



San Jacinto Community College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
AUGUST 31, 2017 AND 2016**

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, 2017 and 2016

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SAN JACINTO COMMUNITY COLLEGE DISTRICT
Organizational Data

Board of Trustees and Key Officers
Year Ended August 31, 2017

Officers

Mrs. Marie Flickinger	Chair
Mr. Dan Mims	Vice Chair
Mr. Keith Sinor	Secretary
Mrs. Erica Davis Rouse	Assistant Secretary

Members

		<u>Term Expires</u> <u>May 31,</u>
Mrs. Marie Flickinger	Houston, Texas	2019
Mr. Larry Wilson	Pasadena, Texas	2019
Mr. Dan Mims	Channelview, Texas	2021
Mr. John Moon, Jr.	Pasadena, Texas	2021
Mr. Keith Sinor	Deer Park, Texas	2021
Mrs. Erica Davis Rouse	Houston, Texas	2023
Dr. Ruede Wheeler, D.D.S.	La Porte, Texas	2023

Trustee Emeritus

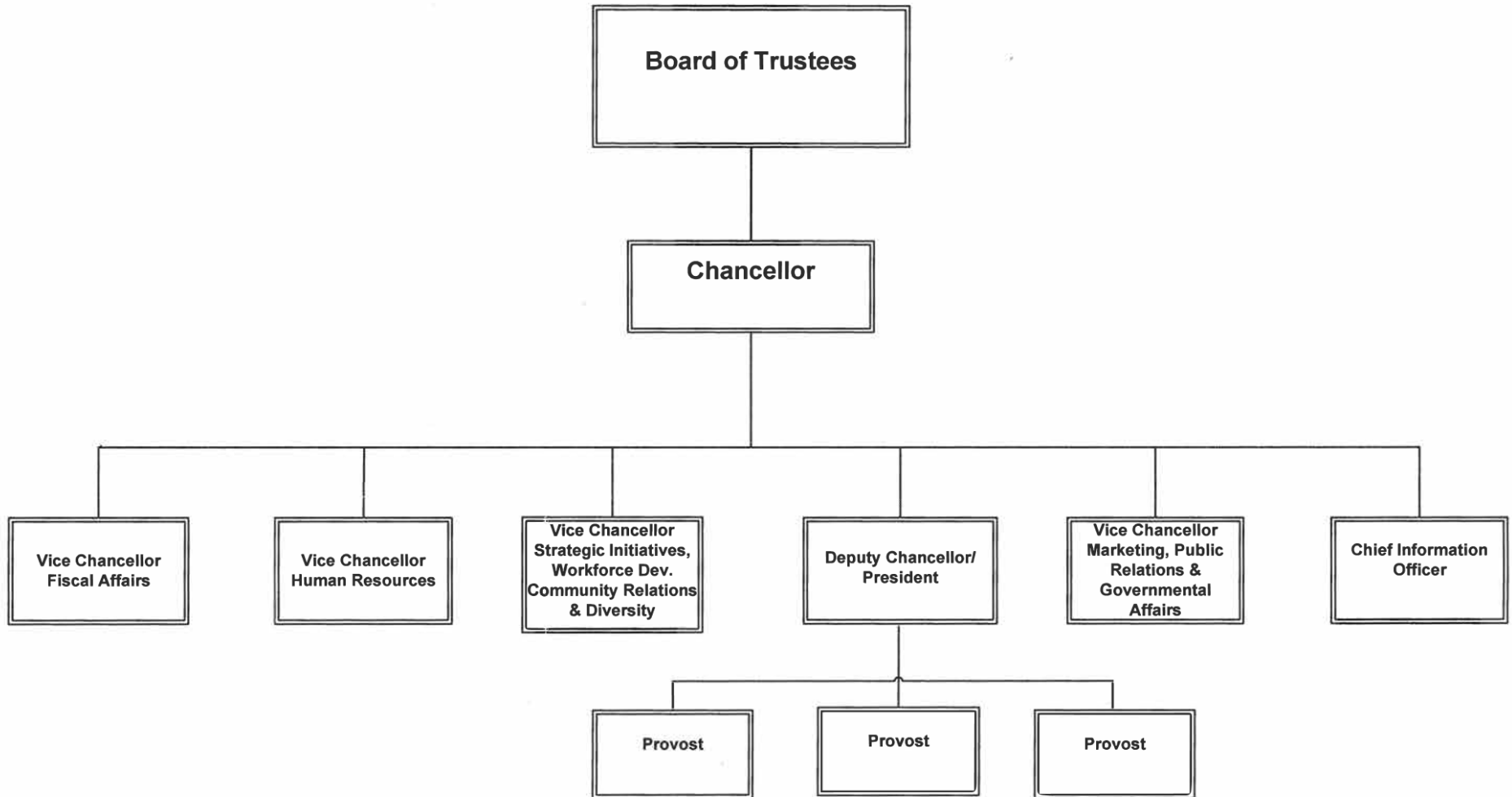
Mr. Ben Meador

Key Officers

Dr. Brenda L. Hellyer	Chancellor
Dr. Laurel V. Williamson	Deputy Chancellor and College President
Mrs. Teri Crawford	Vice Chancellor of Marketing, Public Relations and Governmental Affairs
Dr. Allatia Harris	Vice Chancellor of Strategic Initiatives, Workforce Development, Community Relations and Diversity
Mr. Chester Lewis	Vice Chancellor of Fiscal Affairs
Mr. Steve Trncak	Vice Chancellor of Human Resources
Mr. Rob Stanicic	Chief Information Officer
Mr. Van Wigginton, J.D.	Provost
Dr. William Raffetto	Provost
Dr. Brenda Jones	Provost

San Jacinto Community College District

August 31, 2017





December 14, 2017

Board of Trustees
Citizens of the San Jacinto Community College District

I am honored to present the Comprehensive Annual Financial Report (CAFR) of the San Jacinto Community College District ("College") for the fiscal years ended August 31, 2017 and 2016. This financial report is submitted by the College's Department of Fiscal Affairs and is published to provide readers with detailed information concerning the financial position and activities of the College. 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 the best of our knowledge and belief, the enclosed financial report is complete and reliable in all material respects. It is organized in a manner designed to fairly present the financial position and results of operations of the College. The accompanying disclosures are necessary to enable the reader to gain an understanding of the College's financial affairs.

HISTORY OF THE COLLEGE

GETTING STARTED

In May 1960, voters in the Channelview, Deer Park, Galena Park, La Porte, and Pasadena school districts (Sheldon school district was added in 1968) approved the creation of East Harris County Union Junior College. Voters elected seven members to serve on the Board of Regents (now Board of Trustees) and authorized them to levy a tax for the College's operations and maintenance.

In February 1961, the Board changed the name to San Jacinto Junior College District (it was changed again in 1995 from San Jacinto Junior College to San Jacinto Community College District to better reflect the expanded mission as a community college. The more familiar name used daily throughout the community is San Jacinto College or San Jac.

On September 18, 1961, the College opened its doors and 876 students filed into a handful of renovated buildings in downtown Pasadena to attend the very first classes offered by San Jacinto College. The voters of the College District voted favorably a \$.15 per \$100 valuation tax that was used to start operations, hire faculty, and begin building what is now the Central Campus of San Jacinto College.

EXPANSION

Bonds issued in 1972 included funds for a second campus. Initially, North Shore High School provided space for classes. By fall 1974, the College was offering seven programs in leased store-front facilities

on Federal Road until the North Campus opened in the spring of 1975. Expansion continued with bonds approved by the voters in 1976 to build a third campus. J. Frank Dobie High School provided classrooms until San Jacinto College South opened in September of 1979.

In December 1999, voters approved the issuance of \$91 million in general obligation bonds, allowing the College to add six new buildings including the interactive learning centers on all campuses, fine arts and music centers on all campuses, and childhood development centers on Central and North campuses, along with substantial infrastructure improvements throughout the three campuses. In May 2008, another successful bond election provided \$295 million in funding to create updated science and allied health facilities on all campuses, library improvements on all campuses, student welcome centers on South and North campuses, a transportation facility on Central campus, and a new facility to house maintenance and police operations. Additionally, the College's fourth campus was opened with the construction of the maritime technology and training center. In 2017, the College opened the Center for Industrial Technology on the North campus using funding from the issuance of revenue bonds in the spring of 2015.

In November 2015, with a nearly 68 percent approval rate, voters approved a \$425 million general obligation bond referendum to allow the College to continue to update and transform for 21st Century education. The first priority is the Center for Petrochemical, Energy, and Technology on Central Campus. The College broke ground for this facility in September 2017 with completion expected in 2019. The College will also address district-wide infrastructure upgrades, safety and security updates, renovation of nine buildings (most of which are 30-years-old or older), construction of a student welcome center and a classroom building on Central campus; and centers for culinary and cosmetology on North Campus as well as a center for engineering and technology on South Campus. Most of these projects are scheduled to be completed by 2021. This general obligation bond may also provide funding for future expansion within the College district.

San Jacinto College continues to expand partnerships with regional independent school districts and has expanded dual credit and early college high school offerings, including career and technical education options. The College houses four early college high schools with Clear Creek, Galena Park, Pasadena, and Sheldon Independent School Districts. The College also has modified Early College High Schools with Channelview, Deer Park, and La Porte Independent School Districts. This work continues to be important with dual credit and early college high school students representing 12 percent of the fall 2016 student enrollment.

Looking back over the accomplishments of the past 56 years, San Jacinto College has displayed a proud tradition of excellence based on the vision, passion and "whatever-it-takes" attitude that has marked this institution's leadership. In 2017, San Jacinto College was recognized by the Aspen Institute for Community College Excellence with the Rising Star award. This award named San Jacinto College a top five community college in the country out of approximately 1,100.

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

San Jacinto College is located in Harris County, Texas, within the nine-county Houston-The Woodlands-Sugar Land metropolitan statistical area (MSA). The nine-county MSA covers 9,432 square miles – an area smaller than Maryland, but larger than New Jersey.

Over the last 10 years, the Houston MSA economy has grown at a rate greater than national trends. Houston growth has slowed slightly, but it is still one of the top markets for job growth in the country due to diversification.

Although oil prices fell significantly from 2014 – 2016, the energy industry is now settling into a slow recovery. Oil prices have somewhat stabilized, but the expectation is for oil prices to remain flat. This will impact job creation in the upstream exploration side of the energy sector. However, on the east side of Harris County, where San Jacinto College is located, the downstream processing continues expansion with lower cost feedstock and the Port of Houston for exporting product. With this expansion, coupled with the retiring workforce, industry leaders continue to project a significant need for a skilled workforce in the industrial and craft trades. San Jacinto College is working closely with many of these industry leaders and economic development groups to meet these workforce needs on both a near and long-term basis.

Hurricane Harvey hit the Gulf Coast region in August 2017. The region was impacted significantly but recovery is strong. While the College was closed for over a week due to impact of Hurricane Harvey on the surrounding community, our employees, and our students, the damage to physical assets of the College were minimal. Many support systems were expanded or added to assist students and employees through the recovery process. Additionally, the College has a strong instructional recovery plan which was developed and implemented by its faculty. All of these efforts were focused on retaining students and at this point there has not been a negative impact on enrollment.

SAN JACINTO COLLEGE

The fiscal health of San Jacinto College remains strong. The College provides a strong return on investment to students, society, and taxpayers. From the social perspective, for every \$1 invested in San Jacinto College, Texas sees \$11.20 in state and income savings. From the student perspective, for every \$1 invested in San Jacinto College, students see a \$5.60 return in higher future income. The average return is 19.7 percent. From the taxpayer perspective, for every \$1 invested in San Jacinto College, taxpayers see a \$3.30 return in benefits. The annual average return is 8.0 percent. The College Board of Trustees is committed to keeping taxes as low as possible and the 3.1% increase in tax rate was primarily related to the issuance of \$150 million of voter authorized debt relating to the 2015 bond projects.

San Jacinto College is affordable. At \$780 for tuition and fees for 12 semester credit hours, the College in-district tuition rate is one of the most affordable in the Gulf Coast region and in the state of Texas. The College is focused on student success and has increased student completion of degrees and certificates by 161 percent over the last ten years. The College commitment to success is demonstrated by being ranked number 15th in the nation among over 1,100 community colleges for the number of associates degrees awarded across all disciplines. The College is also ranked 2nd in the nation for awarding degrees and certificates in the workforce areas needed by our regional industry partners according to the *Community College Week* top 100 list for 2016. The 2017 top 100 list has not been released as of this publication.

LEGAL

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 CAFR of the College for the fiscal years ended August 31, 2017 and 2016. Additionally, the College is statutorily required to submit audited financial statements to the Texas Higher Education Coordinating Board by January 1st of each year.

THE AUDIT

A public accounting firm has audited the College's financial statements. 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, 2017 and 2016 are free from material misstatement. The independent audits involve 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 audits, that there is a reasonable basis for rendering an unmodified opinion that the College's financial statements for the years ended August 31, 2017 and 2016 are fairly presented in accordance with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of 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 accordance with 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.

THE REPORT

The CAFR is presented in six sections: introductory, financial, supplemental schedules, statistical, Federal awards, and State awards. The introductory section includes this transmittal letter, a list of the members of the Board of Trustees and key officers, an organization chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

The financial section is prepared in accordance with GAAP. This section of the CAFR includes the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements, explanatory notes to the basic financial statements, and required supplementary information. Analysts, investors, community members and other interested parties are encouraged to read the Management's Discussion and Analysis which begins on page 4.

The supplemental schedules are presented to comply with the reporting requirements of the Governmental Accounting Standards Board (GASB) and the Texas Higher Education Coordinating Board (THECB). The purpose of the supplemental schedules is to present more detailed information to the reader to allow a deeper understanding of the basic financial statements. Analysis of operating revenue, operating expenses by object, non-operating revenue and expenses, and an analysis of net assets by source and availability are presented.

The statistical section provides a historical perspective through ten years of data regarding operations, the College community of students, faculty and communities served by the College and the local economy.

The Federal awards section contains information regarding participation in various Federal programs. The independent auditors are required to conduct a separate audit of Federal programs and the College's system of internal control according to the standards applicable to financial audits contained

in *Government Auditing Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and the *State of Texas Single Audit Circular*. This section contains the auditors' report on the system of internal control, a listing of the Federal programs in which the College participates and the dollar amount of expenditures for each program.

The State awards section contains information about the various State grant programs that the College participates in and the amount expended for the current fiscal year by program. The independent auditors are required to conduct a separate audit of State programs as required by the State of Texas Single Audit Circular. This section contains a listing of the State programs in which the College participates and the dollar amount of expenditures for each program.

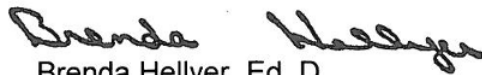
GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2016. This was the tenth 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. I would also like to express my appreciation to the Board of Trustees for their support in maintaining the highest standards of professionalism with regard to the College's financial operations.

Respectfully submitted,


Brenda Hellyer, Ed. D.
Chancellor



Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
of **San Jacinto Community College District**

Report on the Financial Statements

We have audited the accompanying financial statements of the San Jacinto Community College District (the College) as of and for the years ended August 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplemental schedules on pages 52 through 55 and statistical section on pages 56 through 74 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of Federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 80 through 81 and the schedule of expenditures of State awards as required by the *State of Texas Single Audit Circular* on page 82 are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The supplemental schedules and the schedules of expenditures of Federal awards and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 52 through 55 and the schedules of expenditures of Federal awards on pages 80 through 81 and State awards on page 82 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Doeren Mayhew".

Houston, Texas
December 14, 2017

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

About San Jacinto Community College District

San Jacinto Community College District (the College) traces its roots to May 1960, when voters in five independent school districts (ISDs), Channelview, Deer Park, Galena Park, La Porte and Pasadena (Sheldon ISD was added in 1968), approved the creation of East Harris County Union Junior College, demonstrating a partnership between a growing community college and a sprawling area rich in history. The College's name was changed in February 1961 to San Jacinto Junior College District and then again in 1995 to San Jacinto Community College District. The College is most often referenced by the community as San Jacinto College or San Jac. The college district has now grown to include four campuses, a network of off-campus learning centers, a robust dual credit and early college high school program, and online offerings. In order to serve these students, the College employs over 3,000 full-time and part-time personnel. Most faculty have earned masters and doctoral degrees, and many have been nationally recognized for their teaching, innovation, 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 College's service district is also home to the nation's largest and world's second largest petrochemical complex, NASA-Johnson Space Center, and the Port of Houston (the Port), which is ranked first in the United States in foreign tonnage. 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, marine transportation companies, 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 companies supporting the Port, maritime companies, petrochemical companies, international and small businesses, healthcare providers, transportation entities, 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 technical workforce programs, academic articulation agreements, and dual credit and early college high school programs. Students are attracted to the College's specialized instructional programs and the transferability of credits to four-year universities. Students can choose from various certificate and credential programs, and the following degrees: Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of Arts in Teaching.

The College's taxing district encompasses approximately 570,000 citizens and 320 square miles. A seven-member Board of Trustees (the Board), elected for six-year terms by the taxpayers in its taxing district, govern the College. The Board sets the vision, mission, and strategic direction for the College and is responsible for oversight of budgets, policies, and governance. In 2017, the Aspen Institute for Community College Excellence named San Jacinto College as a Rising Star Award winner, placing it among the top 5 community colleges out of more than 1,100 in the nation. This distinction is due to a laser focus on student success and completion that begins with the vision and strategic plan established by the Board and continues through alignment and implementation of the College's annual priorities.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

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 Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements 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 unmodified report from the College's independent auditor.

Financial Highlights for 2017

- The College has 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. However, State support for College operations, as a percentage of total unrestricted revenue, has continued to decrease. Meanwhile, the operational cost of delivering high quality instruction and maintaining equipment and facilities that prepare students for academic success and workforce readiness continues to increase. As the funding model for community colleges continues to shift from the State, the College is forced to rely more heavily on tuition and fees and property taxes.
- In April 2016, to be effective beginning with the Fall 2016 semester for fiscal year 2017, the Board of Trustees approved an increase in the semester credit hour (SCH) tuition schedule, an increase in the general service fee, and the addition of a differential fee attached to courses. The last tuition increase occurred in the Fall of 2014 for out-of-state tuition. The College primarily serves post-secondary students, but dual credit and early college high school attendance (students generating simultaneous high school and college credit for academic coursework) is an important focus. The College provided an exemption of 70% in fiscal year 2016 to dual credit students or the related school district. With the tuition increases, the Board also approved increasing the exemption from 70% to 75% for fiscal year 2017.

The tuition increases, per SCH, for fiscal year 2017 were:

- \$3 per SCH increase in the in-district tuition rate (from \$47 to \$50)
- \$6 per SCH increase in the out-of-district tuition rate (from \$89 to \$95)
- \$11 per SCH increase in the non-resident tuition rate (from \$149 to \$160)

The fee changes for fiscal year 2017 were:

- \$10 per semester increase in the general service fee (from \$140 to \$150)
- Differential course fees ranging from \$2 per credit hour to \$7 per credit hour

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

- Each year the Texas Association of Community Colleges conducts a survey of the 50 community colleges in the State which collects, among other items, the tuition and fee rates for 12 SCH of instruction. According to the Spring 2017 survey results, the College's relative position, when compared to the other 49 community colleges in the State, indicates that an education at the College continues to be one of the best values state-wide. By residency classification, the survey results reflect that the College's tuition and fees for in-district residents is the fifth lowest in the State and the second lowest among colleges in the Gulf Coast region. For the out-of-district category, the College is the seventh lowest in the State and third lowest among colleges in the Gulf Coast region. The low tuition and fee rates are evidence of the College's commitment to the community it serves by providing affordable, high-quality education. But even with this commitment, the costs to deliver excellent instruction that prepares students for today's workforce and for university transfer continue to increase.
- The College continues to invest in its people, a strong student success agenda, and continuous improvement. Student success is evident by an increase of 161.7 percent in the number of certificates and associate degrees awarded since 2007. For fiscal year 2017, 7,019 credentials were awarded to San Jacinto College students. Community College Week ranked the College 15th in the nation in the number of associate degrees awarded.
- As of August 31, 2017, the assets of the College exceeded its liabilities by \$164.3 million (net position). The College had an overall decrease of \$2.5 million in total net position. Net investment in capital assets decreased by \$8.1 million. Restricted net position decreased by \$1.8 million. Unrestricted net position increased by \$7.4 million. The College's unrestricted net position is \$37.9 million, at year-end.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

Financial Highlights for 2016

- In September 2015, the College completed a successful sale with the \$46.5 million of Refunding Bonds issued at a true interest cost of 3.205%, which is a present value savings of \$2.8 million in future debt payments. The Refunding Bonds will generate debt service savings in excess of \$3.7 million over the next 18 years.
- On November 3, 2015, the College received the official results of the canvasses for all votes in the general and special elections. The number of votes cast for the proposition of the issuance of \$425 million was 17,268. The number of votes cast against the proposition of the issuance of \$425 million was 8,308. The bond referendum passed with a 68% approval rate. Following the approval and execution of the appropriate resolutions, the Board of Trustees of the College District is authorized to issue the bonds.
- In April 2016, the College issued \$150.0 million of limited tax general obligation bonds (Series 2016A). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, and pay the costs of issuance for the Series 2016A Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.
- In April 2016, the College issued \$50.2 million of limited tax general obligation refunding bonds (Series 2016B). The proceeds will be used by the College to refund portions of limited tax general obligations bonds, Series 2008 and 2009, and pay the costs of issuance for the Series 2016B Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.
- As of August 31, 2016, the assets of the College exceeded its liabilities by \$166.8 million (net position). The College had an overall decrease of \$9.4 million in total net position. Net investment in capital assets decreased by \$2.0 million, and restricted net position decreased by \$2.6 million related to debt service. Unrestricted net position decreased by \$4.8 million. The College's unrestricted net position is \$30.4 million, at year end.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended August 31, 2017
(Unaudited)

The Statement of Net Position

The Statement of Net Position 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, the deferred outflows and inflows of resources, and the resulting net position. 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 positions are displayed in three components: net investment in capital assets, restricted, and unrestricted.

Increases or decreases to net position are one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention, and other non-financial information. The Statement of Net Position 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 Statements of Net Position and provides a summary of its assets, liabilities, and net position for the years ended August 31:

**Summary of Statements of Net Position - Exhibit 1
(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 103,941	\$ 98,279	\$ 99,136
Noncurrent assets:			
Capital assets, net of depreciation	431,894	416,052	397,964
Other	<u>169,930</u>	<u>204,179</u>	<u>88,061</u>
Total assets	\$ <u>705,765</u>	\$ <u>718,510</u>	\$ <u>585,161</u>
Deferred outflows of resources	\$ <u>18,740</u>	\$ <u>13,112</u>	\$ <u>4,543</u>
Current liabilities	\$ 57,822	\$ 53,391	\$ 51,273
Noncurrent liabilities	<u>498,559</u>	<u>507,264</u>	<u>354,629</u>
Total liabilities	\$ <u>556,381</u>	\$ <u>560,655</u>	\$ <u>405,902</u>
Deferred inflows of resources	\$ <u>3,795</u>	\$ <u>4,122</u>	\$ <u>7,599</u>
Net position:			
Net investment in capital assets	\$ 124,307	\$ 132,443	\$ 134,449
Restricted - expendable	2,147	3,966	6,528
Unrestricted	<u>37,875</u>	<u>30,436</u>	<u>35,226</u>
Total net position	\$ <u>164,329</u>	\$ <u>166,845</u>	\$ <u>176,203</u>

Fiscal Year 2017 Compared to 2016

Total assets decreased by \$12.7 million during 2017, a 1.8 percent decrease. The change in total assets resulted from a \$28.0 million decrease in cash and cash equivalents. This was offset with a net increase in capital assets of \$15.8 million and a minor decrease of \$0.5 million in other categories. The College continues to limit its investments in investment pools and money market accounts. Investment earnings rates increased from 0.45% at the start of the fiscal year to 1.07% at the end of the fiscal year.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

The College's current ratio (current assets divided by current liabilities) decreased to 1.80 in 2017 from 1.84 in 2016. The decrease is primarily due to an increase of current cash and investments of approximately \$6.2 million and an increase \$3.8 million in current bonds payable.

Total liabilities decreased by \$4.3 million in 2017. The major areas of change occurred in a decrease of \$6.1 million in the bond and notes payables and a \$1.9 million increase to the net pension liability related to the Teacher's Retirement System of Texas (TRS),

Total net position decreased by \$2.5 million in 2017. Changes in net position by category: Unrestricted increased by \$7.4 million, restricted decreased by \$1.8 million, and capital assets net of depreciation and related debt decreased by \$8.1 million.

Fiscal Year 2016 Compared to 2015

Total assets increased \$133.3 million during 2016, a 22.8 percent increase. The change in total assets resulted from a \$121 million increase in cash and cash equivalents primarily through the sale of new bonds of \$153.1 million (\$138.2 million PAR value plus \$14.9 million premium), and a decrease of \$1.0 million in other current assets. Capital assets increased by \$18.09 million related to on-going construction projects. The College continued its conservative approach to investments in investment pools and money market funds.

The College's current ratio (current assets divided by current liabilities) decreased to 1.84 in 2016 from 1.93 in 2015. The decrease is primarily due to a decrease of cash and investments of approximately \$1.8 million and a \$1.1 million increase in unearned revenue and \$1.7 million increase in current bonds payable.

Total liabilities increased by \$154.8 million in 2016. The 38.1 percent increase is primarily due to \$261.8 million in new general obligation and refunding bonds being issued, offset by a \$109.5 million decrease in bonds defeased.

Total net position decreased by \$9.4 million in 2016. Changes in net position by category: unrestricted decreased by \$4.8 million, restricted decreased by \$2.6 million, and capital assets net of depreciation and related debt decreased by \$2.0 million.

The Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net position has increased during the year ended August 31, 2017, with comparative information for fiscal year 2016. 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 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended August 31, 2017
(Unaudited)

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

Summary of Revenues, Expenses, and Changes in Net Position - Exhibit 2
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of allowances and discounts	\$ 44,065	\$ 41,846	\$ 38,825
Federal grants and contracts	6,965	5,463	4,070
State grants and contracts	3,080	2,701	3,425
Non-government grants and contracts	2,082	1,699	2,129
Sales and services of educational activities	1,749	1,671	1,440
Auxiliary enterprises, net of discounts	2,843	3,303	3,162
General operating revenues	<u>-</u>	<u>8</u>	<u>1</u>
Total operating revenues	<u>60,784</u>	<u>56,691</u>	<u>53,502</u>
Expenses:			
Operating expenses:			
Instruction	72,696	68,455	67,477
Public service	6,320	6,863	5,698
Academic support	16,993	15,521	13,572
Student services	15,292	14,365	14,425
Institutional support	40,021	43,151	40,839
Operation and maintenance of plant	16,882	16,700	17,556
Scholarships and fellowships	31,041	31,733	33,946
Auxiliary enterprises	3,723	4,091	4,527
Depreciation	<u>18,439</u>	<u>18,808</u>	<u>17,401</u>
Total operating expenses	<u>221,407</u>	<u>219,687</u>	<u>215,411</u>
Operating loss	<u>(160,623)</u>	<u>(162,996)</u>	<u>(162,359)</u>
Non-operating revenues (expenses):			
State appropriations	44,537	43,989	44,428
Maintenance ad valorem taxes	64,849	62,711	56,606
Debt service ad valorem taxes	26,714	22,590	26,115
Federal revenue, non-operating	40,823	40,864	43,459
Investment income (net of investment expenses)	1,519	545	246
Interest on capital related debt	(18,248)	(17,034)	(12,645)
Other non-operating revenues (expenses)	<u>(2,087)</u>	<u>(27)</u>	<u>(37)</u>
Total non-operating revenues, net	<u>158,107</u>	<u>153,638</u>	<u>158,172</u>
Decrease in net position	(2,516)	(9,358)	(4,187)
Net position, beginning of year	<u>166,845</u>	<u>176,203</u>	<u>180,390</u>
Net position, end of year	<u>\$ 164,329</u>	<u>\$ 166,845</u>	<u>\$ 176,203</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

Fiscal Year 2017 Compared to 2016

Tuition and fee revenue (before allowances and discounts) increased by \$5.0 million in 2017 to \$66.8 million from \$61.8 million in 2016. This is due to the semester credit hour increases in tuition discussed in the financial highlights stable enrollment of 28,000 students from fall to fall. Although total contact hours increased by 262,000 the State appropriation per contact hour decreased to \$2.99 for 2017 from \$3.05 for 2016.

Operating expenses increased by \$1.7 million to \$221.4 million for 2017 from \$219.7 million for 2016. Salaries, wages, and benefits increased by \$3.3 million due to salary adjustments for full-time and part-time employees and rising costs of health benefits. The increases were offset by a decrease of \$3.1 million in the institutional support category and minor changes in the other categories.

Net non-operating revenues and expenses increased by \$4.4 million in 2017 from 2016. State appropriations increased by \$0.5 million to \$44.5 million in 2017 from \$44.0 million in 2016. Ad valorem tax revenue increased by \$6.3 million to \$91.6 million in 2017 from \$85.3 million in 2016 due to increases in taxable assessed valuations of \$2.6 billion and changes in the tax rates largely related to voter approved debt requirements. The maintenance and operations tax rate remained the same at 12.9194 cents and the debt service tax rate was increased to 5.3185 cents from 4.6589 cents. Net investment income increased by \$0.9 million due to earnings rates increasing from a low of 0.45% at the start of the year to a high of 1.07% at the end of the year. Interest on capital debt increased by \$1.2 million. A \$2.1 million loss on disposal of capital assets was realized due to the razing of the North Campus library after only twenty-three years of service.

Fiscal Year 2016 Compared to 2015

Tuition and fee revenue (before allowances and discounts) increased by \$1.9 million in 2016 to \$61.8 million from \$59.9 million in 2015. This is due to a \$7 per semester credit hour increase in tuition for foreign and out of state students and an increase in enrollment of 1.5%. The State appropriation per contact hour decreased to \$3.05 for 2016 from \$3.18 for 2015.

Operating expenses increased by \$4.3 million to \$219.7 million for 2016 from \$215.4 million for 2015. Salaries, wages, and benefits increased by \$7.4 million, and depreciation increased by \$1.4 million. The increases were offset by a decrease of \$2.2 million in scholarships and fellowships related to decreases in payments to Federal Title IV recipients. The remaining decrease in operating expenses is attributed to overall decline in operating expenses.

Net non-operating revenues and expenses decreased \$4.5 million in 2016 from 2015. State appropriations decreased by \$0.4 million to \$44 million in 2016 from \$44.4 million in 2015. Ad valorem tax revenue increased by \$2.6 million to \$85.3 million in 2016 from \$82.7 million in 2015 due to increases in taxable assessed valuations. The maintenance and operations tax rate was increased to 12.9194 cents and the debt service tax rate was decreased to 4.6589 cents. The recommended 2015 tax rate of 17.5783 cents per \$100 valuation is approximately \$0.01 less than the rate adopted for 2014 (18.5602 cents per \$100 valuation). Net investment income increased due to the receipt of 2016A general obligation bond proceeds. Interest on capital related debt increased by \$4.4 million for the additional bonds issued. Federal revenue decreased by \$2.6 million to \$40.9 million in 2016 as compared to \$43.5 million for 2015 related to Federal Title IV direct loans and grant programs.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended August 31, 2017
(Unaudited)

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 (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash provided (used) by:			
Operating activities	\$ (133,768)	\$ (136,479)	\$ (134,864)
Non-capital financing activities	142,043	139,694	136,847
Capital and related financing activities	(37,867)	110,528	7,460
Investing activities	<u>1,519</u>	<u>7,293</u>	<u>17,371</u>
(Decrease) Increase in cash and cash equivalents	(28,073)	121,036	26,814
Cash and cash equivalents - beginning of year	<u>276,538</u>	<u>155,502</u>	<u>128,688</u>
Cash and cash equivalents - end of year	\$ <u>248,465</u>	\$ <u>276,538</u>	\$ <u>155,502</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.

Cash used by the College for operating activities decreased by \$2.7 million in 2017 from 2016 after an increase of \$1.6 million in 2016 from 2015. The decrease in cash used is related to a \$2.6 million increase in receipts in tuition and fees, an increase of \$0.4 million in receipts from grants and contracts, a \$1.9 million decrease in payments for goods and services, an increase of \$3.5 million related to employees and benefits and a decrease of \$1.3 million in scholarships from federal and state awards.

Cash provided to the College for non-capital financing activities increased by \$2.3 million in 2017 from 2016 due to increases from receipt of ad valorem taxes for maintenance and operations. State appropriations of \$37.0 million, Federal revenues of \$40.8 million and payments on notes principal and interest of \$0.4 million were consistent for fiscal years 2017 and 2016.

Net cash flows from capital and related financing activities used were \$37.9 million in 2017. The decrease is due to \$36.4 million used for the purchase of capital assets and \$1.5 million used due to increases in capital debt interest. Net cash flows provided from investing activities were \$1.5 million in 2017.

In 2016, the College received \$153 million from the sale of general obligation bonds (Series 2016A), to fund the San Jac Tomorrow Capital Improvement Program. Refunding debt proceeds of \$109.3 million resulted in minor net increase in cash. The College used \$37 million in 2016 in payments for purchases of capital assets as part of the on-going construction related projects. Net cash flows from capital and related financing activities provided in 2016 were \$110.3 million.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2017 (Unaudited)

Capital Assets and Long-Term Debt Activity

Capital Assets - Fiscal Year 2017

In 2017, the College had the following additions and deletions to net capital assets totaling a \$15.8 million increase: \$13.9 million net decrease in assets not depreciated, and \$45.8 a million net increase to depreciated assets as completed buildings and renovations were placed in service. Net accumulated depreciation increased \$16.0 million.

Capital Assets - Fiscal Year 2016

In 2016, the College had the following additions and deletions to net capital assets totaling a \$19 million increase: \$23.9 million net decrease in assets not depreciated, and \$59.0 million net increase to depreciated assets as completed buildings and renovations were placed in service. Net accumulated depreciation increased \$17.0 million.

Long-Term Debt

In September 2016, the College issued \$83.1 million of limited tax general obligation bonds (Series 2016C - PAR value \$73.8 million plus \$9.3 million premium). The proceeds will be used by the College to refund portions of limited tax general obligations bonds (Series 2009 and 2011) and pay the costs of issuance for the Series 2016C Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.

Ad Valorem Taxes

On October 2, 2017, the Board approved the adoption of the 2017 tax rate of 18.3335 cents per \$100 valuation which is 0.0956 cents above the prior year rate of 18.2379 cents. The primary reason for the increase in the tax rate is due to the issuance of \$150 million of voter approved bond debt during fiscal year 2016. The maintenance and operations tax rate decreased to 12.8828 cents and the debt service tax rate was increased to 5.45407 cents. The total taxes imposed on a residence homestead at the current year's appraised value of \$104,959 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$192.43. 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 taxed at the current year's average market value. Certified property tax values for the 2017 tax year were received from the Harris County Appraisal District (HCAD) on August 25, 2017. The certified tax roll values for 2017 are \$52.4 billion which is \$1.8 billion (3.5%) higher than the prior year valuations.

On October 10, 2016, the Board approved the adoption of the 2016 tax rate of 18.2379 cents per \$100 valuation which is 0.6596 cents above the prior year rate of 17.5783 cents. The primary reason for the increase in the tax rate is due to the issuance of \$150 million of voter approved bond debt during fiscal year 2016. This is the first issuance of bonds from the total voter approved bond debt of \$425 million with the remaining \$275 million of bond debt to be issued at future dates. The maintenance and operations tax rate remained at 12.9194 cents and the debt service tax rate was increased to 5.3185 cents. The total taxes imposed on a residence homestead at the current year's appraised value of \$97,066 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$177.03. 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 taxed at the current year's average market value. Certified property tax values for the 2016 tax year were received from the Harris County Appraisal District (HCAD) on August 26, 2016. The certified tax roll values for 2016 are \$50.6 billion which is \$2.6 billion (5.4%) higher than the prior year valuations.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management’s Discussion and Analysis
Fiscal Year Ended August 31, 2017
(Unaudited)

On October 5, 2015, the Board approved the adoption of the 2015 tax rate of 17.5783 cents per \$100 valuation. The maintenance and operations tax rate was increased to 12.9194 cents and the debt service tax rate was decreased to 4.6589 cents. The recommended 2015 tax rate of 17.5783 cents per \$100 valuation is approximately \$0.01 less than the rate adopted for 2014 (18.5602 cents per \$100 valuation). The total taxes imposed on a residence homestead at the current year’s appraised value of \$118,805 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$200.05. 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 taxed at the current year’s average market value.

At August 31, 2017, the College’s credit ratings have been affirmed as follows:

	<u>Moody’s Investor’s Service (1)</u>	<u>Standard & Poor’s (2)</u>
General Obligation Bonds	Aa2	AA
Maintenance and Tax Notes	Aa2	AA
Revenue Bonds	Aa3	Not Rated

- (1) Moody’s affirmed the General Obligation Bonds, Maintenance Tax Notes and Revenue Bonds rating on August 10, 2016.
- (2) Standard & Poor’s affirmed the General Obligation Bonds and Maintenance Tax Notes rating on August 15, 2016.

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

San Jacinto Community College District is a dynamic institution that is an integral part of the success of East Harris County and the surrounding communities. The College’s leadership continues to build a culture focused on the student. The College’s employees work with students to redefine their expectations, encourage the exploration of new opportunities, and empower them to achieve their goals. Looking ahead to fiscal year 2018 and beyond, management sees continuing challenges regarding the levels of State support, resistance to maintenance and operations property taxes increases, and continued 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. The College will continue to focus on strengthening the teaching and learning process and expanding outreach efforts while maintaining its sound financial position.

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 resources 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 Position
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 78,535,185	\$ 72,358,751
Accounts receivable, net	22,314,889	22,101,105
Prepaid expenses	1,862,282	2,360,137
Deferred charges	865,025	1,015,439
Inventories	363,167	443,645
Total current assets	<u>103,940,548</u>	<u>98,279,077</u>
Noncurrent assets:		
Restricted cash and cash equivalents	169,929,760	204,179,065
Capital assets net of accumulated depreciation	401,897,874	372,153,467
Capital assets not being depreciated	29,996,327	43,898,368
Total noncurrent assets	<u>601,823,961</u>	<u>620,230,900</u>
Total assets	<u>705,764,509</u>	<u>718,509,977</u>
Deferred outflows of resources:		
Deferred outflow related to pensions	6,924,946	5,502,112
Deferred outflow related to defeased debt	11,814,997	7,609,621
Total deferred outflows of resources	<u>18,739,943</u>	<u>13,111,733</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	15,387,437	15,161,643
Accrued liabilities	828,742	878,323
Accrued compensable absences - current portion	610,680	253,856
Deferred compensation	10,000	10,000
Unearned revenue	25,246,538	25,212,524
Notes payable - current portion	361,792	351,792
Bonds payable - current portion	15,376,573	11,522,701
Total current liabilities	<u>57,821,762</u>	<u>53,390,839</u>
Noncurrent liabilities:		
Accrued compensable absences	1,672,108	2,358,767
Net pension liability	31,890,143	29,942,125
Notes payable	2,072,172	2,433,964
Bonds payable	462,924,558	472,528,929
Total noncurrent liabilities	<u>498,558,981</u>	<u>507,263,785</u>
Total liabilities	<u>556,380,743</u>	<u>560,654,624</u>
Deferred inflows of resources - deferred inflow related to pensions	<u>3,795,258</u>	<u>4,122,366</u>
<u>Net Position</u>		
Net investment in capital assets	124,306,376	132,442,890
Restricted for:		
Expendable:		
Grants	1,521,703	3,746,783
Debt service	625,208	218,939
Unrestricted	37,875,164	30,436,108
Total net position (Schedule D)	<u>\$ 164,328,451</u>	<u>\$ 166,844,720</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Operating Revenues</u>		
Student tuition and fees (net of allowances and discounts of \$22,717,830 and \$20,002,818, respectively)	\$ 44,064,835	\$ 41,846,048
Federal grants and contracts	6,965,180	5,462,934
State grants and contracts	3,079,579	2,700,734
Non-governmental grants and contracts	2,082,059	1,698,656
Sales and services of educational and non-educational activities	1,749,479	1,670,828
Auxiliary enterprises (net of discounts)	2,843,352	3,303,193
General operating revenues	-	8,170
Total operating revenues (Schedule A)	<u>60,784,484</u>	<u>56,690,563</u>
<u>Operating Expenses</u>		
Instruction	72,695,776	68,454,596
Public service	6,320,517	6,863,682
Academic support	16,993,133	15,520,956
Student services	15,291,761	14,364,953
Institutional support	40,021,341	43,150,758
Operation and maintenance of plant	16,881,705	16,699,917
Scholarships and fellowships	31,041,269	31,732,763
Auxiliary enterprises	3,723,398	4,090,909
Depreciation	18,438,792	18,808,056
Total operating expenses (Schedule B)	<u>221,407,692</u>	<u>219,686,590</u>
Operating loss	<u>(160,623,208)</u>	<u>(162,996,027)</u>
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	44,536,974	43,988,685
Maintenance ad valorem taxes	64,848,898	62,710,688
Debt service ad valorem taxes	26,714,175	22,589,735
Federal revenue, non-operating	40,822,543	40,864,247
Investment income (net of investment expenses)	1,519,232	544,978
Interest on capital related debt	(18,248,200)	(17,033,703)
Other non-operating revenues (expenses)	<u>(2,086,683)</u>	<u>(27,059)</u>
Total non-operating revenues, net (Schedule C)	<u>158,106,939</u>	<u>153,637,571</u>
Decrease in net position	(2,516,269)	(9,358,456)
<u>Net Position</u>		
Net position, beginning of year	<u>166,844,720</u>	<u>176,203,176</u>
Net position, end of year	<u>\$ 164,328,451</u>	<u>\$ 166,844,720</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows
Years Ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 48,957,422	\$ 46,394,126
Receipts of grants and contracts	11,765,149	11,273,210
Payments to suppliers for goods or services	(41,550,113)	(43,370,770)
Payments to or on behalf of employees	(122,381,402)	(118,855,627)
Payments of scholarships and fellowships	<u>(30,559,065)</u>	<u>(31,919,461)</u>
Net cash used by operating activities	<u>(133,768,009)</u>	<u>(136,478,522)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from State appropriations	37,032,680	36,986,226
Receipts from ad valorem taxes - maintenance and operating	64,613,976	62,265,157
Receipts from non-operating Federal revenue	40,822,543	40,864,247
Payments on notes - principal	(351,792)	(336,792)
Payments on notes - interest	<u>(74,796)</u>	<u>(85,191)</u>
Net cash provided by non-capital financial activities	<u>142,042,611</u>	<u>139,693,647</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	26,679,996	22,450,317
Purchases of capital assets	(36,367,841)	(36,923,017)
Proceeds from general obligation bonds	83,066,473	151,979,472
Payment on capital debt - principal	(93,022,348)	(10,143,503)
Payment on capital debt - interest	<u>(18,222,985)</u>	<u>(16,835,470)</u>
Net cash (used) provided by capital and related financing activities	<u>(37,866,705)</u>	<u>110,527,799</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	-	6,695,000
Investment income	<u>1,519,232</u>	<u>597,959</u>
Net cash provided by investing activities	<u>1,519,232</u>	<u>7,292,959</u>
(Decrease) Increase in cash and cash equivalents	(28,072,871)	121,035,883
Cash and cash equivalents, beginning of year	<u>276,537,816</u>	<u>155,501,933</u>
Cash and cash equivalents, end of year	<u>\$ 248,464,945</u>	<u>\$ 276,537,816</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (160,623,208)	\$ (162,996,027)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	18,438,792	18,808,056
Tax collection fee	151,244	135,215
State group insurance	7,504,294	7,002,459
Changes in assets and liabilities:		
Receivables, net	(95,927)	(150,143)
Prepaid expenses and deferred charges	648,269	(391,941)
Inventories	80,478	18,591
Deferred outflow related to pensions	(1,422,834)	(959,579)
Accounts payable	(277,091)	(1,100,896)
Accrued liabilities	2,450,903	5,485,202
Compensated absences	(329,835)	20,546
Unearned revenue	34,014	1,126,916
Deferred inflow related to pensions	<u>(327,108)</u>	<u>(3,476,921)</u>
Net cash used by operating activities	<u>\$ (133,768,009)</u>	<u>\$ (136,478,522)</u>

See accompanying notes to basic financial statements including Note 26 for noncash investing, capital and financing activities.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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 significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

New Accounting Pronouncements

All GASB Statements up to Statement No. 87 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit other postemployment benefit (OPEB) plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement was adopted during the College's fiscal year end August 31, 2017 with no significant impact.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new required supplementary information includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement was adopted during the College's fiscal year ended August 31, 2017 with no significant impact.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement was adopted during the College's fiscal year ended August 31, 2017 with no significant impact.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. This criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes, whereby measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. This Statement was adopted during the College's fiscal year ended August 31, 2017 with no significant impact.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*. The requirements of this Statement enhance the comparability of financial statements among governments. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

In March 2016, the GASB issued Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objectives of this Statement is to addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for the College's fiscal year ending August 31, 2019. The College is currently evaluating the impact of adopting this Statement.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for the College's fiscal year ending August 31, 2020. The College is currently evaluating the impact of adopting this Statement.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objectives of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objectives of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

In June 2017, the GASB issued Statement No. 87, *Leases*. The objectives of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the College's fiscal year ending August 31, 2021. The College is currently evaluating the impact of adopting this Statement

Tuition Discounting

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

Title IV Higher Education Act Program Funds (HEA) - Certain Title IV HEA Program 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 award is used by the student 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.

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

Basis of Accounting

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

Budgetary Data

The College is required by Texas State 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 a maturity of three months or less at time of purchase. The governing board has designated external public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred outflows represent unrecognized items not yet charged to pension expense and contributions from the College after the measurement date but before the end of the College’s reporting period, as well as deferred gains related to debt defeasement. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB.

Investments

The College reports investments at fair value. Fair values are based on published market rates, except for external public funds investment pools which are valued and reported at amortized cost, which approximates fair value. Short-term investments have an original maturity greater than three months but less than one year at time of purchase or current maturities of less than one year. The College has designated external public funds investment pools of \$181,546,932 and \$170,335,460 as of August 31, 2017 and 2016, respectively, to be cash equivalents. Long-term investments have an original maturity of greater than one year at the time of purchase and are considered as noncurrent assets. The College had no long-term investments at August 31, 2017 and 2016.

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.

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 that are purchased are recorded at cost. Donated capital assets are recorded at acquisition value. 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, 2017 and 2016. 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

Interest on Capital Related Debt

Interest incurred on capital related debt totaled \$18,929,328 and \$17,696,019 for fiscal years 2017 and 2016, respectively. Of these amounts, \$681,128 and \$662,316 was capitalized to construction in process for fiscal years 2017 and 2016, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Net Pension Liability - Teachers Retirement System of Texas (TRS)

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

Unearned Revenue

Unearned revenue, primarily consisting of tuition and fees, relates to academic terms in the next fiscal year and, as such, has been deferred. At August 31, 2017 and 2016, unearned revenue was \$25,246,538 and \$25,212,524, respectively.

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB.

Net Position

The College's net position is classified as follows:

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

Restricted - nonexpendable: This represents amounts subject to externally imposed stipulations that they be maintained in perpetuity by the College.

Restricted - expendable: This represents amounts 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: This represents 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 Statements of Revenues, Expenses, and Changes in Net Position, 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 financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Restatement

The net investment in capital assets and unrestricted net position for fiscal year 2016 have been reclassified to present the deferred outflow related to defeased debt within the net investment in capital assets classification. This reclassification had no impact on total net position for the year ended August 31, 2016.

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, 2017 and 2016.

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). Such investments include (1) obligations of the United States or its agencies, (2) direct 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, Statements of Net Position, consist of the items reported below, as of August 31:

	2017	2016
Cash and cash equivalents:		
Petty cash on hand	\$ 20,318	\$ 24,182
External investment pools	181,546,932	170,335,460
Money market	61,198,489	105,859,175
Subtotal cash and cash equivalents	242,765,739	276,218,817
Bank deposits - demand deposits	5,699,206	318,999
Total cash and deposits, August 31	\$ 248,464,945	\$ 276,537,816

The following is a reconciliation of cash, cash equivalents and investments to Exhibit 1, Statements of Net Position, as of August 31:

	2017	2016
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents -		
Current	\$ 78,535,185	\$ 72,358,751
Noncurrent	169,929,760	204,179,065
Investments	-	-
Total cash, cash equivalents and investments	\$ 248,464,945	\$ 276,537,816

As of August 31, the College had the following cash equivalents, investments and related maturities:

Investment Type	Investment Maturities (in Years)				Weighted Average (Days)	Rating
	Fair Value	Maturity Less than 1	1 to 2	2 to 3		
<u>2017</u>						
External investment pools	\$ 181,546,932	\$ 181,546,932	\$ -	\$ -	0.73	AAA-AAAm
Money market	61,198,489	61,198,489	-	-	0.27	n/a
Totals	\$ 242,745,421	\$ 242,745,421	\$ -	\$ -	1.00	
<u>2016</u>						
External investment pools	170,335,460	170,335,460	-	-	0.62	AAA-AAAm
Money market	105,859,175	105,859,175	-	-	0.38	n/a
Totals	\$ 276,194,635	\$ 276,194,635	\$ -	\$ -	1.00	

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 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 months. The bond fund must maintain a 10% liquidity buffer. During 2017 and 2016, the portfolio contained no investment maturing beyond three years and the dollar weighted average maturity of the total portfolio was 1 day as of August 31, 2017 and 2016, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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 year and are further collateralized to 102% with pledged securities, and all collateral is to be held by an independent custodian. The independent custodian 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 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 less than 90 days.

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.

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 College will diversify maturity dates and to the extent possible, match investments with anticipated cash flow requirements. No investment stated maturities will exceed three years at the time of purchase. The Policy requires the following diversifications:

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	90 %
U.S. Agency and Instrumentality Obligations	85 %
SEC Registered Money Market Funds	60 %
Repurchase Agreements	75 %
Flex Repurchase (Bond Funds)	100 % of Issue
Collateralized/Insured Certificates of Deposits	20 %
FDIC Insured Brokered Certificates of Deposits	20 %
Negotiable Certificates of Deposits	15 %
Limit per bank	5 %
Local Government Investment Pools	100 %
Participation Per Pool	10 % of Pool
Commercial Paper	25 %
Limit per issuer	5 %
Municipal Obligations	50 %
Limit per issuer	10 %
Limit per geographical region	50 %
Corporate Obligations	30 %
Limit per issuer	5 %

As of August 31, 2017, the investment portfolio consisted of 97.70% in investment pools and money market accounts and 2.30% in petty cash and demand deposits. As of August 31, 2016, the investment portfolio consisted of 99.88% in external investment pools and money market accounts and 0.12% in petty cash and demand deposits.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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.

As of August 31, 2017 and 2016, 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. At August 31, 2017, and 2016, the carrying amount of the College deposits was \$66,671,067 and \$106,141,115, respectively, and total bank balances equaled \$66,757,976 and \$107,860,963, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution and \$15,816,335 and \$49,263,460 was covered by collateral pledged with securities held by the pledging financial institution's trust department or agent in the College's name for the years ended August 31, 2017 and 2016, respectively.

Fair Value of Financial Instruments

GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value for certain investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The College had the following investments measured at fair value at August 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments measured at fair value level - money market	\$ 61,198,489	\$ -	\$ -	\$ 61,198,489
Investments measured at NAV/amortized cost:				
TexPool	-	-	-	26,964,998
Lone Star	-	-	-	154,581,934
Total	\$ <u>61,198,489</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>242,745,421</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The College had the following investments measured at fair value at August 31, 2016:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value level - money market	\$ 105,859,175	\$ -	\$ -	\$ 105,859,175
Investments measured at NAV/amortized cost:				
TexPool	-	-	-	9,461,900
Lone Star	-	-	-	160,873,560
Total	\$ 105,859,175	\$ -	\$ -	\$ 276,194,635

The State of Texas Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool (TexPool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State of Texas Comptroller of Public Accounts has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information is submitted to both Standard & Poor's and the Office of the State of Texas Comptroller of Public Accounts for review. TexPool uses amortized cost to report net position to compute share prices. The fair value of the position in TexPool is the same as the value in TexPool shares.

The Lone Star Investment Pool (Lone Star) is a public funds investment pool established in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 225, Texas Government Code. Lone Star is governed by trustees comprised of active participants in Lone Star. The Board of Trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy, of appointing investment officers, of overseeing the selection of an investment advisor, custodian, investment consultant, administrator and other service providers. Lone Star is rated AAA by Standard & Poor's. Lone Star uses amortized cost to report net position to compute share prices. The fair value of the position in Lone Star is the same as the value in Lone Star shares.

TexPool and Lone Star are not registered with the Securities and Exchange Commission (SEC) as investment companies but they operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Under GASB, 2a7-like investment pools are permitted to use amortized cost rather than market value to report net positions and to compute share price.

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

	2017	2016
Student receivables	\$ 23,117,969	\$ 23,530,298
Federal receivables	1,514,059	1,166,738
State and local receivables	300,755	286,407
Other receivables	427,136	407,034
Less allowances for doubtful accounts	(7,040,202)	(7,166,687)
Total	18,319,717	18,223,790
Property tax receivable	4,227,922	4,110,065
Less allowances for doubtful accounts	(232,750)	(232,750)
Total	3,995,172	3,877,315
Total accounts receivables, net	\$ 22,314,889	\$ 22,101,105

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

	2017	2016
Vendors payable	\$ 6,846,947	\$ 8,560,080
Students payable	938,454	456,250
Other payables	1,559,739	605,901
Salaries and benefits payable	6,042,297	5,539,412
Accrued interest payable	828,742	878,323
Total accounts payable and accrued liabilities	\$ 16,216,179	\$ 16,039,966

6. Capital Assets

Capital assets activity for the years ended August 31 is as follows:

	2017			
	Balance September 1, 2016	Increase	Decrease	
Not depreciated:				
Land	\$ 18,981,179	\$ -	\$ -	\$ 18,981,179
Construction in progress	24,917,189	34,695,964	48,598,005	11,015,148
Total not depreciated	43,898,368	34,695,964	48,598,005	29,996,327
Other capital assets:				
Buildings	400,401,957	41,118,270	3,285,478	438,234,749
Land improvements	58,529,802	-	-	58,529,802
Furniture, equipment and vehicles	35,482,080	3,898,920	272,824	39,108,176
Telecommunications and computer peripheral equipment	29,085,680	4,761,032	713,435	33,133,277
Library books	6,948,868	309,766	66,090	7,192,544
Total depreciated	530,448,387	50,087,988	4,337,827	576,198,548
Less accumulated depreciation:				
Buildings	94,710,345	8,772,550	1,395,483	102,087,412
Land improvements	23,566,815	2,772,459	-	26,339,274
Furniture, equipment and vehicles	15,188,680	3,088,328	272,824	18,004,184
Telecommunications and computer peripheral equipment	20,598,593	3,407,728	698,641	23,307,680
Library books	4,230,487	397,727	66,090	4,562,124
Total accumulated depreciation	158,294,920	18,438,792	2,433,038	174,300,674
Net capital assets	\$ 416,051,835	\$ 66,345,160	\$ 50,502,794	\$ 431,894,201

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2016			Balance August 31, 2016
	Balance September 1, 2015	Increase	Decrease	
Not depreciated:				
Land	\$ 18,828,779	\$ 218,891	\$ 66,491	\$ 18,981,179
Construction in progress	<u>48,968,905</u>	<u>35,062,877</u>	<u>59,114,593</u>	<u>24,917,189</u>
Total not depreciated	<u>67,797,684</u>	<u>35,281,768</u>	<u>59,181,084</u>	<u>43,898,368</u>
Other capital assets:				
Buildings	354,371,329	46,030,628	-	400,401,957
Land improvements	58,315,897	213,905	-	58,529,802
Furniture, equipment and vehicles	27,238,265	8,799,261	555,446	35,482,080
Telecommunications and computer peripheral equipment	23,947,666	5,468,789	330,775	29,085,680
Library books	<u>7,559,748</u>	<u>309,750</u>	<u>920,630</u>	<u>6,948,868</u>
Total depreciated	<u>471,432,905</u>	<u>60,822,333</u>	<u>1,806,851</u>	<u>530,448,387</u>
Less accumulated depreciation:				
Buildings	85,894,115	8,816,230	-	94,710,345
Land improvements	20,813,964	2,752,851	-	23,566,815
Furniture, equipment and vehicles	12,590,137	3,129,316	530,773	15,188,680
Telecommunications and computer peripheral equipment	17,228,203	3,698,779	328,389	20,598,593
Library books	<u>4,740,237</u>	<u>410,880</u>	<u>920,630</u>	<u>4,230,487</u>
Total accumulated depreciation	<u>141,266,656</u>	<u>18,808,056</u>	<u>1,779,792</u>	<u>158,294,920</u>
Net capital assets	\$ <u>397,963,933</u>	\$ <u>77,296,045</u>	\$ <u>59,208,143</u>	\$ <u>416,051,835</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, 2017 and 2016, the outstanding commitment under construction contracts for facilities and other projects is approximately \$55.7 and \$22.4 million, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

8. **Noncurrent Liabilities**

Noncurrent liability activity for the years ended August 31 is as follows:

	2017				
	Balance September 1, 2016	Increase	Decrease	Balance August 31, 2017	Current Portion
Bonds payable:					
General obligation bonds	\$ 433,907,908	\$ 83,066,660	\$ 88,706,150	\$ 428,268,418	\$ 14,075,564
Revenue bonds	50,143,722	-	111,009	50,032,713	1,301,009
Notes payable -					
Maintenance tax notes	2,785,756	-	351,792	2,433,964	361,792
Accrued compensable absences	2,612,623	270,845	600,680	2,282,788	610,680
Net pension liability	<u>29,942,125</u>	<u>1,948,018</u>	<u>-</u>	<u>31,890,143</u>	<u>-</u>
Total	<u>\$ 519,392,134</u>	<u>\$ 85,285,523</u>	<u>\$ 89,769,631</u>	<u>\$ 514,908,026</u>	<u>\$ 16,349,045</u>

	2016				
	Balance September 1, 2015	Increase	Decrease	Balance August 31, 2016	Current Portion
Bonds payable:					
General obligation bonds	\$ 284,351,309	\$ 260,576,545	\$ 111,019,946	\$ 433,907,908	\$ 11,411,692
Revenue bonds	50,254,731	-	111,009	50,143,722	111,009
Notes payable -					
Maintenance tax notes	3,122,548	-	336,792	2,785,756	351,792
Accrued compensable absences	2,592,077	133,178	112,632	2,612,623	253,856
Net pension liability	<u>24,842,147</u>	<u>5,099,978</u>	<u>-</u>	<u>29,942,125</u>	<u>-</u>
Total	<u>\$ 365,162,812</u>	<u>\$ 265,809,701</u>	<u>\$ 111,580,379</u>	<u>\$ 519,392,134</u>	<u>\$ 12,128,349</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

9. **Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

	2017	2016
<u>General Obligation Bonds</u>		
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.	\$ 11,575,948	\$ 12,798,820
Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2025.	520,000	670,000
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. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2038.	2,182,415	3,310,692
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. Partially defeased during fiscal years 2016 and 2017. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2039.	11,097,979	75,619,153
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. Partially defeased during fiscal year 2017. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2032.	48,995,976	68,386,325

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

General Obligation Bonds, Continued

<p>Limited Tax General Obligation Refunding Bonds, Series 2012, to refund Series 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>	12,930,203	13,447,113
<p>Limited Tax General Obligation Refunding Bonds, Series 2015, to partially refund Series 2008, 2008A, and 2009 General Obligation Bonds. Issued September 10, 2015, in the amount of \$46,505,000 plus a premium of \$5,995,835, less a discount of \$303,503. Tax supported bonds. Interest rates range from 3.625% to 5.00%. Due February 2040.</p>	51,216,780	51,542,057
<p>Limited Tax General Obligation Bonds, Series 2016A, to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, and pay the costs of issuance. Issued April 20, 2016, in the amount of \$138,220,000 plus a premium of \$14,856,886, less a discount of \$675,563. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2046.</p>	151,767,520	152,242,871
<p>Limited Tax General Obligation Refunding Bonds, Series 2016B, to partially refund Series 2008A and 2009 General Obligation Bonds and pay the costs of issuance. Issued April 20, 2016 in the amount of \$50,235,000 plus a premium of \$5,989,839, less a discount of \$246,949. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2038.</p>	55,629,836	55,890,877
<p>Limited Tax General Obligation Refunding Bonds, Series 2016C, to partially refund Series 2009 Limited Tax General Obligation Bonds and Series 2011 Limited Tax Refunding Bonds and pay the costs of issuance. Issued September 22, 2016 in the amount of \$73,770,000 plus a premium of \$9,659,340, less a discount of \$362,867. Tax supported bonds. Interest rates range from 2.50% to 5.00%. Due February 2039.</p>	82,351,761	-

Revenue Bonds

<p>Combined Fee Revenue Bonds, Series 2015, to purchase, construct, equip buildings, purchase sites for school buildings, and pay cost of issuance. Issued July 15, 2015, in the amount of \$47,535,000 plus a premium of \$3,036,445, less a discount of \$316,714. Pledged revenue supported bonds. Interest rates range from 3.75% to 5.00%. Due February 2040.</p>	50,032,713	50,143,722
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SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Maintenance Tax Notes

Maintenance Tax Refunding 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.

	2,433,964	2,785,756
Total bonds and notes payable	\$ 480,735,095	\$ 486,837,386

10. Debt Obligations

Debt service requirements for bonds and notes payable as of August 31, 2017 were as follows:

Years Ending August 31,	Principal	Interest	Total
2018	\$ 15,738,365	\$ 18,519,701	\$ 34,258,066
2019	15,755,151	18,504,710	34,259,861
2020	15,524,883	18,574,994	34,099,877
2021	15,420,410	18,779,876	34,200,286
2022	17,132,800	17,079,116	34,211,916
2023-2027	91,499,611	76,577,835	168,077,446
2028-2032	96,133,442	52,731,497	148,864,939
2033-2037	108,785,234	31,519,388	140,304,622
2038-2042	72,131,469	11,426,034	83,557,503
2043-2046	32,613,730	2,538,000	35,151,730
Total	\$ 480,735,095	\$ 266,251,151	\$ 746,986,246

11. Pledged Revenue Coverage

Revenues pledged as security for the life of the revenue bond debt service include the statutory portion of tuition and fees related to continuing education, general service, installment payment plans, and course and laboratory fees. Revenue bonds are payable in annual installments varying from \$2.1 million to \$3.3 million with interest rates from 3.625% to 5.000% and the final installment due in 2040.

Revenues pledged as security for the life of the maintenance tax notes debt service are payable from an annual ad valorem maintenance tax levied within the limits prescribed by law, on all taxable property located within the College. Maintenance tax notes are payable in annual installments varying from \$361,750 to \$749,700 with interest rates from 2.00% to 4.00% and the final installment due in 2022.

Under the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, the College's pledged revenue for the secured debt outstanding as of and for the years ended August 31, 2017 and 2016 is as follows:

	2017		2016	
	Revenue Bonds	Maintenance Tax Notes	Revenue Bonds	Maintenance Tax Notes
Pledge revenue required for future principal and interest	\$ 77,309,100	\$ 3,035,580	\$ 79,465,803	\$ 3,457,100
Principal and interest paid during the year	\$ 2,104,100	\$ 426,475	\$ 2,156,703	\$ 421,300
Revenue stream for the year	\$ 31,836,000	\$ 64,848,898	\$ 28,854,000	\$ 62,710,688
Percentage of revenue stream pledged for the year	6.77%	0.658%	7.47%	0.672%
Term of commitment	2040	2022	2040	2022

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

12. Refunding Bonds

Limited Tax General Obligation Refunding Bonds, Series 2016C

On September 22, 2016, the College issued \$73,770,000 of Limited Tax General Obligation Refunding Bonds, Series 2016C. The bonds mature serially through February 2039. The interest rates range from 2.50% to 5.00%. The bonds are to refund portions of the Limited Tax Refunding Bonds, Series 2011 and portions of the Limited Tax General Obligation Bonds, Series 2009. The par value of the refunding bonds was \$73,770,000 with reoffering premiums of \$9,659,340, less discounts of \$362,867.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$82,779,434, (2) the aggregate debt service payments of \$120,672,610 for the refunding bonds was \$13,870,843 less than the aggregate debt service payments of \$134,543,453 for the refunded bonds, and (3) the net present value of the refunding transaction was \$10,849,558 or 14.62%.

Limited Tax General Obligation Refunding Bonds, Series 2016B

On April 20, 2016, the College issued \$50,235,000 of Limited Tax General Obligation Refunding Bonds, Series 2016B. The bonds mature serially through February 2036 and include term bonds maturing through February 2038. The interest rates range from 4.00% to 5.00%. The bonds are to refund the Limited Tax General Obligation Bonds, Series 2008A and 2009. The par value of the refunding bonds was \$50,235,000 with a reoffering premium of \$5,989,839, less a discount of \$246,949.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$57,574,944, (2) the aggregate debt service payments of \$82,156,274 for the refunding bonds was \$7,728,431 less than the aggregate debt service payments of \$89,884,705 for the refunded bonds, and (3) the net present value of the refunding transaction was \$5,572,359, or 10.84%.

Limited Tax General Obligation Refunding Bonds, Series 2015

On September 10, 2015, the College issued \$46,505,000 of Limited Tax General Obligation Refunding Bonds, Series 2015. The bonds mature serially through February 2040. The interest rates range from 3.625% to 5.00%. The bonds are to refund the Limited Tax General Obligation Bonds, Series 2008, 2008A, and 2009. The par value of the refunding bonds was \$46,505,000 with a reoffering premium of \$5,995,835, less a discount of \$303,503.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$51,966,449, (2) the aggregate debt service payments of \$70,549,430 for the refunding bonds was \$3,717,798 less than the aggregate debt service payments of \$74,267,228 for the refunded bonds, and (3) the net present value of the refunding transaction was \$2,820,872, or 5.99%.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2017 and 2016, the College had the following defeased bonds outstanding:

<u>Bond Issue</u>	<u>Calendar Year Refunded</u>	<u>Par Value Outstanding</u>	
		<u>2017</u>	<u>2016</u>
Limited Tax General Obligation Bonds, Series 2008	2015	\$ 11,010,000	\$ 11,010,000
Limited Tax General Obligation Bonds, Series 2008A	2015	24,560,000	24,560,000
Limited Tax General Obligation Bonds, Series 2009	2015	11,505,000	11,505,000
Limited Tax General Obligation Bonds, Series 2008A	2016	28,060,000	28,060,000
Limited Tax General Obligation Bonds, Series 2009	2016	23,350,000	23,350,000
Limited Tax General Obligation Bonds, Series 2009	2016	57,605,000	-
Limited Tax General Obligation Bonds, Series 2011	2016	<u>16,585,000</u>	<u>-</u>
Total		<u>\$ 172,675,000</u>	<u>\$ 98,485,000</u>

14. Unrestricted Net Position

The College may designate a portion of unrestricted net position to indicate management's tentative plans for future use of financial resources. As of August 31, 2017 and 2016, the College has not designated any portion of the unrestricted net position.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

15. Operating Lease Commitments and Rental Agreements

The College leases computer equipment, instructional equipment, office space, storage space, and copiers. The following operating lease commitments requiring future minimum annual rental payments are as follows:

Years Ending <u>August 31,</u>	<u>2017</u>	<u>2016</u>
2017	\$ -	\$ 2,121,898
2018	1,959,742	1,497,122
2019	1,142,631	688,497
2020	559,190	257,474
2021	222,105	73,982
2022	<u>77,919</u>	<u>-</u>
Total	\$ <u>3,961,587</u>	\$ <u>4,638,973</u>

Computer leases have term expiration dates ranging from calendar years 2017 to 2022. 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.

Office space leases have term expiration dates ranging from calendar years 2017 to 2019. 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 have monthly rental fees are based on model and number of units leased.

Operating expenses include \$2,951,770 and \$2,498,480 of lease payments paid during fiscal years 2017 and 2016, respectively.

16. Defined Benefit Plan - Teacher Retirement System of Texas

Plan Description

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Pension Plan Fiduciary Net Position

TRS issues a publicly available, audited Comprehensive Annual Financial Report that includes financial statements, notes and required supplementary information. This report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Contributions

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

Employee contribution rates are set in State Statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance on certain employees effective for fiscal year 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rate for fiscal years 2017 and 2016 and the 83rd Texas Legislature, GAA established the employer contribution rate for fiscal year 2015.

Contribution Rates

	2017	2016	2015
Member (Employee)	7.200%	7.200%	6.700%
Non-Employer Contributing Entity (State)	3.468%	3.468%	3.400%
College (Employer)	3.332%	3.332%	3.400%
Member (Employee)	\$ 5,515,496	\$ 4,965,568	\$ 4,391,815
Non-Employer Contributing Entity (State)	2,214,557	2,075,375	2,007,344
College (Employer)	2,752,570	2,704,506	2,543,574
Total contributions	\$ 10,482,623	\$ 9,745,449	\$ 8,942,733

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Contributors to TRS include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and State agencies including TRS. In each respective role, the State contributes to TRS in accordance with State Statutes and the GAA.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS during that fiscal year reduced by the amounts described below which are paid by the employers. The College is required to pay the employer contribution rate in the following instances:

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

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Last year ending August 31 in the 2016 to 2115	
Projection period (100 years)	2115
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by TRS's actuary. The TRS Board of Trustees has sole authority to determine the actuarial assumptions used for the pension plan. The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ended August 31, 2014 and adopted in September 2015 by the TRS Board of Trustees. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period. There were no changes of benefit terms that affected measurement of the total pension liability since the prior measurement period.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, TRS's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS target asset allocation as of August 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns*</u>
Global Equity:			
U.S.	18%	4.6%	1.0%
Non U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value:			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return:			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity:			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 net pension liability.

	<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
College's proportionate share of the net pension liability	\$ 49,355,199	\$ 31,890,143	\$ 17,076,245

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

At August 31, 2017 and 2016 the College reported a liability of \$31,890,143 and \$29,942,125, respectively, for its proportionate share of the TRS's net pension liability. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

	<u>2017</u>	<u>2016</u>
The College's proportionate share of the collective net pension liability	\$ 31,890,143	\$ 29,942,125
State's proportionate share that is associated with the College	<u>25,038,783</u>	<u>24,104,919</u>
Total	<u>\$ 56,928,926</u>	<u>\$ 54,047,044</u>

The net pension liability for fiscal years 2017 and 2016 was based on an actuarial measurement date of August 31, 2016 and 2015, respectively. The College's proportional share of the net pension liability was based on the College's contributions to TRS relative to the contributions of all employers to TRS for the respective period.

At the measurement date of August 31, 2016, the College's proportional share of the collective net pension liability was 0.0843911%, which was a decrease of 0.000314% from its proportion measured as of August 31, 2015.

For on-behalf support provided by the State, the College recognized pension expense of \$2,214,557 and revenue of \$2,214,557 for the year ended August 31, 2017. For on-behalf support provided by the State, the College recognized pension expense of \$2,075,622 and revenue of \$2,075,622 for the year ended August 31, 2016.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

At August 31, 2017 and 2016, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 500,031	\$ 952,221	\$ 319,520	\$ 1,150,703
Changes in actuarial assumptions	971,954	883,952	1,342,948	1,068,204
Difference between projected and actual investment earnings	2,700,391	-	1,135,138	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	1,959,085	-	1,903,459
Total as of August 31 measurement date	4,172,376	3,795,258	2,797,606	4,122,366
Contributions paid to TRS subsequent to the measurement date	2,752,570	-	2,704,506	-
Total	\$ 6,924,946	\$ 3,795,258	\$ 5,502,112	\$ 4,122,366

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to pensions as of August 31, 2017 and 2016:

	2017	2016
Deferred outflows of resources	\$ 4,172,376	\$ 2,797,606
Deferred inflows of resources	(3,795,258)	(4,122,366)
Total	\$ 377,118	\$ (1,324,760)

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

Years Ended <u>August 31,</u>	Pension Expense Amount
2018	\$ (38,835)
2019	(38,835)
2020	1,683,606
2021	(171,217)
2022	(580,855)
Thereafter	(476,746)
Total	\$ 377,118

17. Defined Contribution Plan - Optional Retirement Plan

Plan Description

The State has established an optional retirement program (ORP) for institutions of higher education. Faculty, administrators, counselors and librarians may enroll in either TRS or ORP. Secretarial, clerical and professional employees are limited to participation in TRS. Employees who are eligible to participate in ORP have ninety days from the date of employment to select the ORP program in lieu of participation in TRS. Employees who previously had the opportunity to participate in ORP but declined must remain with TRS for the duration of their employment in the Texas education system. 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State contribution percentages for fiscal years 2017 and 2016 were 3.234% and 3.3% for 2015 of ORP related salaries. The College contribution percentages for fiscal years 2017 and 2016 were 3.566% and 3.5% for 2015. The Employee contribution percentages were 6.65% for fiscal years 2017, 2016 and 2015. 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.

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 ORP contributions paid by the State for the College was \$554,089 \$566,465 and \$595,788 for the fiscal years 2017, 2016, and 2015, respectively. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll of employees covered by ORP was \$17,388,598, \$17,866,426 and \$18,371,518 for the fiscal years 2017, 2016, and 2015.

The following table provides a breakdown of the total ORP payments by fiscal year:

Fiscal Year Ended <u>August 31,</u>	State <u>Paid</u>	Contribution <u>%</u>	College <u>Paid</u>	Contribution <u>%</u>	Employee <u>Paid</u>	Contribution <u>%</u>	<u>Total</u>
2017	\$ 554,089	3.234%	\$ 627,959	3.566%*	\$ 1,156,342	6.65%	\$ 2,338,390
2016	\$ 566,465	3.234%	\$ 648,452	3.566%*	\$ 1,188,117	6.65%	\$ 2,403,034
2015	\$ 595,788	3.300%	\$ 651,446	3.500%*	\$ 1,221,706	6.65%	\$ 2,468,940

* The College pays the State share for employees during the first 90 days of employment and the State share for Auxiliary Services, Grant, and Physical Plant employees.

18. Post-Retirement Health Care and Life Insurance Benefits

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). SRHP provides medical benefits 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 SRHP. 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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 State's contribution has been limited to 50% of eligible employees for community colleges.

Contributions and On-Behalf Payments by the State

The State contribution per full-time employees was \$324, \$302, and \$295 per month for the years ended August 31, 2017, 2016, and 2015, respectively. The State's cost of providing those benefits for 1,363 active employees was \$5,293,039 and for 518 retirees was \$2,211,255, for a total State funded amount of \$7,504,294 for the year ended August 31, 2017. The State's cost of providing those benefits for 1,366 active employees was \$4,926,837 and for 544 retirees was \$2,075,622, for a total State funded amount of \$7,002,459 for the year ended August 31, 2016. The State's cost of providing those benefits for 1,351 active employees was \$4,776,476 and for 515 retirees was \$1,912,552, for a total State funded amount of \$6,689,028 for the year ended August 31, 2015. 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.

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

Fiscal Year Ended August 31,	State Paid	%	College Paid	%	Employee Paid	%	Total Annual Premiums
2017	\$ 7,504,294	32.29%	\$13,056,083	56.18%	\$ 2,681,391	11.53%	\$ 23,241,768
2016	\$ 7,002,459	32.24%	\$12,208,642	56.20%	\$ 2,511,133	11.56%	\$ 21,722,234
2015	\$ 6,689,028	33.33%	\$10,942,728	54.53%	\$ 2,436,592	12.14%	\$ 20,068,348

19. 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 \$1,715,310 and \$1,565,516 as of August 31, 2017 and 2016, 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 \$567,478 and \$1,047,107 as of August 31, 2017 and 2016, 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

20. 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, 2017 and 2016, the College had one employee participant and an accrued liability of \$10,000.

21. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$322,869 and \$324,671 as of August 31, 2017 and 2016, 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>2017</u>	<u>2016</u>
Beginning Balance, September 1	\$ 324,671	\$ 425,850
Claims incurred and changes in estimates	222,821	108,654
Payments on claims	<u>(224,623)</u>	<u>(209,833)</u>
Ending Balance, August 31	<u>\$ 322,869</u>	<u>\$ 324,671</u>

22. 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>2017</u>	<u>2016</u>
Assessed valuation of the College	\$ 59,423,942,157	\$ 57,896,863,699
Less: Exemptions	(9,224,246,234)	(9,465,130,132)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	<u>\$ 50,199,695,923</u>	<u>\$ 48,431,733,567</u>

	<u>2017</u>			<u>2016</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt 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 (maximum per enabling legislation)	\$ 0.129194	\$ 0.053185	\$ 0.182379	\$ 0.129194	\$ 0.046589	\$ 0.175783

Taxes levied for the years ended August 31, 2017 and 2016, amounted to \$91,553,703 and \$85,134,754, 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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.

Taxes Collected for the Year	2017			2016		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 63,545,302	\$ 26,240,058	\$ 89,785,360	\$ 61,645,325	\$ 22,273,711	\$ 83,919,036
Delinquent taxes	444,582	183,020	627,602	777,182	281,507	1,058,689
Penalties and interest	<u>624,092</u>	<u>256,918</u>	<u>881,010</u>	<u>467,780</u>	<u>169,437</u>	<u>637,217</u>
Total collections	\$ <u>64,613,976</u>	\$ <u>26,679,996</u>	\$ <u>91,293,972</u>	\$ <u>62,890,287</u>	\$ <u>22,724,655</u>	\$ <u>85,614,942</u>

Tax collections for the years ended August 31, 2017 and 2016, were 98.07 percent and 98.57 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.

23. 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. 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, for funds awarded during fiscal years 2017 and 2016 for which monies have not been received nor funds expended, total \$20,155,994 and \$25,872,467, respectively. Of these amounts, \$16,215,815 and \$22,089,141 were from Federal contract and grant awards and \$3,940,179 and \$3,783,326 were from State contract and grant awards for the fiscal years ended August 31, 2017 and 2016, respectively.

24. Contingent Liabilities

Pending Lawsuits and Claims

As of August 31, 2017, 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.

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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

25. 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 \$537,340 and \$728,892 to the College's students and programs during the years ended August 31, 2017 and 2016, 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 \$427,884 and \$464,404 for the fiscal years ended August 31, 2017 and 2016, 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.

26. Noncash Investing, Capital and Financing Activities

The College issued general obligation bonds, Series 2016C, to partially refund debt issued in 2009 and 2011. The proceeds of \$82,779,434 were deposited immediately into an irrevocable trust for the defeasance of outstanding bond principal of \$74,190,000 and interest of \$10,820,028.

27. Subsequent Events

Management has evaluated subsequent events through December 14, 2017, the date which the financial statements were available to be issued. Management of the College has determined that no subsequent events require recognition or disclosure in these financial statements.

SUPPLEMENTAL SCHEDULES

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Share of Net Pension Liability
Last Three Fiscal Years *
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportionate share of collective net pension liability	0.0843911%	0.0847051%	0.0930021%
College's proportionate share of collective net pension liability	\$ 31,890,143	\$ 29,942,125	\$ 24,842,147
State's proportionate share of net pension liability associated with College	<u>25,038,783</u>	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 56,928,926</u>	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>
College's covered-employee payroll amount	\$ 71,679,236	\$ 68,966,250	\$ 65,550,515
College's proportionate share of collective net pension liability / College's covered-employee payroll amount	44.49%	43.42%	37.90%
Teacher Retirement System of Texas net pension as percentage of total pension liability	78.00%	78.43%	83.25%

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

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available. GASB Statement No. 68 and No. 71 were implemented during fiscal year 2015 and prior years were not restated.

See the accompanying note to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Contributions
Last Three Fiscal Years *
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,752,571	\$ 2,704,506	\$ 2,543,574
Actual contribution	<u>2,752,571</u>	<u>2,704,506</u>	<u>2,543,574</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll amount	\$ 71,679,236	\$ 68,966,250	\$ 65,550,515
Actual contribution / College's covered-employee payroll amount	3.84%	3.92%	3.88%

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

*GASB Statement No. 68 and No. 71 were implemented during fiscal year 2015 and prior years were not restated. Ten year trend information will be presented prospectively.

See the accompanying note to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Note to Required Supplemental Schedules
Years Ended August 31, 2017 and 2016
(Unaudited)

1. Changes in Assumptions

There have been no changes in the actuarial assumptions since the prior valuation. Post-Retirement Mortality rates for current and future retirees are prepared in accordance with the Actuarial Standards of Practice No. 35 which advises actuaries to *“adjust mortality rates to reflect mortality improvement prior to the measurement date and to include an assumption as to the expected mortality improvement after the measurement date”*.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues
Year Ended August 31, 2017
(With Memorandum Totals for the Year Ended August 31, 2016)

	2017				2016	
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
<u>Tuition</u>						
State funded credit courses:						
In-district resident tuition	\$ 16,253,865	\$ -	\$ 16,253,865	\$ -	\$ 16,253,865	\$ 14,660,458
Out-of-district resident tuition	22,405,196	-	22,405,196	-	22,405,196	20,793,769
Non-resident tuition	3,723,656	-	3,723,656	-	3,723,656	3,277,308
TPEG-credit (set aside) *	1,545,741	-	1,545,741	-	1,545,741	1,679,487
State funded continuing non-credit education courses	6,094,332	-	6,094,332	-	6,094,332	5,988,707
TPEG-non-credit (set aside) *	131,956	-	131,956	-	131,956	113,326
Non-state funded educational programs	901,071	-	901,071	-	901,071	1,051,216
Total tuition	<u>51,055,817</u>	<u>-</u>	<u>51,055,817</u>	<u>-</u>	<u>51,055,817</u>	<u>47,564,271</u>
<u>Fees</u>						
General service	11,155,877	-	11,155,877	-	11,155,877	10,182,947
Incidental	680,071	-	680,071	-	680,071	708,670
Instructional	3,077,888	-	3,077,888	-	3,077,888	2,603,398
Laboratory	813,012	-	813,012	-	813,012	789,580
Total fees	<u>15,726,848</u>	<u>-</u>	<u>15,726,848</u>	<u>-</u>	<u>15,726,848</u>	<u>14,284,595</u>
<u>Allowances and discounts</u>						
Allowance for bad debt	(1,365,687)	-	(1,365,687)	-	(1,365,687)	(1,205,934)
Remissions and exemptions - state	(963,999)	-	(963,999)	-	(963,999)	(892,398)
Remissions and exemptions - local	(3,880,478)	-	(3,880,478)	-	(3,880,478)	(3,035,340)
Scholarship allowances	(1,859,771)	-	(1,859,771)	-	(1,859,771)	(1,589,448)
TPEG awards	(545,549)	-	(545,549)	-	(545,549)	(542,260)
Federal grants to students	(13,539,399)	-	(13,539,399)	-	(13,539,399)	(12,239,306)
State grants to students	(562,947)	-	(562,947)	-	(562,947)	(498,132)
Total allowances and discounts	<u>(22,717,830)</u>	<u>-</u>	<u>(22,717,830)</u>	<u>-</u>	<u>(22,717,830)</u>	<u>(20,002,818)</u>
Total net tuition and fees	<u>44,064,835</u>	<u>-</u>	<u>44,064,835</u>	<u>-</u>	<u>44,064,835</u>	<u>41,846,048</u>
<u>Other operating revenues</u>						
Federal grants and contracts	326,288	6,638,892	6,965,180	-	6,965,180	5,462,934
State grants and contracts	6,793	3,072,786	3,079,579	-	3,079,579	2,700,734
Non-governmental grants and contracts	-	2,082,059	2,082,059	-	2,082,059	1,698,656
Sales and services of educational activities	268,912	-	268,912	-	268,912	306,084
Sales and services of non-educational activities	1,480,567	-	1,480,567	-	1,480,567	1,364,744
Investment income (program restricted)	-	-	-	-	-	8,170
Total other operating revenues	<u>2,082,560</u>	<u>11,793,737</u>	<u>13,876,297</u>	<u>-</u>	<u>13,876,297</u>	<u>11,541,322</u>
<u>Auxiliary enterprises</u>						
Bookstores	-	-	-	1,017,604	1,017,604	1,232,319
Food services	-	-	-	916,217	916,217	1,022,137
Less food service discounts	-	-	-	(472,839)	(472,839)	(478,221)
Student services/other services	-	-	-	1,382,370	1,382,370	1,526,958
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,843,352</u>	<u>2,843,352</u>	<u>3,303,193</u>
Total operating revenues	<u>\$ 46,147,395</u>	<u>\$ 11,793,737</u>	<u>\$ 57,941,132</u>	<u>\$ 2,843,352</u>	<u>\$ 60,784,484</u>	<u>\$ 56,690,563</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$1,677,697 and \$1,792,813 for years ended August 31, 2017 and 2016, 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, 2017
 (With Memorandum Totals for the Year Ended August 31, 2016)

	2017				2016	
	Salaries and Wages	Benefits State	Local	Other Expenses	Total	Total
<u>Unrestricted - educational activities</u>						
Instruction	\$ 56,403,212	\$ -	\$ 8,393,641	\$ 3,537,267	\$ 68,334,120	\$ 64,720,347
Public service	2,664,452	-	487,677	2,535,793	5,687,922	6,249,874
Academic support	8,236,198	-	1,613,220	2,219,728	12,069,146	11,760,677
Student services	10,152,751	-	2,037,860	1,707,976	13,898,587	13,129,995
Institutional support	18,778,443	-	4,120,400	13,779,143	36,677,986	39,269,769
Operation and maintenance of plant	3,843,200	-	1,401,069	11,637,436	16,881,705	16,699,917
Total unrestricted educational activities	100,078,256	-	18,053,867	35,417,343	153,549,466	151,830,579
<u>Restricted - educational activities</u>						
Instruction	256,509	3,938,893	13,356	152,898	4,361,656	3,734,249
Public service	260,748	232,813	47,629	91,405	632,595	613,808
Academic support	1,080,531	835,234	208,774	2,799,448	4,923,987	3,760,279
Student services	266,279	1,086,941	436	39,518	1,393,174	1,234,958
Institutional support	676,982	1,964,502	87,370	614,501	3,343,355	3,880,989
Scholarships and fellowships	-	-	-	31,041,269	31,041,269	31,732,763
Total restricted educational activities	2,541,049	8,058,383	357,565	34,739,039	45,696,036	44,957,046
Total educational activities	102,619,305	8,058,383	18,411,432	70,156,382	199,245,502	196,787,625
Auxiliary enterprises	725,017	-	442,685	2,555,696	3,723,398	4,090,909
Depreciation expense - buildings and improvements	-	-	-	11,545,009	11,545,009	11,569,081
Depreciation expense - equipment, furniture and library books	-	-	-	6,893,783	6,893,783	7,238,975
Total operating expenses	\$ 103,344,322	\$ 8,058,383	\$ 18,854,117	\$ 91,150,870	\$ 221,407,692	\$ 219,686,590
					(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses
 Year Ended August 31, 2017
 (With Memorandum Totals for the Year Ended August 31, 2016)

	2017			2016
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 36,478,591	\$ -	\$ 36,478,591	\$ 36,419,760
State group insurance	-	7,504,294	7,504,294	7,002,459
State retirement matching	-	554,089	554,089	566,466
Total State appropriations	<u>36,478,591</u>	<u>8,058,383</u>	<u>44,536,974</u>	<u>43,988,685</u>
Ad valorem taxes:				
Maintenance ad valorem taxes	64,848,898	-	64,848,898	62,710,688
Debt service ad valorem taxes	-	26,714,175	26,714,175	22,589,735
Federal revenue, non-operating	107,755	40,714,788	40,822,543	40,864,247
Investment income	368,965	1,150,267	1,519,232	544,978
Total non-operating revenues	<u>101,804,209</u>	<u>76,637,613</u>	<u>178,441,822</u>	<u>170,698,333</u>
<u>Non-operating expenses</u>				
Interest on capital related debt	-	18,248,200	18,248,200	17,033,703
Loss on disposal of capital assets	2,086,683	-	2,086,683	27,059
Total non-operating expenses	<u>2,086,683</u>	<u>18,248,200</u>	<u>20,334,883</u>	<u>17,060,762</u>
Net non-operating revenues, net	<u>\$ 99,717,526</u>	<u>\$ 58,389,413</u>	<u>\$ 158,106,939</u>	<u>\$ 153,637,571</u>
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Position by Source and Availability
 Year Ended August 31, 2017
 (With Memorandum Totals for the Year Ended August 31, 2016)

	Detail by Source				Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
<u>Current</u>						
Unrestricted	\$ 25,222,131	\$ -	\$ -	\$ 25,222,131	\$ 25,222,131	\$ -
Restricted	-	1,521,703	-	1,521,703	-	1,521,703
Auxiliary	12,653,033	-	-	12,653,033	12,653,033	-
<u>Plant</u>						
Debt service	-	625,208	-	625,208	-	625,208
Investment in plant	-	-	124,306,376	124,306,376	-	124,306,376
Total net position, August 31, 2017	37,875,164	2,146,911	124,306,376	164,328,451	37,875,164	126,453,287
Total net position, August 31, 2016	30,436,108	3,965,722	132,442,890	166,844,720	38,045,729	128,798,991
Net increase (decrease) in net position	\$ 7,439,056	\$ (1,818,811)	\$ (8,136,514)	\$ (2,516,269)	\$ (170,565)	\$ (2,345,704)

(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section
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Statistical
Supplements

Financial Trends	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.	
Revenue Capacity	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.	
Debt Capacity	9 - 11
The debt capacity information will assist the reader in understanding and assessing the College's debt burden and ability to issue debt.	
Demographic and Economic Information	12 - 13
The demographic and economic information is presented to assist users in understanding certain aspects of the environment in which the College operates.	
Operating Information	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 Position by Component
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2017	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008
Net investment in capital assets	\$ 124,306	\$ 132,443	\$ 134,450	\$ 125,621	\$ 135,105	\$ 130,942	\$ 121,440	\$ 109,326	\$ 89,074	\$ 78,719
Restricted - expendable	2,148	3,966	6,528	5,020	3,008	850	4,199	4,624	6,549	5,715
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>37,875</u>	<u>30,436</u>	<u>35,226</u>	<u>77,895</u>	<u>76,275</u>	<u>78,213</u>	<u>78,543</u>	<u>84,354</u>	<u>89,116</u>	<u>77,145</u>
Total primary government net position	<u>\$ 164,329</u>	<u>\$ 166,845</u>	<u>\$ 176,204</u>	<u>\$ 208,536</u>	<u>\$ 214,388</u>	<u>\$ 210,005</u>	<u>\$ 204,182</u>	<u>\$ 198,304</u>	<u>\$ 184,739</u>	<u>\$ 161,579</u>
Prior year change	\$ (2,516)	\$ (9,359)	\$ (32,332)	\$ (5,852)	\$ 4,383	\$ 5,823	\$ 5,878	\$ 13,565	\$ 23,160	\$ 11,708

For fiscal year 2015, the prior year change of \$32,332 is comprised of \$28,146 due to implementation of GASB No. 68 and \$4,186 related to operations.

Years prior to fiscal year 2015 were not restated.

Restricted - expendable for fiscal year 2013 and fiscal year 2012 were restated due to prior period adjustment of bond issuance costs per implementation of GASB Statement No. 65. Years prior to fiscal year 2012 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and fees (net of allowances and discounts)	\$ 44,065	\$ 41,846	\$ 38,825	\$ 35,402	\$ 37,525	\$ 32,746	\$ 34,233	\$ 31,298	\$ 30,069	\$ 29,220
Governmental grants and contracts:										
Federal grants and contracts	6,965	5,463	4,070	4,592	7,366	8,322	7,913	6,722	5,810	6,474
State and local grants and contracts	3,080	2,701	3,425	2,671	2,932	4,824	4,495	3,521	3,090	3,816
Non-governmental grants and contracts	2,082	1,699	2,128	2,012	1,817	1,260	1,470	1,265	1,014	795
Sales and services of educational activities	1,749	1,670	1,441	1,053	1,322	1,510	1,124	869	735	734
Auxiliary enterprises (net of discounts)	2,843	3,303	3,162	3,884	3,872	3,895	3,923	3,755	3,668	3,581
Other operating revenues	-	8	1	2	2	1	2	2	-	22
Total operating revenues	<u>60,784</u>	<u>56,690</u>	<u>53,052</u>	<u>49,616</u>	<u>54,836</u>	<u>52,558</u>	<u>53,160</u>	<u>47,432</u>	<u>44,386</u>	<u>44,642</u>
State appropriations	44,537	43,989	44,428	45,862	45,888	42,513	47,123	47,400	47,838	47,658
Ad valorem taxes	91,563	85,300	82,720	78,198	73,626	68,649	64,806	67,377	65,388	53,316
Federal revenue, non-operating	40,823	40,864	43,459	50,258	51,797	56,053	51,385	40,151	24,744	19,511
Investment income	1,519	545	247	254	369	942	1,100	1,649	2,623	3,363
Total non-operating revenues	<u>178,442</u>	<u>170,698</u>	<u>170,854</u>	<u>174,572</u>	<u>171,680</u>	<u>168,157</u>	<u>164,414</u>	<u>156,577</u>	<u>140,593</u>	<u>123,848</u>
Total revenues	<u>\$ 239,226</u>	<u>\$ 227,388</u>	<u>\$ 223,906</u>	<u>\$ 224,188</u>	<u>\$ 226,516</u>	<u>\$ 220,715</u>	<u>\$ 217,574</u>	<u>\$ 204,009</u>	<u>\$ 184,979</u>	<u>\$ 168,490</u>
Prior year change	\$ 11,838	\$ 3,482	\$ (282)	\$ (2,328)	\$ 5,801	\$ 3,141	\$ 13,565	\$ 19,030	\$ 16,489	\$ 9,192
Tuition and fees (net of discounts)	18.42%	18.40%	17.36%	15.80%	16.60%	14.84%	15.72%	15.34%	16.26%	17.35%
Governmental grants and contracts:										
Federal grants and contracts	2.91%	2.40%	1.82%	2.05%	3.25%	3.77%	3.64%	3.29%	3.14%	3.84%
State and local grants and contracts	1.29%	1.19%	1.53%	1.19%	1.29%	2.19%	2.07%	1.73%	1.67%	2.26%
Non-governmental grants and contracts	0.87%	0.75%	0.95%	0.90%	0.80%	0.57%	0.68%	0.62%	0.55%	0.47%
Sales and services of educational activities	0.73%	0.73%	0.63%	0.47%	0.58%	0.68%	0.52%	0.43%	0.40%	0.44%
Auxiliary enterprises	1.19%	1.45%	1.41%	1.73%	1.71%	1.76%	1.80%	1.84%	1.98%	2.13%
Other operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
Total operating revenues	<u>25.41%</u>	<u>24.93%</u>	<u>23.70%</u>	<u>22.14%</u>	<u>24.23%</u>	<u>23.81%</u>	<u>24.43%</u>	<u>23.25%</u>	<u>24.00%</u>	<u>26.50%</u>
State appropriations	18.62%	19.35%	19.84%	20.46%	20.26%	19.26%	21.66%	23.23%	25.86%	28.29%
Ad valorem taxes	38.27%	37.51%	36.94%	34.88%	32.50%	31.10%	29.79%	33.03%	35.35%	31.64%
Federal revenue, non-operating	17.06%	17.97%	19.41%	22.41%	22.85%	25.40%	23.62%	19.68%	13.38%	11.58%
Investment income	0.63%	0.24%	0.11%	0.11%	0.16%	0.43%	0.51%	0.81%	1.41%	2.00%
Total non-operating revenues	<u>74.59%</u>	<u>75.07%</u>	<u>76.30%</u>	<u>77.86%</u>	<u>75.77%</u>	<u>76.19%</u>	<u>75.57%</u>	<u>76.75%</u>	<u>76.00%</u>	<u>73.50%</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)

	2017	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008
Instruction	\$ 72,696	\$ 68,455	\$ 67,447	\$ 68,220	\$ 70,339	\$ 64,118	\$ 68,296	\$ 60,430	\$ 55,593	\$ 57,487
Public service	6,321	6,864	5,698	4,912	5,208	4,343	3,701	4,446	3,409	3,882
Academic support	16,993	15,521	13,572	12,968	13,772	12,750	12,620	10,088	10,557	12,486
Student services	15,292	14,365	14,425	14,574	13,740	12,453	13,471	13,239	12,343	11,830
Institutional support	40,021	43,150	40,839	39,365	34,962	33,560	31,638	30,855	26,367	25,643
Operation and maintenance of plant	16,882	16,700	17,556	17,680	17,298	17,168	15,487	13,427	14,163	14,820
Scholarships and fellowships	31,041	31,733	33,946	39,284	40,616	45,304	42,061	34,194	21,152	16,508
Auxiliary enterprises	3,723	4,091	4,527	4,118	4,012	3,980	4,125	4,044	3,929	3,656
Depreciation	18,439	18,808	17,401	16,365	13,107	9,627	7,798	6,816	7,626	6,765
Total operating expenses	<u>221,408</u>	<u>219,687</u>	<u>215,411</u>	<u>217,486</u>	<u>213,054</u>	<u>203,303</u>	<u>199,197</u>	<u>177,539</u>	<u>155,139</u>	<u>153,077</u>
Interest on capital related debt	18,248	17,034	12,645	12,386	9,080	6,788	12,144	12,355	6,600	3,544
Loss on disposal of capital assets	2,087	27	37	-	-	-	355	1,170	249	162
Other non-operating	-	-	-	168	-	107	-	(620)	(169)	-
Total non-operating expenses	<u>20,335</u>	<u>17,061</u>	<u>12,682</u>	<u>12,554</u>	<u>9,080</u>	<u>6,895</u>	<u>12,499</u>	<u>12,905</u>	<u>6,680</u>	<u>3,706</u>
Total expenses	<u>\$ 241,743</u>	<u>\$ 236,748</u>	<u>\$ 228,093</u>	<u>\$ 230,040</u>	<u>\$ 222,134</u>	<u>\$ 210,198</u>	<u>\$ 211,696</u>	<u>\$ 190,444</u>	<u>\$ 161,819</u>	<u>\$ 156,783</u>
Prior year change	\$ 4,995	\$ 8,655	\$ (1,947)	\$ 7,906	\$ 11,936	\$ (1,498)	\$ 21,252	\$ 28,625	\$ 5,036	\$ 8,149
Instruction	30.07%	28.91%	29.58%	29.66%	31.67%	30.50%	32.26%	31.73%	34.36%	36.67%
Public service	2.61%	2.90%	2.50%	2.14%	2.34%	2.07%	1.75%	2.33%	2.11%	2.48%
Academic support	7.03%	6.56%	5.95%	5.64%	6.20%	6.07%	5.96%	5.30%	6.52%	7.96%
Student services	6.33%	6.07%	6.32%	6.34%	6.19%	5.92%	6.36%	6.95%	7.63%	7.55%
Institutional support	16.56%	18.23%	17.90%	17.11%	15.74%	15.97%	14.95%	16.20%	16.29%	16.36%
Operation and maintenance of plant	6.98%	7.05%	7.70%	7.69%	7.79%	8.17%	7.32%	7.05%	8.75%	9.45%
Scholarships and fellowships	12.84%	13.40%	14.88%	17.08%	18.28%	21.55%	19.87%	17.95%	13.07%	10.53%
Auxiliary enterprises	1.54%	1.73%	1.98%	1.79%	1.81%	1.89%	1.95%	2.12%	2.43%	2.33%
Depreciation	7.63%	7.94%	7.63%	7.10%	5.89%	4.58%	3.68%	3.59%	4.71%	4.31%
Total operating expenses	<u>91.59%</u>	<u>92.79%</u>	<u>94.44%</u>	<u>94.55%</u>	<u>95.91%</u>	<u>96.72%</u>	<u>94.10%</u>	<u>93.22%</u>	<u>95.87%</u>	<u>97.64%</u>
Interest on capital related debt	7.55%	7.19%	5.54%	5.38%	4.09%	3.23%	5.73%	6.49%	4.08%	2.26%
Loss on disposal of capital assets	0.86%	0.01%	0.02%	0.00%	0.00%	0.00%	0.17%	0.61%	0.15%	0.10%
Other non-operating	0.00%	0.00%	0.00%	0.07%	0.00%	0.05%	0.00%	-0.32%	-0.10%	0.00%
Total non-operating expenses	<u>8.41%</u>	<u>7.21%</u>	<u>5.56%</u>	<u>5.45%</u>	<u>4.09%</u>	<u>3.28%</u>	<u>5.90%</u>	<u>6.78%</u>	<u>4.13%</u>	<u>2.36%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Restricted - expendable for fiscal year 2013 and fiscal year 2012 were restated due to prior period adjustment of bond issuance costs per implementation of GASB Statement No. 65. Years prior to fiscal year 2012 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees
Last Ten Academic Years
(Unaudited)

Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	General Service Fee	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	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	
2017	\$ 150	\$ 50	\$ 95	\$ -	\$ -	\$ 750	\$ 1,290	6.53%	6.79%	
2016	140	47	89	-	-	704	1,208	-	-	
2015	140	47	89	-	-	704	1,208	7.32%	5.23%	
2014	140	43	84	-	-	656	1,148	-	-	
2013	140	43	84	-	-	656	1,148	11.00%	28.85%	
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	-	-	

Non-Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	General Service Fee	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International	
2017	\$ 150	\$ 160	\$ 160	\$ -	\$ -	\$ 2,070	\$ 2,070	11.83%	11.83%	
2016	140	149	149	-	-	1,851	1,851	0.04%	0.04%	
2015	140	142	142	-	-	1,844	1,844	5.49%	5.49%	
2014	140	134	134	-	-	1,748	1,748	-	-	
2013	140	134	134	-	-	1,748	1,748	17.24%	17.24%	
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	-	-	

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 Year	(Amounts expressed in thousands)				Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of TAV to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2016-17	\$ 59,423,942	\$ 9,224,246	\$ 50,199,696	84.48%	0.129194	0.053185	0.182379
2015-16	57,896,864	9,465,130	48,431,734	83.65%	0.129194	0.046589	0.175783
2014-15	53,936,177	9,867,005	44,069,172	81.71%	0.127045	0.058557	0.185602
2013-14	51,689,449	9,911,378	41,778,071	80.83%	0.125460	0.060142	0.185602
2012-13	48,921,297	9,703,352	39,217,945	80.17%	0.121571	0.064031	0.185602
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

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
Last Ten Fiscal Years
(Unaudited)
(Amounts Expressed in Thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc-Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2016-17	\$ 36,479	22	\$ 1,658	8,357	3,829	12,186	\$ 2.99
2015-16	36,420	21	1,734	8,172	3,752	11,924	3.05
2014-15	37,143	21	1,769	7,903	3,772	11,675	3.18
2013-14	37,143	21	1,769	8,092	3,739	11,831	3.14
2012-13	36,957	21	1,760	8,254	3,671	11,925	3.10
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

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 Continuing and Professional Development contact hours divided by 900.

(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

Top Ten Principal Taxpayers
Last Ten Tax Years
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Equistar Chemicals LP	Chemical	\$ 1,356,982	\$ 1,531,712	\$ 1,566,440	\$ 1,201,778	\$ 1,063,952	\$ 970,267	\$ 918,205	\$ 848,797	\$ 732,388	\$ 1,355,749
Shell Oil Co.	Refinery	1,184,784	1,360,056	1,500,515	1,545,113	1,675,362	1,676,231	1,713,216	1,486,769	1,877,717	2,322,379
Celanese, LTD	Technology	715,716	739,533								
Lyondell Chemical Co.	Chemical	601,457	604,913	704,095	756,691	812,824	786,743	705,239	592,522	550,065	878,319
Enterprise Products	Petrochemical	455,662									
Kuraray America Inc	Chemical	440,321	500,418	453,555							
Centerpoint Energy, Inc.	Energy	435,659	435,139	350,466	351,705	426,797	345,180	342,704	345,960	373,904	366,282
Air Liquide	Chemical	430,613	418,645	359,970					339,915	331,289	354,719
Oxy Vynyls LP	Petrochemical	410,461	424,978	418,532	414,044	412,280	406,133	411,869	404,812	402,232	420,549
Rohm & Haas Co. (Parent DOW)	Petrochemical	406,834	424,828	518,150	529,774	452,050	418,131	400,723			601,731
Kirby Inland Marine, LLP	Marine Transportation		453,507								
Chevron Chemical Co.	Refinery			394,849	389,364	363,130	442,462	404,968	370,234	442,761	433,345
Houston Refining	Refinery			393,460	391,376	2,739,314	1,757,010	662,539	702,549	1,101,988	1,149,523
Exxon Mobil Corp	Petrochemical				385,773						
BP America Production CO	Petrochemical				368,848	337,753	289,284				
Lubrizol Corp	Chemical					333,719	282,813	274,178			
Ineos Corp	Petrochemical							255,193			
Dow Chemical	Refinery								617,946	776,994	309,893
Albemarle Corp	Chemical								290,230	320,710	
Totals - Top Ten Only		\$ 6,438,489	\$ 6,893,727	\$ 6,660,032	\$ 6,334,466	\$ 8,617,181	\$ 7,374,254	\$ 6,088,834	\$ 5,999,734	\$ 6,910,048	\$ 8,192,489
Total Taxable Assessed Value (TAV)		\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945	\$ 36,938,942	\$ 36,641,384	\$ 39,166,882	\$ 39,482,079	\$ 36,168,759

Taxpayer	Type of Business	% of Total Taxable Assessed Value (TAV) by Tax Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Equistar Chemicals LP	Chemical	2.70%	3.16%	3.55%	2.88%	2.71%	2.63%	2.51%	2.17%	1.85%	3.75%
Shell Oil Co.	Refinery	2.36%	2.81%	3.40%	3.70%	4.27%	4.54%	4.68%	3.80%	4.76%	6.42%
Celanese, LTD	Technology	1.43%	1.53%								
Lyondell Chemical Co.	Chemical	1.20%	1.25%	1.60%	1.81%	2.07%	2.13%	1.92%	1.51%	1.39%	2.43%
Enterprise Products	Petrochemical	0.91%									
Kuraray America Inc	Chemical	0.88%	1.03%	1.03%							
Centerpoint Energy, Inc.	Energy	0.87%	0.90%	0.80%	0.84%	1.09%	0.93%	0.94%	0.88%	0.95%	1.01%
Air Liquide	Chemical	0.86%	0.86%	0.82%					0.87%	0.84%	0.98%
Oxy Vynyls LP	Petrochemical	0.82%	0.88%	0.95%	0.99%	1.05%	1.10%	1.12%	1.03%	1.02%	1.16%
Rohm & Haas Co. (Parent DOW)	Petrochemical	0.81%	0.88%	1.18%	1.27%	1.15%	1.13%	1.09%			1.66%
Kirby Inland Marine, LLP	Marine Transportation		0.94%								
Chevron Chemical Co.	Refinery			0.90%	0.93%	0.93%	1.20%	1.11%	0.95%	1.12%	1.20%
Houston Refining	Refinery			0.89%	0.94%	6.98%	4.76%	1.81%	1.79%	2.79%	3.18%
Exxon Mobil Corp	Petrochemical				0.92%						
BP America Production CO	Petrochemical				0.88%	0.86%	0.78%				
Lubrizol Corp	Chemical					0.85%	0.77%	0.75%			
Ineos Corp	Petrochemical							0.70%			
Dow Chemical	Refinery								1.58%	1.97%	0.86%
Albemarle Corp	Chemical								0.74%	0.81%	
Percentage of Top Ten Taxpayer to Grand Total TAV		12.84%	14.24%	15.12%	15.16%	21.96%	19.97%	16.63%	15.32%	17.50%	22.65%

Note: This list is the Top Ten Principal Taxpayers based on Taxable Assessed Value by Tax Year.
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 Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (c+d+e)	Percentage Cumulative Collections of Adjusted Levy (c+d)/b
2017	\$ 91,554	\$ -	\$ 91,554	\$ 89,785	98.07%	\$ 628	\$ 881	\$ 91,294	98.75%
2016	85,135	-	85,135	83,919	98.57%	1,059	637	85,615	99.82%
2015	81,793	-	81,793	80,443	98.35%	1,109	619	82,171	99.71%
2014	77,613	-	77,613	76,423	98.47%	562	1,276	78,261	99.19%
2013	72,789	-	72,789	71,498	98.23%	702	937	73,137	99.19%
2012	68,559	-	68,559	67,437	98.36%	954	628	69,019	99.75%
2011	64,590	-	64,590	63,852	98.86%	336	600	64,788	99.38%
2010	66,897	-	66,897	64,656	96.65%	956	588	66,200	98.08%
2009	64,518	-	64,518	62,339	96.62%	1,521	800	64,660	98.98%
2008	52,577	-	52,577	51,215	97.41%	811	616	52,642	98.95%

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)

	2017	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008
General Bonded Debt:										
General obligation bonds	\$ 428,268	\$ 433,908	\$ 284,351	\$ 293,469	\$ 303,516	\$ 314,223	\$ 324,976	\$ 267,657	\$ 281,922	\$ 58,471
Notes	2,434	2,786	3,123	3,449	3,766	4,018	4,546	5,070	6,295	7,520
Less: funds restricted for debt service	-	(219)	(2,756)	(1,193)	-	(704)	(2,687)	(3,091)	(5,357)	(4,138)
Net general bonded debt	430,702	436,475	284,718	295,725	307,282	317,537	326,835	269,636	282,860	61,853
Revenue bonds	50,033	50,144	50,255	-	-	-	-	-	-	-
Less: funds restricted for debt service	(625)	-	-	-	-	-	-	-	-	-
Total outstanding debt	\$ 480,110	\$ 486,619	\$ 334,973	\$ 295,725	\$ 307,282	\$ 317,537	\$ 326,835	\$ 269,636	\$ 282,860	\$ 61,853

General Bonded Debt Ratios:

Per Capita	\$ 761	\$ 775	\$ 510	\$ 535	\$ 578	\$ 609	\$ 689	\$ 563	\$ 579	\$ 134
Per full time student equivalent	20,056	20,335	13,792	14,285	14,734	14,733	14,562	13,296	15,653	3,744
FTSE	21.475	21.475	20.843	20.785	20.856	21.601	22.629	20.512	18.413	17.624
As a percentage of taxable assessed value	0.86%	0.90%	0.65%	0.71%	0.78%	0.86%	0.89%	0.69%	0.72%	0.17%

Total Outstanding Net Debt Ratios:

Per Capita	\$ 850	\$ 864	\$ 599	\$ 535	\$ 578	\$ 609	\$ 689	\$ 563	\$ 579	\$ 134
Per full time student equivalent	22,386	22,670	16,203	14,285	14,734	14,733	14,562	13,296	15,653	3,744
As a percentage of taxable assessed value	0.96%	1.00%	0.76%	0.71%	0.78%	0.86%	0.89%	0.69%	0.72%	0.17%

Notes: Ratios calculated using population and Taxable Assessed Value 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.

Restricted - expendable for fiscal year 2013 and fiscal year 2012 were restated due to prior period adjustment of bond issuance costs per implementation of GASB Statement No. 65.

Years prior to fiscal year 2012 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2017	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008
Taxable Assessed Value	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945	\$ 36,938,942	\$ 36,641,384	\$ 39,166,882	\$ 39,482,079	\$ 36,168,759
<u>General Obligation Bonds</u>										
Statutory Tax Levy Limit for Debt Service	\$ 250,998	\$ 242,159	\$ 220,346	\$ 208,890	\$ 196,090	\$ 184,695	\$ 183,207	\$ 195,834	\$ 197,410	\$ 180,844
Less: funds restricted for repayment of general obligation bonds	-	(219)	(2,756)	(1,193)	-	(704)	(2,687)	(3,091)	(5,357)	(4,138)
Total net general obligation debt	250,998	241,940	217,590	207,697	196,090	183,991	180,520	192,743	192,053	176,706
Current year debt service requirements	26,773	30,148	25,774	26,676	24,913	24,091	26,945	25,625	18,590	9,138
Excess of statutory limit for debt service over current requirement	\$ 224,225	\$ 211,792	\$ 191,816	\$ 181,021	\$ 171,177	\$ 159,900	\$ 153,575	\$ 167,118	\$ 173,463	\$ 167,568
Net current requirements as a % of statutory limit	10.67%	12.45%	11.70%	12.77%	12.70%	13.04%	14.71%	13.09%	9.42%	5.05%

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

Restricted - expendable for fiscal year 2013 and fiscal year 2012 were restated due to prior period adjustment of bond issuance costs per implementation of GASB Statement No. 65.

Years prior to fiscal year 2012 were not restated.

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
	Tuition	Continuing or Non-Credit Education Tuition/Fees	General Service	IPP Fees	Course Fees	Laboratory Fees	Total	Principal	Interest	Total	
2017	\$ 10,596	\$ 6,995	\$ 11,156	\$ 1,154	\$ 1,122	\$ 813	\$ 31,836	\$ -	\$ 2,104	\$ 2,104	15
2016	9,683	7,040	10,183	1,158	-	790	28,854	-	2,157	2,157	13
2015	9,308	6,378	9,851	812	-	780	27,129	-	96	96	283
2014	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-

Note: Debt service requirements include revenue bonds.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

<u>Calendar Year</u>	<u>District Population</u>	<u>District Personal Income (a) (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>Harris County Unemployment Rate</u>
2016	565,708	\$ 12,099,362	\$ 21,388	5.30%
2015	563,453	12,332,296	21,887	4.60%
2014	555,134	12,094,371	21,786	4.90%
2013	531,977	11,214,359	21,081	6.20%
2012	522,596	10,961,333	20,975	6.90%
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%

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
Last Ten Fiscal Years
(Unaudited)

Employer	Number of Employees									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Pasadena ISD	7,555	7,404	7,186	7,177	7,177	7,069	7,056	7,062	7,062	7,000
Lyondell Chemical Co	5,491	5,061	2,613	2,613	1,200	1,200	1,200	1,200	1,200	1,200
Clear Lake Med Center/Bayshore Med Center *	4,639									
Lockheed Martin Corp & Services	3,743	3,745	2,300	2,300	1,935	3,359	1,300	1,000	1,000	3,000
Walmart/ Sam's Club	2,715	2,985	2,840	2,540	1,940	1,640	1,640			
Memorial Healthcare System	2,500	2,200	2,200	2,200	2,200	2,200	2,200	1,350	1,350	1,350
NASA Lyndon B Johnson Space Center	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Boeing Co	2,000	2,000	2,000	2,000	2,000		2,530		2,000	2,000
Powell Electrical Systems Inc	1,975	1,675	2,070	1,720	1,800	2,020		1,200		
Kroger	1,900	1,420	1,570							
HEB	1,569	1,199	1,259							
ABC Professional Tree Services Inc.	1,500	1,500	1,500	1,500	1,500					
Shell Chemical	1,500	1,500	1,600	1,700	1,700	1,700	1,000	1,000	1,000	1,000
San Jacinto College	1,367	1,322	1,325	1,297	1,243	1,244	1,195	1,243	1,157	1,222
GE Energy/ Baker Hughes	1,295									
University of Houston - Clear Lake	1,245	1,245	1,245	1,245	1,245	1,245	1,299	1,092	1,092	1,200
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	970	1,100
Lubrizol	1,015	1,020								
Rohm & Haas Texas Inc. (Parent DOW)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
US Air Force	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		
Wyle Life Science	1,000	1,000	1,000	1,000	1,000				1,000	1,000
Bayshore Medical Center *		1,617	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Clear Lake Regional Medical Center *		2,422	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,550
Equistar Chemicals LP				1,500	1,500	1,500	1,500	1,500	1,500	1,500
Anheuser-Busch Co				1,000	1,000	1,000	1,000	1,000	1,000	1,000
United Space Alliance							6,500	10,185	10,185	6,600
Aker Industrial Constructors								1,500		
Channelview Complex								1,200	1,200	1,200
Gulf Stream Marine									1,700	1,700
IKON Office Solutions									1,400	1,400
International Business									1,100	1,100
Pasadena Paper Company									1,100	1,100
East Houston Regional Medical Center									1,000	1,000
Totals	48,609	44,915	39,408	38,492	33,640	32,877	39,140	39,232	45,816	44,422

Employer	Percentage of Total Employment									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Pasadena ISD	2.71%	2.77%	2.72%	2.97%	2.97%	2.93%	3.03%	2.92%	3.89%	3.86%
Lyondell Chemical Co	1.97%	1.89%	0.99%	1.08%	0.50%	0.50%	0.52%	0.50%	0.66%	0.66%
Clear Lake Med Center/Bayshore Med Center *	1.67%									
Lockheed Martin Corp & Services	1.34%	1.40%	0.87%	0.95%	0.80%	1.39%	0.56%	0.41%	0.55%	1.65%
Walmart/ Sam's Club	0.97%	1.11%	1.08%	1.05%	0.80%	0.68%	0.70%		0.00%	
Memorial Healthcare System	0.90%	0.82%	0.83%	0.91%	0.91%	0.91%	0.94%	0.56%	0.74%	0.74%
NASA Lyndon B Johnson Space Center	0.90%	0.93%	0.95%	1.03%	1.03%	1.03%	1.07%	1.04%	1.38%	1.38%
Boeing Co	0.72%	0.75%	0.76%	0.83%	0.83%		1.09%		1.10%	1.10%
Powell Electrical Systems Inc	0.71%	0.63%	0.78%	0.71%	0.74%	0.84%	0.87%	0.50%	0.66%	0.66%
Kroger	0.68%	0.53%	0.59%							
HEB	0.56%	0.45%	0.48%							
ABC Professional Tree Services Inc.	0.54%	0.56%	0.57%	0.62%	0.62%					
Shell Chemical	0.54%	0.56%	0.61%	0.70%	0.70%	0.70%	0.43%	0.41%	0.55%	0.55%
San Jacinto College	0.49%	0.49%	0.50%	0.54%	0.51%	0.51%	0.51%	0.51%	0.64%	0.67%
GE Energy/ Baker Hughes	0.47%									
University of Houston - Clear Lake	0.45%	0.46%	0.47%	0.52%	0.52%	0.52%	0.56%	0.45%	0.60%	0.66%
Pasadena City Hall	0.39%	0.41%	0.42%	0.46%	0.46%	0.46%	0.47%	0.46%	0.53%	0.61%
Lubrizol	0.36%	0.38%								
Rohm & Haas Texas Inc. (Parent DOW)	0.36%	0.37%	0.38%	0.41%	0.41%	0.41%	0.43%	0.41%	0.55%	0.55%
US Air Force	0.36%	0.37%	0.38%	0.41%	0.41%	0.41%	0.43%	0.41%		
Wyle Life Science	0.36%	0.37%	0.38%	0.41%	0.41%				0.55%	0.55%
Bayshore Medical Center *		0.60%	0.57%	0.62%	0.62%	0.62%	0.64%	0.62%	0.83%	0.83%
Clear Lake Regional Medical Center *		0.90%	0.61%	0.66%	0.66%	0.66%	0.69%	0.66%	0.88%	0.85%
Equistar Chemicals LP				0.62%	0.62%	0.62%	0.64%	0.62%	0.83%	0.83%
Anheuser-Busch Co				0.41%	0.41%	0.41%	0.43%	0.41%	0.55%	0.55%
United Space Alliance							2.79%	4.22%	5.61%	3.64%
Aker Industrial Constructors								0.62%		
Channelview Complex								0.50%	0.66%	0.66%
Gulf Stream Marine									0.94%	0.94%
IKON Office Solutions									0.77%	0.77%
International Business									0.61%	0.61%
Pasadena Paper Company									0.61%	0.61%
East Houston Regional Medical Center									0.55%	0.55%
Totals	17.45%	16.75%	14.94%	15.91%	13.90%	13.60%	16.80%	16.23%	25.24%	24.48%

Data Sources include InfoUSA (ReferenceUSA), Hoover's, and the Dunn & Bradstreet Million Dollar Directory, [www.nces.ed.gov](http://nces.ed.gov), http://www.lyondellbasell.com/WorldWideLocations/NorthAmerica/USA/Texas/Channelview_EN/AboutUs/, <http://www.shell.us/aboutshell/projects-locations/deerpark.html>, http://prt.uhcl.edu/portal/page/portal/HOMEPAGE/TAB_ABOUTUHCL.

Total employee count for College service area is from the 2015 US Census County Business Patterns (data compiled for College service area zip codes only). Listing includes employers with 1,000 or more employees in the College's service area zip codes.

Note: Companies with less than 1,000 employees in any displayed year have been left blank.

* Clear Lake Regional Medical Center and Bayshore Medical Center merged in 2017.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Faculty:										
Full-time	537	524	541	525	518	523	492	511	454	463
Part-time	<u>1,213</u>	<u>1,122</u>	<u>814</u>	<u>793</u>	<u>767</u>	<u>713</u>	<u>729</u>	<u>763</u>	<u>763</u>	<u>648</u>
Total	<u><u>1,750</u></u>	<u><u>1,646</u></u>	<u><u>1,355</u></u>	<u><u>1,318</u></u>	<u><u>1,285</u></u>	<u><u>1,236</u></u>	<u><u>1,221</u></u>	<u><u>1,274</u></u>	<u><u>1,217</u></u>	<u><u>1,111</u></u>
Percent:										
Full-time	30.7%	31.8%	39.9%	39.8%	40.3%	42.3%	40.3%	40.1%	37.3%	41.7%
Part-time	69.3%	68.2%	60.1%	60.2%	59.7%	57.7%	59.7%	59.9%	62.7%	58.3%
Staff and Administrators:										
Full-time	830	798	784	772	725	721	703	732	703	759
Part-time	<u>713</u>	<u>617</u>	<u>493</u>	<u>503</u>	<u>441</u>	<u>392</u>	<u>431</u>	<u>577</u>	<u>526</u>	<u>583</u>
Total	<u><u>1,543</u></u>	<u><u>1,415</u></u>	<u><u>1,277</u></u>	<u><u>1,275</u></u>	<u><u>1,166</u></u>	<u><u>1,113</u></u>	<u><u>1,134</u></u>	<u><u>1,309</u></u>	<u><u>1,229</u></u>	<u><u>1,342</u></u>
Percent:										
Full-time	53.8%	56.4%	61.4%	60.5%	62.2%	64.8%	62.0%	55.9%	57.2%	56.6%
Part-time	46.2%	43.6%	38.6%	39.5%	37.8%	35.2%	38.0%	44.1%	42.8%	43.4%
FTSE per full-time faculty	40	41	39	40	40	41	46	40	41	38
FTSE per full-time staff member	26	27	27	27	29	30	32	28	26	23
Average over 9 months faculty salary	\$ 60,630	\$ 60,778	\$ 59,794	\$ 59,195	\$ 56,007	\$ 55,893	\$ 56,858	\$ 55,500	\$ 55,722	\$ 55,944

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details
Last Ten Fiscal Years
(Unaudited)

Student Classification	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 29 hours	16,335	56.33%	15,866	56.01%	15,811	56.65%	15,846	55.83%	16,340	56.89%	17,142	58.32%	17,023	59.63%	16,467	60.96%	14,854	60.35%	14,134	60.01%
30 - 72 hours	8,155	28.12%	8,065	28.47%	7,986	28.61%	8,118	28.60%	8,055	28.05%	8,100	27.56%	7,589	26.58%	7,879	29.17%	7,265	29.51%	7,008	29.76%
> 72 hours	4,508	15.55%	4,395	15.52%	4,114	14.74%	4,421	15.57%	4,326	15.06%	4,150	14.12%	3,937	13.79%	2,665	9.87%	2,497	10.14%	2,409	10.23%
Total	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%

Semester Hour Load	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	305	1.05%	349	1.23%	317	1.14%	204	0.72%	262	0.91%	235	0.80%	298	1.04%	297	1.10%	190	0.77%	146	0.62%
3 - 5 semester hours	5,554	19.15%	5,676	20.04%	5,325	19.08%	5,371	18.92%	4,722	16.44%	4,673	15.90%	4,485	15.71%	5,077	18.80%	4,294	17.44%	4,317	18.33%
6 - 8 semester hours	8,826	30.44%	8,329	29.40%	7,702	27.60%	7,688	27.09%	7,787	27.11%	7,595	25.84%	7,079	24.80%	6,809	25.21%	5,777	23.47%	5,484	23.29%
9 - 11 semester hours	6,150	21.21%	6,054	21.37%	6,020	21.57%	6,240	21.98%	6,134	21.36%	6,358	21.63%	5,661	19.83%	5,171	19.14%	4,513	18.33%	4,236	17.98%
12 - 14 semester hours	6,312	21.77%	5,995	21.16%	6,669	23.89%	7,023	24.74%	7,711	26.85%	8,327	28.33%	8,635	30.25%	7,743	28.67%	6,853	27.84%	6,505	27.62%
15 - 17 semester hours	1,115	3.85%	1,158	4.10%	1,218	4.36%	1,398	4.93%	1,679	5.85%	1,723	5.86%	1,837	6.43%	1,746	6.46%	2,184	8.87%	2,144	9.10%
18 & over	736	2.54%	765	2.70%	660	2.36%	461	1.62%	426	1.48%	481	1.64%	554	1.94%	168	0.62%	805	3.28%	720	3.06%
Total	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%

Average course load	Fall 2016	Fall 2015	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010	Fall 2009	Fall 2008	Fall 2007
	8.6	8.6	8.7	8.8	9.0	9.1	9.3	8.9	9.8	9.7

Tuition Status	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	14,122	48.71%	13,957	49.27%	13,996	50.15%	14,274	50.29%	14,409	50.17%	14,666	49.90%	14,312	50.13%	12,891	47.72%	11,736	47.67%	11,523	48.93%
Texas Resident (out-of-District)	9,898	34.13%	9,837	34.73%	9,919	35.54%	10,477	36.91%	10,633	37.02%	10,775	36.65%	10,381	36.36%	9,664	35.78%	8,866	36.02%	8,286	35.18%
Non-Resident Tuition	778	2.68%	733	2.59%	651	2.33%	706	2.49%	766	2.67%	919	3.13%	853	2.99%	1,644	6.09%	1,584	6.43%	1,398	5.94%
Tuition Exemption	4,200	14.48%	3,799	13.41%	3,345	11.98%	2,928	10.31%	2,913	10.14%	3,032	10.32%	3,003	10.52%	2,693	9.97%	2,399	9.75%	2,299	9.76%
Other	-	0.00%	-	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	119	0.44%	31	0.13%	45	0.19%
Total	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile
Last Ten Fiscal Years
(Unaudited)

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Gender																					
Female	16,337	56.34%	15,833	55.90%	15,561	55.75%	16,017	56.43%	16,393	57.08%	16,781	57.09%	16,116	56.45%	15,107	55.93%	14,127	57.39%	13,437	57.05%	
Male	12,661	43.66%	12,493	44.10%	12,350	44.25%	12,368	43.57%	12,328	42.92%	12,611	42.91%	12,433	43.55%	11,904	44.07%	10,489	42.61%	10,114	42.95%	
Total	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Ethnic Origin																					
White	7,398	25.50%	7,647	27.00%	7,960	28.52%	8,475	29.86%	8,720	30.35%	9,636	32.78%	10,711	37.52%	11,114	41.15%	10,556	42.88%	10,577	44.91%	
Hispanic	15,839	54.62%	14,838	52.38%	13,794	49.42%	13,191	46.47%	12,711	44.26%	11,847	40.32%	11,614	40.68%	10,397	38.49%	8,965	36.42%	8,157	34.64%	
African American	2,981	10.28%	2,862	10.10%	2,918	10.46%	2,966	10.45%	2,889	10.06%	3,011	10.24%	3,027	10.60%	2,975	11.01%	2,496	10.14%	2,334	9.91%	
Asian	1,704	5.88%	1,670	5.90%	1,595	5.71%	1,616	5.69%	1,576	5.49%	1,538	5.23%	1,628	5.70%	1,590	5.89%	1,419	5.76%	1,327	5.63%	
Foreign	567	1.96%	575	2.03%	498	1.78%	508	1.79%	384	1.34%	581	1.98%	682	2.39%	791	2.93%	986	4.01%	859	3.65%	
Native American	173	0.60%	181	0.64%	221	0.79%	277	0.98%	332	1.16%	248	0.84%	258	0.91%	144	0.53%	131	0.53%	115	0.49%	
Other	336	1.16%	553	1.95%	925	3.32%	1,352	4.76%	2,109	7.34%	2,531	8.61%	629	2.20%	-	0.00%	63	0.26%	182	0.77%	
Total	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Age																					
Under 18	3,071	10.59%	2,721	9.61%	2,269	8.13%	1,830	6.44%	1,903	6.63%	1,991	6.77%	2,057	7.21%	2,594	9.61%	1,784	7.25%	1,644	6.98%	
18 - 21	13,054	45.02%	12,864	45.41%	12,859	46.07%	13,025	45.89%	12,917	44.97%	13,163	44.78%	12,805	44.85%	12,362	45.77%	11,329	46.02%	10,851	46.07%	
22 - 24	4,755	16.40%	4,703	16.60%	4,648	16.65%	4,664	16.43%	4,679	16.29%	4,805	16.35%	4,575	16.02%	3,947	14.61%	3,901	15.85%	3,813	16.19%	
25 - 35	5,849	20.17%	5,623	19.85%	5,659	20.28%	6,026	21.23%	6,264	21.81%	6,489	22.08%	6,234	21.84%	5,571	20.62%	5,149	20.92%	4,834	20.53%	
36 - 50	1,900	6.55%	2,006	7.09%	2,031	7.28%	2,324	8.19%	2,422	8.43%	2,465	8.39%	2,380	8.34%	2,135	7.90%	2,043	8.30%	2,021	8.58%	
51 & over	369	1.27%	409	1.44%	445	1.59%	516	1.82%	536	1.87%	479	1.63%	498	1.74%	402	1.49%	410	1.66%	388	1.65%	
Total	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	

Average age	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
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This schedule does not include non-credit Continuing and Professional Development enrollment.

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions
Academic Year 2015 - 2016 Students as of Fall 2016
(Unaudited)
(Includes Only Public Senior Colleges in Texas)

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Total of All Transfer Students	Percentage of All Transfer Students
1 Angelo State University	5	-	5	0.07%
2 Lamar University	89	20	109	1.57%
3 Midwestern State University	14	4	18	0.26%
4 Prairie View A&M University	33	5	38	0.55%
5 Sam Houston State University	254	44	298	4.28%
6 Stephen F. Austin State University	113	11	124	1.78%
7 Sul Ross State University	-	-	-	0.00%
8 Tarleton State University	13	2	15	0.22%
9 Texas A&M International University	-	-	-	0.00%
10 Texas A&M University	518	55	573	8.23%
11 Texas A&M University - Central Texas	5	1	6	0.09%
12 Texas A&M University - Commerce	3	-	3	0.04%
13 Texas A&M University - Corpus Christi	37	2	39	0.56%
14 Texas A&M University - Kingsville	16	1	17	0.24%
15 Texas A&M University - San Antonio	2	-	2	0.03%
16 Texas A&M University at Galveston	70	15	85	1.22%
17 Texas A&M University System Health Science Center	9	-	9	0.13%
18 Texas Southern University	86	16	102	1.47%
19 Texas State University	217	41	258	3.71%
20 Texas Tech University	157	25	182	2.61%
21 Texas Tech University Health Science Center	5	11	16	0.23%
22 Texas Woman's University	21	5	26	0.37%
23 The University of Texas at Rio Grande Valley	2	-	2	0.03%
24 The University of Texas at Arlington	110	31	141	2.03%
25 The University of Texas at Austin	242	34	276	3.96%
26 The University of Texas at Dallas	37	2	39	0.56%
27 The University of Texas at El Paso	3	1	4	0.06%
28 The University of Texas at San Antonio	107	16	123	1.77%
29 The University of Texas at Tyler	53	-	53	0.76%
30 The University of Texas Health Science Center at Houston	55	1	56	0.80%
31 The University of Texas Health Science Center at San Antonio	8	-	8	0.12%
32 The University of Texas M.D. Anderson Cancer Center	35	2	37	0.53%
33 The University of Texas Medical Branch at Galveston	92	3	95	1.37%
34 The University of Texas Southwestern Medical Center	1	-	1	0.01%
35 The University of Texas of the Permian Basin	6	-	6	0.09%
36 University of Houston	1,586	148	1,734	24.91%
37 University of Houston - Clear Lake	1,726	184	1,910	27.44%
38 University of Houston - Downtown	403	50	453	6.51%
39 University of Houston - Victoria	19	5	24	0.35%
40 University of North Texas	49	9	58	0.83%
41 University of North Texas Health Science Center	2	2	4	0.06%
42 West Texas A&M University	12	1	13	0.19%
Totals	<u>6,215</u>	<u>747</u>	<u>6,962</u>	<u>100.00%</u>

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
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic buildings	38	37	36	36	36	34	34	33	32	32
Square footage	2,089,366	1,975,311	1,930,653	1,930,653	1,930,653	1,645,385	1,559,949	1,447,185	1,432,940	1,432,940
Libraries	3	4	3	3	3	3	3	3	3	3
Square footage	153,985	192,670	149,673	149,673	149,673	149,673	149,673	149,673	149,673	149,673
Number of volumes	221,849	216,964	240,876	237,177	244,084	245,932	243,340	243,695	244,602	259,434
Administrative and support buildings	14	14	14	13	13	12	11	8	8	8
Square footage	401,660	401,660	401,660	395,610	395,610	371,610	333,610	267,371	267,371	267,371
Dormitories	-	-	-	1	1	1	1	1	1	1
Square footage	-	-	-	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Athletic facilities	4	4	3	3	3	3	3	3	3	3
Square footage	11,434	11,434	3,170	3,170	3,170	3,170	3,170	3,170	3,170	3,170
Stadiums	3	3	3	3	3	3	3	3	3	3
Fitness centers/gymnasiums	4	4	3	3	3	3	3	3	3	3
Tennis courts	3	3	3	3	3	3	3	3	3	3
Plant facilities	6	5	5	5	5	7	7	7	7	7
Square footage	29,544	27,044	27,044	27,044	27,044	51,449	51,449	51,449	51,449	51,449
Transportation:										
Cars	1	1	1	1	1	4	6	9	11	11
Sport utility vehicles/light trucks/vans	96	97	91	86	83	74	71	68	57	50

Source: College Facilities Buildings and Land Inventory.

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

Board of Trustees
of **San Jacinto Community College District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Jacinto Community College District (the College), as of and for the year ended August 31, 2017, which comprise the statement of net position as of August 31, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Texas Public Funds Investment Act

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

Purpose of this Report

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



Houston, Texas
December 14, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Board of Trustees
of **San Jacinto Community College District**

Report on Compliance for Each Major Federal and State Program

We have audited San Jacinto Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *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, 2017. 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.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal and State awards applicable to its Federal and State programs, respectively.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major Federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Single Audit Circular*. Those standards and the Uniform Guidance 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 or 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 on compliance for each major Federal and State program. However, our audit does not provide a legal determination of the College's compliance.

Basis for Qualified Opinion on Small Business Development Centers Program

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the CFDA 59.037 Small Business Development Centers program as described in finding 2017-001 for Reporting. Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

Qualified Opinion on Small Business Development Centers Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the CFDA 59.037 Small Business Development Centers program for the year ended August 31, 2017.

Unmodified Opinion on Each of the other Major Federal and State Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal and State programs identified in the accompanying schedule of findings and questions costs for the year ended August 31, 2017.

Other Matters

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

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State program and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal or State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies over internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

Report on Internal Control Over Compliance (Continued)

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

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



Houston, Texas
December 14, 2017

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2017

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Direct Programs:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A134114	\$ -	\$ 853,925
Federal Work-Study Program	84.033	P033A134114	-	441,694
Federal Pell Grant Program	84.063	P063P132303	-	29,628,167
Federal Direct Student Loans	84.268	P268K142303	-	9,898,757
Total Student Financial Aid Cluster - Schedule C			-	40,822,543
Direct Programs:				
TRIO Cluster:				
TRIO Talent Search	84.044A	P044A110108	-	86
TRIO Talent Search	84.044A	P044A160410	-	226,559
TRIO Upward Bound	84.047A	P047A120043	-	338,707
TRIO Upward Bound - Math & Science	84.047M	P047M120021	-	267,537
Total TRIO Upward Bound			-	606,244
Total TRIO Cluster			-	832,889
Pass-Through From:				
Texas Workforce Commission (TWC) -				
Houston-Galveston Area Council/Workforce Development Board:				
Adult Education - Basic Grants to States	84.002A	216-16	-	66,523
Adult Education - Basic Grants to States	84.002A	216-17	-	426,733
Total Adult Education - Basic Grants to States			-	493,256
TWC Pass-Through From -				
College of the Mainland -				
Adult Education - Basic Grants to States	84.002	2915AEL002-SJC	-	5,117
Texas Higher Education Coordinating Board:				
Career and Technical Education - Basic Grants to States	84.048	17054	-	660,424
Career and Technical Education - Basic Grants to States	84.048	17009	-	64,200
Total Career and Technical Education - Basic Grants to States			-	724,624
Education, Research, Development and Dissemination				
	84.305H	R305H150069	-	45,578
Total U.S. Department of Education			-	42,924,007
<u>U.S. Department of Agriculture</u>				
Pass-Through From -				
The University of Texas at El Paso -				
Hispanic Serving Institutions Education Grants	10.223	226300285E	-	4,500
Texas Department of Agriculture -				
Child and Adult Care Food Program	10.558	03202	-	33,629
Total U.S. Department of Agriculture			-	38,129
<u>U.S. Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	15076193	-	5,119
Bulletproof Vest Partnership Program	16.607	BVP 2016	-	465
Total U.S. Department of Justice			-	5,584
<u>U.S. Department of Labor</u>				
Direct Program -				
H-1B Job Training Grants	17.268	HG-26672-15-60-A-48	1,839,081	3,228,105
Pass-Through From -				
Texas Workforce Commission -				
WIOA Dislocated Worker Formula Grants - WIOA Cluster	17.278	2817ATP002	-	30,505
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-25000-13-60-A-48	-	133,412
Total U.S. Department of Labor			1,839,081	3,392,022
<u>National Aeronautics and Space Administration</u>				
Pass-Through From -				
University of Texas - Austin -				
Education	43.008	UTA14-001221	-	77,609
Total Education and National Aeronautics and Space Administration			-	77,609

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
 Year Ended August 31, 2017

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>National Science Foundation</u>				
Direct Program -				
Education and Human Resources - STEP	47.076	DUE-1317386	-	82,082
Pass-Through From:				
Texas Southern University -				
Education and Human Resources - Houston Alliance for Minority Participation	47.076	K-14-381	-	46,881
Tidewater Community College -				
Education and Human Resources - SMART Institute	47.076	TCC1501449	-	52,643
Total Education and Human Resources and National Science Foundation			-	181,606
<u>U.S. Small Business Administration</u>				
Pass-Through From:				
The University of Houston Central -				
Small Business Development Centers	59.037	R-16-0054-53826	-	29,002
Small Business Development Centers	59.037	R-17-0035-53826	-	179,064
Total U.S. Small Business Administration			-	208,066
<u>U.S. Department of Veterans Affairs</u>				
Direct Program - All-Volunteer Force Educational Assistance	64.124	362/242D	-	8,160
<u>U.S. Department of Health and Human Services</u>				
Direct Program -				
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	90FX0035-01-00	180,415	877,911
Pass-Through From:				
Texas Workforce Commission (TWC) -				
Temporary Assistance for Needy Families	93.558	2817ATP002	-	6,790
Temporary Assistance for Needy Families	93.558	2816SMP007	-	4,111
TWC Pass-Through From -				
Houston-Galveston Area Council/Workforce Development Board -				
Temporary Assistance for Needy Families	93.558	216-16	-	5,763
Temporary Assistance for Needy Families	93.558	216-17	-	1,876
Total Temporary Assistance for Needy Families and TANF Cluster			-	18,540
TWC Pass-Through From Houston-Galveston Area Council/Workforce Development Board:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2816CCMC26	-	7,562
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2817CCMC26	-	48,527
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			-	56,089
Total 477 Cluster			-	74,629
Total U.S. Department of Health and Human Services			180,415	952,540
Total Federal Financial Assistance			\$ 2,019,496	\$ 47,787,723

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, 2017

State Grantor Agency/Pass-Through Grantor/Program Title	Grant Contract Number	Passed Through to Subrecipients	Total State Expenditures
<u>Texas Workforce Commission (TWC)</u>			
Direct Program:			
Skills Development Fund - Skills for Small Business Program 3	2815SSD000	\$ -	\$ 7,061
Skills Development Fund - Skills for Small Business Program 4	2817SSD004	-	6,379
Skills Development Fund - SJC in Partnership with a Petrochemical Consortium	2816SDF000	-	53,255
Skills Development Fund - SJC in Partnership with a Manufacturing Consortium	2817SDF002	-	54,479
Skills Development Fund - SJC in Partnership with a Maritime Consortium	2817SDF003	-	125,833
Total Skills Development Fund		-	247,007
Job and Education for Texans (JET) Program 2015	5535-18/2815JET001	-	(14,949)
Apprenticeship Training Program	2817ATP002	-	80,288
Pass-Through From:			
Houston-Galveston Area Council/Workforce Development Board			
Adult Education & Literacy State General Revenue Matching	216-17	-	83,072
Total Texas Workforce Commission		-	395,418
<u>Texas Higher Education Coordinating Board</u>			
Student Financial Aid:			
State Military Tuition Assistance	26041	-	10,573
Texas Grant I - Renewal	13099	-	2,651
Texas Education Opportunity Grant Program - Initial (TEOG)	36002	-	1,317,537
Texas Education Opportunity Grant Program - Renewal (TEOG)	36002	-	556,619
College Work Study Program	22339	-	118,843
Top Ten Percent	20356	-	2,000
College Access Loan	N/A	-	19,670
Total Student Financial Aid Cluster		-	2,027,893
Direct Program:			
Houston Pathways Supplement - CTG & CRU	09951	-	13,422
College Readiness and Success/Developmental Ed Program	17408	-	102,262
Nursing and Allied Health - Building Simulation and Skills Lab Capacity	18025	-	154,266
Nursing and Allied Health - Building Lab and Simulation Capacity	14133	-	6,677
Professional Nursing Shortage Reduction Program FY 15 - South Campus	14433	-	15,992
Professional Nursing Shortage Reduction Program			
Under 70 FY16-17 - South Campus	16619	-	21,762
Minority Male Initiatives	15093	-	60,050
Texas - Science, Technology, Engineering, and			
Math Challenge Scholarship Program 2016	16909	-	262,368
Accelerate Texas Program	14937	-	19,469
Total Texas Higher Education Coordinating Board		-	2,684,161
Total State Financial Assistance		\$ -	\$ 3,079,579

See accompanying notes to schedule 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, 2017

1. Federal Assistance Reconciliation

Direct Federal grants and contracts per Schedule A	\$ 6,638,892*
Add: Indirect/Administrative Cost Recoveries per Schedule A	326,288
Direct Federal revenue, non-operating Schedule C	40,714,788
Add: Indirect/Administrative Cost Recoveries per Schedule C	<u>107,755</u>
Total Federal Revenues per Schedule E - Schedule of Expenditures of Federal Awards	\$ <u>47,787,723</u>

2. State Assistance Reconciliation

Direct State grants and contracts per Schedule A	\$ 3,072,786
Add: Indirect/Administrative Cost Recoveries (Returned Funds) per Schedule A	<u>6,793</u>
Total State Revenues per Schedule F - Schedule of Expenditures of State Awards	\$ <u>3,079,579</u>

3. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of Federal and State awards (the Schedules) present the activity of Federal and State programs of the College for the year ended August 31, 2017. The Schedules have been prepared on the accrual basis of accounting. 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. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.

4. Amounts Passed Through by the College - Sub-Recipients

*The following amounts were passed-through to the listed sub-recipients by the College. The total amount of \$2,019,496 is included in Note 1 - Federal Awards.

<u>Sub-Recipient Name</u>	<u>CFDA</u>	<u>Grant Agency</u>	<u>Grant Program</u>	<u>Amount</u>
Brazosport College	17.268	U.S. Department of Labor	H-1B Ready to Work	\$ 293,840
Lee College	17.268	U.S. Department of Labor	H-1B Ready to Work	962,225
College of the Mainland	17.268	U.S. Department of Labor	H-1B Ready to Work	583,016
Neighborhood Centers Inc.	93.093	U.S. Department of Health and Human Services	Health Career Pathways	<u>180,415</u>
Total				\$ <u>2,019,496</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs
Year Ended August 31, 2017

Section 1

Financial Statements

1. Type of auditor's report issued:
2. Internal control over financial reporting:
 - a. Material weaknesses identified?
 - b. Significant deficiencies identified that are not considered to be material weaknesses?
 - c. Noncompliance material to the financial statements noted?

Summary of Auditor's Results

Unmodified
No
None reported
No

Federal and State Awards

1. Internal control over major programs:
 - a. Material weaknesses identified?
 - b. Significant deficiencies identified that are not considered to be material weaknesses?
2. Type of auditor's report issued on compliance for major programs:
3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR 200.516 (a) or the *State of Texas Single Audit Circular*?
4. Identification of major programs:

No
Yes
Unmodified - Student Financial Aid Cluster
Qualified - Small Business Development Centers
Yes

Federal CFDA Number

84.007
84.033
84.063
84.268
59.037

Name of Federal Program

Student Financial Aid Cluster:
Federal Supplemental Educational Opportunity Grants
Federal Work-Study Program
Federal Pell Grant Program
Federal Direct Student Loans
Small Business Development Centers

State - Contract Number

26041
13099
36002
36002
22339
20356
N/A

Name of State Program

Texas Higher Education Board - Student Financial Aid Cluster:
State Military Tuition Assistance
Texas Grant I - Renewal
Texas Education Opportunity Grant Program - Initial
Texas Education Opportunity Grant Program - Renewal
College Work Study Program
Top Ten Percent
College Access Loan

SAN JACINTO COMMUNITY COLLEGE DISTRICT
 Schedule of Findings and Questioned Costs, Continued
 Year Ended August 31, 2017

Section 1, Continued

Summary of Auditor's Results

5. Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$ 750,000
State	\$ 750,000
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

Finding 2017-001

Applicable Federal Program: U.S. Small Business Administration, Small Business Development Centers Program (CFDA 59.037)

Criteria: Under the terms of the grant agreement, a Center Management Report must be submitted by the 10th working day following the end of each quarter, an SBA Training Report must be submitted by the 10th working day following the end of each quarter and a Management Training Report must be submitted by the 5th working day following a workshop or seminar.

Condition and Context: The College did not comply with established guidelines and requirements relative to program reporting as follows for the period September 1, 2016 through August 31, 2017:

- From a sample size of two, we noted untimely filing of the Center Management Report submitted for the quarters ended December 31, 2016 and March 31, 2017.
- From a sample size of two, we noted untimely filing of the SBA Training Report submitted for the quarters ended December 31, 2016 and June 30, 2017.
- From a sample size of one, we noted untimely filing of the Management Training Report submitted for the training seminar held on February 28, 2017. There were no other Management Training Reports required to be filed for workshops or seminars held during September 1, 2016 through August 31, 2017.

Cause: Lack of management oversight and internal controls over program reporting.

Questioned Costs: None

Effect: Program reports not submitted in accordance with the requirements and timeframe prescribed by the grant agreement could impact the awarding of funds.

Recommendation: Establish and implement written policies and procedures over internal controls related to program reporting to ensure grant reporting requirements are met.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs, Continued Year Ended August 31, 2017

Section 3, Continued

Views of Responsible Officials and Planned Corrective Actions:

An SBA Quarterly Training Report will be submitted by the 10th working day following the end of each quarter and a Management Training Report will be submitted by the 5th working day following a workshop or seminar. The Small Business Development Centers program director is responsible for monitoring compliance with this procedure. Implementation will begin in January of fiscal year 2018.

The Center Management Report was an Excel spreadsheet where advising, preparation and travel time for each adviser was taken from the pass-through's Small Business Development Center's IC software and manually entered into the Excel spreadsheet by the College and sent back to the pass-through on a quarterly basis. Basically, the pass-through was getting back information from the College that they already had within their Small Business Development Center's IC software. The Center Management Report has since been deemed redundant and unnecessary by the pass-through and has been eliminated as a deliverable.