664                       | 555013                       | 38,245              |
| Nursing Innovation South Campus  | 05666                       | 555014                       | 39,157              |
| Professional Nursing Shortage Reduction Program FY10 - C.C.  | FY10 Under 70 CC            | 555004                       | (2,708)             |
| Professional Nursing Shortage Reduction Program FY11 - C.C.  | FY11 Under 70 CC            | 555009                       | (9,822)             |
| Professional Nursing Shortage Reduction Program FY11 - S.C.  | FY11 Under 70 SC            | 555010                       | 60,770              |
| Professional Nursing Shortage Reduction Program FY12 - C.C.  | FY12 Regular CC             | 555018                       | 46,610              |
| <b>Pass-Through From:</b>  |                             |                              |                     |
| <b>El Paso Community College:</b>  |                             |                              |                     |
| Community College Develop Education Initiative Program   | NA                          | 545001                       | 20,861              |
| <b>Texas State University:</b>   |                             |                              |                     |
| Success Initiative in Developmental Education - Mathematics (SIDE- M)  | 2641                        | 555011                       | 3,590               |
| Total Texas Higher Education Coordinating Board  |                             |                              | <u>2,653,567</u>    |
| Total State Financial Assistance   |                             |                              | <u>\$ 4,823,456</u> |

See accompanying notes to schedules of expenditures of Federal and State awards.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Schedules of Expenditures of Federal Awards and State Awards Year Ended August 31, 2012

**1. Federal Assistance Reconciliation**

|   |                      |
|---|----------------------|
| Direct Federal grants and contracts per Schedule A                                    | \$ 7,925,886*        |
| Add: Indirect/Administrative Cost Recoveries - per Schedule A                         | 395,587              |
| Direct Federal revenue, non-operating - Schedule C                                    | 55,932,390           |
| Add: Indirect/Administrative Cost Recoveries - per Schedule C                         | <u>121,001</u>       |
| Total Federal Revenues per Schedule E –<br>Schedule of Expenditures of Federal Awards | \$ <u>64,374,864</u> |

**2. State Assistance Reconciliation**

|   |                     |
|---|---------------------|
| Direct State grants and contracts per Schedule A                                  | \$ 4,766,360*       |
| Add: Indirect/Administrative Cost Recoveries - per Schedule A                     | <u>57,096</u>       |
| Total State Revenues per Schedule F –<br>Schedule of Expenditures of State Awards | \$ <u>4,823,456</u> |

**3. Significant Accounting Policies Used in Preparing the Schedules**

The schedules of expenditures of Federal and State awards present the activity of Federal and State programs of the College for the year ended August 31, 2012. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above 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.

**4. Amounts passed through by the College - Sub-Recipients**

\*The following amounts were passed-through to the listed sub-recipients by the College. These amounts are included in Notes 1 and 2 – Total \$3,739,617. Federal Agencies \$3,117,180 State Agency \$622,437.

| Sub-Recipient Name                      | CFDA/Grant                | Grant Agency               | Grant Program                  | Amount    |
|---|---------------------------|----------------------------|--------------------------------|-----------|
| Houston-Galveston Area Council          | 17.269                    | U.S. Department of Labor   | Community Based job Training   | \$ 49,277 |
| College of the Mainland                 | 17.269                    | U.S. Department of Labor   | Community Based job Training   | 171,836   |
| Brazosport College                      | 17.269                    | U.S. Department of Labor   | Community Based job Training   | 283,730   |
| Lee College                             | 17.269                    | U.S. Department of Labor   | Community Based job Training   | 329,044   |
| Lee College                             | 17.275                    | U.S. Department of Labor   | Program Competitive Grants     | 140,863   |
| Brazosport College                      | 17.275                    | U.S. Department of Labor   | Program Competitive Grants     | 435,823   |
| Universities Space Research Association | 43.008                    | NASA                       | Education Services Program     | 706,607   |
| Lee College                             | State Grant<br>2810SDF007 | Texas Workforce Commission | SJCD in Partnership with EHCMA | 622,437   |

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### Notes to Schedules of Expenditures of Federal Awards and State Awards, Continued Year Ended August 31, 2012

#### 5. Insurance Coverage

During the year ended August 31, 2012, the College maintained the following types of insurance:

General liability - \$1,000,000 per occurrence and \$1,000,000 aggregate  
Property policy - \$100,000,000 per occurrence  
Law enforcement policy - \$1,000,000 per wrongful act and \$1,000,000 aggregate  
Excess policy - \$4,000,000 each occurrence and \$4,000,000 aggregate  
Educator's legal policy - \$5,000,000 aggregate  
Student liability policy - \$1,000,000 per incident and \$3,000,000 aggregate  
Non-owned aviation policy - \$1,000,000 per occurrence and \$1,000,000 aggregate  
Pollution policy - \$1,000,000 per claim and \$2,000,000 aggregate  
Automobile liability - \$1,000,000 per person per accident and \$3,000,000 per accident  
Workers compensation - \$54,411 annually and \$339,895 loss fund maximum

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Schedule of Findings and Questioned Costs  
Year Ended August 31, 2012**

**Section 1**

**Summary of Auditors' Results**

Financial Statements

- |   |             |
|---|-------------|
| 1. Type of auditors' report issued:   | Unqualified |
| 2. Internal control over financial reporting:   |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No          |
| c. Noncompliance material to the financial statements noted?                              | No          |

Federal and State Awards

- |   |             |
|---|-------------|
| 1. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified that are not considered to be material weaknesses?   | No          |
| 2. Type of auditors' report issued on compliance for major programs:  | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or the <i>State of Texas Single Audit Circular</i> ? | No          |
| 4. Identification of major programs:  |             |

Federal CFDA Number

Name of Federal Program

|             |  |
|-------------|--|
| 84.007      | Student Financial Aid Cluster:<br>Federal Supplemental<br>Educational Opportunity Grants                             |
| 84.033      | Federal Work-Study Program   |
| 84.063      | Federal Pell Grant Program   |
| 84.268      | Federal Direct Student Loans   |
| 43.008      | Aerospace Education Service Program – NASA<br>Strategic Education Alliance   |
| ARRA 17.275 | Program for Competitive Grants for Worker<br>Training and Placement in High Growth and<br>Emerging Industries Sector |
| 84.044A     | TRIO Cluster:<br>TRIO Talent Search  |
| 84.047A     | TRIO Upward Bound  |
| 84.047M     | TRIO Upward Bound - Math and Science   |
| 84.048      | Career and Technical Education Basic Grants to<br>States - Carl Perkins Vocational Education<br>Basic 11-12          |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Schedule of Findings and Questioned Costs, Continued  
Year Ended August 31, 2012**

State - Contract Number

Name of State Program

Texas Workforce Commission Cluster:

|            |  |
|------------|--|
| 2811WSW003 | TWC College Credit for Heroes –<br>Dislocated Worker Formula Grant                     |
| 2810SDF004 | TWC SDF Aerospace Consortium II  |
| 2810SDF005 | TWC Maritime Consortium 2010   |
| 2810SSD001 | TWC Skills for Small Business  |
| 2810SDF007 | San Jacinto College in Partnership<br>with a Petrochemical Manufacturing<br>Consortium |
| 2810SDF009 | San Jacinto College in Partnership<br>with Turner Industries                           |
| 2811SDF002 | TWC Medical Consortium II  |
| 2811SDF000 | TWC Maritime Consortium II   |
| 2811SDF003 | TWC Hospital Corporation   |
| 2811SDF001 | TWC SDF PolyOne  |

5. Dollar threshold used to distinguish  
between Type A and Type B programs:

|         |            |
|---------|------------|
| Federal | \$ 300,000 |
| State   | \$ 300,000 |

6. Auditee qualified as a low-risk auditee?

|         |     |
|---------|-----|
| Federal | Yes |
| State   | Yes |

**Section 2**

Financial Statement Findings

None reported

**Section 3**

Federal and State Award Findings and Questioned Costs

None reported

**Section 4**

Schedule of Prior Year Audit Findings

None reported