



San Jacinto Community College District
Pasadena, Texas

Annual Comprehensive **Financial Report** August 31, 2023 and 2022



San Jacinto Community College District

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
AUGUST 31, 2023 AND 2022**

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

August 31, 2023

	<u>Page</u>
Introductory Section	
Organizational Data	i
Organizational Chart.....	ii
Letter of Transmittal.....	iii-x
GFOA Certificate of Achievement.....	xi
Financial Section	
Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis (Unaudited).....	5-16
Basic Financial Statements	
Exhibit 1 San Jacinto Community College District - Statements of Net Position.....	19
Exhibit 1A San Jacinto Community College Foundation, Inc. - Statements of Financial Position.....	20
Exhibit 2 San Jacinto Community College District - Statements of Revenues, Expenses, and Changes in Net Position	21
Exhibit 2A San Jacinto Community College Foundation, Inc. - Statements of Activities and Changes in Net Assets.....	22
Exhibit 3 San Jacinto Community College District - Statements of Cash Flows.....	23
Exhibit 3A San Jacinto Community College Foundation, Inc. - Statements of Cash Flows	24
Notes to Basic Financial Statements	25-63
Required Supplemental Schedules	
Required by The Governmental Accounting Standards Board:	
RSI - 1 Schedule of the College’s Share of Net Pension Liability	69
RSI - 2 Schedule of the College’s Contributions for Pensions	70
RSI - 3 Schedule of the College’s Proportionate Share of the Net OPEB Liability	71
RSI - 4 Schedule of the College’s Contributions for OPEB	72
Notes to Required Supplemental Schedules	73-74
Required by The Texas Higher Education Coordinating Board	
Schedule A Schedule of Operating Revenues.....	77
Schedule B Schedule of Operating Expenses by Object.....	78
Schedule C Schedule of Non-Operating Revenues and Expenses.....	79
Schedule D Schedule of Net Position by Source and Availability	80

SAN JACINTO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS (continued)

August 31, 2023

Statistical Section (Unaudited)

Table of Contents	83
SS-1 Net Position by Component	85
SS-2 Revenues by Source.....	86
SS-3 Program Expenses by Function.....	87
SS-4 Tuition and Fees	88
SS-5 Assessed Value and Taxable Assessed Value of Property	89
SS-6a General Appropriations Act Before Contact Hour Adjustments.....	90
SS-6b State Appropriation per Full Time Student Equivalent (FTSE).....	91
SS-6c State Appropriation per Funded Contact Hour (CH)	92
SS-6d State Appropriation per Student Success Point (SSP) - Annualized.....	93
SS-6e Student Success Points (SSP)	94
SS-7 Top Ten Principal Taxpayers	95
SS-8 Property Tax Levies and Collections	96
SS-9 Ratios of Net General Bonded Debt Outstanding.....	97
SS-9a Ratios of Outstanding Debt by Type.....	98
SS-10 Legal Debt Margin Information	99
SS-11 Pledged Revenue Coverage	100
SS-12 Demographic and Economic Statistics – Taxing District	101
SS-13 Principal Employers for the Service Area.....	102
SS-14 Faculty, Staff, and Administrators Statistics	103
SS-15 Enrollment Details	104
SS-16 Student Profile.....	105
SS-17 Transfers to Senior Institutions	106
SS-18 Capital Asset Information	107

SAN JACINTO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS (continued)

August 31, 2023

Federal and State Awards Section

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*..... 111-112

Independent Auditor’s Report on Compliance for Each Major Federal and State Program and on Internal Control over Compliance Required by the Uniform Guidance and the *State of Texas Single Audit Circular* 113-115

Schedule of Findings and Questioned Costs..... 116-118

Schedule E - Schedule of Expenditures of Federal Awards 119-120

Notes to Schedules of Expenditures of Federal Awards..... 121

Schedule F - Schedule of Expenditures of State Awards 122

Notes to Schedules of Expenditures of State Awards 123

Status of Prior Year Findings..... 124





Introductory



SAN JACINTO COMMUNITY COLLEGE DISTRICT
ORGANIZATIONAL DATA

Board of Trustees and Key Officers
Year Ended August 31, 2023

Officers

Mrs. Marie Flickinger	Chair
Mr. John Moon, Jr.	Vice Chair
Mr. Keith Sinor	Secretary
Mrs. Erica Davis Rouse	Assistant Secretary

Members

		Term Expires
		<u>May 31,</u>
Mrs. Marie Flickinger	Houston, Texas	2025
Mr. Larry Wilson	Pasadena, Texas	2025
Mr. Dan Mims	Channelview, Texas	2027
Mr. John Moon, Jr.	Pasadena, Texas	2027
Mr. Keith Sinor	Deer Park, Texas	2027
Mrs. Erica Davis Rouse	Houston, Texas	2029
Dr. Michelle Cantú-Wilson	Houston, Texas	2029

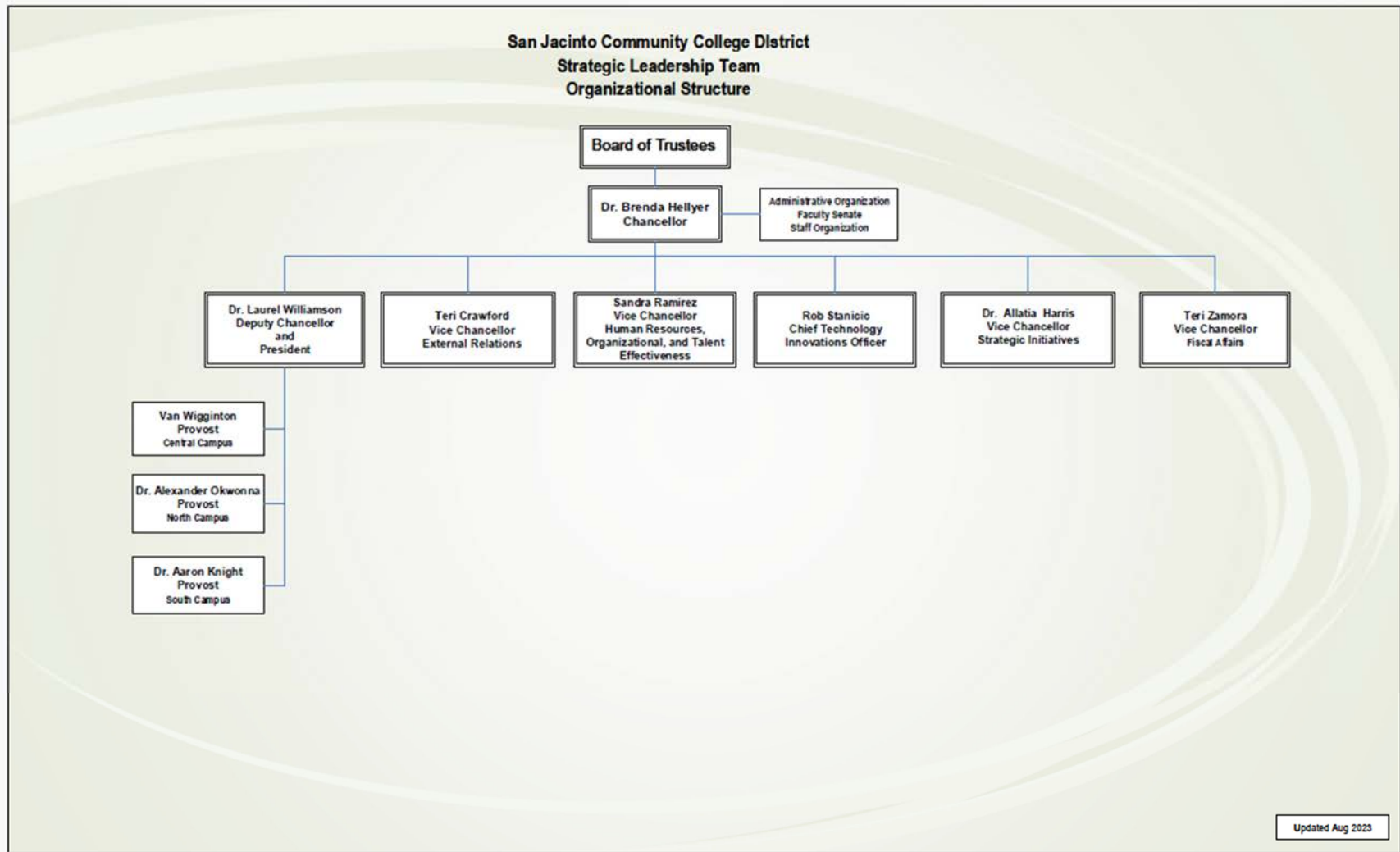
Trustee Emeritus

Dr. Ruede Wheeler, D.D.S.
Mr. Ben Meador

Key Officers

Dr. Brenda L. Hellyer	Chancellor
Dr. Laurel V. Williamson	Deputy Chancellor and College President
Mrs. Teri Crawford	Vice Chancellor, External Relations
Dr. Allatia Harris	Vice Chancellor, Strategic Initiatives
Mrs. Teri Zamora	Vice Chancellor, Fiscal Affairs
Mrs. Sandra Ramirez	Vice Chancellor, Human Resources, Organizational and Talent Effectiveness
Mr. Rob Stanicic	Chief Technology Innovations Officer
Mr. Van Wigginton, J.D.	Provost, Central Campus
Dr. Alexander Okwonna	Provost, North Campus
Dr. Aaron Knight	Provost, South Campus

SAN JACINTO COMMUNITY COLLEGE DISTRICT
ORGANIZATION CHART
August 31, 2023





December 4, 2023

Dr. Brenda Hellyer, Chancellor
Members of the Board of Trustees
Citizens of the San Jacinto Community College District

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Jacinto Community College District (College) for the fiscal years ended August 31, 2023 and 2022. The purpose of this report is to provide detailed information about the financial condition and performance of the College to the Board of Trustees, taxpayers, Texas Higher Education Coordinating Board (THECB), grantor agencies, employees, and other interested parties. The report consists of management's representations concerning the finances of the College. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control.

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.

The ACFR is prepared by the College Division of Fiscal Affairs. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and also comply with the Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by THECB. The notes to the financial statements are provided in the financial section and are considered essential for fair and adequate disclosure of all information presented in this financial report.

PROFILE OF THE DISTRICT

Getting Started

In May 1960, voters in the Channelview, Deer Park, Galena Park, La Porte, and Pasadena School Districts approved the creation of East Harris County Union Junior College. Sheldon School District was added in 1968. 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. The name was changed again in 1995 to San Jacinto Community College District to better reflect the expanded mission as a community college. The College is commonly referred to throughout the community as San Jacinto College, or simply San Jac.

On September 18, 1961, the College opened, and 876 students entered several renovated buildings in downtown Pasadena to attend the 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. All operations were moved to the current Central Campus location in 1964.

Expansion

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.

San Jacinto College South opened in September of 1979. Expansion of all three campuses began in December 1999, when voters approved the issuance of \$91 million in general obligation bonds, and continued in May 2008, when another successful bond election provided \$295 million in funding to update and expand the facilities. Additionally, the College's Maritime Technology and Training Center in La Porte was opened in 2016.

In November 2015, with a nearly 68 percent approval rate, voters continued their support of the College with approval of a \$425 million general obligation bond referendum to allow the College to continue to update and transform the campuses, with the focus on student success. A total of thirteen new buildings were constructed and fourteen existing buildings were fully renovated. In addition, buildings demonstrating the most need had systems upgrades that included new elevators, new building automation components, data facility power, and air conditioning. This general obligation bond also partially funded the initial building at the Generation Park Campus which opened in Fall 2020 in the northernmost portion of the College's service area. Major projects that remain to be completed include ongoing Campus-Wide Deferred Maintenance and further build out of the Generation Park Campus.

After adding the City of Houston portions of Ellington Spaceport into the College taxing district in 2019, the College opened the EDGE Center at the Houston Spaceport located at Ellington Field in fiscal year 2020 to address the workforce needs of the aerospace and aviation companies in the Clear Lake area. The College continues to expand its offerings in the EDGE Center. While offering 12 to 18-month programs to train the future workforce, the EDGE Center also reskills aerospace employees through shorter customized training programs.

The 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 has early college high schools, modified early college high schools, and academies with Channelview, Clear Creek, Deer Park, Galena Park, La Porte, Pasadena, Sheldon, and Crosby Independent School Districts. This work continues to be important with dual credit and early college high school students representing 22.7 percent of the fall 2023 student enrollment.

The College has grown to include five campuses and approximately 2.5 million square feet of academic buildings which support the growing demands of our student population. The College enrolled approximately 41,000 students in fiscal year 2023 and served these students by employing just over 2,900 full-time and part-time personnel.

ACCOMPLISHMENTS AND AWARDS

In September 2021, the College celebrated its 60th anniversary and continues a tradition of excellence based on the vision, passion, and cooperative spirit that has marked this institution's leadership.

The College awarded 2,822 certificates, 4,927 associate degrees, and 17 bachelor degrees to 6,215 unique graduates during fiscal year 2023, based on preliminary data as of November 2023.

The College has been honored to receive the designation as a top 10 community college in the country from the Aspen Institute in 2017, 2019, 2021 and 2023. In 2017 and 2021, the College was not only in the top 10, but was also named as one of the top five colleges in the country. The colleges selected for this honor stand out among nearly 1,100 community colleges nationwide as having high and improving levels of student success as well as equitable outcomes for Black and Hispanic students and those from lower-income backgrounds.

The Association of Community College Trustees (ACCT) has awarded San Jacinto College Board of Trustees with the ACCT Western Region Equity Award. This award recognizes Boards that have demonstrated evidence of leadership in setting policies that promote and enhance opportunities for institutional diversity, inclusion, and equity.

For the eleventh time, San Jacinto College's Contracts & Purchasing Services received the Achievement of Excellence in Procurement award from the National Procurement Institute. The College was one of 194 agencies in the United

States and Canada, and one of 17 higher education organizations to receive this prestigious award. This is the ninth consecutive year the team has won the award.

For the first time, the Government Treasurers' Organization of Texas (GTOT) has awarded San Jacinto College the Certificate of Distinction for its Investment Policy. The review performed by GTOT helps to ensure that the College's Investment Policy meets all the requirements of the State of Texas Public Funds Investment Act. The certificate is effective for a period of two years ending November 30, 2025.

Student Success

San Jacinto College has a long history of being a strong resource for the communities it serves. That begins and is most pronounced in our commitment to affordability for students to attend and complete their educational goals. This commitment is also demonstrated in the College's efforts to expand intentional support services for students and to reduce barriers that impede students' progress. The Higher Education Emergency Relief Funds (HEERF) have been instrumental in our ability to accomplish these efforts, and the College provided numerous opportunities for tuition discounts, technology enhancements and student support services through the end of the grant, June 30, 2023.

The Texas Higher Education Coordinating Board recognized San Jacinto College as one of five institutions to receive the state's Star Award for helping to Build a Talent Strong Texas. The College has worked closely with partners in aerospace, maritime, and petrochemical, while helping students complete their credentials in fewer than 12 months. The Fast Track program focused on 22 credit and continuing education programs that could be completed in six to 12 months, putting students on a track to making a livable wage. San Jac was able to use HEERF funds to provide more than \$2.2 million to 1,250 students who are now earning meaningful credentials in both credit and continuing education programs.

The College was awarded a \$2.9 million, five-year Title V grant by the U.S. Department of Education for Positioning for the Future with Equity-Focused Strategies. The grant is designed to address the needs of Hispanic and low-income students through increased mental health support, programming, and awareness of resources. It will also provide support for technical students with paid internships, streamline pathways for health science students, strengthen the San Jac Endowment for the Promise Program, and strengthen scholarship award oversight, processes, and systems.

Three years ago, the College launched the Promise @ San Jac Program for graduates of three high schools in Pasadena ISD providing students with the opportunity to attend San Jacinto College without financial burden to complete their credential. Beginning with the class of 2022, all students who live within the taxing district and who graduated between December 2021 and June of 2022 were able to attend San Jacinto College as a Promise Scholar to complete their certificate or associate degree. This expansion of the Promise @ San Jac Program pays for all tuition costs after financial aid and other scholarships are applied, and also covers books and supplies. Over 3,600 graduating high school seniors have enrolled as Promise Scholars over the last three years, with an additional 3,098 enrolled in fall 2023. Promise Scholars take 12 semester credit hours or more, must maintain a 2.0 GPA, and have three years to complete their credential. This is truly a program built on our promise to support our students with resources and their promise to perform and complete. This program is being funded with a generous \$30 million donation from MacKenzie Scott as well as other private donors.

Program Highlights

Effective with the fall 2020 term, the College was approved to offer a Bachelor of Science in Nursing (BSN) degree. The one-year BSN program is for the working registered nurse with an associate degree who wants to advance within the profession. The program's primary concepts include community health nursing, nursing research, public and global health policy, informatics, and leadership. Since the inception of the BSN program in fall 2020, the College has enrolled six cohorts, with a total of 65 students completing the program (including expected Fall 2023 graduates). To meet the demands of the students and the workforce, the program transitioned to 100% online course delivery in Fall 2023. Students will still complete their capstone hours in the community and their places of employment.

San Jacinto College is offering the state of Texas's first Autonomous Vehicle Certificate of Technology program beginning Fall 2023. An estimated 3.4M jobs will be created and sustained between 2025-2035 in the autonomous and electric vehicles (AV/EV) market. In anticipation of this opportunity, San Jacinto College has partnered with Nuro, a leading zero-emissions electric autonomous delivery company with operations in Houston. The Level One Certificate of Technology program is a 39-credit hour program that can be completed in one year. The program includes a multidiscipline approach to learning through automotive technology, computer design, and robotics and will consist of three paid internships while students are in the program. Upon completing the autonomous vehicle certificate of technology, a student will be prepared to take three out of the eight nationally recognized automotive service excellence (ASE) credentials and enter the local workforce for AV/EV Fleet Support Specialist, Fleet Tech, and Operations Supervisor positions.

San Jacinto College will launch its second bachelor's degree, a Bachelor of Applied Science in Education with an emphasis in early childhood education, at the start of the spring 2024 semester. Those who have already earned an Associate of Applied Science in early childhood/child development and are working in the industry can enroll in the bachelor's degree program. Students can use a valid industry-based child development associate credential and one of the previously earned San Jacinto College early childhood certificates or previous education toward their final requirements for graduation with the bachelor's degree. According to a February 2023 report by the Learning Policy Institute, Texas has the largest teacher workforce of any U.S. state with more than 370,000 teachers in 2021-2022. By 2030, the need for highly qualified early childhood and elementary teachers in Texas is projected to increase by 13%. To help launch this degree and meet this critical need in the San Jacinto College community and throughout the region, Houston Endowment awarded San Jacinto College a \$1.5 million grant for three years through 2026. These funds will cover the required employee and operating costs during the initial two to three years of the program.

San Jacinto College and the National Institute for Bioprocessing Research and Training (NIBRT) announced a partnership in August, making the College the exclusive provider of NIBRT-licensed training in the southern part of the United States. The new training program will offer regional biopharmaceutical training quickly, safely, and at lower cost for new hires entering the growing industry.

The Biotechnology program will begin at the South Campus in the Science and Allied Health Building in January 2024. The program will equip new biomanufacturing professionals with the skills and knowledge they need to enter the field. Training will integrate theoretical knowledge, practical hands-on experience, and exposure to industry practices customizable to meet industry partners' training needs. Future training offerings will encompass an associate's degree and all aspects of biomanufacturing, specialized instrumentation and equipment training, and advanced techniques. The larger Center for Biotechnology will open in a new 10,000 sq. ft. facility on the Generation Park Campus in the first quarter of 2025 to expand the College's biotechnology offerings. In addition to current training offerings, the Center will offer credentials for postgraduates and for new skills areas as needed to meet workforce needs.

Today, the College offers Texas' first maritime transportation associate degree in Texas and has had over 16,000 completions of U.S. Coast Guard approved courses leading to the Merchant Mariner Credential and various professional certifications to help keep things moving along our inland waterways. In 2020, the San Jacinto College Maritime Technology and Training Center was designated as a Center of Excellence for Domestic Maritime Workforce Training and Education by the Department of Transportation. The College is just one of 27 recipient institutions across the nation and U.S. territories to receive this designation which recognizes colleges and training centers that prepare students for careers in the maritime industry. To continue to meet regional workforce demand, the College added an Able Seaman (Tankerman) Registered Apprenticeship allowing students to "earn while they learn," partnering with industry in creating a unique pathway for students to gain professional experience while they learn the skills needed to be successful in their careers. Additionally, training offerings have been expanded at the Maritime campus with the relocation of the College's Fire Academy to support emergency responders ashore as well as preparing future mariners in basic and advanced fire safety skills. We are proud of the industry and community partnerships that support the Maritime campus, Maritime Technology and Training Center, San Jacinto College's Fire Academy, and services that provide qualified mariners to meet workforce needs of the maritime industry and the Port of Houston region.

REPORTING ENTITY

San Jacinto College is considered a special purpose government engaged solely in a business-type activity as defined by the Governmental Accounting Standards Board (GASB). As such, the financial statement presentation combines all fund groups into a single column and resembles the format of a corporate presentation.

In accordance with the criteria established by GASB Statement 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements 14 and 34*, and GASB Statement 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement 14*, the San Jacinto College Foundation is reported as a component unit of the College using a discrete presentation.

ECONOMIC CONDITION AND OUTLOOK FOR THE LOCAL ECONOMY

San Jacinto College is strategically located along the east side of Harris County, Texas, within the nine-county Houston-The Woodlands-Sugar Land metropolitan statistical area (MSA) and is home to 7.3 million people. The nine-county MSA covers 9,444 square miles – an area just larger than five states: New Hampshire, New Jersey, Connecticut, Delaware and Rhode Island. On the east side of Harris County, various opportunities in chemical manufacturing, refining and supporting distribution/terminals continue to grow along with the capabilities of the Port of Houston, the largest container port on the Gulf Coast. Coupled with the retiring workforce, industry leaders continue to project a need for a skilled workforce in the industrial and craft trades. San Jacinto College is working closely with many industry leaders and economic development groups to meet these workforce needs on both a near and long-term basis.

As of September 2023, employment in the Houston region grew 2.9% over the last twelve months, ranking third among the nation’s major metro areas. Since the economy reopened in May 2020, the region has added 538,300 jobs, recovering 149.8 percent of the 359,300 jobs lost early in the pandemic. Nonfarm employment in September 2023 exceeds 3.370 million, well above 3.286 million in September 2022. Unemployment rates for metro Houston, Texas and the U.S. were 4.8%, 4.5% and 3.8%, respectively, in July 2023 compared to 4.8%, 4.3% and 3.8%, respectively, in July 2022.

SAN JACINTO COLLEGE’S STRONG FISCAL HEALTH, VALUE AND AFFORDABILITY

The College maintains sound fiscal health and provides a strong return on investment to students, society, and taxpayers. The College’s Board of Trustees is committed to keeping taxes as low as possible, and the College continuously strives to find ways to improve services to students and support all necessary College operations at a lower cost. The 2023 tax rate is the sixth year in a row that the College has lowered its overall property tax rate. The homestead exemption was also increased from one to five percent to reduce taxes for residents in the College’s taxing district. A combination of a growing tax base and a fiscally conservative College budget have enabled these decreases. This long-term fiscal resiliency and sustainability is intended to poise the College for future success.

The College Policy III.3001.B, Finance Standards, establishes a target level for the College’s days cash on hand of 4 to 6 months of the annual current unrestricted and auxiliary funds budgets. As of August 31, 2023 and 2022, the College had strong reserves with 5.07 months and 5.51 months, respectively, of cash on hand, after transfer of \$5.0 million to the capital fund.

San Jacinto College continues to be affordable for students. Effective fall 2019, the College instituted a tuition only model and eliminated all enrollment fees. This change made all programs available to every student at the same low price and introduced a new level of transparency and simplicity to the process of registering and paying for College. At \$936 for tuition for 12 semester credit hours in fiscal year 2023, the College in-district tuition rate was one of the most affordable in the Gulf Coast region and in the state of Texas. While the College has not increased tuition rates since Fall 2019, the funding model for community colleges has grown less reliant on state funding and the College has relied more heavily on student revenues and property tax revenues. To address College strategic priorities and foster long-term financial sustainability, the College Board of Trustees approved a 6.4% increase to the tuition rate effective Fall 2023. The College remains affordable at \$996 for tuition for 12 semester credit hours and is the eighth lowest of the combined tuition and fee rates of the 50 community college districts in Texas. The new funding model from the State under House Bill 8 will also bolster the College’s finances for 2024 and beyond, enabling further investment in strategic initiatives.

MISSION, VISION AND VALUES

San Jacinto College is working with Houston-area businesses and higher-education institutions to update curriculum, to implement initiatives that foster innovation, to upskill current workers, and to train an incoming workforce for the highly technical jobs currently in demand in the region and those anticipated with future growth and development. The College also partners closely with the local school districts, community groups including chambers and non-profits, and area economic organizations, as we strive to fulfill our goal of truly serving the community that supports us with their tax dollars. The College's partnerships with universities are critical for our significant transfer enrollment which is designed to be seamless and eliminate excess hours.

Mission

San Jacinto College is focused on student success, academic progress, university transfer, and employment. We are committed to opportunities that enrich the quality of life in the communities we serve.

Vision

San Jacinto College will advance the social and economic mobility of all members of our community. We will be known for our excellence in teaching and learning, our intentional student-centered support, and our commitment to every student. We will be the preferred workforce and economic development partner in the region and a champion for lifelong learning. San Jacinto College will inspire students to explore opportunities, define their educational and career paths, and achieve their goals and dreams.

Our Values

We embrace a core truth at San Jacinto College: The ultimate measure of our success is the success of our students.

Every student's pathway is unique, and San Jacinto College students are a diverse mosaic — blending many perspectives on their definition of success. For over two-fifths of our student body, being the first in the family to attend college is a life-changing act that propels future generations to succeed. Many aspire to master a trade or special interest, jump-start a new career, prepare for university transfer or help their communities succeed. Most San Jacinto College students work and have family responsibilities, and their success requires a flexible pathway that balances college, work, and family.

No matter how you define it, success for every graduate drives our value system at San Jacinto College. We are committed to seven deeply held beliefs:

Integrity: We Act Honorably and Ethically - "We conduct ourselves in ways that are professional, instill confidence, and promote trust."

Inclusivity: We Grow through Understanding - "We respect and learn from the diversity of our cultures, experiences, and perspectives."

Collaboration: We Are Stronger Together - "We believe in the power of working together."

Innovation: We Embrace New Possibilities - "We anticipate change, explore opportunities, and create continuously evolving solutions."

Accountability: We Are Responsible Individually and Collectively - "We take ownership for our commitments and outcomes."

Sense of Community: We Care for Those We Serve - "We demonstrate concern for the well-being and success of our students, our communities, and our people."

Excellence: We Strive for Outstanding Results - "We take risks, we assess our work, and we aspire to improve the quality of everything we do."

STRATEGIC PLAN

San Jacinto College operates from a Strategic Plan approved by the Board of Trustees. This plan creates the focus of all employees on the five strategic goals of the plan. Each employee focuses on those goals through the lens of the Underlying Assumptions. In addition to the Strategic Plan, each year the College leadership forwards Annual Priorities to the Board of Trustees on how each member of the College faculty, staff, and administration will help

meet those goals and help students succeed in their higher education journey. It takes each employee working together to help reach these goals. Below is a listing of our Strategic Goals, the Underlying Assumptions, and the Annual Priorities for 2023 approved by the Board of Trustees. Each employee uses this information to create their own individual performance plan of tactics to accomplish during the year to move the College closer to achieving its Annual Priorities. Employees are rewarded for their hard work at the end of each fiscal year through differentiated compensation based on how well they accomplished their goals and contributed to the College goals.

Strategic Goals

- Student Success
- Workforce and Economic Development
- Our People
- Operational Excellence
- Outreach and Partnerships

Underlying Assumptions

- Equity
- Collaborative Communication
- Continuous Improvement
- Continued One-College Alignment

Annual Priorities

The Board of Trustees adopted the 2022-2023 Annual Priorities for the College on August 8, 2022.

- Ensure and Uphold Our Equity Focus and Commitment
- Expansion of Transfer Opportunities and Awareness
- Career and Workforce Pathways
- Adaptive Student Support
- Expand Our Outreach Efforts by Focusing on Creating College-Going Opportunities
- Positioning for the Future
- Advance a Culture of Resiliency and Sustainability

LEGAL

Texas statutes require the Comptroller of Public Accounts and the THECB to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the ACFR of the College for the fiscal years ended August 31, 2023 and 2022. Additionally, the College is statutorily required to submit audited financial statements to the THECB by January 1st of each year.

THE AUDIT

A public accounting firm, Whitley Penn LLP, 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, 2023 and 2022 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, 2023 and 2022 are fairly presented in accordance with GAAP. The independent auditor's 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 a strong budget development process and written policies and procedures which are 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 ACFR is presented in five sections: introductory, financial, required supplemental schedules, statistical, and

Federal and State awards. The introductory section includes this transmittal letter, a list of the members of the Board of Trustees and key officers, 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 ACFR includes the Independent Auditor's 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 Management's Discussion and Analysis.

The supplemental schedules are presented to comply with the reporting requirements of the GASB and the 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, nonoperating revenue and expenses, and an analysis of net position by source and availability are presented.

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

The Federal and State awards section contains information regarding participation in various Federal and State programs. The independent auditor is 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. The independent auditor is also required to conduct a separate audit of State programs as required by the State of Texas Single Audit Circular. This section contains the auditor's report on the system of internal control, a listing of the Federal and 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

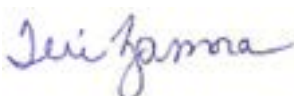
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its annual comprehensive financial report for the fiscal year ended August 31, 2022. This was the sixteenth 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 annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENT

The preparation of this report could not have been accomplished without the services of the entire Fiscal Affairs team. 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 and Chancellor for their support in maintaining the highest standards of professionalism and transparency with regard to the College's financial operations. Finally, I would like to thank the accounting firm, Whitley Penn LLP, for their experience and dedication in completion of the audit and review of this report.

Respectfully submitted,



Teri Zamora
Vice Chancellor, Fiscal Affairs



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Jacinto Community College District
Texas**

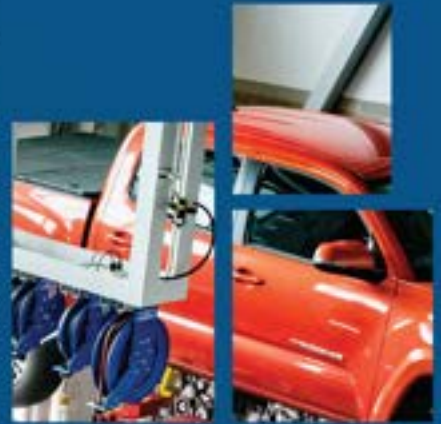
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO





Financial



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
San Jacinto Community College District

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of San Jacinto Community College District (the "College"), as of and for the years ended August 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We have audited the discretely presented component unit of the College - San Jacinto Community College District Foundation for the years ended June 30, 2023 and 2022.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2023 and 2022 and the respective changes in financial position, and cash flows thereof for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the San Jacinto College Foundation, the discretely presented component unit, was not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, pension information, and other-post employment benefit information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees
San Jacinto Community College District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule 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* (Uniform Guidance), the Schedule of Expenditures of State Awards as required by the State of Texas *Grant Management Standards*, are also presented for additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules A through D, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedules A through D, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Houston, Texas
December 4, 2023



SAN JACINTO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

ABOUT SAN JACINTO COMMUNITY COLLEGE DISTRICT

In May 1960, voters in the Channelview, Deer Park, Galena Park, La Porte, and Pasadena School Districts approved the creation of East Harris County Union Junior College. Sheldon School District was added in 1968. 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. 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. Over 62 years of innovation, inclusion and extraordinary growth mark the history of San Jacinto College. The College has evolved from one location in urban Pasadena to five campuses and multiple extension centers serving the greater Houston community. The College district has now grown to include five campuses, a network of off-campus learning centers, nearly 41,000 students annually, a robust dual credit and early college high school program, and online offerings. To support their success, the College continues to invest in building first-class facilities and partnerships that inspire the next generation of leaders. In order to serve these students, the College currently employs over 2,900 full-time and part-time personnel. Most faculty have earned masters and doctoral degrees, and many have been nationally recognized for their teaching, innovation, research, or authorship.

The College benefits from a solid tax base and inclusion in the Houston metropolitan area, which represents 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 created innovative instructional partnerships with companies supporting the Port, maritime and 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 pipelines which help 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 seamless 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, Associate of Arts in Teaching, and Bachelor of Science in Nursing. In fiscal year 2024, the College will be expanding its Bachelor degree offerings by two, a Bachelor of Applied Science in Education with an emphasis in early childhood education and Bachelor of Applied Technology degree in Information Technology with an emphasis in Cybersecurity.

The College works side-by-side with industry partners to train the next generation of workers. Our graduates leave with the skills necessary to move right into a job in their chosen career field. With more than 200 degrees, certificates, and continuing education programs, the College certifies workers who proceed to high-paying jobs in high-demand fields. The College maintains partnerships with hundreds of local companies to help meet the growing needs of industry, whether that means preparing employees for new positions or providing the industry with highly skilled workers to fulfill a shortage. The College designs training programs to provide our industry partners and communities with entry-level workers, upskilling for incumbent workers, and training for new careers.

The College's service area encompasses approximately 584,000 citizens and 330 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 mission, vision, and strategic direction for the College and is responsible for oversight of budgets, policies, and governance.

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is the regional accreditation authority of the College. The accreditation process occurs every 10 years and is critical, as the College's accreditation assures our students and community of the quality and integrity of our institution and our programs. The College

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

successfully completed the written report and an on-site visit by a peer review committee resulting in the reaffirmation of the College's reaccreditation in June 2019. The College is also required to complete the SACSCOC 5th Year Report due in September 2024.

The College has three primary sources of revenue: State appropriations, property taxes, and tuition. Historically, there was a balance between the revenue sources with funding of College operations somewhat equally shared. However, State support for College operations, as a percentage of total unrestricted revenue, has decreased over the years. 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 requiring the College to rely more heavily on tuition and property taxes. This trend will be changing in fiscal year 2024 forward as the State approved a new funding model based on performance outcomes during the 88th Legislative session which increased the College's state appropriation for fiscal year 2024 by 33 percent over the fiscal year 2023 allocation.

COVID-19 RECOVERY

The College's response to COVID-19 throughout the pandemic was swift and decisive and focused on helping students complete their course work successfully. Ultimately, the College delivered courses offering several different options for students, in addition to face-to-face classes, as outlined below. These delivery methods, along with face-to-face, continue to be used to varying degrees today.

Online Anytime - Students take classes online, at any time. This provides the students with the most flexible option to work on coursework as their schedule allows and no requirement to be on campus.

Online on a Schedule - This allows students to have a structured routine. All coursework is completed on-line, but the lectures and virtual instruction occurs at specific times and days similar to a face-to-face course but from the comfort of their homes.

Hands-On Hybrid - Technical and applied skill courses use this hybrid format. The majority of class instruction is delivered on-line. Students come to campus in small groups to complete hands-on learning and practical testing.

While the majority of students are back at the campuses taking face-to-face classes, there has been a shift in student demand for online classes. Today, 41% of contact hours for fall 2023 will be generated fully online versus 21% in fall 2019 prior to the pandemic. As a result of this shift, the College is enhancing its strategic plan for online offerings and planning to offer four pilot competency-based education programs in the future.

To help support students and the institution during this pandemic, the College was awarded a total of \$78.4 million of Higher Education Emergency Relief Funds (HEERF). The chart below under Financial Highlights for 2023 summarizes the HEERF funds awarded to the College and amount spent through fiscal year 2023. Over \$31 million of this award was distributed in direct aid to students. The Institutional and Minority Serving Institution awards have been used to support students through tuition discount programs and other support services, upgrade technology and security infrastructure, provide instructional and institutional support services, and fund many other initiatives. There was an automatic no cost extension through June 30, 2023 approved by the Department of Education for these grants in April 2022.

Required reporting related to all Higher Education Emergency Relief Funds can be found on our website at the following link: [https://sjcdedu.sharepoint.com/sites/InternalGrants/SitePages/Higher-Education-Emergency-Relief-Funds-\(HEERF\).aspx](https://sjcdedu.sharepoint.com/sites/InternalGrants/SitePages/Higher-Education-Emergency-Relief-Funds-(HEERF).aspx)

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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. The financial statements for the College's component unit, San Jacinto Community College Foundation, Inc. (the Foundation), are discretely presented with the financial statements of the College since the Foundation raises and holds economic resources for the direct benefit of the College. Reference should be made to the separately issued financial statements of the Foundation for additional information.

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.

Financial Highlights for 2023

- The College experienced a 984 student enrollment decrease for fall 2022 compared to fall 2021 with enrollment of 30,593 students compared to 31,577. Total unduplicated annual enrollment was 40,851 for 2023 compared to 40,877 for 2022, a decrease of 26 or .06%. The College developed new programs and scholarship opportunities to engage students and ensure their success. As a result, enrollment for fall 2023 has increased compared to fall 2022 by 842 students for a total of 31,538 students (uncertified as of 10/30/23).
- The College continues to invest in its people, a strong student success agenda, and continuous improvement resulting in the award of 7,766 certificates, associate and bachelor degrees in 2023. While this is a decrease of 348 credentials from 8,114 awarded in 2022, it is well above the 7,181 awarded in 2021 and the College continues to enhance its focus on helping students achieve their completion goals.
- The net assessed valuation of the College District increased to \$76.0 billion for tax year 2022 (fiscal year 2023). Tax collections for fiscal year 2023, which were collected at an average of 98.45%, resulted in an increase of \$5.6 million in tax revenues for maintenance & operations and an increase of \$1.6 million for debt service.
- Higher Education Emergency Relief Fund – Education Stabilization Fund

	Total Amount Awarded	Amount Expended 2023	Amount Expended 2022	Amount Expended 2021	Amount Expended 2020	Percent of Award Expended
Student Portion	\$ 30,048,762	\$ -	\$ 15,568,048	\$ 10,696,064	\$ 3,784,650	100.0%
Institutional Portion	44,202,002	14,231,107	21,295,697	5,580,155	3,095,043	100.0%
Minority Serving Institution	4,149,574	2,852,836	686,950	243,923	365,865	100.0%
Total HEERF Funding	\$ <u>78,400,338</u>	\$ <u>17,083,943</u>	\$ <u>37,550,695</u>	\$ <u>16,520,142</u>	\$ <u>7,245,558</u>	100.0%

- As of August 31, 2023, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$83.3 million (net position). The College had an overall increase of \$3.8 million in total net position from 2022 to 2023.

Financial Highlights for 2022

- The College experienced a 467 student enrollment increase for fall 2021 compared to fall 2020 with enrollment of 31,577 students compared to 31,110. Total unduplicated annual enrollment was 40,877 for 2022 compared to 40,805 for 2021, an increase of 72 or .2%. The College developed new programs and scholarship opportunities to engage students and ensure their success. While enrollment for fall 2022 decreased compared to fall 2021 by 879 students for a total of 30,698, students took more classes which was largely attributable to the Promise @ San Jac Program.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- The College continued to invest in its people, a strong student success agenda, and continuous improvement resulting in 8,114 certificates and associate degrees awarded in 2022, an increase of 933 credentials from 7,181 awarded in 2021.
- The net assessed valuation of the College District increased to \$65.7 billion for tax year 2021 (fiscal year 2022). Tax collections for fiscal year 2022, which were collected at an average of 98.19%, resulted in an increase of \$.8 million in tax revenues for maintenance & operations and a decrease of \$1.5 million for debt service due to a planned reduction in debt service requirements.
- Higher Education Emergency Relief Fund – Education Stabilization Fund

	Total Amount Awarded	Amount Expended 2022	Amount Expended 2021	Amount Expended 2020	Total Amount Expended	Percent of Award Expended
Student Portion	\$ 30,048,762	\$ 15,568,048	\$ 10,696,064	\$ 3,784,650	\$ 30,048,762	100.0%
Institutional Portion	44,202,002	21,295,697	5,580,155	3,095,043	29,970,895	67.8%
Minority Serving Institution	4,149,574	686,950	243,923	365,865	1,296,738	31.2%
Total HEERF Funding	\$ 78,400,338	\$ 37,550,695	\$ 16,520,142	\$ 7,245,558	\$ 61,316,395	78.2%

- As of August 31, 2022, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$79.5 million (net position). The College had an overall increase of \$5.6 million in total net position from 2021 to 2022.

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 and deferred outflows owned by the College, all liabilities and deferred inflows 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 position is 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the years ended August 31:

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

	<u>2023</u>	<u>2022, Restated</u>	<u>2021</u>
<u>Assets</u>			
Current assets	\$ 114,604	\$ 132,272	\$ 121,496
Noncurrent assets:			
Capital assets, net of depreciation	727,226	726,448	700,314
Other	<u>98,219</u>	<u>88,217</u>	<u>99,895</u>
Total assets	<u>940,049</u>	<u>946,937</u>	<u>921,705</u>
Deferred outflows of resources	<u>42,408</u>	<u>37,244</u>	<u>45,943</u>
Current liabilities	75,629	70,904	73,180
Noncurrent liabilities	<u>781,798</u>	<u>788,695</u>	<u>780,884</u>
Total liabilities	<u>857,427</u>	<u>859,599</u>	<u>854,064</u>
Deferred inflows of resources	<u>41,769</u>	<u>45,096</u>	<u>39,663</u>
<u>Net Position</u>			
Net investment in capital assets	137,716	135,412	140,078
Restricted - expendable	3,360	7,040	7,117
Unrestricted	<u>(57,815)</u>	<u>(62,967)</u>	<u>(73,275)</u>
Total net position (Schedule D)	<u>\$ 83,261</u>	<u>\$ 79,485</u>	<u>\$ 73,920</u>

Accounting related to GASB 68 (Pension) and GASB 75 (OPEB) has a significant impact on the Statement of Net Position, including changes in deferred outflows of resources, liabilities, and deferred inflows of resources. Note 16 – Defined Benefit Plan – Teacher Retirement System of Texas relates to GASB 68 and Note 19 – Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas relates to GASB 75 in the accompanying Notes to the Financial Statements. The College total net position for 2023, 2022, and 2021 would have been \$232,078,074, \$227,931,239, and \$225,232,185, respectively, without the cumulative impact of GASB 68 and GASB 75.

Fiscal Year 2023 Compared to 2022

Total assets decreased by \$6.9 million during 2023, a .7% percent decrease over 2022. The change in total assets resulted from a \$17.7 million decrease in current assets due to cash and investments, which was offset by a \$10.8 million increase in noncurrent assets. The increase in noncurrent assets is due to a \$19.9 increase in long term investments and a \$9.9 million decrease in restricted cash attributable to the substantial completion of the College's bond funded capital program.

The College's current ratio (current assets divided by current liabilities) decreased to 1.5 in 2023 from 1.9 in 2022 due primarily to the College's investment of \$19.0 million in long-term investments.

Deferred outflows increased by \$5.2 million. The net change is attributed to (1) pensions increased \$8.9 million, (2) OPEB decreased \$2.8 million, and (3) defeased debt decreased \$0.9 million. Deferred outflows for pensions are related to the College's participation in the Teacher Retirement System of Texas (TRS). Deferred outflows for OPEB are related to the College's participation in the Employee Retirement System of Texas (ERS) for the State Retiree Health Plan. Both are as of the entities' measurement dates of August 31, 2022.

Total liabilities decreased by \$2.2 million in 2023. Bonds payable decreased by \$17.9 million due to principal payments during the year. Net pension liability increased by \$29.3 million and net OPEB liability decreased by \$19.7 million due to changes in assumptions by the Teachers Retirement System of Texas (TRS - Pensions) and the Employees Retirement System of Texas (ERS - OPEB). Accounts payable decreased by \$1.4 million and notes payable increased by \$2.4 million due to completion of projects under the State Energy Commission office for energy savings loan program. Unearned revenue increased by \$2.1 million due to an increase in fall 2023 enrollment over the prior year and the SBITA liability increased \$2.9 million over the prior year.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Deferred inflows decreased by \$3.3 million. The net change is attributed to (1) pensions decreased \$19.3 million, (2) OPEB increased \$16.1 million and (3) lease receivable decreased \$.2 million.

The College had an overall increase of \$3.8 million in total net position from 2022 to 2023. The College's unrestricted net position is a negative \$57.8 million at year-end due to the effects related to pension and OPEB outflows, net liability, and inflows. After removal of the effect of these outflows, net liability and inflows, under the SACSCOS UNAEP model, the adjusted unrestricted net assets increased from \$87.5 million to \$93.4 million.

Fiscal Year 2022 Compared to 2021

Total assets increased by \$25.2 million during 2022, a 2.7 percent increase over 2021. The change in total assets resulted from a \$10.8 million increase in current assets primarily in accounts receivable and prepaid expenses. Capital assets, net of depreciation, increased by \$26.1 million due to the continued spend on capital projects from bond proceeds and the restatement for assets capitalized under the new accounting rule for Subscription Based Information Technology Arrangements (SBITA). Fiscal year 2022 was restated to implement the new rule retroactively as required by GASB. The increases were offset with a decrease in restricted cash or other noncurrent assets of \$11.7 million.

The College's current ratio (current assets divided by current liabilities) increased to 1.9 in 2022 from 1.7 in 2021.

Deferred outflows decreased by \$8.7 million. The net change is attributed to (1) pensions decreased \$4.3 million, (2) OPEB decreased \$3.4 million, and (3) defeased debt decreased \$1.0 million. Deferred outflows for pensions are related to the College's participation in the Teacher Retirement System of Texas (TRS). Deferred outflows for OPEB are related to the College's participation in the Employee Retirement System of Texas (ERS) for the State Retiree Health Plan. Both are as of the entities' measurement dates of August 31, 2021.

Total liabilities increased by \$5.5 million in 2022 due to the implementation of the new accounting rule for SBITAs. Bonds payable increased by \$21.5 million due to new general obligation bonds issued in February 2022. Net pension liability decreased by \$25.5 million and net OPEB liability increased by \$8.5 million due to changes in assumptions by the Teachers Retirement System of Texas (TRS - Pensions) and the Employees Retirement System of Texas (ERS - OPEB). Accounts payable decreased by \$8.5 million since the College was nearing completion of bond program projects. Notes payable increased by \$4.9 million due to a \$.9 million loan payable to the State Energy Commission office for energy savings projects and a \$4.0 million IT equipment capital finance lease.

Deferred inflows increased by \$5.4 million. The net change is attributed to (1) pensions increased \$17.4 million, (2) OPEB decreased \$10.9 million and (3) lease receivable decreased \$1.1 million.

The College had an overall increase of \$5.6 million in total net position from 2021 to 2022. The College's unrestricted net position was a negative \$63.0 million at year-end due to the effects related to pension and OPEB outflows, net liability, and inflows. After removal of the effect of these outflows, net liability and inflows, under the SACSCOS UNAEP model, the adjusted unrestricted net assets increased from \$80.4 million to \$87.5 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, 2023, with comparative information for fiscal year 2022. 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Tuition is 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, HEERF Funding, and Federal Title IV revenues, while budgeted for operations, are non-exchange transactions and, as such, are treated as non-operating revenues for financial statement purposes.

The following is a summary prepared from the College's 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>2023</u>	<u>2022, Restated</u>	<u>2021, Restated</u>
Revenues			
Operating Revenues:			
Student tuition and fees, net of allowances and discounts	\$ 39,621	\$ 36,716	\$ 39,995
Federal grants and contracts	21,425	38,646	12,943
State grants and contracts	2,618	2,557	2,153
Non-governmental grants and contracts	4,177	3,399	995
Sales and services of educational and non-educational activities	1,352	2,227	6,412
Auxiliary enterprises	2,458	2,815	1,789
Total operating revenues (Schedule A)	<u>71,651</u>	<u>86,360</u>	<u>64,287</u>
Expenses			
Operating Expenses:			
Instruction	87,349	79,776	81,110
Public service	374	395	668
Academic support	24,736	21,362	22,005
Student services	19,389	18,317	17,935
Institutional support	47,508	46,975	48,342
Operation and maintenance of plant	24,061	20,878	22,766
Scholarships and fellowships	32,329	42,451	31,546
Auxiliary enterprises	2,908	2,659	1,315
Depreciation and amortization	33,733	31,875	25,843
Total operating expenses (Schedule B)	<u>272,387</u>	<u>264,688</u>	<u>251,530</u>
Operating loss	<u>(200,736)</u>	<u>(178,328)</u>	<u>(187,243)</u>
Non-operating revenues (expenses)			
State appropriations	53,996	51,769	59,024
Maintenance ad valorem taxes	79,472	73,881	73,038
Debt service ad valorem taxes	37,687	36,071	37,616
Federal revenue, non-operating	41,619	38,082	42,988
HEERF Revenue Recovery	7,735	7,660	-
Investment income (net of investment expenses)	8,332	1,176	222
Interest on capital related debt	(24,332)	(24,743)	(25,123)
Other non-operating revenues (expenses)	3	(3)	(14)
Total non-operating revenues, net (Schedule C)	<u>204,512</u>	<u>183,893</u>	<u>187,751</u>
Increase in net position	3,776	5,565	508
<u>Net Position</u>			
Net position, beginning of year	<u>79,485</u>	<u>73,920</u>	<u>73,412</u>
Net position, end of year	<u>\$ 83,261</u>	<u>\$ 79,485</u>	<u>\$ 73,920</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following schedule shows the impact of GASB No. 68 (Pension) and GASB No. 75 (OPEB) on total expenses for the three-year period, including both restricted and unrestricted funds. The significant changes from year-to-year are related to various changes in actuarial assumptions, which are discussed in footnotes 16 and 19 and the Required Supplemental Schedule Notes. It is important to note that these actuarial assumptions are for fiscal year ended August 31, 2022, which is one year behind the College's fiscal year being reported.

	Pension and OPEB Expenses (Included in Salaries and Benefits)						Change	
	2023		2022		2021		2022 to 2023	2021 to 2022
	Total	% of	Total	% of	Total	% of		
GASB 68 - Pension	\$ 4,591,938	3%	\$ (3,707,982)	-2%	\$ 7,102,333	5%	\$ 8,299,920	\$ (10,810,315)
GASB 75 - OPEB	(757,507)	0%	(478,349)	0%	(1,960,975)	-1%	(279,158)	1,482,626
Total Pension and OPEB Expenses	\$ 3,834,431		\$ (4,186,331)		\$ 5,141,358		\$ 8,020,762	\$ (9,327,689)

Fiscal Year 2023 Compared to 2022

Operating revenues decreased by \$14.7 million to \$71.7 million for 2023 from \$86.4 million in 2022. Tuition and fees revenue (net of allowances and discounts) increased by \$2.9 million in 2023 to \$39.6 million from \$36.7 million in 2022. Total tuition increased by \$2.5 million and total allowances and discounts decreased by \$.4 million. Enrollment decreased to 30,593 from 31,577 from fall to fall, while total contact hours increased to 11.9 million from 11.6 million for 2023 and 2022, respectively. The average State appropriation per contact hour decreased to \$2.80 for 2023 from \$2.88 for 2022, while the average State appropriation per student success point remained steady at \$123.95. Sales and services activities and auxiliary enterprises decreased by \$1.2 million primarily due to a decrease in donated assets, insurance proceeds and bookstore commissions. Bookstore commissions decreased due to the College's focus on reducing students' course material costs. The College has saved students \$36 million in course material costs over the last seven years. Federal Grant related revenues decreased by \$17.2 million due to the close out of the HEERF grants and non-governmental grants and contracts increased \$.8 million.

Operating expenses increased by \$7.7 million to \$272.4 million for 2023 from \$264.7 million for 2022. Major components of the change were due to the following: (1) Scholarships and fellowships decreased \$10.1 million due to close out of the HEERF grants, (2) depreciation and amortization expense increased by \$1.9 million due to completed capital projects and right-to-use subscription assets, (3) salary expenses increased \$8.4 million for performance pay increases, higher hourly pay rates for part-time faculty and staff, adjustments in several market stipends, and higher employee headcount, (4) benefit expenses increased \$6.6 million due to pension and health care expenses, attributed to changes in assumptions by TRS and ERS.

Net non-operating revenues and expenses increased by \$20.6 million to \$204.5 million for 2023 from \$183.9 million for 2022. State appropriations increased by \$2.2 million due to an increase in restricted state benefits related to GASB 68 and GASB 75. Ad valorem tax revenue increased by \$7.2 million. The maintenance and operations tax rate decreased to 10.5500 cents from 11.2838 cents and the debt service tax rate decreased to 5.0105 cents from 5.5129 cents for 2023 and 2022, respectively. The total tax rate decreased to 15.5605 cents for 2023 from 16.7967 for 2022. The overall tax rate was reduced due to increases in the College's certified tax values. Net investment income increased by \$7.2 million due to increases in earnings rates from a low of 2.38% at the start of the year to a high of 5.56% at the end of the year. Federal revenue increased by \$3.5 million primarily due to higher Pell Grants awarded under new federal legislation.

Instructional costs increased by \$7.6 million due to salary and benefits for additional full and part-time faculty, and increased pension and OPEB costs for all full-time faculty.

Fiscal Year 2022 Compared to 2021

Operating revenues increased by \$22.1 million to \$86.3 million for 2022 from \$64.3 million in 2021. Tuition and fees revenue (net of allowances and discounts) decreased by \$3.3 million in 2022 to \$36.7 million from \$40.0 million in 2021. Total tuition decreased by \$1.1 million and total allowances and discounts increased by \$2.2 million.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Enrollment increased to 31,577 from 31,110 from fall to fall and total contact hours remained steady at 11.7 million for 2022 and 2021. The average State appropriation per contact hour decreased to \$2.88 for 2022 from \$3.10 for 2021, while the average State appropriation per student success point increased from \$101.27 to \$123.95. Sales and services activities and auxiliary enterprises decreased by \$3.2 million, primarily due to insurance reimbursements of \$4.2 million received in 2021 for expenditures related to the winter storm in February 2021 (Uri). This decrease was offset by increases in auxiliary enterprises revenue of \$1 million. Food service and bookstore commissions increased in 2022 as students returned to campus. Federal Grant related revenues increased by \$25.7 million due to \$21.0 million from HEERF funding and \$4.7 million from U.S. Department of Education funding. Non-governmental grants and contracts increased \$2.4 million due to the Promise @ San Jac Scholarship Program.

Operating expenses increased by \$13.2 million to \$264.7 million for 2022 from \$251.5 million for 2021. Major components of the change were due to the following: (1) Scholarships and fellowships increased \$10.9 million due to federal student aid and the Promise Program scholarships, (2) depreciation and amortization expense increased by \$6.0 million due to completed capital projects and implementation of the new accounting rule for SBITAs, (3) salary and benefit expense increased due to employee performance pay increases of \$3.5 million, and (4) reduction in winter storm (URI) expenditures of \$4.2 million.

Net non-operating revenues and expenses decreased by \$3.9 million to \$183.9 million for 2022 from \$187.8 million for 2021. State appropriations decreased by \$7.3 million due to a \$.8 million net decrease in contact hour and student success point funding, and a \$6.5 million decrease in restricted state benefits related to GASB 68 and GASB 75. Ad valorem tax revenue decreased by \$.7 million. The maintenance and operations tax rate increased to 11.2838 cents from 11.1738 cents and the debt service tax rate decreased to 5.5129 cents from 5.7620 cents for 2022 and 2021, respectively. The total tax rate decreased to 16.7967 cents for 2022 from 16.9358 for 2021. The debt service tax rate decreased due to a planned reduction in debt service requirements. Net investment income increased by just under \$1 million due to increases in earnings rates from a low of 0.06% at the start of the year to a high of 2.38% at the end of the year. Investable cash decreased due to the expenditures related to capital projects. Interest on capital debt decreased by \$.4 million due to savings realized through refunding of bonds. Federal revenue decreased by \$4.4 million due to an overall reduction in U.S. Department of Education grants to students as a result of increased HEERF distributions to students.

THE STATEMENT OF CASH FLOWS

The Statement of Cash Flows combines information from the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position to illustrate the effect of various actions of the College on the availability and ultimate change in the amount of cash from one year to the next. The cash provided or used by operations, capital and non-capital financing, and investing activities combine to show the net change in cash and cash equivalents. The final portion of the statement of Cash Flows reconciles the net income or loss from operations to the cash provided or used by operations. The Statement of Cash Flows is presented in Exhibit 3.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets

In 2023, the College had a \$.8 million increase in net capital assets. The increase was due to a \$54.2 million net increase in depreciable assets for completed construction projects placed in service and right-to-use assets offset by a \$20.1 million net decrease in construction in progress, and a net increase in accumulated depreciation of \$33.4 million.

In 2022, the College had a \$26.1 million increase in net capital assets. The increase was due to a \$92.5 million net increase to depreciated assets for completed construction projects placed in service and right-to-use assets offset by a \$32.0 million net decrease in construction in progress, and a net increase in accumulated depreciation of \$34.3 million.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-Term Debt

During fiscal year 2023, the College issued no new general obligation bonds nor were any bonds defeased; however, normal principal payments were made decreasing the overall bonds payable balance.

During fiscal year 2022, the College issued \$43.1 million of Limited Tax General Obligation Refunding Bonds (Series 2022, par value \$43.1 million plus a \$5.3 million premium). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, partially refund Series 2011, 2012 and 2015 limited tax refunding bonds, as well as pay the costs of the issuance for the Series 2022 Bonds.

During fiscal year 2022, the College defeased 2011 General Obligation bonds and 2015 General Obligation refunding bonds using unrestricted funds. Additionally, \$2.9 million was deposited into an irrevocable trust until the bonds were callable in February 2023 to defease principal of \$1.9 million and interest of \$1.0 million.

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

Note 6- Capital Assets	Note 11 - Pledged Revenue Coverage
Note 7- Construction Commitments	Note 12 - Refunding Bonds
Note 8- Noncurrent Liabilities	Note 13 - Defeased Bonds Outstanding
Note 9- Bonds and Notes Payable	Note 15 - Leases
Note 10 - Debt Obligations	

AD VALOREM TAXES

To fund fiscal year 2023, on October 3, 2022, the Board approved the adoption of the 2022 tax rate of 15.5605 cents per \$100 valuation which was 0.0124 cents below the prior year rate of 16.7967 cents. The adopted rate was higher than the calculated no-new revenue tax rate of 14.8513 cents and required the College to hold a public hearing. The maintenance and operations tax rate decreased to 10.5500 cents and the debt service tax rate decreased to 5.0105 cents. The total taxes imposed on a residence homestead at the average appraised value of \$157,553 (excluding special exemptions for persons 65 years of age or older or disabled) at the adopted rate were \$245.16. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption incurred no taxes (\$0.00) to the College on a residence taxed at the average market value. Certified property tax values for the 2022 tax year were received from the Harris County Appraisal District (HCAD) on August 31, 2022. The certified tax roll values for 2022 were \$76.8 billion, which was \$10.2 billion (15.3%) higher than the prior year valuations.

To fund fiscal year 2022, on October 4, 2021, the Board approved the adoption of the 2021 tax rate of 16.7967 cents per \$100 valuation which was 0.0014 cents below the prior year rate of 16.9358 cents. The adopted rate was higher than the calculated no-new revenue tax rate of 16.2566 cents and required the College to hold a public hearing. The maintenance and operations tax rate increased to 11.2838 cents and the debt service tax rate decreased to 5.5129 cents. The total taxes imposed on a residence homestead at the average appraised value of \$139,016 (excluding special exemptions for persons 65 years of age or older or disabled) at the adopted rate were \$233.50. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption incurred no taxes (\$0.00) to the College on a residence taxed at the average market value. Certified property tax values for the 2021 tax year were received from the HCAD on August 16, 2021. The certified tax roll values for 2021 were \$66.6 billion, which was \$1.4 billion (2.1%) higher than the prior year valuations.

CREDIT RATINGS

At August 31, 2023, the College's credit ratings are as follows:

	<u>Moody's Investor's Service (1) Standard & Poor's (2)</u>	
General Obligation Bonds	Aa2/Stable	AA/Positive
Combined Fee Revenue Bonds *	Aa3/Stable	Not Rated**

SAN JACINTO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- (1) Moody's affirmed its rating on the General Obligation Bonds on January 12, 2022.
- (2) Standard & Poor's affirmed its rating on the General Obligation Bonds on January 13, 2022.
- * The rating on the Combined Fee Revenue Bonds was assigned on July 09, 2015.
- ** Standard & Poor's was not requested to assign and does not maintain a rating the on the Combined Fee Revenue Bonds.

In January 2022, Standard & Poor's Global Ratings revised the outlook to positive from stable and affirmed its 'AA' long-term rating on San Jacinto Community College District, Texas' previously issued general obligation (GO) debt. At the same time, S&P Global Ratings assigned its 'AA' long-term rating to the College's series 2022 limited tax GO building and refunding bonds.

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.

The Local Economy

While the Houston economy has substantially recovered from the pandemic, there are national economic conditions that are of concern which could result in an economic recession. As a result, the College could face potential shortfalls in its primary funding streams coming from enrollment, State funding, and property tax revenues during upcoming fiscal years. With the College's long history of financial resiliency and the readiness needed to weather challenges, the budget for fiscal year 2024 is very conservative but is also forward focused on achieving the College's strategic plan. The College continues to review all expenditures, including hiring decisions, to determine if an expenditure is mission critical and focused on student success before being allocated.

Ad Valorem Taxes

To fund fiscal year 2024, on October 2, 2023, the Board approved the adoption of the 2023 tax rate of 14.6195 cents per \$100 valuation which is 0.094 cents below the prior year rate of 15.5605 cents. The adopted rate is higher than the calculated no-new revenue tax rate of 14.0269 cents and required the College to hold a public hearing. The maintenance and operations tax rate decreased to 9.9152 cents and the debt service tax rate decreased to 4.7043 cents. The College also increased its residential homestead exemption from 1 percent to 5 percent effective with the 2023 tax year. The financial impact of this exemption increase was considered when setting the tax rates. The total taxes imposed on a residence homestead at the current year's average appraised value of \$170,800 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$249.70. 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 2023 tax year were received from the HCAD on August 29, 2023. The certified tax roll values for 2023 are \$86.3 billion, which is \$9.5 billion (12.4%) higher than the prior year valuations.

Enrollment

Enrollment for fall 2023 is up by 2.7% compared to fall 2022. As of October 30, 2023, the student headcount enrollment was at 31,538, which is up 842 from fall 2022 enrollment of 30,696 at the same point in the term. Fall 2023 contact hours are 5,438,704, which is an increase of 271,000 contact hours, or 5.2% compared to the fall 2022 contact hours of 5,167,704, generated at the same point in time the previous year. The overall increase in enrollment over fall 2022 relates to the continued recovery to pre-pandemic levels, the strong response to the Promise @ San Jac program, and continued demand for dual credit courses. The increase in contact hours is largely attributable to the Promise @ San Jac Program and the requirement for students receiving that scholarship to take 12 semester credit hours or more.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Future Outlook

Looking ahead to fiscal year 2024 and beyond, the Board and administration will closely monitor the levels of State support, property tax values, and continue to keep tuition affordable for students. The College is also 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 of instructional programs. The College has strong financial reserves, prudent debt reduction strategies, and is positioned well for the future as a result of its strong leadership and fiscal management.

House Bill 8 (HB8), the community college funding bill, brought many new opportunities to the College effective fiscal year 2024. A new outcomes-based funding model has enabled the College to fund additional employees, raises, benefits, and expansion of instructional initiatives and services that benefit students. Another component of HB 8, the Financial Aid for Swift Transfer (FAST), brings a significant benefit for many of our dual credit students and their parents. The FAST program requires that students identified as educationally disadvantaged may not pay any portion of their attendance cost which includes tuition, course fees, and course materials (San Jacinto College does not charge course fees, so this component does not apply) at a participating higher education institution. A dual credit student meets the definition of educationally disadvantaged by qualifying for free or reduced lunch at their local school districts in any of the previous four years. The FAST program is designed for students taking courses on either an academic or technical pathway, and the goal from the State is to expand in both areas.

New Bachelor Program

The Board of Trustees approved offering a Bachelor of Applied Technology degree in Information Technology with an emphasis in Cybersecurity (BAT-IT-CYB) at the October 2023 meeting. This will be the College's third bachelor's degree program and the program will also feature a Security Operations Center (SOC) to allow hands-on and real-life cybersecurity and analytics experiences for our students. Information security, also known as cybersecurity, is experiencing rapid growth and soaring demand for professionals on a global scale. As technology advances and becomes increasingly integrated into our daily lives, the need for experts in cybersecurity has grown significantly. This surge in demand has led to diverse career opportunities in various specializations, including network security, threat intelligence, cloud security, incident response, and more. Many cybersecurity professionals start as security analysts and can progress into high-level management positions, such as Chief Information Security Officers (CISOs). By offering this degree, the College will be able to train students to meet the needs of our local and global industries.

Promise @ San Jac Program

Three years ago, the College launched the Promise @ San Jac Program with three high schools in Pasadena ISD providing students with the opportunity to attend San Jacinto College without the financial burden to complete their credential. Beginning with the class of 2022, all graduating seniors who live within the taxing district were able to attend San Jacinto College as a Promise Scholar to complete their certificate or associate degree. In fall 2023, 3,219 students enrolled as Promise students. This expansion of the Promise @ San Jac Program pays for all tuition costs after financial aid and other scholarships are applied, and also covers books and supplies.

Promise Scholars must take 12 semester credit hours or more, must maintain a 2.0 GPA, and have three years to complete their credential. This is truly a program built on the College's promise to support our students with resources and their promise to perform and complete. This program is being funded with the \$30 million donation from MacKenzie Scott which was received by the San Jacinto College Foundation in 2021. Additional donors have and continue to contribute to create a sustainable endowment.

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 Office of the Vice Chancellor, Fiscal Affairs at 4624 Fairmont Parkway, Pasadena, Texas 77504.

BASIC FINANCIAL STATEMENTS



SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2023 and 2022

Exhibit 1

	<u>2023</u>	<u>2022, Restated</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 63,049,903	\$ 69,459,049
Investments	9,972,400	20,650,684
Accounts receivable, net	35,154,910	35,480,262
Prepaid expenses	5,991,425	6,246,721
Inventories	434,916	435,168
	<hr/>	<hr/>
Total current assets	114,603,554	132,271,884
Noncurrent assets:		
Restricted cash and cash equivalents	78,297,288	88,217,088
Other long-term investments	19,922,200	-
Capital assets, net of accumulated depreciation	680,658,669	659,815,701
Capital assets not being depreciated	46,567,038	66,631,938
	<hr/>	<hr/>
Total noncurrent assets	825,445,195	814,664,727
Total assets	<hr/>	<hr/>
	940,048,749	946,936,611
Deferred outflows of resources:		
Deferred outflows related to pensions	21,400,078	12,486,706
Deferred outflows related to OPEB	16,454,021	19,256,731
Deferred outflows related to defeased debt	4,554,253	5,500,189
	<hr/>	<hr/>
Total deferred outflows of resources	42,408,352	37,243,626
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	15,335,549	16,762,332
Accrued interest payable	1,089,712	1,127,402
Accrued compensable absences - current portion	179,237	172,363
Deferred compensation	149,750	146,350
Unearned revenue	28,786,630	26,691,468
Net OPEB liability - current portion	2,500,600	3,559,069
Notes payable - current portion	2,142,561	1,890,756
Lease liability - current portion	226,697	190,452
SBITA liability - current portion	2,919,503	2,030,248
Bonds payable - current portion	22,298,944	18,333,854
	<hr/>	<hr/>
Total current liabilities	75,629,183	70,904,294
Noncurrent liabilities:		
Accrued compensable absences	2,238,080	2,152,249
Net pension liability	49,944,685	20,637,425
Net OPEB liability	93,684,200	112,279,723
Notes payable	5,163,435	2,987,323
Lease liability	159,268	187,698
SBITA liability	4,935,439	2,912,525
Bonds payable	625,672,824	647,538,045
	<hr/>	<hr/>
Total noncurrent liabilities	781,797,931	788,694,988
Total liabilities	<hr/>	<hr/>
	857,427,114	859,599,282
Deferred inflows of resources:		
Deferred inflows related to pensions	5,790,103	25,055,564
Deferred inflows related to OPEB	34,752,051	18,658,275
Deferred inflows related to lease receivable	1,227,300	1,382,496
	<hr/>	<hr/>
Total deferred inflows of resources	41,769,454	45,096,335
<u>Net Position</u>		
Net investment in capital assets	137,715,509	135,411,631
Restricted for:		
Expendable:		
Grants and Plant	1,815,257	5,764,345
Debt service	1,544,659	1,275,703
Unrestricted	(57,814,891)	(62,967,059)
	<hr/>	<hr/>
Total net position (Schedule D)	\$ 83,260,534	\$ 79,484,620

SAN JACINTO COMMUNITY COLLEGE DISTRICT
FOUNDATION, INC. (a Texas Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

Exhibit 1A

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,627,972	\$ 2,366,052
Pledges receivable	89,255	126,200
Investments	41,756,908	38,930,334
Pledges receivable with perpetual donor restrictions	<u>2,375,901</u>	<u>3,007,500</u>
Total assets	<u>\$ 46,850,036</u>	<u>\$ 44,430,086</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Scholarships and programs payable	<u>\$ 3,023,018</u>	<u>\$ 1,283,635</u>
Total liabilities	<u>3,023,018</u>	<u>1,283,635</u>
Net assets:		
Without donor restrictions	33,134,834	30,437,533
With donor restrictions	<u>10,692,184</u>	<u>12,708,918</u>
Total net assets	<u>43,827,018</u>	<u>43,146,451</u>
Total liabilities and net assets	<u>\$ 46,850,036</u>	<u>\$ 44,430,086</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended August 31, 2023 and 2022

Exhibit 2

	<u>2023</u>	<u>2022, Restated</u>
<u>Operating Revenues</u>		
Student tuition and fees (net of allowances and discounts of \$31,298,127 and \$31,714,276, respectively)	\$ 39,620,817	\$ 36,715,548
Federal grants and contracts	21,425,207	38,646,060
State grants and contracts	2,617,727	2,556,606
Non-governmental grants and contracts	4,177,104	3,399,392
Sales and services of educational and non-educational activities	1,351,830	2,226,602
Auxiliary enterprises	2,458,450	2,815,511
Total operating revenues (Schedule A)	<u>71,651,135</u>	<u>86,359,719</u>
<u>Operating Expenses</u>		
Instruction	87,349,469	79,776,127
Public service	374,378	394,816
Academic support	24,735,887	21,362,107
Student services	19,388,907	18,317,314
Institutional support	47,508,456	46,974,706
Operation and maintenance of plant	24,060,683	20,877,679
Scholarships and fellowships	32,328,536	42,450,534
Auxiliary enterprises	2,907,937	2,659,402
Depreciation and amortization	33,732,407	31,875,260
Total operating expenses (Schedule B)	<u>272,386,660</u>	<u>264,687,945</u>
Operating loss	<u>(200,735,525)</u>	<u>(178,328,226)</u>
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	53,996,383	51,768,866
Maintenance ad valorem taxes	79,471,674	73,880,718
Debt service ad valorem taxes	37,687,251	36,071,243
Federal revenue, non-operating	41,618,548	38,081,682
HEERF Revenue Recovery	7,735,228	7,659,973
Investment income (net of investment expenses)	8,331,548	1,176,043
Interest on capital related debt	(24,331,783)	(24,742,223)
Other non-operating revenues (expenses)	2,589	(3,097)
Total non-operating revenues, net (Schedule C)	<u>204,511,438</u>	<u>183,893,205</u>
Increase in net position	3,775,913	5,564,979
<u>Net Position</u>		
Net position, beginning of year	<u>79,484,621</u>	<u>73,919,642</u>
Net position, end of year	<u>\$ 83,260,534</u>	<u>\$ 79,484,621</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT
FOUNDATION, INC. (a Texas Nonprofit Corporation)**

Exhibit 2A

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:						
Contributions	\$ 697,378	\$ 1,640,726	\$ 2,338,104	\$ 470,739	\$ 1,141,152	\$ 1,611,891
Special events, net of costs of direct donor benefits	-	-	-	432,090	-	432,090
Interest and dividends, net of investment expenses	1,226,856	260,810	1,487,666	827,382	195,571	1,022,953
Net change in fair value of investments	1,740,862	289,136	2,029,998	(5,760,437)	(933,475)	(6,693,912)
Net assets released from restrictions	4,207,406	(4,207,406)	-	2,627,823	(2,627,823)	-
Total public support and revenues	7,872,502	(2,016,734)	5,855,768	(1,402,403)	(2,224,575)	(3,626,978)
Expenses:						
Program services	4,224,415	-	4,224,415	2,678,453	-	2,678,453
Supporting services:						
General and administrative	798,986	-	798,986	529,529	-	529,529
Fundraising	-	-	-	145,945	-	145,945
Total expenses	5,023,401	-	5,023,401	3,353,927	-	3,353,927
Change in net assets	2,849,101	(2,016,734)	832,367	(4,756,330)	(2,224,575)	(6,980,905)
Net assets, beginning of year	30,437,533	12,708,918	43,146,451	35,193,863	14,933,493	50,127,356
Prior Period Adjustment	(151,800)	-	(151,800)	-	-	-
Net assets, end of year	<u>\$ 33,134,834</u>	<u>\$ 10,692,184</u>	<u>\$ 43,827,018</u>	<u>\$ 30,437,533</u>	<u>\$ 12,708,918</u>	<u>\$ 43,146,451</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2023 and 2022

Exhibit 3

	<u>2023</u>	<u>2022, Restated</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 43,290,406	\$ 39,098,271
Receipts of grants and contracts	30,249,364	39,941,606
Payments to suppliers for goods or services	(52,903,876)	(61,056,750)
Payments to or on behalf of employees	(141,852,703)	(132,122,353)
Payments of scholarships and fellowships	(32,728,273)	(42,700,541)
Net cash used by operating activities	<u>(153,945,082)</u>	<u>(156,839,767)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from State appropriations	42,304,141	41,659,746
Receipts from ad valorem taxes - maintenance and operating	78,870,591	73,094,209
Receipts from non-operating Federal revenue	49,353,776	45,741,655
Net cash provided by non-capital financing activities	<u>170,528,508</u>	<u>160,495,610</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	37,459,096	35,812,091
Proceeds from sale of capital assets	20,675	500
Purchases of capital assets	(27,102,354)	(49,818,043)
Proceeds from notes payable	4,877,389	7,031,464
Payment on notes payable	(2,428,894)	(2,260,800)
Payment on lease and subscription assets	(3,868,660)	(2,934,148)
Proceeds from general obligation bonds	-	43,095,000
Payment on capital debt - principal	(15,155,000)	(19,765,612)
Payment on capital debt - interest	(25,894,867)	(25,614,198)
Net cash used by capital and related financing activities	<u>(32,092,615)</u>	<u>(14,453,746)</u>
<u>Cash flows from investing activities</u>		
Investment income	8,258,455	1,204,764
Purchase of investments	(39,819,212)	(20,679,404)
Sale of investments	30,741,000	-
Net cash used by investing activities	<u>(819,757)</u>	<u>(19,474,640)</u>
Increase (Decrease) in cash and cash equivalents	(16,328,946)	(30,272,543)
Cash and cash equivalents, beginning of year	<u>157,676,137</u>	<u>187,948,680</u>
Cash and cash equivalents, end of year	<u>\$ 141,347,191</u>	<u>\$ 157,676,137</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (200,735,525)	\$ (178,328,226)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	33,732,408	31,875,260
Bad debt expense	1,417,649	1,426,884
Tax collection fee	247,506	244,741
Payments made directly by state for benefits	11,692,242	10,109,120
Changes in assets and liabilities:		
Receivables, net	(1,510,088)	(7,363,028)
Prepaid expenses	255,296	(2,098,641)
Inventories	252	115,434
Donated assets	(25,000)	(350,000)
Deferred outflows related to pensions and OPEB	(6,110,662)	7,644,867
Accounts payable	(2,017,276)	(8,843,622)
Accrued liabilities	590,458	362,612
Unearned revenue	2,095,162	35,392
Compensated absences and deferred compensation	96,105	(90,685)
Net pension liability	29,307,260	(25,508,280)
Net OPEB liability	(19,653,992)	8,495,503
Deferred inflows related to pensions and OPEB	(3,171,685)	6,501,990
Deferred inflow related to lease receivable	(155,192)	(1,069,088)
Net cash used by operating activities	<u>\$ (153,945,082)</u>	<u>\$ (156,839,767)</u>
<u>Non-cash investing, capital, and financing activities</u>		
Amortization of discounts and premiums on bonds	3,178,854	3,150,621
Gifts of depreciable and non-depreciable assets	25,000	350,000
Accreted interest on capital appreciation bonds	433,723	592,210
Deferred outflow related to defeased/refunded debt	945,936	1,054,128
Net non-cash investing, capital, and financing activities	<u>\$ 4,583,513</u>	<u>\$ 5,146,959</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
FOUNDATION, INC. (a Texas Nonprofit Corporation)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

EXHIBIT 3A

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 832,367	\$ (6,980,905)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net Change in fair value of investment	(2,029,998)	6,693,912
Contributions with perpetual donor restrictions	85,318	(19,623,463)
(Increase) decrease in pledges receivable	36,945	9,740
Increase (decrease) in scholarships and programs payable	<u>1,739,383</u>	<u>917,886</u>
Net cash provided (used) by operating activities	<u>664,015</u>	<u>(18,982,830)</u>
<u>Cash flows from investing activities</u>		
Sale (purchase) of investments	<u>(796,576)</u>	<u>(1,898,666)</u>
Net cash used by investing activities	<u>(796,576)</u>	<u>(1,898,666)</u>
<u>Cash flows from financing activities</u>		
Proceeds from contributions with perpetual donor restrictions	<u>394,481</u>	<u>20,124,463</u>
Net cash provided by financing activities	<u>394,481</u>	<u>20,124,463</u>
Net change in cash and cash equivalents	261,920	(757,033)
Cash and cash equivalents, beginning of year	<u>2,366,052</u>	<u>3,123,085</u>
Cash and cash equivalents, end of year	<u>\$ 2,627,972</u>	<u>\$ 2,366,052</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

August 31, 2023 and 2022

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 its taxing district 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.

The San Jacinto Community College Foundation, Inc. (the Foundation) is a non-profit organization established in 1996 for the purpose of providing benefits, such as scholarships and grants, to the College through private funds raised by the Foundation. Under GASB Statement No. 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's most recent fiscal year end comparative Statements of Financial Position, Statements of Activities and Changes in Net Assets, and Statements of Cash Flows, which are prepared in accordance with the standards of the Financial Accounting Standards Board, are included in the College's annual comprehensive financial report as a discretely presented component unit. Complete financial statements for the Foundation can be obtained from the administrative office of the Foundation.

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. 101 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

GASB Statement No. 87 - *Leases*

[GASB Statement 87 Link](#)

GASB Statement No. 87 Leases was issued in June 2017 and was effective for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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 was adopted during the College's fiscal year ending August 31, 2022. The College has incorporated such leases into its capital assets and long-term liabilities on both the face of the financial statements and note disclosures.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

GASB Statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*
[GASB Statement 89 Link](#)

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement was adopted during the College's fiscal year end August 31, 2022.

GASB Statement No. 91 - *Conduit Debt Obligations*
[GASB Statement 91 Link](#)

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. This Statement was originally effective for the College's fiscal year ending August 31, 2022 but was postponed to August 31, 2023, as a result of GASB Statement No. 95. The College has determined this Statement is not applicable.

GASB Statement 92 - *Omnibus 2020*
[GASB Statement 92 Link](#)

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics and includes the following: Statement No. 87, Statement No. 73, Statement No. 74, Statement No. 84, and other topics. The application of this statement is expected to provide more comparable reporting and improve the usefulness for financial statement users. This Statement was adopted during the College's fiscal year end August 31, 2022.

GASB Statement No. 93 - *Replacement of Interbank Offered Rates*
[GASB Statement 93 Link](#)

The objective of this statement is to address accounting and financial reporting implications resulting from global reference rate reform. Government agreements in which variable payments made or received depend on IBOR, most notably the London Interbank Offered Rate (LIBOR), will be affected, as LIBOR will cease to exist at the end of 2021. Rate provisions in Statement Nos. 53 and 87 will also be affected. Most requirements of this statement are effective for reporting periods beginning after June 15, 2020; however, requirements regarding the removal of LIBOR as an appropriate benchmark are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. This Statement is effective for the College's fiscal year ending August 31, 2022. The College has determined this Statement is not applicable.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

GASB Statement 94 - *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*

[GASB Statement 94 Link](#)

The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. Requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. This Statement is effective for the College's fiscal year ending August 31, 2023. The College has determined this Statement is not applicable.

GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*

[GASB Statement 95 Link](#)

The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for reporting periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement Nos. 83, 84, 88, 89, 90, 91, 92, 93, and Implementation Guide Nos. 2017-3, 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3.

Requirements of this statement are effective immediately. Changes in effective dates noted in the pertinent GASB Statements above.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements (SBITA)*

[GASB Statement 96 Link](#)

The objective of this statement is to (1) define a SBITA; (2) establish that SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement is effective for the College's fiscal year ending August 31, 2023. The College has evaluated the effects of this Statement and has determined that it has an impact to the financial statements. The College has incorporated such arrangements into its capital assets and long-term liabilities on both the face of the financial statements and note disclosures.

GASB Statement 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (an amendment of GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32)*

[GASB Statement 97 Link](#)

The primary objectives of this statement are the following: (1) increase consistency and comparability in the reporting of fiduciary component units where the potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of reporting defined contribution plans, defined contribution OPEB plans, or other employee benefit plans that are administered through trusts are effective immediately. This Statement was adopted during The College's fiscal year ending August 31, 2021 with no significant impact.

GASB Statement No. 99 – *Omnibus 2022 (SBITA)*

[GASB Statement 99 Link](#)

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The statement addresses a variety of topics and includes the following: Statement Nos. 34, 53, 63, 87, 96, and other topics. The application of this statement is expected to provide more comparable reporting and improve the consistency of authoritative literature.

The requirements related to extension of the use of LIBOR, accounting for supplemental nutrition assistance program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately.

The requirements related to leases, public-public and public-private partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

The College adopted the various requirements of the provisions planned for fiscal years 2022 and 2023 and is evaluating the impact of the others planned for fiscal year 2024.

GASB Statement No. 100 - *Accounting Changes and Error Corrections*

[GASB Statement 100 Link](#)

The primary objective of this statement is to enhance accounting and financial reporting related to accounting changes and error corrections. This statement: (1) defines accounting changes and describes the transactions or other events that constitute those changes, (2) addresses corrections of errors in previously issued financial statements, (3) prescribes the accounting and financial reporting for each type of accounting change and error corrections, (4) requires note disclosures, and (5) addresses how accounting changes and error corrections should be presented in required supplementary information (RSI) and supplementary information (SI). The application of this statement is intended to result in greater consistency and understandable, reliable, and relevant information. This Statement is effective for the College's fiscal year ending August 31, 2024. The College is currently evaluating the impact of adopting this Statement.

GASB Statement No. 101 – *Compensated Absences*

[GASB Statement 101 Link](#)

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Requirements of this statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged. The College is currently evaluating the impact of adopting this statement.

GASB Implementation Guide No. 2021-1

This guidance provides clarification to prior GASB pronouncements and implementation guides. In particular, question 5.1 addresses a prior question regarding capitalization thresholds. Colleges should determine the capitalization threshold for a group of assets, the individual cost of which does not exceed the capitalization threshold above but could be significant in the aggregate. The requirements of this topic are effective for fiscal years beginning after June 15, 2023 but earlier application is encouraged. The College implemented a capitalization threshold of \$100,000 for a group of assets in fiscal year 2023.

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.

Measurement Focus and 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.

However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the College the right-to-use leased assets, are reported as expenditures in governmental funds. Proceeds from long-term debt issuance and financing through leases are reported as other financing sources.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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.

Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) until then. The College has three items that qualify for reporting in this category. In the statement of net position, the College reports deferred amounts related to refundings, pension, and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

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 \$136,880,493 and \$154,158,908 as of August 31, 2023 and 2022, respectively, to be cash equivalents. The College also had investments in U.S. Government Securities in the amount of \$29,894,600 as of August 31, 2023. 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 long-term investments of \$19,922,200 and \$0 as of August 31, 2023 and 2022, respectively.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, the right to use subscription arrangements, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the estimated useful lives shown below. As the College constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets and intangible right-to-use subscription assets, the measurement of which is discussed in Note 15 below).

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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. If the individual acquisition cost is less than \$5,000 but the total purchase of similar assets is \$100,000 or more, the group of assets is capitalized (e.g., annual furniture replenishment purchases). The threshold of \$100,000 is applied to a single purchase order for similar assets. 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, 2023 and 2022. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

ASSET GROUPS SUBJECT TO DEPRECIATION	USEFUL LIFE
Buildings	50 years
Land improvements	20 years
Library books	15 years
Furniture, equipment and vehicles	10 years
Telecommunications and peripheral equipment	5 years
Right-to-use leased equipment	Depends on lease term (3-5 years)
Subscription assets	Depends on term arrangement (3-5 years)

Net Pension Liability - Teachers Retirement System of Texas

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

Net Other Post-Employment Benefits Liability - Employees Retirement System of Texas

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Unearned Revenue

Unearned revenue, primarily consisting of tuition and fees, relates to academic terms in the next fiscal year and, as such, has been recognized as a liability. At August 31, 2023 and 2022, unearned revenue was \$28,786,630 and \$26,691,468, respectively.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The College has three items that qualify for reporting in this category. In the statement of net position, the College reports deferred amounts related to pension, OPEB, as well as tenant lease receivables.

Leases

Lessee: The College is a lessee for a noncancellable lease of equipment, vehicles, building office spaces, and land. The College recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The College recognizes lease liabilities with an initial, individual value of \$30,000 or more.

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes that occur are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The College is a lessor for a noncancellable lease of a building. The College recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the College measures the lease receivable at the present value of fixed or minimum payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

the lease term.

Key estimates and judgments include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The College uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes that occur are expected to significantly affect the amount of the lease receivable.

Subscriptions

The College has several subscription-based information technology arrangements for software and cloud-server services. The College recognizes a subscription liability and an intangible right-to-use subscription asset in the statement of net position. The College recognizes subscription liability with an initial, individual value of \$100,000 or more.

At the commencement of an arrangement, the College initially measures the subscription liability at the present value of payments expected to be made during the arrangement term. Subsequently, the subscription liability is reduced by the principal portion of arrangement payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for arrangement payments made at or before the commencement date, plus certain applicable initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over term of the arrangement.

Key estimates and judgments related to subscriptions include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) arrangement term, and (3) arrangement payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The arrangement term includes the noncancellable period of the subscription. Arrangement payments included in the measurement of the subscription liability are composed of fixed payments.

The College monitors changes in circumstances that would require a remeasurement of its subscription arrangements and will remeasure the subscription asset and liability if certain changes that occur are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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 and payables 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 legal or contractual obligations that require the amounts to be spent in accordance with the external restrictions.

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.

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 College made a prior year restatement to eliminate direct student loan fees from tuition, discounts, and scholarships and fellowships. The effect is a net zero impact to the Statement of Revenue, Expenses, and Changes in Net Position.

In accordance with GASB 96, the College made a prior year restatement to recognize a subscription liability and intangible right-to-use subscription assets which are included on the College's Statement of Net Position and resulted in an increase in capital assets, net of accumulated depreciation of \$726,428, as well as an increase in net position of \$337,144 in fiscal year 2022. See Footnote 24.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

3. 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, 2023 and 2022.

4. Authorized Investments

The Board of Trustees of the College has adopted a written investment policy (the 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.

Deposits and Investments

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents:		
Petty cash on hand	\$ 19,067	\$ 19,166
External investment pools	136,880,493	154,158,908
Money market	-	-
Subtotal cash and cash equivalents	<u>136,899,560</u>	<u>154,178,074</u>
Bank deposits - demand deposits	<u>4,447,631</u>	<u>3,498,063</u>
Total cash and deposits, August 31	<u>\$ 141,347,191</u>	<u>\$ 157,676,137</u>

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

	<u>2023</u>	<u>2022</u>
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents:		
Current	\$ 63,049,903	\$ 69,459,049
Noncurrent	78,297,288	88,217,088
Investments:		
Current	9,972,400	20,650,684
Noncurrent	<u>19,922,200</u>	<u>-</u>
Total cash, cash equivalents and investments	<u>\$ 171,241,791</u>	<u>\$ 178,326,821</u>

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>2023</u>						
External investment pools	\$ 136,880,493	\$ 136,880,493	\$ -	\$ -	1.00	AAA-AAAm
U.S. Treasuries	-	-	-	-	1.00	AAA-AAAm
U.S. Agencies	29,894,600	9,972,400	19,922,200	-	1.00	AAA-AAAm
Certificates of Deposit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.00</u>	<u>AAA-AAAm</u>
Totals	<u>\$ 166,775,093</u>	<u>\$ 146,852,893</u>	<u>\$ 19,922,200</u>	<u>\$ -</u>	<u>1.00</u>	
<u>2022</u>						
External investment pools	\$ 154,158,908	\$ 154,158,908	\$ -	\$ -	1.00	AAA-AAAm
U.S. Treasuries	9,956,600	9,956,600	-	-	1.00	AAA-AAAm
U.S. Agencies	9,960,900	9,960,900	-	-	1.00	AAA-AAAm
Certificates of Deposit	<u>733,184</u>	<u>733,184</u>	<u>-</u>	<u>-</u>	<u>1.00</u>	<u>AAA-AAAm</u>
Totals	<u>\$ 174,809,592</u>	<u>\$ 174,809,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1.00</u>	

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

4. Authorized Investments (continued)

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, 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 2023 and 2022, 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, 2023 and 2022.

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 of the College to invest its public funds in a manner which will provide the highest reasonable investment return with the maximum security while meeting the daily cash flow requirements of the College and conforming to all state and federal statutes governing the investment of public funds. 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>Type of Investment</u>	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	90%	Local Government Investment Pools	100%
U.S. Agency and Instrumentality Obligations	85%	Participation Per Pool	10% of pool
SEC Registered Money Market Funds	60%	Commercial Paper	25%
Repurchase Agreements	75%	Limit per issuer	5%
Flex Repurchase (Bond Funds)	100% of Issue	Municipal Obligations	50%
Collateralized/Insured Certificates of Deposits	20%	Limit per issuer	10%
FDIC Insured Brokered Certificates of Deposits	20%	Limit per geographical region	50%
Negotiable Certificates of Deposits	15%	Corporate Obligations	30%
Limit per bank	5%	Limit per issuer	5%

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

4. Authorized Investments (continued)

As of August 31, 2023, the investment portfolio consisted of 79.9% in investment pools, 17.5% in U.S. Agency Obligations, and 2.6% in petty cash and demand deposits. As of August 31, 2022, the investment portfolio consisted of 86.5% in investment pools, 5.6% in U.S. Treasury Obligations, and 5.6% in U.S. Agency Obligations, 0.4% in CDs and 1.9% in petty cash and demand deposits.

Custodial Credit Risk

To control custody risk, State law and the 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 counterparty 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, 2023 and 2022, the Portfolio did not contain any repurchase agreements. 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, 2023 and 2022, the carrying amount of the College deposits was \$4,398,663 and \$3,447,375 and the total bank balances equaled \$5,732,027 and \$4,863,608, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution. The remaining \$5,482,027 and \$4,613,608 were covered by an FHLB letter of credit in the College’s name for the years ended August 31, 2023 and 2022, 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, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value level	\$ 29,894,600	\$ <u>29,894,600</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at NAV/amortized cost:				
TexPool	29,646,149			
Lone Star	<u>107,234,344</u>			
Total Investments	\$ <u>136,880,493</u>			

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

4. Authorized Investments (continued)

The College had the following investments measured at fair value at August 31, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value level	\$ 20,650,684	\$ <u>20,650,684</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at NAV/amortized cost:				
TexPool	38,577,508			
Lone Star	<u>115,581,400</u>			
Total Investments	\$ <u>154,158,908</u>			

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, appointing investment officers, and 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.

TexPool and Lone Star do not place any restrictions on the number of withdrawals or dollar amount.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Student receivables	\$ 25,621,441	\$ 21,075,193
Federal receivables	2,857,658	5,427,141
State and local receivables	3,743,565	3,203,411
Other receivables	2,995,075	4,190,246
Less allowances for doubtful accounts	<u>(5,319,804)</u>	<u>(4,254,437)</u>
Total	<u>29,897,935</u>	<u>29,641,554</u>
Property tax receivable	5,671,344	6,187,811
Less allowances for doubtful accounts	<u>(414,369)</u>	<u>(349,103)</u>
Total	<u>5,256,975</u>	<u>5,838,708</u>
Total accounts receivables, net	<u>\$ 35,154,910</u>	<u>\$ 35,480,262</u>

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

	<u>2023</u>	<u>2022</u>
Vendors payable	\$ 5,359,123	\$ 6,626,858
Construction costs payable	2,159,780	2,439,459
Students payable	592,511	992,248
Other payable	1,337,616	1,407,705
Salaries and benefits payable	5,886,519	5,296,062
Accrued interest payable	<u>1,089,712</u>	<u>1,127,402</u>
Total accounts payables and accrued liabilities, net	<u>\$ 16,425,261</u>	<u>\$ 17,889,734</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

6. Capital Assets

The College implemented GASB 96 accounting principle related to recognizing subscription-based information technology arrangements as a right-to-use asset in fiscal year 2023. For comparative purposes, the prior fiscal year 2022 has been restated to reflect right-to-use subscription assets. See Footnote 24.

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

	2023			Balance August 31, 2023
	Balance September 1, 2022	Increase	Decrease	
Not depreciated:				
Land	\$ 17,152,838	\$ -	\$ -	\$ 17,152,838
Construction in progress	49,479,100	20,272,848	40,337,748	29,414,200
Total not depreciated	66,631,938	20,272,848	40,337,748	46,567,038
Other capital assets:				
Buildings	721,844,501	32,765,415	-	754,609,916
Land improvements	79,827,822	5,284,737	-	85,112,559
Furniture, equipment, and vehicles	70,348,010	5,832,426	175,211	76,005,225
Telecommunications and computer peripheral equipment	54,453,786	3,811,860	-	58,265,646
Library books	7,445,926	305,192	227,337	7,523,781
Right-to-use leased equipment	1,242,577	210,928	-	1,453,505
Right-to-use subscription assets	7,844,495	6,404,638	-	14,249,133
Total depreciated	943,007,117	54,615,196	402,548	997,219,765
Less accumulated depreciation:				
Buildings	155,152,887	14,930,368	-	170,083,255
Land improvements	50,079,088	3,609,903	-	53,688,991
Furniture, equipment, and vehicles	35,508,676	5,829,489	129,637	41,208,528
Telecommunication and computer peripheral equipment	33,902,120	5,633,295	-	39,535,415
Library books	5,115,904	337,711	227,338	5,226,277
Right-to-use leased equipment	868,163	231,760	-	1,099,923
Right-to-use subscription assets	2,564,578	3,154,129	-	5,718,707
Total accumulated depreciation	283,191,416	33,726,655	356,975	316,561,096
Net capital assets	\$ 726,447,639	\$ 41,161,389	\$ 40,383,321	\$ 727,225,707

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

6. Capital Assets (continued)

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

	2022			Balance August 31, 2022, as restated
	Balance September 1, 2021, as restated	Increase	Decrease	
Not depreciated:	\$			
Land	17,152,838	\$ -	\$ -	\$ 17,152,838
Construction in progress	<u>81,527,531</u>	<u>38,736,687</u>	<u>70,785,118</u>	<u>49,479,100</u>
Total not depreciated	<u>98,680,369</u>	<u>38,736,687</u>	<u>70,785,118</u>	<u>66,631,938</u>
Other capital assets:				
Buildings	657,113,941	64,730,560	-	721,844,501
Land improvements	77,043,408	2,784,414	-	79,827,822
Furniture, equipment, and vehicles	65,512,523	4,906,832	71,345	70,348,010
Telecommunications and computer peripheral equipment	42,166,403	12,287,383	-	54,453,786
Library books	7,439,575	282,249	275,898	7,445,926
Right-to-use leased equipment	1,242,577	-	-	1,242,577
Right-to-use subscription assets	<u>-</u>	<u>7,844,495</u>	<u>-</u>	<u>7,844,495</u>
Total depreciated	<u>850,518,427</u>	<u>92,835,933</u>	<u>347,243</u>	<u>943,007,117</u>
Less accumulated depreciation:				
Buildings	141,070,885	14,082,002	-	155,152,887
Land improvements	46,568,125	3,510,963	-	50,079,088
Furniture, equipment, and vehicles	30,244,065	5,332,860	68,249	35,508,676
Telecommunication and computer peripheral equipment	25,338,382	8,563,738	-	33,902,120
Library books	5,039,726	352,076	275,898	5,115,904
Right-to-use leased equipment	623,645	244,518	-	868,163
Right-to-use subscription assets	<u>-</u>	<u>2,564,578</u>	<u>-</u>	<u>2,564,578</u>
Total accumulated depreciation	<u>248,884,828</u>	<u>34,650,735</u>	<u>344,147</u>	<u>283,191,416</u>
Net other capital assets	<u>\$ 700,313,968</u>	<u>\$ 96,921,885</u>	<u>\$ 70,788,214</u>	<u>\$ 726,447,639</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, 2023 and 2022, the outstanding commitment under construction contracts for facilities and other projects is approximately \$9.9 million and \$14.3 million, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

8. Noncurrent Liabilities

The following is a summary of noncurrent liability activity for the years ended August 31:

	2023				
	Balance September 1, 2022	Increase	Decrease	Balance August 31, 2023	Current Portion
Bonds payable:					
General obligation bonds	\$ 618,963,957	\$ -	\$ 16,721,990	\$ 602,241,967	\$ 19,938,312
Revenue bonds	43,220,963	-	1,611,864	41,609,099	1,686,864
Accreted interest	3,686,979	433,723	-	4,120,702	673,768
Notes payable:					
Notes payable-SECO	921,354	2,551,637	-	3,472,991	-
Notes payable IT equipment	3,956,725	2,325,772	2,449,492	3,833,005	2,142,561
Leases:					
Right-to-use leases	378,150	235,723	227,908	385,965	226,697
Subscriptions:					
Right-to-use subscriptions	4,942,773	6,404,639	3,492,470	7,854,942	2,919,503
Accrued Compensable absences	2,324,612	3,288,394	3,195,689	2,417,317	179,237
Net pension liability	20,637,425	33,232,926	3,925,666	49,944,685	-
Net OPEB liability	115,838,792	17,041,794	36,695,786	96,184,800	2,500,600
Total	\$ <u>814,871,730</u>	\$ <u>65,514,608</u>	\$ <u>68,320,865</u>	\$ <u>812,065,473</u>	\$ <u>30,267,542</u>

In accordance with GASB 96, the College made a prior year restatement as lessee to recognize a right-to-use subscription liability.

	2022 (Restated)				
	Balance September 1, 2021, as restated	Increase	Decrease	Balance August 31, 2022	Current Portion
Bonds payable:					
General obligation bonds	\$ 595,361,055	\$ 48,427,785	\$ 24,824,883	\$ 618,963,957	\$ 16,721,990
Revenue bonds	44,757,825	-	1,536,862	43,220,963	1,611,864
Accreted interest	4,169,876	592,210	1,075,107	3,686,979	-
Notes payable:					
Notes payable-SECO	-	921,354	-	921,354	-
Notes payable IT equipment	-	3,956,725	-	3,956,725	1,890,756
Leases:					
Right-to-use leases	618,934	-	240,784	378,150	190,452
Subscriptions:					
Right-to-use subscriptions	6,391,742	1,452,753	2,901,722	4,942,773	2,030,248
Accrued Compensable absences	2,399,843	3,087,334	3,162,565	2,324,612	172,363
Net pension liability	46,145,705	-	25,508,280	20,637,425	-
Net OPEB liability	107,343,289	16,339,048	7,843,545	115,838,792	3,559,069
Total	\$ <u>807,188,269</u>	\$ <u>74,777,209</u>	\$ <u>67,093,748</u>	\$ <u>814,871,730</u>	\$ <u>26,176,742</u>

The accreted interest represents the portion of the Series 2011 bond issues which are Capital Appreciation Bonds. These bonds were issued at a discount, and there are no scheduled interest payments due until maturity of the bonds. A portion of the difference between the principal received at issuance and the total amount due at maturity is accreted each year until the total liability equals the cash due at maturity.

Issue	2023			
	Balance August 31, 2022	Current Year Accretion	Additions (Maturities)	Balance August 31, 2023
Series 2011	\$ 3,686,979	\$ 433,723	\$ -	\$ 4,120,702

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

9. Bonds and Notes Payable

Bonds and notes payable at August 31 are as follows:

	<u>2023</u>	<u>2022</u>
<u>General Obligation Bonds</u>		
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 years 2017, 2019, 2021, and 2022. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2038.	\$ 6,036,586	\$ 6,036,586
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. Partially defeased during fiscal year 2022. Tax supported bonds. Interest rates range from 3.625% to 5.00%. Due February 2033.	40,726,347	44,845,734
Limited Tax General Obligation Bonds, Series 2016A, to construct, renovate, acquire and equip school buildings, purchase 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. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2046.	134,043,633	137,419,769
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. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2038.	45,837,321	49,427,539
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. Tax supported bonds. Interest rates range from 2.50% to 5.00%. Due February 2039.	76,870,667	77,295,254
Limited Tax General Obligation Bonds, Series 2019A, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, and pay the costs of issuance. Issued February 6, 2019 in the amount of \$131,205,000 plus a premium of \$19,828,053. Tax supported bonds. Interest rate of 5.00%. Due February 2049.	141,520,437	144,450,537

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

9. Bonds and Notes Payable (continued)

Limited Tax General Obligation Refunding Bonds, Series 2019B, to refund Series 2007 Limited Tax General Obligation Building and Refunding Bonds, Series 2008 Limited Tax Refunding Bonds, Series 2009 Limited Tax General Obligation Bonds, and pay the costs of issuance. Issued February 6, 2019 in the amount of \$11,520,000 plus a premium of \$1,070,607. Tax supported bonds. Interest rate of 5.00%. Due February 2033.	3,592,793	5,067,924
Limited Tax General Obligation Refunding Bonds, Series 2021, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, partially refund Series 2011 Limited Tax Refunding Bonds, and pay the costs of issuance. Issued February 18, 2021 in the amount of \$88,870,000 plus a premium of \$18,126,111. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2051.	105,502,155	106,098,082
Limited Tax General Obligation Refunding Bonds, Series 2022, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, partially refund Series 2011, 2012, and 2015 Limited Tax Refunding Bonds, and pay the costs of issuance. Issued January 25, 2022 in the amount of 43,095,000 plus a premium of \$5,332,785. Tax supported bonds. Interest rates range from 2.625% to 5.00%. Due February 2047.	48,112,028	48,322,532
<u>Revenue Bonds</u>		
Combined Fee Revenue Bonds, Series 2015, to purchase, construct, equip buildings, purchase necessary 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. Pledged revenue supported bonds. Interest rates range from 3.75% to 5.00%. Due February 2040.	41,609,099	43,220,963
<u>Notes Payable</u>		
College financing loan amount of \$3,956,725 with Dell Financial and First American Services related to purchase of IT equipment with terms ranging from three to five years. Interest rates range from 1.74% to 4.35%. Maturity dates from 2022 to 2026.	3,833,005	3,956,725
College has an approved loan amount of \$4,218,000 with Texas State Energy Conservation Office (SECO) loan program related to energy conservation measures associated with Energy Policy and Conservation Act (42 U.S.C. 6321, et seq). Project reimbursement requests are submitted monthly to SECO. The liability is increased as reimbursements are received from the State. The loan repayment schedule will be prepared by SECO once the project is completed, which is estimated to be November 2023. A 2% interest rate is established for the loan until repaid in full.	3,472,991	921,354
Total bonds and notes payable	\$ 651,157,062	\$ 667,062,999

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

10. Debt and Lease Obligations

Debt service requirements for bonds and notes payable as of August 31, 2023 were as follows:

Years Ending August 31.	Total Bonds and Notes Payable		
	Principal	Interest	Total
2024	\$ 23,767,737	\$ 25,732,449	\$ 49,500,186
2025	21,194,223	28,953,271	50,147,494
2026	22,823,758	24,944,664	47,768,422
2027	26,779,289	21,862,161	48,641,450
2028	25,088,854	20,949,650	46,038,504
2029-2033	138,498,241	88,226,925	226,725,166
2034-2038	160,525,732	58,073,979	218,599,711
2039-2043	110,371,352	31,911,769	142,283,121
2044-2048	95,607,969	12,134,585	107,742,554
2049-2051	<u>23,026,916</u>	<u>772,775</u>	<u>23,799,691</u>
Subtotal	647,684,071	313,562,228	961,246,299
SECO Loan Program	<u>3,472,991</u>	<u>367,516</u>	<u>3,840,507</u>
	<u>\$ 651,157,062</u>	<u>\$ 313,929,744</u>	<u>\$ 965,086,806</u>

Years Ending August 31.	General Obligation Bonds			Revenue Bonds			Notes Payable			Total Bonds and Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 19,938,312	\$ 23,979,233	\$ 43,917,545	\$ 1,686,864	\$ 1,703,425	\$ 3,390,289	\$ 2,142,561	\$ 49,791	\$ 2,192,352	\$ 23,767,737	\$ 25,732,449	\$ 49,500,186
2025	18,436,560	27,303,135	45,739,695	1,766,864	1,623,175	3,390,039	990,799	26,961	1,017,760	21,194,223	28,953,271	50,147,494
2026	20,512,684	23,395,110	43,907,794	1,851,864	1,538,800	3,390,664	459,210	10,754	469,964	22,823,758	24,944,664	47,768,422
2027	24,596,990	20,404,863	45,001,853	1,941,864	1,450,050	3,391,914	240,435	7,248	247,683	26,779,289	21,862,161	48,641,450
2028	23,051,990	19,592,975	42,644,965	2,036,864	1,356,675	3,393,539	-	-	-	25,088,854	20,949,650	46,038,504
2029-2033	126,918,921	82,848,800	209,767,721	11,579,320	5,378,125	16,957,445	-	-	-	138,498,241	88,226,925	226,725,166
2034-2038	146,286,412	55,355,004	201,641,416	14,239,320	2,718,975	16,958,295	-	-	-	160,525,732	58,073,979	218,599,711
2039-2043	103,865,213	31,657,869	135,523,082	6,506,139	253,900	6,760,039	-	-	-	110,371,352	31,911,769	142,283,121
2044-2048	95,607,969	12,134,585	107,742,554	-	-	-	-	-	-	95,607,969	12,134,585	107,742,554
2049-2051	<u>23,026,916</u>	<u>772,775</u>	<u>23,799,691</u>	-	-	-	-	-	-	<u>23,026,916</u>	<u>772,775</u>	<u>23,799,691</u>
Subtotal	602,241,967	297,444,349	899,686,316	41,609,099	16,023,125	57,632,224	3,833,005	94,754	3,927,759	647,684,071	313,562,228	961,246,299
SECO Loan Program	-	-	-	-	-	-	<u>3,472,991</u>	<u>367,516</u>	<u>3,840,507</u>	<u>3,472,991</u>	<u>367,516</u>	<u>3,840,507</u>
	<u>\$ 602,241,967</u>	<u>\$ 297,444,349</u>	<u>\$ 899,686,316</u>	<u>\$ 41,609,099</u>	<u>\$ 16,023,125</u>	<u>\$ 57,632,224</u>	<u>\$ 7,305,996</u>	<u>\$ 462,270</u>	<u>\$ 7,768,266</u>	<u>\$ 651,157,062</u>	<u>\$ 313,929,744</u>	<u>\$ 965,086,806</u>

Obligations under leases and subscriptions as of August 31, 2023 were as follows:

Years Ending August 31.	Right-to-Use Leases			Right-to-Use Subscriptions		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 226,697	\$ 13,057	\$ 239,754	2,919,503	\$ 221,175	\$ 3,140,678
2025	76,230	4,655	80,885	2,482,859	286,368	2,769,227
2026	41,781	2,323	44,104	1,362,903	191,760	1,554,663
2027	30,673	929	31,602	1,089,677	158,641	1,248,318
2028	10,584	115	10,699	-	-	-
Thereafter	-	-	-	-	-	-
	<u>\$ 385,965</u>	<u>\$ 21,079</u>	<u>\$ 407,044</u>	<u>7,854,942</u>	<u>\$ 857,944</u>	<u>\$ 8,712,886</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

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 averaging \$3.4 million with interest rates from 3.75% to 5.00% and the final installment due in 2040.

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, 2023 and 2022 is as follows:

	2023	2022
Pledged revenue required for future principal and interest	\$ 57,632,223	\$ 61,023,887
Principal and interest paid during the year	\$ 3,269,800	\$ 3,267,425
Revenue stream for the year	\$ 24,672,975	\$ 23,046,928
Percentage of revenue stream pledged for the year	13.25%	14.18%
Term of commitment	2040	2040

12. Refunding Bonds

Limited Tax General Obligation Refunding Bonds, Series 2022

On January 25, 2022, the College issued the final tranche of \$43,095,000 of Limited Tax General Obligation and Refunding Bonds, Series 2022. The bonds mature serially through February 2047. The interest rates range from 2.65% to 5.00%. A prescribed portion of the bonds were to partially refund the Limited Tax General Obligation Bond, Series 2011, 2012, and 2015. The par value of the refunding bonds was \$1,243,741, \$7,975,000, and \$700,000, respectively with a reoffering premium of \$5,332,785 less cost of issuance fees totaling \$225,000.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$9,918,741, (2) the aggregate debt service payments of \$8,858,200 for the refunding bonds was \$4,287,525 less than the aggregate debt service payments of \$13,147,663 for the refunded bonds, and (3) the net present value of the refunding transaction was \$4,159,222, or 19.35%.

13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2023 and 2022, the College had the following defeased bonds outstanding:

Bond Issue	Calendar Year Refunded	Par Value Outstanding	
		2023	2022
Limited Tax General Obligation Bonds, Series 2011	2022	\$ -	\$ 1,243,741
Limited Tax General Obligation Bonds, Series 2015	2022	-	700,000
Total		\$ -	\$ 1,943,741

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

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, 2023, the College designated \$5.1 million dollars plus accumulated interest for future capital renewal projects including deferred maintenance. The College did not designate any portion of the unrestricted net position as of August 31, 2022.

15. Leases

Lease Receivable

The College leases various building space to several third parties. The lease terms range from three to five years and the College recognized \$1,123,943 in lease revenue and \$105,271 in interest revenue during the current fiscal year related to these leases. As of August 31, 2023, the College’s receivable for lease payments was \$1,227,300. Also, the College has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of August 31, 2023, the balance of the deferred inflow of resources was \$1,227,300.

Lease Payable

The College leases instructional equipment, office space, storage space, vehicles, and copiers.

Office space leases have term expiration dates ranging from calendar years 2023 to 2025. 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 following is a schedule of the lease and arrangement payments made during fiscal year 2023 related to right-to-use leases and subscriptions, respectively:

		2023						
		Initial Lease Liability	Accumulated Lease Payments	Balance September 1, 2022	Increase	Decrease	Balance August 31, 2023	
Right-to-use leases:	Payment Terms Interest Rates							
Vehicle	Monthly 4.76% - 5.00%	\$ 302,492	\$ 135,618	\$ 101,176	\$ 11,515	\$ 68,848	\$ 43,843	
Equipment	Monthly 3.71% - 7.97%	884,999	511,677	222,225	189,833	131,032	281,026	
Tenant leases	Monthly 4.08% - 4.74%	100,270	21,535	54,749	41,351	35,004	61,096	
Total		\$ 1,287,761	\$ 668,830	\$ 378,150	\$ 242,699	\$ 234,884	\$ 385,965	

		2023						
		Initial Subscription Liability	Accumulated Subscription Payments	Balance September 1, 2022	Increase	Decrease	Balance August 31, 2023	
Right-to-use subscriptions:	Payment Terms Interest Rates							
Subscriptions	Annual 3.42% - 5.24%	\$ 7,844,495	\$ 2,901,722	\$ 4,942,773	\$ 6,404,638	\$ 3,492,469	\$ 7,854,942	

The following is a schedule of the value of the right-to-use lease and subscription liability, respectively, as of August 31:

		2023			
		Payments	Interest	Maintenance & Other Fees	Total
Right-to-use leases:					
Vehicle	\$ 68,848	\$ 3,818	\$ 14,507	\$ 87,173	
Equipment	131,032	16,091	41,891	189,014	
Tenant leases	35,004	3,450	23,454	61,908	
Total	\$ 234,884	\$ 23,359	\$ 79,852	\$ 338,095	

		2023			
		Payments	Interest	Maintenance & Other Fees	Total
Right-to-use subscriptions:					
Subscriptions	\$ 3,492,470	\$ 120,548	\$ 291,462	\$ 3,904,480	

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

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.

Pension Plan Fiduciary Net Position

TRS issues a publicly available, audited Annual Comprehensive 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/annual-financial-report-2022.pdf> (select *About TRS*, then *Publications*, then *Financial Reports*) or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

Benefits Provided

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by TRS. TRS provides retirement, disability, and death benefits. State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the State, participating employers and active employees for the fiscal years 2019 through 2024.

Contributions

Contribution requirements are not actuarially determined but 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 the TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in State Statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates

	<u>2023</u>	<u>2022</u>
Member (Employee)	8.00%	8.00%
Non-Employer Contributing Entity (State)	4.00%	3.75%
College (Employer)	4.00%	3.75%
Member (Employee)	\$ 7,650,500	\$ 7,113,758
Non-Employer Contributing Entity (State)	3,550,271	3,199,075
College (Employer)	<u>4,739,731</u>	<u>3,910,920</u>
Total contributions	<u>\$ 15,940,502</u>	<u>\$ 14,223,753</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

16. Defined Benefit Plan – Teacher Retirement System of Texas (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 General Appropriations Act.

The College's contributions to the TRS pension plan in FY 2023 were \$4,423,718 as reported in the Schedule of Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY 2023 were \$3,550,271.

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 combined percentage contribution for both the State and the College equals 8.0%. The College pays the State 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 the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the State contribution rate for certain instructional or administrative employees and 100% of the State contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of TRS, there is a surcharge, an employer is subject to 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward To August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2020	3.91%*
Last year ending August 31 in the projection period (100 years)	2121
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

16. Defined Benefit Plan – Teacher Retirement System of Texas (continued)

Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected 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 expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the TRS’s target asset allocation as of August 31, 2022, are summarized below:

Asset Class	Target Allocation Percentage	Fair Value	% of Total Fund
Global Equity:			
U.S.A.	18.0%	29,581,382,017	16.12%
Non-U.S. Developed	13.0%	21,566,658,438	11.75%
Emerging Markets	9.0%	15,003,042,377	8.18%
Private Equity*	14.0%	31,550,087,070	17.19%
Stable Value:			
Government Bonds	16.0%	24,330,025,953	13.25%
Stable Value Hedge Funds	5.0%	9,518,358,557	5.19%
Absolute Return (Including Credit Sensitive Investments)	-	5,240,827,813	2.86%
Real Return:			
Real Estate	15.0%	30,016,199,655	16.35%
Energy and Natural Resources And infrastructure	6.0%	11,370,804,351	6.20%
Commodities		365,660,997	.20%
Risk Parity:			
Risk Parity	8.0%	13,196,821,956	7.19%
Asset Allocation Leverage:			
Cash	2.0%	2,952,866,012	1.61%
Asset Allocation Leverage	(6.0)%	(11,183,751,844)	(6.09)%
Inflation Expectation			2.20%
Total Fund Fair Value	<u>100%</u>	183,508,983,352	<u>100%</u>

*In the July 2022 Board Meeting, the Maximum Range for the Private Equity Asset Class was increased to 24% until July 31, 2023.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

16. Defined Benefit Plan - Teacher Retirement System of Texas (continued)

Discount Rate Sensitivity Analysis

The following table represents the net pension liability of the plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	\$ 77,694,993	\$ 49,944,685	\$ 27,451,758

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

At August 31, 2023 and 2022, the College reported a liability of \$49,944,685 and \$20,637,425, 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>2023</u>	<u>2022</u>
The College's proportionate share of the collective net pension liability	\$ 49,944,685	\$ 20,637,425
State's proportionate share that is associated with the College	<u>36,233,489</u>	<u>17,391,432</u>
Total	<u>\$ 86,178,174</u>	<u>\$ 38,028,857</u>

The net pension liability for fiscal year 2023 was measured as of August 31, 2021 and rolled forward to August 31, 2022. The total pension liability was determined by an actuarial valuation as of that date.

The net pension liability for fiscal year 2022 was measured as of August 31, 2020 and rolled forward to August 31, 2021. The total pension liability was determined by an actuarial valuation as of August 31, 2021.

The College's proportion of the net pension liability for fiscal year 2023 and 2022 was based on the College's contributions to the pension plan relative to the contribution of all employers to the plan for the period September 1, 2021 through August 31, 2022 and the period September 1, 2020 through August 31, 2021, respectively.

At the measurement date of August 31, 2022, the College's proportional share of the collective net pension liability was 0.0841280931% which was an increase of 0.0030904297% from its proportion measured as of August 31, 2021 of 0.0810376634%.

The changes in assumptions since the prior measurement date are summarized in the notes to required supplemental schedules.

For the fiscal year ended August 31, 2023, the College recognized pension expense of \$9,031,999 which includes revenues of \$3,463,511 representing pension expense incurred by the State on behalf of the College.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

16. Defined Benefit Plan - Teacher Retirement System of Texas (continued)

At August 31, 2023 and 2022, 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:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 724,194	\$ 1,088,889	\$ 34,536	\$ 1,452,891
Changes in actuarial assumptions	9,306,320	2,319,395	7,294,927	3,179,962
Net difference between projected and actual economic experience	4,934,375	-	-	17,304,213
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	1,695,458	2,381,819	931,907	3,118,498
Total as of August 31 measurement date	16,660,347	5,790,103	8,261,370	25,055,564
Contributions paid to TRS subsequent to the measurement date	4,739,731	-	4,225,336	-
Total	\$ <u>21,400,078</u>	\$ <u>5,790,103</u>	\$ <u>12,486,706</u>	\$ <u>25,055,564</u>

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

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to pensions as of August 31, 2023 and 2022:

	2023	2022
Deferred outflows of resources	\$ 21,400,078	\$ 12,486,706
Deferred inflows of resources	(5,790,103)	(25,055,564)
Total	\$ <u>15,609,975</u>	\$ <u>(12,568,858)</u>

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$4,739,731 will be recognized as a reduction to net pension liability in the fiscal year ended August 31, 2024.

The net amounts of the College’s balances of deferred outflows and inflows of resources related to pensions, other than deferred outflows of resources for contributions made subsequent to the measurement date of the net pension liability, will be recognized in pension expense as follows:

Years Ended	Pension Expense Amount
<u>August 31,</u>	
2024	\$ 3,017,407
2025	1,437,665
2026	110,494
2027	5,495,547
2028	809,131
Thereafter	-
Total	10,870,244
Contributions paid to TRS subsequent to the measurement date	<u>4,739,731</u>
Total deferred outflows of resources, net	\$ <u>15,609,975</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

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.

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 2023 and 2022 was 3.30% of ORP related salaries. The College contribution percentages for fiscal years 2023 and 2022 were 4.00% and 3.50%, respectively. The combined rate were 7.30% and 6.80%, respectively, per year. The Employee contribution percentages were 6.65% for fiscal years 2023 and 2022. 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. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% for eligible employees in the reporting district.

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 \$398,221 and \$421,620 for the fiscal years 2023 and 2022, 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 \$12,208,319 and \$12,912,094 for the fiscal years 2023 and 2022, respectively.

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

Fiscal Year Ended	State Contribution Paid	Contribution %	College Contribution Paid	Contribution %	Employee Contribution Paid	Contribution %	Total
<u>August 31,</u>							
2023	\$ 398,221	3.30%	\$ 490,891	4.00%	\$ 811,853	6.65%	\$ 1,700,966
2022	\$ 421,620	3.30%	\$ 456,403	3.50%	\$ 858,654	6.65%	\$ 1,736,677

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. Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State contribution per full-time employees was \$402 and \$374 per month for the years ended August 31, 2023 and 2022, respectively. The State’s cost of providing those benefits for 1,168 active employees was \$5,636,072 and for 572 retirees was \$2,505,899, for a total State funded amount of \$8,141,976 for the year ended August 31, 2023. The State’s cost of providing those benefits for 1,195 active employees was \$5,361,120 and for 557 retirees was \$2,786,855, for a total State funded

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

18. Health Care and Life Insurance Benefits (continued)

amount of \$8,147,975 for the year ended August 31, 2022. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State’s contribution to 50 percent for eligible employees in the reporting district community colleges.

The Board of Trustees of the Employee Retirement System of Texas 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.

Per the table below the amounts of these benefits paid by the State were recognized as restricted State appropriations with an equal amount recognized as restricted benefits expense. These payments do not flow through the College cash accounts.

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
2023	\$ 8,141,976	34.18%	\$ 9,876,986	41.47%	\$ 5,799,935	24.35%	\$ 23,818,897
2022	\$ 8,147,975	33.84%	\$ 9,969,607	41.40%	\$ 5,961,784	24.76%	\$ 24,079,366

State/Employer Contributions for Health Care Insurance (includes basic life insurance rate) per month:

HealthSelect of Texas Plan

	2023	2022
Member only	\$ 622.60	\$ 624.82
Member and spouse	1,338.60	1,339.90
Member and child(ren)	1,102.00	1,103.58
Member and family	1,818.00	1,818.66

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas

Plan Description

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)

OPEB Plan Fiduciary Net Position

Detailed information about the SRHP’s fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/about-ers/reports-and-studies/gasb-requirements> or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided

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

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on

(i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

	Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium Fiscal Year 2022 (Measurement Year)	
Retiree only	\$	624.82
Retiree and spouse		1,339.90
Retiree and children		1,103.58
Retiree and family		1,818.66

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)

Contributions of premiums to the SRHP for the current and prior fiscal year by source is summarized in the following table:

Premium Contributions by Source Group Benefits Program in the SRHP For Years Ended August 31, 2023 and 2022	
Fiscal Year 2023 Member Contributions	\$ 5,799,935
Fiscal Year 2023 College Contributions (active employees)	7,033,985
Fiscal Year 2023 College Contributions (retirees)	2,843,001
Fiscal Year 2022 Measurement Year NECE On-Behalf Contributions (all employees)	8,141,976

Premium Contributions by Source Group Benefits Program in the SRHP For Years Ended August 31, 2022 and 2021	
Fiscal Year 2022 Member Contributions	\$ 5,961,784
Fiscal Year 2022 College Contributions (active employees)	7,147,096
Fiscal Year 2022 College Contributions (retirees)	2,798,061
Fiscal Year 2021 Measurement Year NECE On-Behalf Contributions (all employees)	8,147,975

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2022
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll - open
Remaining amortization period	30 years
Asset valuation method	Not applicable
Actuarial assumptions:	
Discount rate	3.59%
Projected annual salary increase	2.30% to 8.95%, including inflation
Annual healthcare trend rate per year	
HealthSelect	5.60% for FY2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
HealthSelect Medicare Advantage *	66.67% for FY2024, 24.00% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2031 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment benefit changes	None

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)

The mortality assumptions used in the valuation were as follows:

1. State Agency Members:
 - a. Service Retirees, Survivors, and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020.
 - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
 - c. Active Members: Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2010.
2. Higher Education Members:
 - a. Service Retirees, Survivors, and other Inactive Members -
Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
 - b. Disability Retirees -
Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
 - c. Active Members -
Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010.

Several assumptions or other inputs have been updated since the prior valuation as shown in Section VI of this report.

Investment Policy

The SRHP is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The ERS's Board of Trustees amended the investment policy statement in August 2022 to require that all funds in the SRHP be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%, in line with the prevailing returns on 90-day US treasury bills.

Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.59% to reflect the requirements of GASB 75. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College’s proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.59%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate <u>(2.59%)</u>	Discount Rate <u>(3.59%)</u>	1% Increase in Discount Rate <u>(4.59%)</u>
Proportionate share of net OPEB liability	\$ 112,180,541	\$ 96,184,800	\$ 83,392,052

Healthcare Trend Rate Sensitivity Analysis

	1% Decrease in <u>Healthcare Cost</u>	Current Healthcare <u>Cost</u>	1% Increase in <u>Healthcare Cost</u>
Proportionate share of net OPEB liability	\$ 82,369,063	\$ 96,184,800	\$ 113,823,767

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At August 31, 2023 and 2022, the College reported a liability of \$96,184,800 and \$115,838,792, respectively, for its proportionate share of the SRHP net OPEB liability. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows at August 31:

	<u>2022</u>	<u>2021</u>
The College’s proportionate share of the collective net OPEB liability	\$ 96,184,800	\$ 115,838,792
State’s proportionate share that is associated with the College	<u>78,661,732</u>	<u>100,970,439</u>
Total	<u>\$ 174,846,532</u>	<u>\$ 216,809,231</u>

The net OPEB liability was measured as of August 31, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. For the August 31, 2023 and 2022 OPEB liability, the College’s proportionate share was based on the College’s contributions for employees and retirees to the OPEB plan relative to the contributions of all employers to the plan. The College’s proportion of the collective net OPEB liability from its proportion measured at August 31, 2022, was 0.337644945% which was an increase of 0.01475393% from its proportion measured as of August 31, 2021 of 0.32289102%. Changes, if any, to the current methodology or actuarial assumptions being utilized by ERS, could result in significant changes in accounting and financial reporting in future periods.

For the fiscal year ended August 31, 2023, the College recognized a credit in OPEB expense of \$1,468,582 which includes a credit to expense of \$2,865,244 representing OPEB expense reduction incurred by the State on behalf of the College. Contributions made by the College subsequent to the measurement dates for active employees and retirees have been recorded as deferred outflows of resources as of August 31, 2022 and 2021.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)

At August 31, 2023 and 2022, the College reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 3,034,746	\$ -	\$ 2,841,395
Changes in actuarial assumptions	5,651,240	29,731,632	7,930,778	12,901,847
Net difference between projected and actual economic experience	16,590	-	20,516	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	8,884,505	1,985,673	9,650,876	2,915,033
Total as of measurement date	14,552,335	34,752,051	17,602,170	18,658,275
Contributions paid to SHRP subsequent to the measurement date	1,901,686	-	1,654,561	-
Total	\$ 16,454,021	\$ 34,752,051	\$ 19,256,731	\$ 18,658,275

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to OPEB as of August 31, 2023 and 2022:

	2023	2022
Deferred outflows of resources	\$ 16,454,021	\$ 19,256,731
Deferred inflows of resources	(34,752,051)	(18,658,275)
Total	\$ (18,298,030)	\$ 598,456

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$1,901,686 will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2024.

The net amounts of the College’s balances of deferred outflows and inflows of resources related to OPEB, other than deferred outflows of resources for contributions made subsequent to the measurement date of the net OPEB liability, will be recognized in expense as follows:

Year ended	OPEB Expense Amount
<u>August 31,</u>	
2024	\$ (4,180,091)
2025	(4,643,863)
2026	(4,619,222)
2027	(4,306,402)
2028	(2,450,139)
Thereafter	-
Total	(20,199,716)
Contributions paid to ERS subsequent to the measurement date	1,901,686
Total deferred inflows of resources, net	\$ (18,298,030)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

20. 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 accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all earned and unused accrued leave. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$2,149,877 and \$2,063,739 as of August 31, 2023 and 2022, 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 \$267,440 and \$260,873 as of August 31, 2023 and 2022, 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.

21. 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, 2023 and 2022, the College had one employee participant deferring \$149,750 and \$146,350, respectively.

22. Self-Insured Plans

The College provides workers’ compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$580,791 and \$386,706 as of August 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Beginning Balance, September 1	\$ 386,706	\$ 649,041
Claims incurred and changes in estimates	357,493	162,696
Payments on claims	<u>(163,408)</u>	<u>(425,031)</u>
Ending Balance, August 31	\$ <u>580,791</u>	\$ <u>386,706</u>

23. 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. The assessed property values are based upon most up-to-date report available at the time of the current fiscal year end for the College as provided by Harris County and Chambers County for tax years 2022 and 2021, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2023 and 2022

23. Ad Valorem Tax (continued)

At August 31:

	<u>2023</u>	<u>2022</u>
Assessed valuation of the College	\$ 89,564,320,986	\$ 77,489,684,184
Less: Exemptions	(13,607,598,812)	(11,760,032,233)
Less: Abatements	-	-
Net assessed valuation of the College	<u>\$ 75,956,722,174</u>	<u>\$ 65,729,651,951</u>

Taxes levied for the years ended August 31, 2023 and 2022, amounted to \$118,192,458 and \$110,404,124, 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.

Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per \$100 taxable assessed valuation.

	<u>2023</u>			<u>2022</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	\$ 0.2000000	\$ 0.5000000	\$ 0.7000000	\$ 0.2000000	\$ 0.5000000	\$ 0.7000000
Assessed tax rate per \$100 valuation (maximum per enabling legislation)	0.1055000	0.0501050	0.1556050	0.1128380	0.0551290	0.1679670

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 the statement of net position includes a \$5,256,975 net receivable for uncollected taxes.

	<u>2023</u>			<u>2022</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes	\$ 78,905,593	\$ 37,455,986	\$ 116,361,579	\$ 72,818,496	\$ 35,584,319	\$ 108,402,815
Delinquent taxes	391,756	185,964	577,720	(68,925)	(33,682)	(102,607)
Penalties and Interest	<u>479,586</u>	<u>227,656</u>	<u>707,242</u>	<u>534,821</u>	<u>261,352</u>	<u>796,173</u>
Total collections	<u>\$ 79,776,935</u>	<u>\$ 37,869,606</u>	<u>\$ 117,646,541</u>	<u>\$ 73,284,392</u>	<u>\$ 35,811,989</u>	<u>\$ 109,096,381</u>

Tax collections for the years ended August 31, 2023 and 2022, were 98.45 percent and 98.19 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

24. Implementation of GASB 96, Subscription-Based Information Technology Arrangements

The College implemented GASB 96 accounting principle related to recognizing subscription-based information technology arrangements as a right-to-use asset in fiscal year 2023. For comparative purposes, the prior fiscal year 2022 has been restated. The effect of the fiscal year 2022 restatement is summarized below.

	<u>August 31, 2022</u>
Increase in net position	\$ 5,228
Decrease in software as a service, operating expense	2,902
Increase in amortization, operating expense	<u>(2,565)</u>
Increase in net position, restated	<u>\$ 5,565</u>
Capital assets net of accumulated depreciation	\$ 721,168
Implementation of GASB 96 Right-to-Use Subscriptions, net	<u>5,280</u>
Capital assets net of accumulated depreciation, as restated	<u>\$ 726,448</u>

25. Federal and State Contract and Grant Awards

Federal and State contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audit of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedules A and C. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2024 and 2023 for which monies have not been received nor funds expended, totaled \$21,251,374 and \$41,507,467, respectively. Of these amounts, \$14,225,257 and \$38,153,780 were from Federal contract, and grant awards; \$7,026,117 and \$3,353,687 were from State contract and grant awards for the fiscal years ended August 31, 2024 and 2023, respectively.

26. Contingent Liabilities

Pending Lawsuits and Claims

As of August 31, 2023, 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 the potential 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.

27. San Jacinto Community College Foundation (the Foundation) - A Discretely Presented Component Unit

The San Jacinto Community College Foundation, Inc. (the Foundation) was organized in the State of Texas on November 4, 1996 to function as a legally separate, not-for-profit corporation and is controlled by a separate Board of Trustees. The College does not appoint any of the Foundation board members nor does it fund or is it obligated to pay debt related to the Foundation. The duration of the Foundation is perpetual. The Foundation

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2023 and 2022

27. San Jacinto Community College Foundation (the Foundation) - A Discretely Presented Component Unit (continued)

was established to raise private funds for the San Jacinto Community College District (the College) for charitable, scientific, literary, and educational purposes, which are to be administered by the Foundation solely for the benefit of the College, and to account for and enhance the value of funds submitted to it in support of the educational mission of the College.

Using the criteria established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statement No. 14 and No. 34 and GASB No. 39, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the College's management has determined that the Foundation should be reported as a discrete component unit of the College because of the nature and significance of its relationship with the College. The Foundation raises and holds economic resources for the direct benefit of the College. Accordingly, the Foundation's financial statements are included in the College annual comprehensive financial report as a discretely presented component as Exhibit 1A – Statements of Financial Position – Foundation, Exhibit 2A – Statements of Activities and Changes in Net Assets – Foundation, and Exhibit 3A – Statements of Cash Flows - Foundation for the fiscal years ended June 30, 2023 and 2022.

For complete financial information about the Foundation, please contact the Foundation at: San Jacinto Community College Foundation 4624 Fairmont Parkway, Suite 208, Pasadena TX, 77504 or visit their website at: <https://www.sanjac.edu/foundation>.

28. Subsequent Events

Management has evaluated subsequent events through December 4, 2023, the date which the financial statements were available to be issued. The College Board of Trustees approved a resolution at the regular board meeting held on October 2, 2023, to issue a maximum of \$4 million of Revenue Bonds and the transaction closed on November 22, 2023. The proceeds from the bond issuance will allow the College to finance construction of the Center for Biotechnology at the Generation Park campus. Management of the College has determined that no other subsequent events require recognition or disclosure in these financial statements.



REQUIRED SUPPLEMENTAL SCHEDULES



**REQUIRED BY THE GOVERNMENTAL
ACCOUNTING STANDARDS BOARD**



SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE COLLEGE'S SHARE OF NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
LAST NINE MEASUREMENT YEARS*
(UNAUDITED)

RSI – 1

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportionate share of collective net pension liability based on a measurement period of August 31 of the prior year	0.0841280931%	0.0810376634%	0.0861603118%	0.0881310223%	0.0899199908%	0.0831877506%	0.0843911031%	0.0847051000%	0.0930021000%
College's proportionate share of collective net pension liability	\$ 49,944,685	\$ 20,637,425	\$ 46,145,705	\$ 45,813,261	\$ 49,494,145	\$ 26,598,961	\$ 31,890,143	\$ 29,942,125	\$ 24,842,147
State's proportionate share of net pension liability associated with the College	<u>36,233,489</u>	<u>17,391,432</u>	<u>38,404,504</u>	<u>36,764,281</u>	<u>39,368,786</u>	<u>21,638,412</u>	<u>25,038,783</u>	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 86,178,174</u>	<u>\$ 38,028,857</u>	<u>\$ 84,550,209</u>	<u>\$ 82,577,542</u>	<u>\$ 88,862,931</u>	<u>\$ 48,237,373</u>	<u>\$ 56,928,926</u>	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>
College's covered payroll amount related to TRS	\$ 88,921,954	\$ 83,335,261	\$ 84,669,151	\$ 80,232,953	\$ 79,662,920	\$ 71,679,236	\$ 68,966,250	\$ 65,550,615	\$ 61,563,262
College's proportionate share of collective net pension liability / College's covered payroll amount related to TRS	56.17%	24.76%	54.50%	57.10%	62.13%	37.11%	46.24%	45.68%	40.35%
TRS net pension as percentage of total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

*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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
LAST NINE FISCAL YEARS*
(UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Legally required contribution	\$ 4,739,731	\$ 3,910,920	\$ 3,467,860	\$ 3,569,331	\$ 3,088,864	\$ 3,030,938	\$ 2,752,571	\$ 2,704,506	\$ 2,543,574
Actual contribution	<u>4,739,731</u>	<u>3,910,920</u>	<u>3,467,860</u>	<u>3,569,331</u>	<u>3,088,864</u>	<u>3,030,938</u>	<u>2,752,571</u>	<u>2,704,506</u>	<u>2,543,574</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
College's covered payroll amount related to TRS	\$ 95,631,253	\$ 88,921,954	\$ 83,335,261	\$ 84,669,151	\$ 80,232,953	\$ 79,662,920	\$ 71,679,236	\$ 68,966,250	\$ 65,550,615
Contributions as a percentage of covered payroll related to TRS	4.96%	4.40%	4.16%	4.22%	3.85%	3.80%	3.84%	3.92%	3.88%

The amounts presented above are as of the College's respective 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY*
EMPLOYEES RETIREMENT SYSTEM OF TEXAS (ERS)
STATE RETIREE HEALTH PLAN
LAST SIX MEASUREMENT YEARS*
(UNAUDITED)

RSI – 3

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's proportionate share of collective net OPEB liability percentage based on the ERS measurement date of August 31,	0.33764495%	0.32289102%	0.32484335%	0.31010973%	0.32081788%	0.26744051%
College's proportionate share of the net OPEB liability	\$ 96,184,800	\$ 115,838,792	\$ 107,343,288	\$ 107,182,217	\$ 95,083,178	\$ 91,125,036
State's proportionate share of net OPEB liability associated with the College	<u>78,661,732</u>	<u>100,970,439</u>	<u>92,982,270</u>	<u>102,094,647</u>	<u>85,821,662</u>	<u>80,389,330</u>
Total	\$ <u>174,846,532</u>	\$ <u>216,809,231</u>	\$ <u>200,325,558</u>	\$ <u>209,276,864</u>	\$ <u>180,904,840</u>	\$ <u>171,514,366</u>
College's covered payroll amount related to ERS	\$ 79,886,832	\$ 77,129,452	\$ 76,421,581	\$ 76,931,961	\$ 76,226,019	\$ 74,307,687
College's proportionate share of collective net OPEB liability as a percentage of covered payroll related to ERS	120.40%	150.19%	140.46%	139.32%	124.74%	122.63%
ERS plan fiduciary net position as a percentage of the total OPEB liability	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

*GASB Statement No. 75 was implemented during fiscal year 2018 and prior years were not restated. Ten year trend information will be presented prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE COLLEGE'S CONTRIBUTION FOR OPEB*
EMPLOYEES RETIREMENT SYSTEM OF TEXAS (ERS)
STATE RETIREE HEALTH PLAN
LAST SEVEN FISCAL YEARS*
(UNAUDITED)

RSI – 4

	2023	2022	2021	2020	2019	2018	2017
Legally required contribution	\$ 2,843,001	\$ 2,798,061	\$ 2,723,860	\$ 2,650,603	\$ 2,620,982	\$ 2,554,275	\$ 2,511,161
Contribution in relation to the contractually required contribution	<u>2,843,001</u>	<u>2,798,061</u>	<u>2,723,860</u>	<u>2,650,603</u>	<u>2,620,982</u>	<u>2,554,275</u>	<u>2,511,161</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
College's covered payroll amount related to ERS	\$ 88,236,275	\$ 79,886,832	\$ 77,129,452	\$ 76,421,581	\$ 76,931,961	\$ 76,226,019	\$ 74,307,687
Contributions as a percentage of covered payroll amount related to ERS	3.22%	3.50%	3.53%	3.47%	3.41%	3.35%	3.38%

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

*GASB Statement No. 75 was implemented during fiscal year 2018 and prior years were not restated. Ten year trend information will be presented prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

Years Ended August 31, 2023 and 2022

(Unaudited)

1. Schedules for Pensions - Net Pension Liability

Changes Since Prior Actuarial Valuation

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

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Assumed per capita health benefit costs, and health benefit costs and retiree contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute (PCORI) fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.
- The discount rate was changed from 2.20 percent to 2.14 percent as a result of requirements by GASB Statement 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

Actuarial assumption changes are described in TRS's Annual Comprehensive Financial Report and the TRS Actuarial Valuation Report for the year ended August 31, 2023, which can be accessed at https://www.trs.texas.gov/Pages/about_publications.aspx.

2. Schedules for Other Post-Employment Benefits (OPEB) - Net OPEB Liability

Changes Since Prior Actuarial Valuation

The following changes since the prior actuarial valuation affected the measurement of the amounts reported in the required supplementary schedules:

- Demographic assumptions since the last valuation was prepared for this plan (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

Years Ended August 31, 2023 and 2022

(Unaudited)

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.
- The discount rate was changed from 2.14% to 3.59% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Actuarial assumption changes are described in ERS's Annual Comprehensive Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2023, which can be accessed at <https://ers.texas.gov/about-ers/reports-and-studies/gasb-requirements>.

REQUIRED BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD



SAN JACINTO COMMUNITY COLLEGE DISTRICT

SCHEDULE A

SCHEDULE OF OPERATING REVENUES

Year Ended August 31, 2023

(With Memorandum Totals for the Year Ended August 31, 2022)

	2023				2022, Restated	
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
Tuition						
State funded credit courses:						
In-district resident tuition	\$ 25,482,134	\$ -	\$ 25,482,134	\$ -	\$ 25,482,134	\$ 25,023,549
Out-of-district resident tuition	28,837,750	-	28,837,750	-	28,837,750	28,075,854
Non-resident tuition	4,418,424	-	4,418,424	-	4,418,424	4,686,288
TPEG-credit (set aside) *	-	2,768,411	2,768,411	-	2,768,411	2,594,431
State funded continuing non-credit education courses	7,853,182	-	7,853,182	-	7,853,182	6,678,428
TPEG-non-credit (set aside) *	-	210,902	210,902	-	210,902	272,112
Non-state funded educational programs	1,348,141	-	1,348,141	-	1,348,141	1,099,162
Total tuition	67,939,631	2,979,313	70,918,944	-	70,918,944	68,429,824
Allowances and discounts						
Allowance for bad debt	(1,417,649)	-	(1,417,649)	-	(1,417,649)	(1,428,621)
Remissions and exemptions - state	(810,659)	-	(810,659)	-	(810,659)	(693,796)
Remissions and exemptions - local	(7,562,833)	-	(7,562,833)	-	(7,562,833)	(7,193,206)
Scholarship allowances	(438,757)	-	(438,757)	-	(438,757)	(1,090,094)
TPEG awards	(1,260,688)	-	(1,260,688)	-	(1,260,688)	(1,437,555)
Federal grants to students	(18,959,536)	-	(18,959,536)	-	(18,959,536)	(18,727,159)
State grants to students	(848,005)	-	(848,005)	-	(848,005)	(1,143,845)
Total allowances and discounts	(31,298,127)	-	(31,298,127)	-	(31,298,127)	(31,714,276)
Total net tuition and fees	36,641,504	2,979,313	39,620,817	-	39,620,817	36,715,548
Other operating revenues						
Federal grants and contracts	1,486,513	19,938,694	21,425,207	-	21,425,207	38,646,060
State grants and contracts	-	2,617,727	2,617,727	-	2,617,727	2,556,606
Non-governmental grants and contracts	3,698,719	478,385	4,177,104	-	4,177,104	3,399,392
Sales and services of educational activities	132,078	-	132,078	-	132,078	225,550
Sales and services of non-educational activities	1,219,752	-	1,219,752	-	1,219,752	2,001,052
Total other operating revenues	6,537,062	23,034,806	29,571,868	-	29,571,868	46,828,660
Auxiliary enterprises						
Bookstores	-	-	-	788,471	788,471	1,098,737
Food services	-	-	-	777,459	777,459	752,255
Student services/other services	-	-	-	892,520	892,520	964,519
Total auxiliary enterprises	-	-	-	2,458,450	2,458,450	2,815,511
Total operating revenues	\$ 43,178,566	\$ 26,014,119	\$ 69,192,685	\$ 2,458,450	\$ 71,651,135	\$ 86,359,719
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$2,979,313 and \$2,866,543 for years ended August 31, 2023 and 2022, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

SAN JACINTO COMMUNITY COLLEGE DISTRICT

SCHEDULE B

SCHEDULE OF OPERATING EXPENSES BY OBJECT

Year Ended August 31, 2023

(With Memorandum Totals for the Year Ended August 31, 2022)

	2023					2022, Restated
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 64,489,749	\$ -	\$ 9,543,505	\$ 5,630,472	\$ 79,663,726	\$ 73,398,003
Public service	-	-	-	-	-	-
Academic support	11,169,080	-	2,045,969	1,672,073	14,887,122	13,358,020
Student services	11,977,268	-	2,441,733	1,622,149	16,041,150	15,053,101
Institutional support	23,537,007	-	2,105,540	14,349,612	39,992,159	38,610,413
Operation and maintenance of plant	4,200,262	-	1,427,013	18,433,408	24,060,683	20,877,679
Total unrestricted educational activities	<u>115,373,366</u>	<u>-</u>	<u>17,563,760</u>	<u>41,707,714</u>	<u>174,644,840</u>	<u>161,297,216</u>
<u>Restricted - educational activities</u>						
Instruction	433,476	6,742,813	16,518	492,936	7,685,743	6,378,124
Public service	217,435	22,353	58,929	75,661	374,378	394,816
Academic support	2,020,777	1,470,284	407,568	5,950,136	9,848,765	8,004,087
Student services	1,153,909	1,758,770	155,643	279,435	3,347,757	3,264,213
Institutional support	759,460	5,405,853	201,443	1,149,541	7,516,297	8,364,293
Scholarships and fellowships	-	-	-	32,328,536	32,328,536	42,450,534
Total restricted educational activities	<u>4,585,057</u>	<u>15,400,073</u>	<u>840,101</u>	<u>40,276,245</u>	<u>61,101,476</u>	<u>68,856,067</u>
Total educational activities	<u>119,958,423</u>	<u>15,400,073</u>	<u>18,403,861</u>	<u>81,983,959</u>	<u>235,746,316</u>	<u>230,153,283</u>
Auxiliary enterprises	702,536	-	137,537	2,067,864	2,907,937	2,659,402
Depreciation expense - buildings and improvements	-	-	-	18,540,713	18,540,713	17,592,965
Depreciation and amortization expense - equipment, furniture, library books, and subscriptions	-	-	-	15,191,694	15,191,694	14,282,295
Total operating expenses	<u>\$ 120,660,959</u>	<u>\$ 15,400,073</u>	<u>\$ 18,541,398</u>	<u>\$ 117,784,230</u>	<u>\$ 272,386,660</u>	<u>\$ 264,687,945</u>
				(Exhibit 2)	(Exhibit 2)	

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

SCHEDULE C

Year Ended August 31, 2023

(With Memorandum Totals for the Year Ended August 31, 2022)

	2023			2022, Restated
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 41,307,653	\$ -	\$ 41,307,653	\$ 41,307,655
State group insurance	-	8,740,238	8,740,238	6,910,045
State retirement matching	-	3,948,492	3,948,492	3,551,166
Total State appropriations	41,307,653	12,688,730	53,996,383	51,768,866
Ad valorem taxes:				
Maintenance ad valorem taxes	79,471,674	-	79,471,674	73,880,718
Debt service ad valorem taxes	-	37,687,251	37,687,251	36,071,243
Federal revenue, non-operating	123,530	41,495,018	41,618,548	38,081,682
HEERF Revenue Recovery	7,735,228	-	7,735,228	7,659,973
Investment income	4,421,072	3,910,476	8,331,548	1,176,043
Total non-operating revenues	133,059,157	95,781,475	228,840,632	208,638,525
<u>Non-operating expenses</u>				
Interest on capital related debt	268,634	24,063,149	24,331,783	24,742,223
(Gain)Loss on disposal of capital assets	(2,589)	-	(2,589)	3,097
Total non-operating expenses	266,045	24,063,149	24,329,194	24,745,320
Net non-operating revenues, net	\$ 132,793,112	\$ 71,718,326	\$ 204,511,438	\$ 183,893,205
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
Year Ended August 31, 2023
(With Memorandum Totals for the Year Ended August 31, 2022)

SCHEDULE D

	Detail by Source				Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets	Total	Yes	No
			Net of Depreciation and Related Debt			
Current						
Unrestricted	\$ (76,688,659)	\$ -	\$ -	\$ (76,688,659)	\$ (76,688,659)	\$ -
Board Designated for Capital Renewal	5,113,306			5,113,306		5,113,306
Restricted	-	1,815,257	-	1,815,257	-	1,815,257
Auxiliary	13,760,462		-	13,760,462	13,760,462	-
Plant						
Debt service	-	1,544,659	-	1,544,659	-	1,544,659
Investment in plant	-	-	137,715,509	137,715,509	-	137,715,509
Total net position, August 31, 2023	(57,814,891)	3,359,916	137,715,509	83,260,534	(62,928,197)	146,188,731
Total net position, August 31, 2022, Restated	(62,967,059)	7,040,048	135,411,631	79,484,620	(62,967,059)	142,451,679
Net increase (decrease) in net position	\$ 5,152,168	\$ (3,680,132)	\$ 2,303,878	\$ 3,775,914	\$ 38,862	\$ 3,737,052

(Exhibit 2)



Statistical



SAN JACINTO COMMUNITY COLLEGE DISTRICT

STATISTICAL SECTION

TABLE OF CONTENTS

	<u>Statistical Supplements</u>
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 (UNAUDITED)
LAST TEN FISCAL YEARS

SS-1

	For the Year Ended August 31, (amounts expressed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	\$ 137,716	\$ 135,412	\$ 140,078	\$ 144,113	\$ 135,321	\$ 116,862	\$ 121,647	\$ 132,443	\$ 134,450	\$ 125,621
Restricted - expendable	3,360	7,040	7,117	11,369	10,191	10,419	10,745	12,040	15,375	12,752
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	(57,815)	(62,967)	(73,275)	(82,070)	(71,867)	(67,109)	31,937	22,362	26,379	70,163
Total primary government net position	\$ <u>83,261</u>	\$ <u>79,485</u>	\$ <u>73,920</u>	\$ <u>73,412</u>	\$ <u>73,645</u>	\$ <u>60,172</u>	\$ <u>164,329</u>	\$ <u>166,845</u>	\$ <u>176,204</u>	\$ <u>208,536</u>
Prior year change	\$ 3,776	\$ 5,565	\$ 508	\$ (233)	\$ 13,473	\$ (104,157)	\$ (2,516)	\$ (9,359)	\$ (32,332)	\$ (5,852)

Fiscal year 2022 was restated for implementation of GASB Statement No. 96. Years prior to fiscal year 2022 were not restated.

For fiscal year 2021, the amounts for Net Investment in Capital Assets were reduced by \$3.8 million due to additional depreciation expense. Additionally, the amounts for Net Investment in Capital Assets for fiscal years 2020-2018 were reduced for depreciation expense by \$3.6 million, \$2.6 million, and \$712,000, respectively.

For fiscal year 2018, the unrestricted net position includes a net change to the beginning balance from fiscal year 2017 as a reduction of \$106,364 due to the cumulative effect of the change in accounting principle related to GASB Statement No. 75.

For fiscal years 2018-2017, the amounts for Net Investment in Capital Assets were decreased by \$7.1 million for 2018 and \$2.7 million for 2017 to reflect reclassification of construction payables to Unrestricted.

For fiscal years 2018-2014, the amounts for Restricted-Nonexpendable have been restated to reflect the cash balances of the Debt Service Fund not previously included due to an error in the mapping of the balance.

For fiscal year 2015, the prior year change of \$32,332 is comprised of \$28,146 due to implementation of GASB Statement No. 68 and \$4,186 related to operations. Years prior to fiscal year 2015 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

SS-2

	For the Year Ended August 31, (amounts expressed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tuition and fees (net of allowances and discounts)	\$ 39,621	\$ 36,716	\$ 39,995	\$ 45,542	\$ 46,498	\$ 44,908	\$ 44,727	\$ 42,945	\$ 39,933	\$ 36,660
Governmental grants and contracts:										
Federal grants and contracts	21,425	38,646	12,943	5,406	5,792	6,959	6,965	5,463	4,070	4,592
State and local grants and contracts	2,618	2,557	2,153	2,683	2,503	2,993	2,755	2,409	3,192	2,373
Non-governmental grants and contracts	4,177	3,399	995	2,077	1,457	1,712	2,082	1,699	2,128	2,012
Sales and services of educational activities and non-educational activities	1,352	2,227	6,412	3,626	4,266	2,598	2,284	1,670	1,441	1,053
Auxiliary enterprises (net of discounts)	2,458	2,815	1,789	2,319	3,868	3,184	2,843	3,303	3,162	3,884
Other operating revenues	-	-	-	-	-	-	-	8	1	2
Total operating revenues	71,651	86,360	64,287	61,653	64,384	62,354	61,656	57,497	53,927	50,576
State appropriations	53,996	51,769	59,024	56,924	51,419	51,368	46,751	43,989	44,428	45,862
Ad valorem taxes	117,159	109,952	110,654	108,608	97,800	95,017	91,563	85,300	82,720	78,198
Federal revenue, non-operating	49,354	45,742	42,988	42,743	32,014	32,948	30,924	30,415	31,674	34,913
Investment income	8,332	1,176	222	3,128	6,570	3,397	1,519	545	247	254
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Other non-operating	3	-	-	-	6,941	854	-	-	-	-
Total non-operating revenues	228,844	208,639	212,888	211,403	194,744	183,584	170,757	160,249	159,069	159,227
Total revenues	\$ 300,495	\$ 294,999	\$ 277,175	\$ 273,056	\$ 259,128	\$ 245,938	\$ 232,413	\$ 217,746	\$ 212,996	\$ 209,803
Prior year change	\$ 5,496	\$ 17,824	\$ 4,119	\$ 13,928	\$ 13,190	\$ 13,525	\$ 14,667	\$ 4,750	\$ 3,193	\$ (1,044)
Tuition and fees (net of discounts)	13.19%	12.45%	14.43%	16.68%	17.94%	18.26%	19.24%	18.48%	17.38%	17.50%
Governmental grants and contracts:										
Federal grants and contracts	7.13%	13.10%	4.67%	1.98%	2.24%	2.83%	3.00%	2.51%	1.91%	2.19%
State and local grants and contracts	0.87%	0.87%	0.78%	0.98%	0.97%	1.22%	1.19%	1.11%	1.50%	1.13%
Non-governmental grants and contracts	1.39%	1.15%	0.36%	0.76%	0.56%	0.70%	0.90%	0.78%	1.00%	0.96%
Sales and services of educational activities and non-educational activities	0.45%	0.75%	2.31%	1.33%	1.65%	1.06%	0.98%	0.73%	0.63%	0.50%
Auxiliary enterprises	0.82%	0.95%	0.65%	0.85%	1.49%	1.29%	1.22%	1.52%	1.48%	1.85%
Other operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total operating revenues	23.84%	29.27%	23.19%	22.58%	24.85%	25.35%	26.53%	24.93%	23.70%	24.13%
State appropriations	17.97%	17.55%	21.29%	20.85%	19.84%	20.89%	20.12%	20.20%	20.86%	21.86%
Ad valorem taxes	38.99%	37.27%	39.92%	39.77%	37.74%	38.63%	39.40%	39.17%	38.84%	37.27%
Federal revenue, non-operating	16.42%	15.51%	15.51%	15.65%	12.35%	13.40%	13.31%	13.97%	14.87%	22.41%
Investment income	2.77%	0.40%	0.08%	1.15%	2.54%	1.38%	0.65%	0.25%	0.12%	0.12%
Gain on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other non-operating	0.00%	0.00%	0.00%	0.00%	2.68%	0.35%	0.00%	0.00%	0.00%	0.00%
Total non-operating revenues	76.16%	70.73%	76.81%	77.42%	75.15%	74.65%	73.47%	73.59%	74.69%	81.66%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.52%	98.39%	105.79%

Fiscal year 2022 was restated for implementation of GASB Statement No. 96. Years prior to fiscal year 2022 were not restated.

For fiscal years 2022-2014, the College made a prior year restatement to eliminate direct student loan fees from tuition, discounts, and scholarships and fellowships. There was no impact to net position for this restatement.

Fiscal year 2021 was restated for implementation of GASB Statement No. 87. Years prior to fiscal year 2021 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
PROGRAM EXPENSES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

SS-3

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	\$ 87,349	\$ 79,776	\$ 81,110	\$ 87,642	\$ 84,244	\$ 80,661	\$ 77,615	\$ 73,069	\$ 71,139	\$ 71,053
Public service	374	395	668	396	331	601	437	414	572	557
Academic support	24,736	21,362	22,005	22,067	18,689	18,394	18,102	16,189	13,907	13,386
Student services	19,389	18,317	17,935	19,433	18,666	17,982	16,852	15,533	15,524	15,678
Institutional support	47,508	46,975	48,342	49,337	42,786	42,260	40,531	43,150	40,839	39,365
Operation and maintenance of plant	24,061	20,878	22,766	19,564	19,083	21,944	16,882	16,700	17,556	17,680
Scholarships and fellowships	32,329	42,451	31,546	27,574	22,714	23,112	22,014	22,091	23,036	24,899
Auxiliary enterprises	2,908	2,659	1,315	1,814	2,079	3,456	3,723	4,091	4,527	4,118
Depreciation	33,733	31,875	25,843	21,880	19,181	17,577	18,439	18,808	17,401	16,365
Total operating expenses	272,387	264,688	251,530	249,707	227,773	225,987	214,595	210,045	204,501	203,101
Interest on capital related debt	24,332	24,743	25,123	23,399	17,882	17,297	18,248	17,034	12,645	12,386
Loss on disposal of capital assets	-	-	-	-	-	16	2,087	27	37	-
Other non-operating	-	3	14	184	9	430	-	-	-	168
Total non-operating expenses	24,332	24,746	25,137	23,583	17,891	17,743	20,335	17,061	12,682	12,554
Total expenses	\$ 296,719	\$ 289,434	\$ 276,667	\$ 273,290	\$ 245,664	\$ 243,730	\$ 234,930	\$ 227,106	\$ 217,183	\$ 215,655
Prior year change	\$ 7,285	\$ 12,767	\$ 3,377	\$ 27,626	\$ 1,934	\$ 8,800	\$ 7,824	\$ 9,923	\$ 1,528	\$ 9,190
Instruction	29.44%	27.56%	29.32%	32.07%	34.29%	33.09%	33.04%	32.17%	32.76%	32.95%
Public service	0.13%	0.14%	0.24%	0.14%	0.13%	0.25%	0.19%	0.18%	0.26%	0.26%
Academic support	8.34%	7.38%	7.95%	8.07%	7.61%	7.55%	7.71%	7.13%	6.40%	6.21%
Student services	6.53%	6.33%	6.48%	7.11%	7.60%	7.38%	7.17%	6.84%	7.15%	7.27%
Institutional support	16.01%	16.23%	17.47%	18.05%	17.42%	17.34%	17.25%	19.00%	18.80%	18.25%
Operation and maintenance of plant	8.11%	7.21%	8.23%	7.16%	7.77%	9.00%	7.19%	7.35%	8.08%	8.20%
Scholarships and fellowships	10.90%	14.67%	11.40%	10.09%	9.25%	9.48%	9.37%	9.73%	10.61%	11.55%
Auxiliary enterprises	0.98%	0.92%	0.48%	0.66%	0.85%	1.42%	1.58%	1.80%	2.08%	1.91%
Depreciation	11.37%	11.01%	9.34%	8.01%	7.81%	7.21%	7.85%	8.28%	8.01%	7.59%
Total operating expenses	91.80%	91.45%	90.91%	91.37%	92.72%	92.72%	91.34%	92.49%	94.16%	94.18%
Interest on capital related debt	8.20%	8.55%	9.08%	8.56%	7.28%	7.10%	7.77%	7.50%	5.82%	5.74%
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.89%	0.01%	0.02%	0.00%
Other non-operating	0.00%	0.00%	0.01%	0.07%	0.00%	0.18%	0.00%	0.00%	0.00%	0.08%
Total non-operating expenses	8.20%	8.55%	9.09%	8.63%	7.28%	7.28%	8.66%	7.21%	5.84%	5.82%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.70%	100.00%	100.00%

Fiscal year 2022 was restated for implementation of GASB Statement No. 96. Years prior to fiscal year 2022 were not restated for this new accounting pronouncement.

For fiscal years 2022-2014, the College made a prior year restatement to eliminate direct student loan fees from tuition, discounts, and scholarships and fellowships. There was no impact to net position for this restatement.

Fiscal year 2021 was restated for implementation of GASB Statement No. 87. Years prior to fiscal year 2021 were not restated for this new accounting pronouncement.

For fiscal year 2021, the amounts for Depreciation were increased by \$3.8 million due to additional depreciation expense. The amounts for Depreciation for fiscal years 2020-2018 were also increased for additional depreciation expense by \$3.6 million, \$2.6 million, and \$712,000, respectively.

Instruction, Public Support, Academic Support, and Student Services amounts were restated for the 10 year period due to reclassification of the Continuing Education and Dual Credit program expenses to align with NACUBO classifications.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
TUITION AND FEES – (UNAUDITED)
LAST TEN ACADEMIC YEARS

Academic Year (Fall)	General Service Fee	Resident Fees per Semester Credit Hour (SCH)					Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees					
2023	\$ -	\$ 78	\$ 135	\$ -	\$ -	\$ 936	\$ 1,620	-	-	
2022	-	78	135	-	-	936	1,620	-	-	
2021	-	78	135	-	-	936	1,620	-	-	
2020	-	78	135	-	-	936	1,620	20.90%	23.30	
2019	150	50	95	2	-	774	1,314	3.20%	1.86%	
2018	150	50	95	-	-	750	1,290	-	-	
2017	140	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	-	-	

Academic Year (Fall)	General Service Fee	Non-Resident Fees per Semester Credit Hour (SCH)					Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
		Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Student Activity Fees					
2023	\$ -	\$ 210	\$ 210	\$ -	\$ -	\$ 2,520	\$ 2,520	-	-	
2022	-	210	210	-	-	2,520	2,520	-	-	
2021	-	210	210	-	-	2,520	2,520	-	-	
2020	-	210	210	-	-	2,520	2,520	20.30%	20.30%	
2019	150	160	160	-	-	2,094	2,094	1.16%	1.16%	
2018	150	160	160	-	-	2,070	2,070	-	-	
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	-	-	

In fiscal year 2020 the College implemented a simplified tuition model in which course and other registration related fees rolled into semester credit hour tuition to ease the calculation of the cost of enrollment for students.

Prior fiscal years include basic enrollment tuition and fees but exclude 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 (UNAUDITED)
LAST TEN FISCAL YEARS

SS-5

Fiscal Year	(Amounts expressed in thousands)				Ratio of TAV to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Maintenance & Operations (a)		Debt Service (a)	Total (a)	
2022-23	\$ 89,564,321	\$ 13,607,599	\$ 75,956,722	84.81%	0.105500	0.050105	0.155605	
2021-22	77,489,684	11,760,032	65,729,652	84.82%	0.112838	0.055129	0.167967	
2020-21	76,749,920	11,869,475	64,880,445	84.53%	0.111738	0.057620	0.169358	
2019-20	72,337,367	11,423,615	60,913,752	84.21%	0.117251	0.060918	0.178169	
2018-19	64,534,799	10,550,630	53,984,169	83.65%	0.127210	0.052119	0.179329	
2017-18	61,361,537	9,892,379	51,469,158	83.88%	0.128828	0.054507	0.183335	
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	

Source: Harris County Appraisal District and Chambers County Appraisal District

Property is assessed at full market value.

(a) Per \$100 Taxable Assessed Valuation

SAN JACINTO COMMUNITY COLLEGE DISTRICT
GENERAL APPROPRIATION ACT BEFORE CONTACT HOUR ADJUSTMENTS (UNAUDITED)
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)

SS-6a

Appropriation Funding Elements	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>
State Appropriation Contact Hour Funding (CH)	\$ 33,366	\$ 33,366	\$ 36,224	\$ 36,226	\$ 34,252	\$ 34,252	\$ 32,442	\$ 32,442	\$ 33,030	\$ 33,030
State Appropriation Student Success Points (SSP)	7,261	7,261	5,186	5,186	3,865	3,865	3,478	3,478	3,613	3,613
State Appropriation Core Operations (CO)	681	681	680	680	680	680	500	500	500	500
State Appropriation Bachelor of Applied Technology (BAT)	-	-	-	-	-	-	-	-	-	-
State Appropriation Non-Funding Items	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 41,308</u>	<u>\$ 41,308</u>	<u>\$ 42,090</u>	<u>\$ 42,092</u>	<u>\$ 38,797</u>	<u>\$ 38,797</u>	<u>\$ 36,420</u>	<u>\$ 36,420</u>	<u>\$ 37,143</u>	<u>\$ 37,143</u>

* In fiscal year 2014 the formula funding methodology changed.

Source: THECB - Ten Pay Schedule

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATE APPROPRIATION PER FTSE (UNAUDITED)
LAST TEN FISCAL YEARS

SS-6b

Amounts Expressed in Thousands			
Fiscal Year	State Appropriation (Unrestricted) From Schedule C	FTSE (a)	State Appropriation per FTSE - Dollars
2022-23	\$ 41,308	19	\$ 2,174
2021-22	41,308	19	2,174
2020-21	42,090	19	2,215
2019-20	42,092	20	2,105
2018-19	38,797	20	1,940
2017-18	38,797	20	1,940
2016-17	36,420	20	1,821
2015-16	36,420	20	1,821
2014-15	37,143	20	1,857
2013-14*	37,143	20	1,857

(a) Full Time Student Equivalent (FTSE) is equal to the sum of State Funded (Fall Semester Credit Hours (SCH) + Spring SCH + Summer SCH for the Current FY/30 SCH) plus State Funded Continuing Education (Fall Credit Hours (CH) + Spring CH + Summer CH for the Current FY/900 CH).

* In fiscal year 2014 the formula funding methodology changed.

Source: CBM004 and CBM00C

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATE APPROPRIATION PER FUNDED CONTACT HOUR
CONTACT HOUR (CH) PORTION ONLY OF STATE APPROPRIATION (UNAUDITED)
LAST TEN FISCAL YEARS

SS-6c

Fiscal Year	Amounts Expressed in Thousands					Total Contact Hours	State Appropriation per Contact Hour
	CH - State Appropriation (Unrestricted) (a)	Academic Contact Hours (b)	Vocational - Technical Contact Hours (b)	Continuing Education Contact Hours (b)			
2022-23	\$ 33,366	8,140	3,545	244	11,929	\$ 2.80	
2021-22	33,366	7,905	3,492	203	11,600	2.88	
2020-21	36,224	8,276	3,272	126	11,674	3.10	
2019-20	36,226	8,590	3,585	156	12,331	2.94	
2018-19	34,252	8,392	3,789	253	12,434	2.75	
2017-18	34,252	8,307	3,858	283	12,448	2.75	
2016-17	32,442	8,357	3,829	365	12,551	2.59	
2015-16	32,442	8,172	3,752	373	12,297	2.64	
2014-15	33,030	7,903	3,772	393	12,068	2.74	
2013-14*	33,030	8,092	3,739	327	12,158	2.72	

Contact Hour = State funded Academic, Vocational-Technical, and Continuing Education contact hours for Fall, Spring, and Summer of the current fiscal year.

(a) State Appropriation Contact Hour Funding as it appears on schedule 6a.

(b) Source: CBM004 and CBM00C

* In fiscal year 2014 the formula funding methodology changed.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATE APPROPRIATION PER STUDENT SUCCESS POINT (SSP) - ANNUALIZED (UNAUDITED)
LAST NINE FISCAL YEARS

SS-6d

Fiscal Year	(Amounts Expressed in Thousands)		Three Year Average Student Success Points (b)	Appropriation per Success Point
	SSP - State Appropriation (Unrestricted) (a)			
2022-23	\$ 7,261		58,579	\$ 123.95
2021-22	7,261		58,579	123.95
2020-21	5,186		51,208	101.27
2019-20	5,186		51,208	101.27
2018-19	3,865		45,061	85.78
2017-18	3,865		45,061	85.78
2016-17	3,478		40,304	86.29
2015-16	3,478		40,304	86.29
2014-15	3,613		39,028	92.56

(a) State Funded Success Point Appropriations as it appears on schedule 6a.

(b) Source: THECB - Ten Pay Schedule

Note: The College did not present this schedule prior to fiscal year 2014.
The ten year trend information will be updated prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STUDENT SUCCESS POINTS (SSP) (UNAUDITED)
LAST EIGHT REPORTED FISCAL YEARS

SS-6e

Success Points Elements (Weighted)	2021	2020	2019	2018	2017	2016	2015	2014
Math Readiness	2,796	2,625	2,644	2,676	2,819	2,143	1,232	352
Read Readiness	933	946	839	846	925	874	501	535
Write Readiness	601	391	280	449	848	829	502	408
Students Who Pass FCL Math Course	6,176	7,322	6,035	5,406	5,936	5,729	5,013	5,091
Students Who Pass FCL Read Course	3,868	4,910	4,752	4,549	4,424	4,090	3,929	3,981
Students Who Pass FCL Write Course	3,224	4,013	3,798	2,947	2,435	2,295	2,104	2,108
Students Who Complete 15 SCH	8,589	9,702	9,220	9,313	9,062	8,466	8,303	8,409
Students Who Complete 30 SCH	9,600	10,655	9,936	6,611	6,094	5,993	5,897	5,524
Student Transfers to a 4-Yr Inst	7,605	8,292	8,349	5,210	5,226	5,020	5,144	4,592
Degrees, CCCs, or Certs	5,552	5,408	5,206	8,908	10,306	10,496	8,416	7,490
Degrees or Certs in Critical Fields	<u>7,046</u>	<u>7,215</u>	<u>7,134</u>	<u>4,712</u>	<u>4,421</u>	<u>3,517</u>	<u>3,170</u>	<u>2,628</u>
Annual Success Points - Total	<u>55,990</u>	<u>61,479</u>	<u>58,193</u>	<u>51,627</u>	<u>52,496</u>	<u>49,452</u>	<u>44,211</u>	<u>41,118</u>

SCH = Semester Contact Hour

Note: The College did not present this schedule prior to fiscal year 2014. The ten year trend information will be updated prospectively.

Source: THECB - FY 2022 data is not available yet.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
TOP TEN PRINCIPAL TAXPAYERS (UNAUDITED)
LAST TEN TAX YEARS

SS-7

Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)											
Taxpayer	Type of Business	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Lyondell Chemical Co.	Chemical	\$ 2,489,961	\$ 2,171,538	\$ 1,052,233	\$ 946,278	\$ 651,344	\$ 571,680	\$ 601,457	\$ 604,913	\$ 704,095	\$ 756,691
Equistar Chemicals LP	Chemical	1,925,863	2,037,655	1,973,303	1,757,873	1,677,218	1,372,684	1,356,982	1,531,712	1,566,440	1,201,778
Oiltanking Houston	Petrochemical	915,320	823,950	745,843	638,207	576,921					
Centerpoint Energy, Inc.	Energy	839,513	717,171	604,779				435,659	435,139	350,466	351,705
Shell Oil Co.	Refinery	815,693	776,640	1,039,498	1,419,165	1,427,630	1,130,823	1,184,784	1,360,056	1,500,515	1,545,113
Intercontinental Terminal	Chemical	808,476	717,579	680,121	693,253	650,739					
Phillips 66 Company	Petrochemical	732,878									
Deer Park Refining LP	Petrochemical	714,903									
Chevron Chemical Co.	Refinery	658,520								394,849	389,364
Enterprise Products	Petrochemical	641,409	646,784	1,214,877	1,174,347	1,076,865	407,948	455,662			
Braskem America Inc.	Petrochemical	619,955	618,837								
Kinder Morgan	Petrochemical	586,368	571,127	561,671	509,475						
Lubrizol Corp	Chemical	547,061	533,393	686,897	529,604						
Fairway Methanol, LLC	Petrochemical			573,835	578,146		576,639				
Kuraray America Inc	Chemical			518,194	502,495		484,717	440,321	500,418	453,555	
Air Liquide	Chemical						404,162	430,613	418,645	359,970	
Kirby Inland Marine, LLP	Marine Transportation						443,548		453,507		
Houston Refining	Refinery						417,286			393,460	391,376
Oxy Vinyls LP	Petrochemical						416,051	410,461	424,978	418,532	414,044
Celanese, LTD	Petrochemical							715,716	739,533		
Rohm & Haas Co. (Parent DOW)	Petrochemical							406,834	424,828	518,150	529,774
Chevron Chemical Co.	Refinery									-	-
Exxon Mobil Corp	Petrochemical										385,773
Conoco Phillips	Refinery										-
Totals - Top Ten Only		\$ 10,542,536	\$ 9,644,701	\$ 9,034,011	\$ 8,969,720	\$ 8,180,437	\$ 6,225,538	\$ 6,438,489	\$ 6,893,727	\$ 6,660,032	\$ 5,965,618
Total Taxable Assessed Value (TAV)		\$ 75,956,722	\$ 65,729,652	\$ 64,880,445	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071

% of Total Taxable Assessed Value (TAV) by Tax Year											
Taxpayer	Type of Business	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Lyondell Chemical Co.	Chemical	3.28%	3.30%	1.62%	1.55%	1.21%	1.11%	1.20%	1.25%	1.60%	1.81%
Equistar Chemicals LP	Chemical	2.54%	3.10%	3.04%	2.89%	3.11%	2.67%	2.70%	3.16%	3.55%	2.88%
Oiltanking Houston	Petrochemical	1.21%	1.25%	1.15%	1.05%	1.07%					
Centerpoint Energy, Inc.	Energy	1.11%	1.09%	0.93%				0.87%	0.90%	0.80%	0.84%
Shell Oil Co.	Refinery	1.07%	1.18%	1.60%	2.33%	2.64%	2.20%	2.36%	2.81%	3.40%	3.70%
Intercontinental Terminal	Chemical	1.06%	1.09%	1.05%	1.14%	1.21%					
Phillips 66 Company	Petrochemical	0.96%	0.00%								
Deer Park Refining LP	Petrochemical	0.94%	0.00%								
Chevron Chemical Co.	Refinery	0.87%	0.00%							0.90%	0.93%
Enterprise Products	Petrochemical	0.84%	0.98%	1.93%	1.93%	1.99%	0.79%	0.91%			
Braskem America Inc.	Petrochemical			0.95%							
Kinder Morgan	Petrochemical			0.88%	0.92%	0.94%					
Lubrizol Corp	Chemical			0.82%	1.13%	0.98%					
Fairway Methanol, LLC	Petrochemical				0.94%	1.07%	1.12%				
Kuraray America Inc	Chemical				0.85%	0.93%		0.88%	1.03%	1.03%	
Air Liquide	Chemical						0.79%	0.86%	0.86%	0.82%	
Kirby Inland Marine, LLP	Marine Transportation						0.86%		0.94%		
Houston Refining	Refinery						0.81%			0.89%	0.94%
Oxy Vinyls LP	Petrochemical						0.81%	0.82%	0.88%	0.95%	0.99%
Celanese, LTD	Petrochemical							1.43%	1.53%		
Rohm & Haas Co. (Parent DOW)	Petrochemical							0.81%	0.88%	1.18%	1.27%
Exxon Mobil Corp	Petrochemical										0.92%
Conoco Phillips	Refinery										0.00%
Percentage of Top Ten Taxpayer to Grand Total TAV		13.88%	11.99%	13.97%	14.73%	15.15%	12.10%	12.84%	14.24%	15.12%	14.28%

This list is the Top Ten Principal Taxpayers based on Taxable Assessed Value by Tax Year.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN TAX YEARS
(Amounts Expressed in Thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage (c/b)	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]
2023	\$ 118,192	\$ -	\$ 118,192	\$ 116,362	98.45%	\$ 578	\$ 707	\$ 117,647	98.94%
2022	110,404	-	110,404	108,402	98.19%	(102)	796	109,096	98.09%
2021	109,880	-	109,880	107,692	98.01%	1,400	969	110,061	99.28%
2020	108,529	-	108,529	105,652	97.35%	619	801	107,072	97.92%
2019	96,808	-	96,808	96,157	99.33%	970	863	97,990	100.33%
2018	94,361	-	94,361	93,079	98.64%	1,162	1,011	95,252	99.87%
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%

During fiscal year 2022, Harris County Tax collectors issued \$965,525 delinquent tax refunds on the College's behalf, which fully offset delinquent tax collections \$862,918.
Source: Harris County Tax Assessor Collector and Chamber County Tax Assessor Collector

SAN JACINTO COMMUNITY COLLEGE DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)
LAST TEN FISCAL YEARS

SS-9

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General obligation bonds	\$ 606,363	\$ 622,651	\$ 599,531	\$ 530,440	\$ 544,008	\$ 414,189	\$ 428,268	\$ 433,908	\$ 284,351	\$ 293,469
Revenue bonds	41,609	43,221	44,758	45,980	47,381	48,732	50,033	50,144	50,255	-
Total outstanding debt	\$ 647,972	\$ 665,872	\$ 644,289	\$ 576,420	\$ 591,389	\$ 462,921	\$ 478,301	\$ 484,052	\$ 334,606	\$ 293,469

Figures for Debt Ratios (in thousands):

District Population	583.7	578.7	574.8	569.3	569.0	570.8	565.7	563.5	555.1	532.0
Full Time Student Equivalent (FTSE)	19	19	19	20	20	20	20	20	20	20
Taxable Assessed Value (TAV)	\$ 75,956,722	\$ 65,729,652	\$ 64,880,445	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071

General Bonded Debt Ratios:

Per Capita	\$ 1,039	\$ 1,076	\$ 1,043	\$ 932	\$ 956	\$ 726	\$ 757	\$ 770	\$ 512	\$ 552
Per FTSE	31,914	32,771	31,554	26,522	27,200	20,709	21,413	21,695	14,218	14,673
As a percentage of TAV	0.80%	0.95%	0.92%	0.87%	1.01%	0.80%	0.85%	0.90%	0.65%	0.70%

Total Outstanding Debt Ratios:

Per Capita	\$ 1,110	\$ 1,151	\$ 1,121	\$ 1,013	\$ 1,039	\$ 811	\$ 846	\$ 859	\$ 603	\$ 552
Per FTSE	34,104	35,046	33,910	28,821	29,569	23,146	23,915	24,203	16,730	14,673
As a percentage of TAV	0.85%	1.01%	0.99%	0.95%	1.10%	0.90%	0.95%	1.00%	0.76%	0.70%

SAN JACINTO COMMUNITY COLLEGE DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

SS-9a

<u>Fiscal Year Ended August 31</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Finances</u>	<u>Leases</u>	<u>Subscriptions</u>	<u>Notes Payable</u>	<u>Total Outstanding Debt</u>	<u>Calendar Year District Personal Income*</u>	<u>Percentage of Debt per Personal Income</u>	<u>Population*</u>	<u>Debt per Capita</u>
2023	\$ 606,363	\$ 41,609	\$ 3,833	\$ 386	\$ 7,855	\$ 3,473	\$ 663,519	14,358,092	4.62%	584	\$ 1,137
2022	622,651	43,221	3,957	378	4,943	921	676,071	14,358,167	4.71%	579	1,168
2021	599,531	44,758	-	619	6,392	-	651,300	13,900,552	4.69%	575	1,133
2020	530,440	45,980	-	712	-	-	577,132	13,258,767	4.35%	569	1,014
2019	544,008	47,381	-	-	-	-	591,389	12,783,004	4.63%	569	1,039
2018	414,189	48,732	-	-	-	-	462,921	12,373,224	3.74%	571	811
2017	428,268	50,033	-	-	-	-	478,301	12,099,362	3.95%	566	846
2016	433,908	50,144	-	-	-	-	484,052	12,332,296	3.93%	564	859
2015	284,351	50,255	-	-	-	-	334,606	12,094,371	2.77%	555	603
2014	293,469	-	-	-	-	-	293,469	11,214,359	2.62%	532	552

*One year in arrears to College's fiscal year end. See Demographic and Economic Statistics - Taxing District SS-12.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
LEGAL DEBT MARGIN INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

SS-10

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Taxable Assessed Value	\$ <u>75,956,722</u>	\$ <u>65,729,652</u>	\$ <u>64,880,445</u>	\$ <u>60,913,752</u>	\$ <u>53,984,169</u>	\$ <u>51,469,158</u>	\$ <u>50,199,696</u>	\$ <u>48,431,734</u>	\$ <u>44,069,172</u>	\$ <u>41,778,071</u>
<u>General Obligation Bonds</u>										
Statutory Tax Levy Limit for Debt Service	379,784	328,648	324,402	304,569	269,921	257,346	250,998	242,159	220,346	208,890
Less: funds restricted for repayment of general obligation bonds	<u>(1,545)</u>	<u>(1,276)</u>	<u>(930)</u>	<u>(9,238)</u>	<u>(8,525)</u>	<u>(8,835)</u>	<u>(8,587)</u>	<u>(8,293)</u>	<u>(11,603)</u>	<u>(8,925)</u>
Total net general obligation debt	378,239	327,372	323,472	295,331	261,396	248,511	242,411	233,866	208,743	199,965
Current year debt service requirements	<u>47,308</u>	<u>44,229</u>	<u>40,192</u>	<u>37,126</u>	<u>30,385</u>	<u>28,576</u>	<u>26,773</u>	<u>30,148</u>	<u>25,774</u>	<u>26,676</u>
Excess of statutory limit for debt service over current requirement	\$ <u><u>330,931</u></u>	\$ <u><u>283,143</u></u>	\$ <u><u>283,280</u></u>	\$ <u><u>258,205</u></u>	\$ <u><u>231,011</u></u>	\$ <u><u>219,935</u></u>	\$ <u><u>215,638</u></u>	\$ <u><u>203,718</u></u>	\$ <u><u>182,969</u></u>	\$ <u><u>173,289</u></u>
Net current requirements as a % of statutory limit	12.46%	13.46%	12.39%	12.19%	11.26%	11.10%	10.67%	12.45%	11.70%	12.77%

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
PLEDGED REVENUE COVERAGE (UNAUDITED)
LAST TEN FISCAL YEARS

SS-11

Fiscal Year Ended August 31	Tuition	Continuing or Non-Credit Education Tuition/Fees	General Service	IPP Fees	Course Fees	Laboratory Fees	Total	Principal	Interest	Total	Coverage Ratio
2023	\$ 14,685	\$ 9,203	\$ -	\$ 785	\$ -	\$ -	\$ 24,673	\$ 1,490	\$ 1,780	\$ 3,270	8
2022	14,446	7,778	-	823	-	-	23,047	1,415	1,852	3,267	7
2021	14,831	7,285	-	891	-	-	23,007	1,350	1,922	3,272	7
2020	15,537	6,428	-	978	-	-	22,943	1,290	1,981	3,271	7
2019	10,687	7,072	11,523	1,119	1,171	850	32,422	1,240	2,032	3,272	10
2018	10,715	6,538	11,340	1,101	1,190	806	31,690	1,190	2,080	3,270	10
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	-	-	-	-	-	-	-	-	-	-	-

In fiscal year 2020 the College implemented a simplified tuition model in which course and other registration related fees were rolled into semester credit hour tuition.

* Debt service requirements include revenue bonds only.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS – TAXING DISTRICT (UNAUDITED)
LAST TEN FISCAL YEARS

SS-12

<u>Calendar Year</u>	<u>District Population</u>	<u>District Personal Income (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>Harris County Unemployment Rate</u>
2022	583,686	\$ 14,358,092	\$ 24,599	4.20%
2021	578,725	14,358,167	24,810	6.50%
2020	574,783	13,900,552	24,184	8.90%
2019	569,339	13,258,767	23,288	3.80%
2018	569,044	12,783,004	22,464	4.40%
2017	570,826	12,373,224	21,676	4.40%
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%

Sources: Personal Income and Population from:
 © 2010 US Census, All Rights Reserved, Alteryx, Inc.
 © 2017 Experian, Inc. All Rights Reserved, Alteryx, Inc.
 © 2017 Easy Analytic Software, Inc. (EASI®) All Rights Reserved, Alteryx, Inc.
 Unemployment rate from Texas Workforce Commission.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
PRINCIPAL EMPLOYERS FOR THE SERVICE AREA (UNAUDITED)
LAST TEN FISCAL YEARS

SS-13

Employer	Number of Employees									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pasadena ISD	7,977	7,977	7,980	8,294	8,135	7,974	7,555	7,404	7,186	7,177
Lyondell Chemical Co	5,024	5,024	5,024	3,733	3,813	5,491	5,491	5,061	2,613	2,613
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	4,789	4,789	4,789	5,291	4,039	4,020	4,639			
Lockheed Martin Corp & Services	3,940	3,940	3,940	3,940	3,940	3,940	3,743	3,745	2,300	2,300
NASA Lyndon B Johnson Space Center	3,055	3,055	3,055	3,055	2,500	2,500	2,500	2,500	2,500	2,500
Walmart/Sam's Club	2,985	2,985	2,985	2,985	2,985	2,985	2,715	2,985	2,840	2,540
Boeing Co	2,830	2,830	2,830	2,830	2,830	2,830	2,000	2,000	2,000	2,000
Memorial Healthcare System	2,200	2,200	2,500	2,500	2,200	2,500	2,200	2,200	2,200	2,200
Powell Electrical Systems Inc	2,025	1,725	2,025	1,675	1,725	1,725	1,975	1,675	2,070	1,720
HEB	2,012	1,998	1,881	1,881	1,881	1,181	1,569	1,199	1,259	
TechnipFMC PLC	1,600									
Kroger	1,552	1,587	1,725	1,725	1,320	1,720	1,900	1,420	1,570	
Shell Chemical	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,600	1,700
University of Houston - Clear Lake	1,476	1,476	1,476	1,476	1,287	1,245	1,245	1,245	1,245	1,245
San Jacinto College	1,424	1,347	1,362	1,340	1,358	1,347	1,367	1,322	1,325	1,297
McDonalds	1,366	1,275								
Pappa's Restaurants Inc	1,132									
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Darden Restaurants	1,018									
US Air Force	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
DOW (listed as Rohm & Haas Texas Inc. FY17)			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tubular Services, Inc.					1,000					
ABC Professional Tree Services Inc.							1,500	1,500	1,500	1,500
GE Energy/Baker Hughes							1,295			
Lubrizol							1,015	1,020		
Wyle Life Science							1,000	1,000	1,000	1,000
Bayshore Medical Center *								1,617	1,500	1,500
Clear Lake Regional Medical Center *								2,422	1,600	1,600
Equistar Chemicals LP										1,500
Anheuser-Busch Co										1,000
Totals	50,005	45,808	46,172	45,706	43,613	44,058	48,609	44,915	39,408	38,492

Employer	Percentage of Total Employment									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pasadena ISD	2.65%	2.74%	2.71%	2.77%	2.79%	2.98%	2.86%	2.77%	2.72%	2.97%
Lyondell Chemical Co	1.67%	1.73%	1.71%	1.25%	1.31%	2.05%	2.08%	1.89%	0.99%	1.08%
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	1.59%	1.65%	1.63%	1.77%	1.38%	1.50%	1.76%			
Lockheed Martin Corp & Services	1.31%	1.35%	1.34%	1.32%	1.35%	1.47%	1.42%	1.40%	0.87%	0.95%
NASA Lyndon B Johnson Space Center	1.01%	1.05%	1.04%	1.02%	0.86%	0.93%	0.95%	0.93%	0.95%	1.03%
Walmart/Sam's Club	0.99%	1.03%	1.02%	1.00%	1.02%	1.11%	1.03%	1.11%	1.08%	1.05%
Boeing Co	0.94%	0.97%	0.96%	0.95%	0.97%	1.06%	0.76%	0.75%	0.76%	0.83%
Memorial Healthcare System	0.73%	1.76%	0.85%	0.84%	0.75%	0.93%	0.95%	0.82%	0.83%	0.91%
Powell Electrical Systems Inc	0.67%	0.59%	0.69%	0.56%	0.59%	0.64%	0.75%	0.63%	0.78%	0.71%
HEB	0.67%	0.69%	0.64%	0.63%	0.64%	0.44%	0.59%	0.45%	0.48%	
TechnipFMC PLC	0.53%									
Kroger	0.51%	0.55%	0.59%	0.58%	0.45%	0.64%	0.72%	0.53%	0.59%	
Shell Chemical	0.50%	0.52%	0.51%	0.50%	0.51%	0.56%	0.57%	0.56%	0.61%	0.70%
University of Houston - Clear Lake	0.49%	0.51%	0.50%	0.49%	0.44%	0.46%	0.47%	0.46%	0.47%	0.52%
San Jacinto College	0.47%	0.72%	0.75%	0.45%	0.47%	0.50%	0.52%	0.49%	0.50%	0.54%
McDonalds	0.45%	0.44%	0.37%	0.37%	0.38%	0.41%	0.42%	0.41%	0.42%	0.46%
Pappa's Restaurants Inc	0.38%									
Pasadena City Hall	0.36%	0.38%	0.37%	0.37%	0.38%	0.41%	0.42%	0.41%	0.42%	0.46%
Darden Restaurants	0.34%									
US Air Force	0.33%	0.34%	0.34%	0.33%	0.34%	0.37%	0.38%	0.37%	0.38%	0.41%
DOW (listed as Rohm & Haas Texas Inc. FY17)				0.33%	0.34%	0.37%	0.38%	0.37%	0.38%	0.41%
Tubular Services, Inc.					0.34%					
ABC Professional Tree Services Inc.							0.57%	0.56%	0.57%	0.62%
GE Energy/Baker Hughes							0.49%			
Lubrizol							0.38%	0.38%		
Wyle Life Science							0.38%	0.37%	0.38%	0.41%
Bayshore Medical Center *								0.60%	0.57%	0.62%
Clear Lake Regional Medical Center *								0.90%	0.61%	0.66%
Equistar Chemicals LP										0.62%
Anheuser-Busch Co										0.41%
Totals	16.59%	17.02%	15.65%	15.29%	15.67%	16.42%	18.43%	16.75%	14.94%	15.91%

Data Sources include InfoUSA (ReferenceUSA) and the Hoover's, TWC reporting data

<https://www.census.gov/data/datasets/2018/econ/cbp/2018-cbp.html>

https://www2.census.gov/programs-surveys/cbp/technical-documentation/records-layouts/2018_record_layouts/zip_code_totals_record_layout_2018.txt

Total employee count for College service area is from the 2016 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 (UNAUDITED)
LAST TEN FISCAL YEARS

SS-14

	Fiscal Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Faculty:										
Full-time	544	520	516	522	536	525	537	524	541	525
Part-time	<u>976</u>	<u>947</u>	<u>950</u>	<u>978</u>	<u>1,063</u>	<u>1,142</u>	<u>1,213</u>	<u>1122</u>	<u>814</u>	<u>793</u>
Total	<u><u>1,520</u></u>	<u><u>1,467</u></u>	<u><u>1,466</u></u>	<u><u>1,500</u></u>	<u><u>1,599</u></u>	<u><u>1,667</u></u>	<u><u>1,750</u></u>	<u><u>1,646</u></u>	<u><u>1,355</u></u>	<u><u>1,318</u></u>
Percent:										
Full-time	35.8%	35.4%	35.2%	34.8%	33.5%	31.5%	30.7%	31.8%	39.9%	39.8%
Part-time	64.2%	64.6%	64.8%	65.2%	66.5%	68.5%	69.3%	68.2%	60.1%	60.2%
Staff and Administrators:										
Full-time	880	827	846	818	822	822	830	798	784	772
Part-time	<u>513</u>	<u>504</u>	<u>353</u>	<u>522</u>	<u>669</u>	<u>673</u>	<u>713</u>	<u>617</u>	<u>493</u>	<u>503</u>
Total	<u><u>1,393</u></u>	<u><u>1,331</u></u>	<u><u>1,199</u></u>	<u><u>1,340</u></u>	<u><u>1,491</u></u>	<u><u>1,495</u></u>	<u><u>1,543</u></u>	<u><u>1,415</u></u>	<u><u>1,277</u></u>	<u><u>1,275</u></u>
Percent:										
Full-time	63.2%	62.1%	70.6%	61.0%	55.1%	55.0%	53.8%	56.4%	61.4%	60.5%
Part-time	36.8%	37.9%	29.4%	39.0%	44.9%	45.0%	46.2%	43.6%	38.6%	39.5%
FTSE per full-time faculty	43	45	45	45	43	43	41	41	39	40
FTSE per full-time staff member	27	28	28	29	28	27	27	27	27	27
Average 9-month faculty salary	\$ 66,342	\$ 66,178	\$ 63,453	\$ 62,373	\$ 62,878	\$ 61,167	\$ 60,630	\$ 60,778	\$ 59,794	\$ 59,195

Source: Banner Human Resources module.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
ENROLLMENT DETAILS (UNAUDITED)
LAST TEN FISCAL YEARS

SS-15

Student Classification	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 29 hours	18,438	60.27%	18,370	58.18%	17,251	55.45%	18,838	58.05%	18,526	57.65%	17,263	56.58%	16,335	56.33%	15,866	56.01%	15,811	56.65%	15,846	55.83%
30 - 72 hours	7,879	25.75%	8,584	27.18%	8,980	28.87%	8,762	27.00%	8,747	27.22%	8,532	27.97%	8,155	28.12%	8,065	28.47%	7,986	28.61%	8,118	28.60%
> 72 hours	4,276	13.98%	4,623	14.64%	4,879	15.68%	4,852	14.95%	4,864	15.14%	4,714	15.45%	4,508	15.55%	4,395	15.52%	4,114	14.74%	4,421	15.58%
Total	30,593	100.00%	31,577	100.00%	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%

Semester Hour Load	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	217	0.71%	268	0.85%	173	0.56%	136	0.42%	158	0.49%	262	0.86%	305	1.05%	349	1.23%	317	1.14%	204	0.72%
3 - 5 semester hours	6,387	20.88%	6,870	21.76%	6,746	21.68%	4,485	13.82%	5,279	16.43%	5,435	17.81%	5,554	19.15%	5,676	20.04%	5,325	19.08%	5,371	18.92%
6 - 8 semester hours	8,360	27.33%	9,481	30.03%	8,715	28.01%	9,395	28.95%	9,706	30.20%	9,448	30.97%	8,826	30.44%	8,329	29.40%	7,702	27.59%	7,688	27.08%
9 - 11 semester hours	6,320	20.66%	6,690	21.19%	6,452	20.74%	6,192	19.08%	6,889	21.44%	6,529	21.40%	6,150	21.21%	6,054	21.37%	6,020	21.57%	6,240	21.98%
12 - 14 semester hours	7,880	25.76%	6,896	21.84%	7,368	23.68%	8,851	27.27%	7,879	24.52%	6,674	21.88%	6,312	21.77%	5,995	21.16%	6,669	23.89%	7,023	24.74%
15 - 17 semester hours	1,311	4.29%	1,226	3.88%	1,516	4.87%	1,647	5.08%	1,210	3.77%	1,334	4.37%	1,115	3.85%	1,158	4.09%	1,218	4.36%	1,398	4.93%
18 & over	118	0.39%	146	0.46%	140	0.45%	1,746	5.38%	1,016	3.16%	827	2.71%	736	2.54%	765	2.70%	660	2.36%	461	1.62%
Total	30,593	100.00%	31,577	100.00%	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%

Average course load	8.6	8.3	8.4	9.6	8.9	8.7	8.6	8.6	8.7	8.8
---------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Tuition Status	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	13,779	45.04%	14,493	45.90%	13,574	43.63%	15,024	46.30%	14,962	46.56%	14,591	47.83%	14,122	48.70%	13,957	49.27%	13,996	50.15%	14,274	50.29%
Texas Resident (Out-of-District)	9,288	30.36%	9,675	30.64%	9,728	31.27%	10,299	31.74%	10,247	31.89%	9,872	32.36%	9,898	34.13%	9,837	34.73%	9,919	35.54%	10,477	36.91%
Non-Resident Tuition	579	1.89%	608	1.93%	572	1.84%	640	1.97%	733	2.28%	804	2.64%	778	2.68%	733	2.59%	651	2.33%	706	2.49%
Tuition Exemption	6,947	22.71%	6,801	21.54%	7,236	23.26%	6,489	20.00%	6,195	19.28%	5,242	17.18%	4,200	14.48%	3,799	13.41%	3,345	11.98%	2,928	10.32%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	30,593	100.00%	31,577	100.00%	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	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 (UNAUDITED)
LAST TEN FISCAL YEARS

SS-16

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Gender																						
Female	18,068	59.06%	18,911	59.89%	19,107	61.42%	19,051	58.71%	18,786	58.46%	17,498	57.35%	16,337	56.34%	15,833	55.90%	15,561	55.75%	16,017	56.43%		
Male	12,525	40.94%	12,666	40.11%	12,003	38.58%	13,401	41.29%	13,351	41.54%	13,011	42.65%	12,661	43.66%	12,493	44.10%	12,350	44.25%	12,368	43.57%		
Total	30,593	100.00%	31,577	100.00%	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%		

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Ethnic Origin																						
White	5,149	16.83%	5,668	17.95%	6,235	20.04%	6,665	20.54%	6,986	21.74%	7,163	23.48%	7,398	25.51%	7,647	27.00%	7,960	28.52%	8,475	29.86%		
Hispanic	19,680	64.33%	20,275	64.21%	19,175	61.64%	19,846	61.15%	19,136	59.55%	17,370	56.93%	15,839	54.62%	14,838	52.38%	13,794	49.42%	13,191	46.47%		
African American	2,978	9.73%	3,172	10.05%	3,042	9.78%	3,130	9.65%	3,166	9.85%	3,081	10.10%	2,981	10.28%	2,862	10.10%	2,918	10.45%	2,966	10.45%		
Asian	1,774	5.80%	1,844	5.84%	1,870	6.01%	1,976	6.09%	1,870	5.82%	1,767	5.79%	1,704	5.88%	1,670	5.90%	1,595	5.71%	1,616	5.69%		
Foreign	153	0.50%	168	0.53%	226	0.73%	307	0.95%	434	1.35%	566	1.86%	567	1.96%	575	2.03%	498	1.78%	508	1.79%		
Native American	156	0.51%	177	0.56%	202	0.65%	189	0.58%	193	0.60%	186	0.61%	173	0.60%	181	0.64%	221	0.79%	277	0.98%		
Other	703	2.30%	273	0.86%	360	1.16%	339	1.04%	352	1.10%	376	1.23%	336	1.16%	553	1.95%	925	3.31%	1,352	4.76%		
Total	30,593	100.00%	31,577	100.00%	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%		

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Age																						
Under 18	5,797	18.95%	5,600	17.73%	6,059	19.48%	5,349	16.48%	4,855	15.11%	3,903	12.79%	3,071	10.59%	2,721	9.61%	2,269	8.13%	1,830	6.45%		
18 - 21	14,245	46.56%	14,018	44.39%	12,924	41.54%	14,291	44.04%	14,064	43.76%	13,624	44.66%	13,054	45.02%	12,864	45.41%	12,859	46.07%	13,025	45.89%		
22 - 24	3,972	12.98%	4,359	13.80%	4,281	13.76%	4,805	14.81%	4,850	15.09%	4,804	15.75%	4,755	16.40%	4,703	16.60%	4,648	16.65%	4,664	16.43%		
25 - 35	4,649	15.20%	5,382	17.04%	5,603	18.01%	5,712	17.60%	5,927	18.44%	5,893	19.32%	5,849	20.17%	5,623	19.85%	5,659	20.28%	6,026	21.23%		
36 - 50	1,621	5.30%	1,866	5.91%	1,893	6.08%	1,924	5.93%	2,010	6.25%	1,932	6.33%	1,900	6.55%	2,006	7.08%	2,031	7.28%	2,324	8.19%		
51 & over	309	1.01%	352	1.11%	350	1.13%	371	1.14%	431	1.34%	353	1.16%	369	1.27%	409	1.44%	445	1.59%	516	1.82%		
Total	30,593	100.00%	31,577	100.00%	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%		

Average age 22 23 23 23 23 23 24 24 24 24

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 (UNAUDITED)
ACADEMIC YEAR 2022 – 2023 STUDENTS AS OF FALL 2022
(Includes Only Public Senior Colleges in Texas)

SS-17

	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	2	-	2	0.05%
2 Lamar University	63	15	78	1.80%
3 Midwestern State University	8	1	9	0.21%
4 Prairie View A&M University	29	9	38	0.87%
5 Sam Houston State University	189	22	211	4.86%
6 Sam Houston State University Medical School	1	-	1	0.02%
7 Stephen F. Austin State University	83	7	90	2.07%
8 Sul Ross State University	1	-	1	0.02%
9 Tarleton State University	12	-	12	0.28%
10 Texas A&M University	344	31	375	8.63%
11 Texas A&M University - Central Texas	2	-	2	0.05%
12 Texas A&M University - Commerce	1	-	1	0.02%
13 Texas A&M University - Corpus Christi	18	1	19	0.44%
14 Texas A&M University - Kingsville	2	-	2	0.05%
15 Texas A&M University - San Antonio	8	1	9	0.21%
16 Texas A&M University at Galveston	57	5	62	1.43%
17 Texas A&M University System Health Science Center	15	2	17	0.39%
18 Texas Southern University	35	4	39	0.90%
19 Texas State University	189	13	202	4.65%
20 Texas Tech University	81	9	90	2.07%
21 Texas Tech University Health Science Center	6	-	6	0.14%
22 Texas Woman's University	32	1	33	0.76%
23 The University of Texas Permian Basin	4	-	4	0.09%
24 The University of Texas at Rio Grande Valley	4	-	4	0.09%
25 The University of Texas at Arlington	48	15	63	1.45%
26 The University of Texas at Austin	235	15	250	5.76%
27 The University of Texas at Dallas	37	2	39	0.90%
28 The University of Texas at El Paso	1	-	1	0.02%
29 The University of Texas at San Antonio	64	3	67	1.54%
30 The University of Texas at Tyler	24	1	25	0.58%
31 The University of Texas Health Science Center at Houston	35	5	40	0.92%
32 The University of Texas Health Science Center at San Antonio	5	-	5	0.12%
33 The University of Texas M.D. Anderson Cancer Center	22	2	24	0.55%
34 The University of Texas Medical Branch at Galveston	60	1	61	1.40%
35 University of Houston	985	69	1,054	24.27%
36 University of Houston - Clear Lake	1,009	71	1,080	24.87%
37 University of Houston - Downtown	243	28	271	6.24%
38 University of Houston - Victoria	9	4	13	0.30%
39 University of North Texas	30	5	35	0.81%
40 University of North Texas at Dallas	-	1	1	0.02%
41 University of North Texas Health Science Center	2	-	2	0.05%
42 West Texas A&M University	4	1	5	0.12%
Totals	<u>3,999</u>	<u>344</u>	<u>4,343</u>	<u>100%</u>

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
CAPITAL ASSET INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

SS-18

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Academic buildings	44	47	45	46	39	38	38	37	36	36
Square footage	2,475,866	2,523,951	2,476,529	2,482,905	2,233,906	2,089,366	2,089,366	1,975,311	1,930,653	1,930,653
Libraries	3	3	3	3	3	3	3	3	3	3
Square footage	153,985	153,985	153,985	153,985	153,985	153,985	153,985	153,985	149,673	149,673
Number of volumes	208,742	215,414	216,879	218,850	218,214	219,896	221,849	216,964	240,876	237,177
Administrative and support buildings	12	11	15	15	16	14	14	14	14	13
Square footage	434,104	427,504	455,058	455,058	406,923	401,660	401,660	401,660	401,660	395,610
Dormitories	-	-	-	-	-	-	-	-	-	1
Square footage	-	-	-	-	-	-	-	-	-	6,050
Athletic facilities	7	8	8	8	8	10	9	9	10	10
Square footage	80,507	143,895	156,251	156,251	156,251	157,744	153,652	153,652	145,388	145,388
Stadiums	2	2	2	2	2	3	3	3	3	3
Fitness centers/gymnasiums	4	5	5	5	5	4	3	3	4	4
Tennis courts	1	1	1	1	1	3	3	3	3	3
Plant facilities	8	6	6	5	5	5	6	5	5	5
Square footage	66,678	25,193	25,193	24,359	24,359	24,359	29,544	27,044	27,044	27,044
Transportation:										
Cars	4	4	4	3	3	1	1	1	1	1
Sport utility vehicles/light trucks/vans	65	60	63	74	81	96	96	97	91	86

Source: College Facilities Buildings and Land Inventory.

The decrease in vehicles over the 10 year period is due to trade ins for lease vehicles. In fiscal year 2023 the College added several police vehicles.





Federal & State Awards



**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***

To the Board of Trustees
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 business-type activities and discretely component unit, of San Jacinto Community College (the “College”) as of and for the year ended August 31, 2023, 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 4, 2023. The San Jacinto Community College Foundation, the component unit, was not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Trustees
San Jacinto Community College District

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 entity'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.

Whitley Penn LLP

Houston, Texas
December 4, 2023

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

To the Board of Trustees
San Jacinto Community College District

Report on Compliance for Each Major Federal and State Programs

Opinion On Each Major Program

We have audited San Jacinto Community College District's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2023. 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.

In our opinion, the College's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal and state programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College’s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the TxGMS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the College’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on College’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. College’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Board of Trustees
San Jacinto Community College District

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 TxGMS. Accordingly, this report is not suitable for any other purpose.



Houston, Texas
December 4, 2023

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Award and State Awards

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported.
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance and the Texas Grant Management Standards	No

Identification of major programs:

Name of Federal Program	Assistance Listing Number
Education Stabilization Fund – Institutional Portion – COVID-19	84.425F
Education Stabilization Fund – Minority Serving Institutions (MSIs) – COVID-19	84.425L
Governor's Education Emergency Relief – Texas Reskilling Support Fund 1 – COVID-19	84.425C
Governor's Education Emergency Relief – Texas Reskilling Support Fund 2 – COVID-19	84.425C
Governor's Education Emergency Relief – OER Course Development and Implementation – COVID-19	84.425C
Governor's Education Emergency Relief – Texas Reskilling and Upskilling for Education (TRUE) – COVID-19	84.425C
Governor's Education Emergency Relief – Accelerating Credentials of Purpose and Value (COVID-19)	84.425C
Governor's Education Emergency Relief – Work-based Learning Opportunity Grants (COVID-19)	84.425C
Governor's Education Emergency Relief – Program Implementation Grant (COVID-19)	84.425C
Governor's Education Emergency Relief – Nursing Innovation Grant Program for FY 2023 (COVID-19)	
Governor's Education Emergency Relief – Shortage Reduction Program (COVID-19)	
Hispanic Serving Institutions STEM and Articulation Programs	84.031C
Developing Hispanic-Serving Institutions (DHSI)	84.031S
H-1B Job Training Grant	17.268

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended August 31, 2023

Dollar Threshold Considered Between Type A and Type B Federal Programs \$2,263,035

Auditee qualified as low-risk auditee Yes

Name of State Program

Texas Educational Opportunity Grant (TEOG)

Dollar Threshold Considered Between Type A and Type B State Programs \$750,000

Auditee qualified as low-risk auditee Yes

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended August 31, 2023

II. Financial Statement Findings

None reported

III. Federal Awards Findings and Questioned Costs

None

IV. State Award Findings and Questioned Costs

None reported.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2023

SCHEDULE E
Page 1 of 2

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award #	Federal Assistance Listing	Direct Awards	Pass-Through Awards	Total Expenditures	Subrecipients Expenditures
		Number				
U.S. DEPARTMENT OF EDUCATION						
Direct Programs:						
<u>Student Financial Aid Cluster:</u>						
Federal Supplemental Educational Opportunity Grants	P007A134114	84.007	\$ 826,354	\$ -	\$ 882,747	\$ -
Federal Work - Study Program	P033A134114	84.033	957,548	-	563,104	-
Federal Pell Grant Program	P063P132303	84.063	40,181,021	-	40,157,844	-
Federal Direct Student Loans - Subsidized	P268K142303	84.268	4,711,053	-	4,655,508	-
Federal Iraq Afghanistan Service Grant	P408A222303	84.408	6,502	-	6,502	-
Total Student Financial Aid Cluster - Schedule C (ALN 84.007, 84.033, 84.063, 84.268, 84.408)			46,682,478	-	46,265,705	-
Hispanic-Serving Institutions STEM and Articulation Programs	P031C210085	84.031C	4,654,279	-	990,181	-
Developing Hispanic-Serving Institutions (DHSI) Program 2019 - 2024	P031S190252	84.031S	2,399,890	-	764,605	-
Developing Hispanic-Serving Institutions (DHSI) Program 2022 - 2027	P031S220172	84.031S	2,952,219	-	198,715	-
<u>TRIO Cluster:</u>						
TRIO Talent Search 2021 - 2026	P044A210783	84.044A	831,824	-	277,277	-
TRIO Upward Bound 2017 - 2022	P047A170337	84.047A	1,694,149	-	986	-
TRIO Upward Bound 2023 - 2027	P047A220742	84.047A	1,830,330	-	343,423	-
Total TRIO Cluster (ALN 84.044, 84.047)			4,356,303	-	621,686	-
Fund for the Improvement of Postsecondary Education (EARMARK)	P1162220151	84.116Z	585,000	-	499,697	-
Affordable Accredited Child Care Equals Student-Parent Success (AACCESS)	P335A210071	84.335A	1,138,939	-	341,956	-
<u>Higher Education Emergency Relief Fund (HEERF) Cluster:</u>						
Education Stabilization Fund - Institutional Portion (COVID-19)	P425F201612, 20A, 20B	84.425F	39,726,771	-	14,231,107	-
Education Stabilization Fund - Minority Serving Institutions (COVID-19)	P425L200560, 20A, 20B	84.425L	3,560,460	-	2,852,836	-
Total HEERF (ALN 84.425)			43,287,231	-	17,083,943	-
Pass-Through From:						
Texas Higher Education Coordinating Board -						
<u>Governor's Emergency Education Relief (GEER) Cluster:</u>						
GEER - Texas Reskilling Support Fund 1 (COVID-19)	2020-GE-84425C-24089	84.425C	-	761,842	126,772	128,184
GEER - Texas Reskilling Support Fund 2 (COVID-19)	2020-GE-84425C-24296	84.425C	-	200,000	308,425	-
GEER - Texas Reskilling and Upskilling for Education (TRUE) (COVID-19)	2020-GE-84425C-25765	84.425C	-	47,300	1,849	-
GEER - Accelerating Credentials of Purpose and Value (COVID-19)	2020-GE-84425C-25917	84.425C	-	27,110	6,750	-
GEER - Work-based Learning Opportunity Grants (COVID-19)	2020-GE-84425C-26542	84.425C	-	1,984	1,984	-
GEER - Accelerate Student Success Planning (COVID-19)	2020-GE-84425C-27340	84.425C	-	50,000	44,625	-
GEER - Program Implementation Grant (COVID-19)	S425C210050-28581	84.425C	-	65,000	5,406	-
GEER - Nursing Innovation Grant Program for FY 2023 (COVID-19)	S425C210050-28725	84.425C	-	345,766	331,971	-
GEER - Nursing Shortage Reduction Program (COVID-19)	S425C210050-28365	84.425C	-	177,950	153,085	-
Texas Southmost Community College:						
GEER - Texas Reskilling and Upskilling for Education (TRUE) (COVID-19)	2020-GE-84425C	84.425C	-	533,712	71,983	-
Total GEER (ALN 84.425)			-	2,210,664	1,052,850	128,184
Total ALN 84.425		84.425	43,287,231	2,210,664	18,136,793	128,184
Career and Technical Education - Basic Grants to States:						
Carl Perkins Vocational Education Basic 2022 - 2023	27659	84.048	-	1,536,625	1,488,220	-
Total Career and Technical Education - Basic Grants to States (ALN 84.048)			-	1,536,625	1,488,220	-
Texas Workforce Commission (TWC) -						
Houston-Galveston Area Council/Workforce Development Board:						
Adult Education - Basic Grants to States 2022 -2023	216-23	84.002A	-	820,000	645,988	-
Adult Education - Basic Grants to States 2023 - 2024	10674	84.002A	-	785,396	66,216	-
Total Adult Education - Basic Grants to States (ALN 84.002)			-	1,605,396	712,204	-
TOTAL U.S. DEPARTMENT OF EDUCATION			106,056,339	5,352,685	70,019,762	128,184

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2023

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award #	Federal Assistance Listing Number	Direct Awards	Pass-Through Awards	Total Expenditures	Subrecipients Expenditures
U.S. DEPARTMENT OF LABOR						
Direct Programs:						
H-1B Job Training Grant	HG-33039-19-60-A-48	17.268	12,000,000	-	4,044,775	3,793,886
Pass-Through From:						
Texas Workforce Commission (TWC):						
WIOA Dislocated Worker Formula Grants - Apprenticeship Training Program	2822ATP002	17.278	-	90,000	37,466	-
WIOA Dislocated Worker Formula Grants - Apprenticeship Training Program	2823ATP006	17.278	-	58,668	58,668	-
TOTAL U.S. DEPARTMENT OF LABOR			12,000,000	148,668	4,140,909	3,793,886
U.S. DEPARTMENT OF TRANSPORTATION						
Pass-Through From:						
Texas Department of Transportation:						
Highway Planning and Construction	SSP 2022 (939)	20.205	-	54,289	14,640	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	54,289	14,640	-
U.S. DEPARTMENT OF TREASURY						
Pass-Through From:						
Texas Higher Education Coordinating Board - Houston Community College:						
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	6791	21.027	-	299,090	247,054	-
TOTAL U.S. DEPARTMENT OF TREASURY			-	299,090	247,054	-
NATIONAL SCIENCE FOUNDATION						
Direct Programs:						
STEM Education - Louis Stokes Alliances for Minority Participation (LSAMP)	1911317	47.076	1,477,907	-	166,870	58,160
STEM Education - Improving Undergraduate STEM Education (IUSE) H.S.I.	2122214	47.076	995,417	-	282,680	118,547
STEM Education - Louis Stokes Alliances for Minority Participation (LSAMP)	2207241	47.076	1,478,965	-	294,261	111,715
TOTAL NATIONAL SCIENCE FOUNDATION			3,952,289	-	743,811	288,422
U.S. SMALL BUSINESS ADMINISTRATION						
Pass-Through From:						
The University of Houston:						
Small Business Development Centers 2022	R-22-0093	59.037	-	200,866	74,169	-
Small Business Development Centers 2023	R-22-0113	59.037	-	200,866	125,095	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			-	401,732	199,264	-
U.S. DEPARTMENT OF VETERANS AFFAIRS						
Direct Program:						
All-Volunteer Force Educational Assistance	362/242D	64.124	10,960	-	8,351	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass-Through From:						
Texas Workforce Commission (TWC):						
Governor's Summer Merit Program 2022	2822SMP003	93.558	-	73,226	44	-
Governor's Summer Merit Program 2023	2823SMP001	93.558	-	65,022	46,506	-
Total TANF (ALN 93.093, 93.558)			-	138,248	46,550	-
CCDE Cluster:						
Child Care and Development Block Grant	2823SSD001	93.575	-	15,750	14,150	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	153,998	60,700	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 122,019,588	\$ 6,410,462	\$ 75,434,491	\$ 4,210,492

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2023

1. Federal Assistance Reconciliation

Direct Federal grants and contracts per Schedule A	\$ 19,938,694*
Add: Indirect/Administrative Cost Recoveries per Schedule A	1,486,513
Direct Federal revenue, non-operating per Schedule C	41,495,018
Add: Indirect/Administrative Cost Recoveries per Schedule C	123,530
Add: HEERF Revenue Recovery per Schedule C	<u>7,735,228</u>
Total Federal Revenues per Schedule A and C	\$ 70,778,983
Reconciling Items	
Add: Direct Student Loans	<u>4,655,508</u>
Total Federal Revenues per Schedule E - Schedule of Expenditures of Federal Awards	\$ <u>75,434,491</u>

2. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of Federal awards (the Schedule) present the activity of Federal programs of the College for the year ended August 31, 2023. The Schedule has 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. 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.

3. Amounts Passed Through by the College - Sub-recipients

*The following amounts were passed through to the listed sub-recipients by the College. These amounts are included in Note 1 above.

Sub-Recipient	FALN	Primary Grant Funding Agency	Grant Program	Amount
Alamo Community College District	17.268	U.S. Department of Labor	H-1B Job Training Grants	\$ 19,878
Austin Community College	17.268	U.S. Department of Labor	H-1B Job Training Grants	576,648
Dallas County Community College District	17.268	U.S. Department of Labor	H-1B Job Training Grants	(3,598)
International Business Machines (IBM)	17.268	U.S. Department of Labor	H-1B Job Training Grants	2,196,229
Lockheed Martin Corporation	17.268	U.S. Department of Labor	H-1B Job Training Grants	757,229
Xpanxion LLC	17.268	U.S. Department of Labor	H-1B Job Training Grants	127,050
Catalyte Inc	17.268	U.S. Department of Labor	H-1B Job Training Grants	120,450
Houston Community College System	47.076	National Science Foundation	Education and Human Resources	169,875
William Marsh Rice University	47.076	National Science Foundation	Education and Human Resources	118,547
Lamar Institute of Technology	84.425	U.S. Department of Education	GEER - Texas Reskilling Support Fund 1 (COVID-19)	69,629
Alvin Community College	84.425	U.S. Department of Education	GEER - Texas Reskilling Support Fund 1 (COVID-19)	58,555
Total Amount Passed Through by the College				\$ 4,210,492

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended August 31, 2023

SCHEDULE F

State Grantor Agency/Pass-Through Grantor/Program Title	Grant Contract Number	Passed Through to Subrecipients	Total State Expenditures
TEXAS WORKFORCE COMMISSION (TWC)			
Direct Program:			
<i>Skills Development Fund - Logistic and Aerospace</i>	2821SDF001	\$ -	\$ 1,617
<i>Skills Development Fund - Evergreen</i>	2822SDF002	-	(5,860)
<i>Skills Development Fund - Maritime Consortium</i>	2823SDF003	-	5,800
<i>Total Skills Development Fund</i>		-	1,557
<i>Pre-Apprenticeship Pilot</i>	2822DON002	-	54,089
<i>Apprenticeship Training Program FY23</i>	2823ATP006	-	105,902
TOTAL TEXAS WORKFORCE COMMISSION		-	161,548
TEXAS HIGHER EDUCATION COORDINATING BOARD			
Student Financial Aid Cluster:			
<i>State Military Tuition Assistance</i>	26041	-	546
<i>Texas Education Opportunity Grant Program - Initial (TEOG)</i>	13399	-	1,495,635
<i>Texas Education Opportunity Grant Program - Renewal (TEOG)</i>	13399	-	580,380
<i>College Work Study Program</i>	22339	-	96,118
<i>College Work Study Mentorship Program</i>	N/A	-	57,423
<i>College Access Loan</i>	N/A	-	24,732
<i>Total Student Financial Aid Cluster</i>		-	2,254,834
Direct Program:			
<i>Nursing Shortage Reduction Program Regular FY19 - S.C.</i>	NSRP FY19	-	23,994
<i>Nursing Shortage Reduction Program Regular FY20 - C.C.</i>	NSRP FY20	-	24,474
<i>Nursing Shortage Reduction Program Under 70 - S.C.</i>	NSRP FY20-21 U70	-	24,673
<i>Nursing Shortage Reduction Program Over 70 - C.C.</i>	NSRP FY20-21 O70	-	17,155
<i>Nursing Shortage Reduction Program Regular FY22 - C.C.</i>	NSRP FY21-22	-	16,268
<i>Open Educational Resources Grant Program</i>	29293	-	5,059
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		-	2,366,457
TEXAS OFFICE OF THE GOVERNOR			
Direct Program:			
<i>FY23 Bullet-Resistant Shield Grant Program</i>	4653401	-	114,454
TOTAL TEXAS OFFICE OF THE GOVERNOR		-	114,454
TOTAL STATE FINANCIAL ASSISTANCE		\$ -	\$ 2,642,459

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS
Year Ended August 31, 2023

1. State Assistance Reconciliation

Direct State grants and contracts per Schedule A	\$ 2,617,727
Reconciling Items	
Add: College Access Loans	<u>24,732</u>
 Total State Revenues per Schedule F - Schedule of Expenditures of State Awards	 \$ <u>2,642,459</u>

2. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of State awards (the Schedule) present the activity of State programs of the College for the year ended August 31, 2023. The Schedule has 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. 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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS

For the Year Ended August 31, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

Finding # 2022-001 – Texas Education Opportunity Grant (TEOG); Eligibility; Noncompliance and Significant Deficiency Over Compliance

We selected a sample of 40 students and noted that one (1) student was incorrectly awarded and as such exceeded the Expected Family Contribution (EFC) eligibility criteria. This student was one of 47 students awarded on a manual basis. When we reviewed the other students, we found that three of those were also awarded incorrectly.

Status: This finding has been resolved.



San Jacinto College Campuses

Administration Building
4624 Fairmont Pkwy.
Pasadena, Texas 77504

Central Campus
8060 Spencer Hwy.
Pasadena, Texas 77505

Generation Park Campus
13455 Lockwood Rd.
Houston, Texas 77044

North Campus
5800 Uvalde Rd.
Houston, Texas 77049

South Campus
13735 Beamer Rd.
Houston, Texas 77089

**Maritime Technology
and Training Center**
3700 Old Hwy. 146
La Porte, Texas 77571



**SAN JACINTOSM
COLLEGE**

sanjac.edu | 281-998-6150

The San Jacinto College District is committed to equal opportunity for all students, employees, and applicants without regard to race, creed, color, national origin, citizenship status, age, disability, pregnancy, religion, gender, sexual orientation, gender expression or identity, genetic information, marital status or veteran status in accordance with applicable federal and state laws. The following College official has been designated to handle inquiries regarding the College's non-discrimination policies: Vice Chancellor of Human Resources, 4624 Fairmont Pkwy., Pasadena, TX 77504; 281-991-2659; Sandra.Ramirez@sjcd.edu.