



# **San Jacinto Community College District**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2019 AND 2018**

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
 Comprehensive Annual Financial Report  
 For the Fiscal Years Ended August 31, 2019 and 2018

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <b>INTRODUCTORY SECTION</b>   |             |
| Table of Contents .....   | i-iii       |
| Organizational Data .....   | iv          |
| Organizational Chart .....  | v           |
| Letter of Transmittal .....   | vi-x        |
| Certificate of Achievement of Excellence in Financial Reporting .....   | xi          |
| <b>FINANCIAL SECTION</b>  |             |
| Independent Auditor's Report .....  | 1-3         |
| Management's Discussion and Analysis (Unaudited).....   | 4-15        |
| <b>BASIC FINANCIAL STATEMENTS</b>   |             |
| Exhibit 1 San Jacinto Community College District - Statements of Net Position .....                                       | 16          |
| Exhibit 1A San Jacinto Community College Foundation, Inc. - Statements of<br>Financial Position.....                      | 17          |
| Exhibit 2 San Jacinto Community College District - Statements of Revenues,<br>Expenses, and Changes in Net Position ..... | 18          |
| Exhibit 2A San Jacinto Community College Foundation, Inc. - Statements of<br>Activities and Changes in Net Assets.....    | 19          |
| Exhibit 3 San Jacinto Community College District - Statements of Cash Flows .....   | 20          |
| Exhibit 3A San Jacinto Community College Foundation, Inc. - Statements of<br>Cash Flows .....                             | 21          |
| Notes to Basic Financial Statements .....   | 22-55       |
| <b>REQUIRED SUPPLEMENTAL SCHEDULES .....</b>  | <b>56</b>   |
| <b>REQUIRED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD</b>  |             |
| RSI - 1 Schedule of the College's Share of Net Pension Liability (Unaudited) .....  | 57          |
| RSI - 2 Schedule of the College's Contributions for Pensions (Unaudited) .....  | 58          |
| RSI - 3 Schedule of the College's Proportionate Share of the Net OPEB<br>Liability (Unaudited).....                       | 59          |
| RSI - 4 Schedule of the College's Contributions for OPEB (Unaudited) .....  | 60          |
| Notes to Required Supplemental Schedules (Unaudited) .....  | 61          |

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Comprehensive Annual Financial Report  
For the Fiscal Years Ended August 31, 2019 and 2018

TABLE OF CONTENTS, CONTINUED

REQUIRED BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD

|            |  |    |
|------------|--|----|
| Schedule A | Schedule of Operating Revenues.....                      | 62 |
| Schedule B | Schedule of Operating Expenses by Object.....            | 63 |
| Schedule C | Schedule of Non-Operating Revenues and Expenses.....     | 64 |
| Schedule D | Schedule of Net Position by Source and Availability..... | 65 |

STATISTICAL SECTION (Unaudited)

|                        |   |    |
|------------------------|---|----|
| Table of Contents..... | 66  |    |
| SS-1                   | Net Position by Component .....                                     | 67 |
| SS-2                   | Revenues by Source.....   | 68 |
| SS-3                   | Program Expenses by Function.....                                   | 69 |
| SS-4                   | Tuition and Fees .....  | 70 |
| SS-5                   | Assessed Value and Taxable Assessed Value of Property.....          | 71 |
| SS-6a                  | General Appropriations Act Before Contact Hour Adjustments.....     | 72 |
| SS-6b                  | State Appropriation per FTSE .....                                  | 73 |
| SS-6c                  | State Appropriation per Funded Contact Hour (CH) portion only ..... | 74 |
| SS-6d                  | State Appropriation per Student Success Point - Annualized.....     | 75 |
| SS-6e                  | Student Success Points (SSP).....                                   | 76 |
| SS-7                   | Top Ten Principal Taxpayers .....                                   | 77 |
| SS-8                   | Property Tax Levies and Collections .....                           | 78 |
| SS-9                   | Ratios of Outstanding Debt... ..                                    | 79 |
| SS-10                  | Legal Debt Margin Information.....                                  | 80 |
| SS-11                  | Pledged Revenue Coverage .....                                      | 81 |
| SS-12                  | Demographic and Economic Statistics – Taxing District .....         | 82 |
| SS-13                  | Principal Employers for the Service Area.....                       | 83 |
| SS-14                  | Faculty, Staff, and Administrators Statistics.....                  | 84 |
| SS-15                  | Enrollment Details .....  | 85 |
| SS-16                  | Student Profile.....  | 86 |
| SS-17                  | Transfers to Senior Institutions .....                              | 87 |
| SS-18                  | Capital Asset Information .....                                     | 88 |

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Comprehensive Annual Financial Report  
For the Fiscal Years Ended August 31, 2019 and 2018

TABLE OF CONTENTS, CONTINUED

FEDERAL 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* ..... 89-90

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the *State of Texas Single Audit Circular*..... 91-92

Schedule E - Schedule of Expenditures of Federal Awards ..... 93-95

Notes to Schedules of Expenditures of Federal Awards and State Awards..... 97

Schedule of Findings and Questioned Costs..... 98-99

STATE AWARDS SECTION

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the *State of Texas Single Audit Circular*..... 91-92

Schedule F - Schedule of Expenditures of State Awards ..... 96

Notes to Schedules of Expenditures of Federal Awards and State Awards..... 97

Schedule of Findings and Questioned Costs..... 98-99

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Organizational Data

Board of Trustees and Key Officers  
Year Ended August 31, 2019

Officers

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

Members

|                           |                    | <u>Term Expires</u><br><u>May 31,</u> |
|---------------------------|--------------------|---------------------------------------|
| Mr. Dan Mims              | Channelview, Texas | 2021                                  |
| Mr. John Moon, Jr.        | Pasadena, Texas    | 2021                                  |
| Mr. Keith Sinor           | Deer Park, Texas   | 2021                                  |
| Mrs. Erica Davis Rouse    | Houston, Texas     | 2023                                  |
| Dr. Ruede Wheeler, D.D.S. | La Porte, Texas    | 2023                                  |
| Mrs. Marie Flickinger     | Houston, Texas     | 2025                                  |
| Mr. Larry Wilson          | Pasadena, Texas    | 2025                                  |

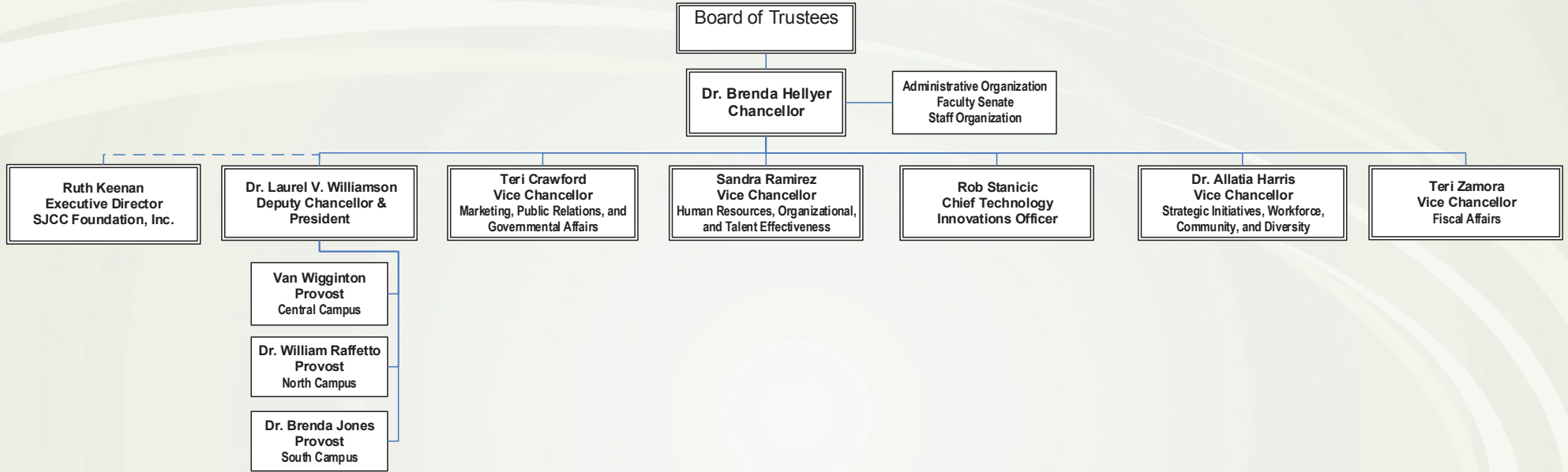
Trustee Emeritus

Mr. Ben Meador

Key Officers

|                          |  |
|--------------------------|--|
| Dr. Brenda L. Hellyer    | Chancellor   |
| Dr. Laurel V. Williamson | Deputy Chancellor and President  |
| Mrs. Teri Crawford       | Vice Chancellor, Marketing, Public Relations,<br>and Government Affairs        |
| Dr. Allatia Harris       | Vice Chancellor, Strategic Initiatives, Workforce,<br>Community, and Diversity |
| Mrs. Teri Zamora         | Vice Chancellor, Fiscal Affairs  |
| Ms. Sandra Ramirez       | Vice Chancellor, Human Resources,<br>Organizational, and Talent Effectiveness  |
| Mr. Rob Stanicic         | Chief Technology Innovations Officer   |
| Mr. Van Wigginton, J.D.  | Provost, Central Campus  |
| Dr. William Raffetto     | Provost, North Campus  |
| Dr. Brenda Jones         | Provost, South Campus  |
| Ms. Ruth Keenan          | Executive Director, SJCC Foundation, Inc.                                      |

# San Jacinto College SLT Organizational Structure





December 9, 2019

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the San Jacinto Community College District (College) for the fiscal years ended August 31, 2019 and 2018. 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 CAFR 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 of San Jacinto College.

## **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. This campus was supported by bonds approved in 1972.

Expansion continued as J. Frank Dobie High School provided classrooms until San Jacinto College South opened in September of 1979. This campus was supported by bonds approved in 1976.

Expansion of all three campuses began in December 1999, when voters approved the issuance of \$91 million in general obligation bonds. These funds allowed the College to add new buildings, including the interactive learning centers and fine arts and music centers on all campuses, and childhood development centers on the Central and North campuses, along with substantial infrastructure improvements throughout the three campuses.

In May 2008, another successful bond election provided \$295 million in funding to create updated science and allied health facilities on all campuses, library improvements on all campuses, student welcome centers on the South and North campuses, a transportation facility on Central campus, and a new facility to house maintenance and police operations. Additionally, the College's fourth campus was opened with the construction of the maritime technology and training center.

In 2017, the College opened the Center for Industrial Technology on the North campus using funding from the issuance of revenue bonds in the spring of 2015.

In November 2015, with a nearly 68 percent approval rate, voters 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 goal of student success. The first project, the LyondellBasell Center for Petrochemical, Energy, and Technology on Central Campus, opened in Fall 2019. Other funded projects include district-wide infrastructure upgrades, safety and security updates, renovation of nine buildings which are on average 30-years-old or older, construction of a student welcome center and a classroom building on Central Campus, center for culinary and cosmetology on North Campus and both a center for engineering and technology and a cosmetology center on South Campus. The majority of these projects will be complete by 2021. This general obligation bond is also partially funding the initial building at the new Generation Park Campus in the northernmost portion of the College's service area, slated to open Fall 2020.

San Jacinto College continues to expand partnerships with regional independent school districts and has expanded dual credit and early college high school offerings, including career and technical education options. The College has early college high schools and modified early college high schools with Clear Creek, Galena Park, Pasadena, Sheldon, Channelview, Deer Park and La Porte Independent School Districts. This work continues to be important with dual credit and early college high school students representing 18.4 percent of the Fall 2019 student enrollment.

The College has many accomplishments over the past 58 years, and continues a tradition of excellence based on the vision, passion, and cooperative spirit that has marked this institution's leadership. In 2017, San Jacinto College was recognized by the Aspen Institute for Community College Excellence with the Rising Star award. This award named San Jacinto College a top five community college in the country out of approximately 1,100. In April 2019, the College was ranked among the Aspen Institute's Top Ten Colleges nationally, and in October 2019 was again included in Aspen's Top 150 Colleges list, eligible to compete for higher honors to be announced in March 2021.



## **REPORTING ENTITY**

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

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.

## **ECONOMIC CONDITION AND OUTLOOK LOCAL ECONOMY**

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

The Houston area continues to show healthy year-over-year gains in jobs, creating over 80,400 new jobs in the twelve months ending October 2019. Over the last ten years, the region has grown to a record level of employment exceeding three million. Subsectors with notable growth include professional and business services, scientific and technical services, health care, trade, and transportation.

On the east side of Harris County where San Jacinto College is located, various opportunities in chemical manufacturing, refining and supporting distribution/terminals continue to grow along with the capabilities of the Port of Houston. Coupled with the retiring workforce, industry leaders continue to project a significant need for a skilled workforce in the industrial and craft trades. San Jacinto College is working closely with many industry leaders and economic development groups to meet these workforce needs on both a near and long-term basis.

As a result of Hurricane Harvey and several flood events over the past several years, many support systems were added and expanded to assist students and employees. In addition, the College's faculty developed and has in place a strong instructional recovery plan which is implemented when needed in response to College closures.

## **SAN JACINTO COLLEGE**

The College maintains strong fiscal health, and provides a strong return on investment to students, society, and taxpayers. For every \$1 invested in San Jacinto College, society as a whole in Texas sees \$21.80 in benefits. From the student perspective, for every \$1 invested in San Jacinto College, students see a \$6.30 return in higher future income. The average return is 19.8 percent. From the taxpayer perspective, for every \$1 invested in San Jacinto College, taxpayers see a \$4.50 return in benefits. The annual average return is 10.8 percent. The College 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. This constant striving for long term fiscal resiliency and sustainability is intended to poise the College for future success.

San Jacinto College is affordable. Effective Fall 2019, the College instituted a tuition only model, and eliminated all enrollment fees. This change makes all programs available to every student at the same low price and also introduces 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, the College in-district tuition rate is one of the most affordable in the Gulf Coast region and in the state of Texas. The College is focused on student success and has increased student completion of degrees and certificates by 47.5 percent since 2014.

## **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 CAFR of the College for the fiscal years ended August 31, 2019 and 2018. 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 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, 2019 and 2018 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, 2019 and 2018 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 written policies and procedures and is continually reviewed, evaluated, and modified to meet current needs. Because the cost of internal controls should not outweigh their benefits, the College's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

## **THE REPORT**

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

The financial section is prepared in accordance with GAAP. This section of the CAFR includes the Independent 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 the Management's Discussion and Analysis which begins on page 4.

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, non-operating revenue and expenses, and an analysis of net assets by source and availability are presented.

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

The Federal awards section contains information regarding participation in various Federal programs. The independent 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*. This section contains the auditor's report on the system of internal control, a listing of the Federal programs in which the College participates, and the dollar amount of expenditures for each program.

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

### **GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its comprehensive annual financial report for the fiscal year ended August 31, 2018. This was the twelfth consecutive year that the College received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Teri Zamora  
Vice Chancellor of  
Fiscal Affairs



Government Finance Officers Association

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

Presented to

**San Jacinto Community College District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of San Jacinto Community College District (the College) as of and for the years ended August 31, 2019 and 2018, which include the discretely presented component unit of San Jacinto Community College Foundation, Inc. (the Foundation) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America and the financial position of the discretely presented component unit of the College as of June 30, 2019 and 2018, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 2, the 2018 financial statements have been restated to correct an error. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental schedules on pages 62 through 65 and statistical section on pages 66 through 88 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* on pages 93 through 95 and the schedule of expenditures of State awards as required by the *State of Texas Single Audit Circular* on page 96 are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The supplemental schedules and the schedules of expenditures of Federal awards and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 62 through 65 and the schedules of expenditures of Federal awards on pages 93 through 95 and State awards on page 96 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

Houston, Texas  
December 9, 2019

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

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

San Jacinto Community College District (the College) traces its roots to May 1960, when voters in five independent school districts (ISDs), Channelview, Deer Park, Galena Park, La Porte and Pasadena (Sheldon ISD was added in 1968), approved the creation of East Harris County Union Junior College, demonstrating a partnership between a growing community college and a sprawling area rich in history. The College's name was changed in February 1961 to San Jacinto Junior College District and then again in 1995 to San Jacinto Community College District. The College is most often referenced by the community as San Jacinto College or San Jac. The college district has now grown to include four campuses, a network of off-campus learning centers, a robust dual credit and early college high school program, and online offerings. In order to serve these students, the College employs over 3,000 full-time and part-time personnel. Most faculty have earned masters and doctoral degrees, and many have been nationally recognized for their teaching, innovation, or authorship.

The College benefits from a solid tax base and proximity to Houston, the largest city in the State of Texas and the nation's fourth largest. The College's service district is also home to the nation's largest and world's second largest petrochemical complex, NASA-Johnson Space Center, and the Port of Houston (the Port), which is ranked first in the United States in foreign tonnage. In true community college fashion, the College maintains partnerships with many of the area's import and export companies, major oil and gas refineries, manufacturing firms, marine transportation companies, and a consortium of aerospace interests. To help meet the specialized workforce needs of the surrounding community, the College has fashioned innovative instructional partnerships with companies supporting the Port, maritime companies, petrochemical companies, international and small businesses, healthcare providers, transportation entities, various foundations and nonprofit organizations, and other colleges and universities.

Working closely with area school districts, the College has built educational ladders which take students from kindergarten to college within a framework that includes technical workforce programs, academic articulation agreements, and dual credit and early college high school programs. Students are attracted to the College's specialized instructional programs and the transferability of credits to four-year universities. Students can choose from various certificate and credential programs, and the following degrees: Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of Arts in Teaching.

The College works side-by-side with industry partners to train the next generation of workers. Our graduates leave here with the skills necessary to move right in to a job in their chosen career field. With more than 80 programs and 200 degree and certificate options, the College will get workers certified and on their way to a high-paying job in a high-demand field. The College partners 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 maintains partnerships, and design training programs, to provide our industry partners and communities with the workforce they need.

The College's service area encompasses approximately 570,000 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 vision, mission, and strategic direction for the College and is responsible for oversight of budgets, policies, and governance.

The College has been recognized four times by the Aspen Institute for its laser focus on student success and completion. In 2017, the Aspen Institute named the College as a Rising Star Award recipient, and one of the top five community colleges in the country. In 2019, the College was named one of the top 10 community colleges in the nation, out of more than 1,100. It was recently announced that the College is again eligible for the prestigious Aspen Award in 2021, as one of the top 150 community colleges in the country. These awards are not something the College seeks. The recognitions come as a result of the strategic vision and direction set by the College's Board of Trustees and through alignment and implementation of the College's strategic plan and annual priorities.



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

Over a half-century of innovation, inclusion and extraordinary growth mark the history of San Jacinto College. The College has evolved from one location in urban Pasadena to four campuses and 12 extension centers serving the Greater Houston community. Today over 32,000 students discover their pathways at San Jacinto College. To support their success, the College has invested nearly \$400 million in the last decade to build first-class facilities and partnerships that inspire the next generation of leaders.

One of the most significant events that took place this year was the reaccreditation process with the College accrediting agency - The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). This 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 successfully completed the written report and an on-site visit by a peer review committee. The College's reaccreditation was reaffirmed in June 2019.

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

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

The annual financial report consists of three basic financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. While each statement presents a unique set of information, they should be used together and in conjunction with the notes to the basic financial statements. 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 (Notes 1 and 26).

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. Reference should be made to the separately issued financial statements of the Foundation for additional information.

### **Financial Highlights for 2019**

- The College has three primary sources of revenue: State appropriations, ad valorem taxes, and tuition and fees. Historically, the College has endeavored to maintain a balance between the revenue sources so that responsibility for funding College operations is somewhat equally shared. However, State support for College operations, as a percentage of total unrestricted revenue, has continued to decrease. Meanwhile, the operational cost of delivering high quality instruction and maintaining equipment and facilities that prepare students for academic success and workforce readiness continues to increase. As the funding model for community colleges continues to shift from the State, the College is forced to rely more heavily on tuition and fees and property taxes.
- The College experienced a 6.4% enrollment growth for Fall of 2018 compared to Fall of 2017 with enrollment of 32,452 students compared to 30,509.
- The Technology Fee approved in March of 2018 for the Fall of 2018 resulted in an additional \$1.2 million in revenue.
- The assessed valuation of the College District increased by \$2.5 billion resulting in an increase of \$2.8 million in tax receipts for maintenance & operations and debt service.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

- The College sold surplus land for \$8.8 million and defeased general obligation bonds and notes for \$9.0 million which will have an estimated savings of \$6.7 million on future gross debt service.
- The College continues to invest in its people, a strong student success agenda, and continuous improvement. Student success is evident by 7,492 certificates and associate degrees awarded in 2018, an increase of 473 credentials over 7,019 awarded in 2017. This is an increase of 167.1 percent in the number of certificates and associate degrees awarded since 2007.
- As of August 31, 2019, the assets of the College exceeded its liabilities by \$76.7 million (net position). The College had an overall increase of \$16.1 million in total net position. Net investment in capital assets increased by \$21.1 million. Restricted net position decreased by \$0.2 million. Unrestricted net position decreased by \$4.7 million. The College's unrestricted net position is a negative \$71.9 million at year-end due to the affects related to pension and OPEB outflows, net liability and inflows.

### Financial Highlights for 2018

- During fiscal year 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 addresses accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). This resulted in a \$2.6 million increase in deferred outflows of resources related to OPEB, a \$91.1 million increase in net OPEB liability and a \$20.1 million increase in deferred inflows of resources related to OPEB as of August 31, 2018. The adoption of GASB Statement No. 75 required a restatement (reduction) of \$106.3 million in the beginning net position as of September 1, 2017, from \$164.3 million to \$58.0 million, to reflect the cumulative effect for the change in accounting principle.
- Hurricane Harvey hit the Gulf Coast region in August 2017. The College had minimal damage from Hurricane Harvey as compared to other entities adjacent and throughout the College service area. The total cost for all damage from the hurricane is approximately \$1 million. The majority of the damage has been covered by insurance (after deductibles) and reimbursements through FEMA.

The storm delayed the start of the Fall 2017 semester from August 28<sup>th</sup> to September 6<sup>th</sup>. The College took the following actions to assist students and employees during the disaster recovery period.

- Waived childcare fees during closure.
- Employees received closure pay during the closure period in compliance with College policy on closures. During the closure period, there were employees that were needed on campus to work on repairs, security, payroll, etc. These employees were compensated in addition to the closure pay.
- The College and the Foundation set up a San Jacinto College Student and Employee Emergency Relief fund. The Fund received more than \$177,000 in donations thanks to the generosity of the College community. Approximately 97 employees received assistance, 255 students received disaster textbook relief funds and 93 students received additional disaster emergency funds.
- Upon reopening, employees who were affected by the storm were approved to use up to 60 hours of sick pay for repairs on houses and 24 hours of the sick leave could be used for childcare needs while the school districts were still closed.
- Instructional time or assignments were adjusted so that students would complete the semester on time.
- Registration was extended until the first day of classes and the time period for 100% refunds was extended based on the extenuating circumstances. Adjustments to the payment dates were made to student installment payment plans.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

- The College experienced a 5.2% enrollment growth for Fall of 2017 compared to Fall of 2016 with enrollment of 30,509 students compared to 28,998.
- In March 2018, the Board approved the addition of a Technology Fee of \$2 per semester credit hour effective with enrollments for Fall 2018. Due to changes and increased dependency on technology as it relates to college administration, student services, instructional needs, cyber security, and Open Educational Resources, initiatives and costs are escalating for the Information Technology Services area of the College. A Technology Fee would provide a dedicated funding stream to address increased costs and future funding in this area. Each year the Texas Association of Community Colleges conducts a survey of the 50 community colleges in the State which collects, among other items, the tuition and fee rates for 12 Semester Credit Hours (SCH) of instruction. The Spring 2018 survey results were recently released and San Jacinto College's relative position, when compared to the other 49 community colleges in the State, indicates that San Jacinto College's tuition and fees for In-district residents is the fifth lowest in the State, and the second lowest among the colleges in the Gulf Coast region.

Based on the approximately 589,000 semester credit hours generated during the last fiscal year (Fall 2016, Spring 2017, and Summer 2017), the proposed Technology Fee will produce approximately \$1.0 million additional net revenue, after exemptions. The proposed revenue increase will be generated in fiscal year 2018-2019 and will be included in the budget development process to address various new and continuing information technology needs.

The low tuition and fee rates are evidence of the College's commitment to the community it serves by providing affordable, high-quality education. But even with this commitment, the costs to deliver excellent instruction that prepares students for today's workforce and for university transfer continue to increase. The tuition and general service fee were increased in Fall 2016, along with the addition of differential fees for some courses. No other increases have been instituted since that time.

- As of August 31, 2018, the assets of the College exceeded its liabilities by \$60.6 million (net position) which includes a reduction of \$106.4 million related to restatement of beginning net position due to GASB Statement No. 75, plus an increase in net position of \$2.7 million from operations. The College had an overall decrease of \$103.7 million in total net position. Net investment in capital assets decreased by \$7.0 million, as restated. Restricted net position decreased by \$0.33 million, as restated. Unrestricted net position decreased by \$96.4 million, as restated. The College's unrestricted net position is a negative \$67.1 million at year end.

### **The Statement of Net Position**

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

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

Increases or decreases to net position are one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention, and other non-financial information. The Statement of Net Position is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year. The following is prepared from the College's Statements of Net Position and provides a summary of its assets, liabilities, and net position for the years ended August 31:

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

|   | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|-------------------|
| Current assets  | \$ 111,162        | \$ 113,211        | \$ 103,941        |
| Noncurrent assets:  |                   |                   |                   |
| Capital assets, net of depreciation                           | 557,856           | 461,208           | 431,894           |
| Other   | <u>193,252</u>    | <u>126,675</u>    | <u>169,930</u>    |
| Total assets  | \$ <u>862,270</u> | \$ <u>701,094</u> | \$ <u>705,765</u> |
| Deferred outflows of resources                                | \$ <u>52,694</u>  | \$ <u>17,418</u>  | \$ <u>18,740</u>  |
| Current liabilities   | \$ 75,632         | \$ 63,216         | \$ 57,822         |
| Noncurrent liabilities  | <u>721,580</u>    | <u>568,507</u>    | <u>498,559</u>    |
| Total liabilities   | \$ <u>797,212</u> | \$ <u>631,723</u> | \$ <u>556,381</u> |
| Deferred inflows of resources                                 | \$ <u>41,003</u>  | \$ <u>26,156</u>  | \$ <u>3,795</u>   |
| Net position:   |                   |                   |                   |
| Net investment in capital assets (as restated for 2018, 2017) | \$ 138,425        | \$ 117,323        | \$ 121,647        |
| Restricted – expendable (as restated for 2018, 2017)          | 10,191            | 10,419            | 10,745            |
| Unrestricted (as restated for 2018, 2017)                     | <u>(71,867)</u>   | <u>(67,109)</u>   | <u>31,937*</u>    |
| Total net position  | \$ <u>76,749</u>  | \$ <u>60,633</u>  | \$ <u>164,329</u> |

\*The cumulative effect of the change in accounting principle related to GASB Statement No. 75 reduced the September 1, 2017 unrestricted net position beginning of year by \$106.3 million, from \$31.9 million as previously reported to \$(74.3) million as restated for GASB Statement No. 75.

### Fiscal Year 2019 Compared to 2018

Total assets increased by \$161.1 million during 2019, a 23.0 percent increase. The change in total assets resulted from a \$2.0 million decrease in current assets primarily in cash due to the defeasement of debt. This was offset with a net increase in capital assets of \$96.6 million and an increase of \$66.5 million in restricted cash from new bond proceeds. The College continues to limit its investments to investment pools and money market accounts. Investment earnings rates increased from 2.01% at the start of the fiscal year to 2.15% at the end of the fiscal year.

The College's current ratio (current assets divided by current liabilities) declined to 1.48 in 2019 from 1.80 in 2018, primarily due to an increase of \$10.2 million in construction costs payable at year end.

Deferred outflows increased by \$35.3 million. The net change is attributed to (1) pensions increased \$18.6 million, (2) OPEB increased \$17.9 million, and (3) defeased debt decreased \$1.2 million.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

Total liabilities increased by \$165.5 million in 2019. Bonds payable increased by \$128.5 million and notes payable decreased by \$2.1 million net of new issuance and defeasement. Net pension liability increased by \$22.9 million and net OPEB liability increased by \$4.0 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 increased by \$10.6 million due to pending construction in process payments. Other categories increased by \$1.6 million.

Deferred inflows increased by \$14.8 million. The net change is attributed to (1) pensions decreased \$1.8 million and (2) OPEB increased \$16.6 million.

Total net position increased by \$16.1 million from operations. Net investment in capital assets increased by \$21.1 million. Restricted net position decreased by \$0.2 million. Unrestricted net position decreased by \$4.8 million. The College's unrestricted net position is a negative \$71.9 million at year end.

### **Fiscal Year 2018 Compared to 2017**

Total assets decreased by \$4.7 million during 2018, a 0.7 percent decrease. The change in total assets resulted from a \$33.5 million decrease in cash and cash equivalents. This was offset with a net increase in capital assets of \$29.3 million and a minor decrease of \$0.5 million in other categories. The College continues to limit its investments to investment pools and money market accounts. Investment earnings rates increased from 1.07% at the start of the fiscal year to 2.01% at the end of the fiscal year.

The College's current ratio (current assets divided by current liabilities) remained the same at 1.80 in 2018 and 2017.

Total liabilities increased by \$75.3 million in 2018. The major area of change occurred due to the recording of the net OPEB liability in 2018 for an increase of \$91.1 million, a \$5.3 million decrease to the net pension liability related to the Teacher's Retirement System of Texas (TRS), a \$15.7 million decrease in the bond and notes payables, and a \$5.3 million increase in other categories such as accounts payable and unearned revenues.

Total net position increased by \$2.7 million from operations. The College had an overall decrease of \$103.7 million in total net position due to the restatement of the beginning balance related to the GASB No. 75 change in accounting principle of \$106.4 million. Net investment in capital assets decreased by \$4.3 million. Restricted net position decreased by 0.3 million. Unrestricted net position decreased by \$99 million. The College's unrestricted net position is a negative \$67.1 million at year end.

### **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, 2019, with comparative information for fiscal year 2018. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis  
Fiscal Year Ended August 31, 2019  
(Unaudited)

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

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

|  | <u>2019</u>      | <u>2018</u>      | <u>2017</u>       |
|--|------------------|------------------|-------------------|
| Revenues:  |                  |                  |                   |
| Operating revenues:  |                  |                  |                   |
| Student tuition and fees, net of allowances and discounts      | \$ 44,940        | \$ 43,765        | \$ 43,530         |
| Federal grants and contracts                                   | 5,792            | 6,959            | 6,965             |
| State grants and contracts                                     | 2,889            | 3,252            | 3,080             |
| Non-government grants and contracts                            | 2,323            | 1,712            | 2,082             |
| Sales and services of educational activities                   | 4,265            | 3,159            | 2,284             |
| Auxiliary enterprises, net of discounts                        | <u>3,868</u>     | <u>2,623</u>     | <u>2,843</u>      |
| Total operating revenues                                       | <u>64,077</u>    | <u>61,470</u>    | <u>60,784</u>     |
| Expenses:  |                  |                  |                   |
| Operating expenses:  |                  |                  |                   |
| Instruction  | 78,634           | 75,678           | 73,338            |
| Public service   | 7,794            | 7,325            | 6,409             |
| Academic support   | 18,241           | 18,029           | 17,746            |
| Student services   | 17,261           | 16,605           | 15,513            |
| Institutional support  | 42,786           | 42,259           | 40,531            |
| Operation and maintenance of plant                             | 19,083           | 21,944           | 16,882            |
| Scholarships and fellowships                                   | 29,554           | 30,389           | 31,041            |
| Auxiliary enterprises  | 2,079            | 3,456            | 3,723             |
| Depreciation   | <u>16,538</u>    | <u>17,116</u>    | <u>18,439</u>     |
| Total operating expenses                                       | <u>231,970</u>   | <u>232,801</u>   | <u>223,622</u>    |
| Operating loss   | <u>(167,893)</u> | <u>(171,331)</u> | <u>(162,838)</u>  |
| Non-operating revenues (expenses):                             |                  |                  |                   |
| State appropriations   | 51,419           | 51,368           | 46,751            |
| Maintenance ad valorem taxes                                   | 69,383           | 66,657           | 64,849            |
| Debt service ad valorem taxes                                  | 28,417           | 28,360           | 26,714            |
| Federal revenue, non-operating                                 | 39,161           | 41,109           | 40,823            |
| Investment income (net of investment expenses)                 | 6,570            | 3,397            | 1,519             |
| Interest on capital related debt                               | (17,882)         | (17,297)         | (18,248)          |
| Other non-operating revenues (expenses)                        | <u>6,941</u>     | <u>407</u>       | <u>(2,086)</u>    |
| Total non-operating revenues, net                              | <u>184,009</u>   | <u>174,001</u>   | <u>160,322</u>    |
| Increase (Decrease) in net position                            | <u>16,116</u>    | <u>2,668</u>     | <u>(2,516)</u>    |
| Net position, beginning of year                                | 60,633           | 164,329          | 166,845           |
| Cumulative effect of GASB No. 75 (OPEB)                        | <u>-</u>         | <u>(106,364)</u> | <u>-</u>          |
| Net position, beginning of year (as restated for OPEB in 2018) | <u>-</u>         | <u>57,965</u>    | <u>-</u>          |
| Net position, end of year                                      | <u>\$ 76,749</u> | <u>\$ 60,633</u> | <u>\$ 164,329</u> |

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

### **Fiscal Year 2019 Compared to 2018**

Tuition and fee revenue (before allowances and discounts) increased by \$2.0 million in 2019 to \$69.0 million from \$67.0 in 2018. \$1.2 million is related to the addition of a technology fee of \$2 per semester credit hour for 2019. Enrollment increased to 32,137 from 30,500 from fall to fall. Total contact hours remained constant at 12.4 million and the average State appropriation per contact hour remained at \$2.75 for 2019 and 2018.

Operating expenses decreased by \$0.8 million to \$232 million for 2019 from \$232.8 million for 2018. Salaries, wages, and benefits increased by \$3.6 million. Major decreases (1) Operation and maintenance of plant \$2.9 million, (2) Scholarships and fellowships \$0.8 million, and (3) Depreciation \$0.6 million. Net decrease of other classifications \$0.1 million.

Net non-operating revenues and expenses increased by \$10.0 million in 2019 from 2018. State appropriations remained constant at \$51.4 million. Ad valorem tax revenue increased by \$2.8 million to \$97.8 million in 2019 from \$95.0 million in 2018 due to increases in taxable assessed valuations of \$2.5 billion. The maintenance and operations tax rate decreased to 12.7210 cents from 12.8828 cents and the debt service tax rate was increased to 5.2119 cents from 5.4507 cents for 2019 and 2018 respectively. Net investment income increased by \$3.2 million due to earnings rates increasing from a low of 2.01% at the start of the year to a high of 2.15% at the end of the year. Investable cash increased due to the issuance of new bonds. The sale of surplus land netted an increase of \$7.0. Interest on capital debt increased by \$0.6 million. Decreases of \$2.5 million are related to decrease in Federal Title IV and in the other non-operating expenses.

### **Fiscal Year 2018 Compared to 2017**

Tuition and fee revenue (before allowances and discounts) increased by \$0.8 million in 2018 to \$67.0 million from \$66.2 million in 2017. This is due to no change to the semester credit hour tuition rate and an increase in enrollment from 28,000 to 30,500 students from fall to fall. Total contact hours decreased by 103,000 and the average State appropriation per contact hour increased to \$2.75 for 2018 from \$2.59 for 2017.

Operating expenses increased by \$9.2 million to \$232.8 million for 2018 from \$223.6 million for 2017. Salaries, wages, and benefits increased by \$6.9 million. Additional increases of \$2.3 million are attributed to purchase of non-capital items related to the 2016 bond program.

Net non-operating revenues and expenses increased by \$13.7 million in 2018 from 2017. State appropriations increased by \$4.6 million to \$51.4 million in 2018 from \$46.8 million in 2017. \$2.3 million attributed to appropriations related to instruction and \$2.3 million to state paid benefits. Ad valorem tax revenue increased by \$3.4 million to \$95.0 million in 2018 from \$91.6 million in 2017 due to increases in taxable assessed valuations of \$1.3 billion and changes in the tax rates. The maintenance and operations tax rate decreased to 12.8828 cents from 12.9194 cents and the debt service tax rate was increased to 5.4507 cents from 5.3185 cents for 2018 and 2017 respectively. Net investment income increased by \$1.88 million due to earnings rates increasing from a low of 1.02% at the start of the year to a high of 2.01% at the end of the year. Interest on capital debt decreased by \$0.95 million. Increases of \$0.4 million are related to net increases in Federal Title IV and decreases in the other non-operating expenses.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis  
Fiscal Year Ended August 31, 2019  
(Unaudited)

**The Statement of Cash Flows**

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

The statement helps users assess the College's ability:

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

The sources and uses of cash are categorized by operating, non-capital financing, capital and related financing, and investing activities. The following chart summarizes the Statements of Cash Flows (rounded to the nearest thousand) for the fiscal years ended August 31:

|  | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|-------------------|
| Cash provided (used) by:                         |                   |                   |                   |
| Operating activities                             | \$ (126,794)      | \$ (133,476)      | \$ (135,982)      |
| Non-capital financing activities                 | 145,224           | 145,759           | 144,257           |
| Capital and related financing activities         | 37,640            | (49,169)          | (37,867)          |
| Investing activities                             | <u>6,570</u>      | <u>3,397</u>      | <u>1,519</u>      |
| Increase (Decrease) in cash and cash equivalents | <u>62,640</u>     | <u>(33,489)</u>   | <u>(28,073)</u>   |
| Cash and cash equivalents - beginning of year    | <u>214,976</u>    | <u>248,465</u>    | <u>276,538</u>    |
| Cash and cash equivalents - end of year          | \$ <u>277,616</u> | \$ <u>214,976</u> | \$ <u>248,465</u> |

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

Cash used by the College for operating activities decreased by \$6.7 million to \$126.8 million in 2019 from \$133.5 million in 2018. The decrease in cash used is related to a \$10.8 million decrease in payments for good and services, \$2.8 million increase to payroll and benefits and an offset of \$1.3 million for a decrease in receipts provided by students, grants, and scholarships.

Cash provided to the College for non-capital financing activities decreased by \$0.5 million to \$145.2 million in 2019 from \$145.7 million in 2018. State appropriations increased \$1.1 million and maintenance ad valorem tax revenues increased \$2.5 million. Non-operating Federal Title IV decreased \$2.0 million. Payments for debt principal and interest increased \$1.7 million. Payments related to Hurricane Harvey in 2018 decreased by \$0.40 million.

Net cash flows from capital and related financing activities increased by \$86.8 million to \$37.6 million provided in 2019 from a used of \$49.2 million in 2018. Increases are attributed to (1) \$28.5 million in debt service ad valorem taxes, (2) sale of surplus land for \$8.8 million and (3) new bond proceeds of \$151.1 million. Decreases are attributed to (1) purchases of capital assets of \$112.2 million and (2) payments on capital debt of \$38.6 million.

Net cash flows provided from investing activities increased \$3.2 million to \$6.6 million in 2019 from \$3.4 million in 2018 due to an increase in cash from bond proceeds and increase in interest rates.



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management’s Discussion and Analysis  
Fiscal Year Ended August 31, 2019  
(Unaudited)

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

Capital Assets - Fiscal Year 2019

In 2019, the College had the following additions and deletions to net capital assets totaling a \$96.6 million increase: \$43.0 million net increase in assets not depreciated, and \$64.5 a million net increase to depreciated assets as completed construction projects were placed in service. Net accumulated depreciation increased \$10.9 million.

Capital Assets - Fiscal Year 2018

In 2018, the College had the following additions and deletions to net capital assets totaling a \$29.3 million increase: \$38.2 million net increase in assets not depreciated, and \$6.1 a million net increase to depreciated assets as completed construction projects were placed in service. Net accumulated depreciation increased \$15.0 million.

Long-Term Debt

During fiscal year 2019, the College issued \$151 million of limited tax general obligation bonds (Series 2019A, par value \$131 million plus \$20 million premium). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, as well as pay the costs of the issuance for the Series 2019A Bonds.

During fiscal year 2019, the College issued limited tax general obligation bonds (Series 2019B) to partially refund debt issued in 2007, 2008, and 2009, as well as pay the costs of issuance for the Series 2019B Bonds. The proceeds of \$12,461,179 were deposited into an irrevocable trust for the defeasance of outstanding bond principal of \$11,755,000 and interest of \$731,368.

Additionally, the College defeased debt issued in 2011 through the use of unrestricted cash of \$8,992,750, which was deposited into an irrevocable trust for the defeasance of outstanding bond principal of \$8,600,000 and interest of \$604,075.

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

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

Ad Valorem Taxes

On October 7, 2019, the Board approved the adoption of the 2018 tax rate of 17.8169 cents per \$100 valuation which is 0.1160 cents below the prior year rate of 17.9329 cents. The adopted rate is the same as the calculated effective tax rate which is generally considered a “no new tax rate increase rate”. The maintenance and operations tax rate decreased to 11.7251 cents and the debt service tax rate increased to 6.0918 cents. The total taxes imposed on a residence homestead at the current year’s appraised value of \$120,490 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$214.68. 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 2019 tax year were received from the Harris County Appraisal District (HCAD) on August 13, 2019. The certified tax roll values for 2019 are \$61.5 billion, which is \$6.7 billion (12.2%) higher than the prior year valuations.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Management’s Discussion and Analysis  
Fiscal Year Ended August 31, 2019  
(Unaudited)**

On October 1, 2018, the Board approved the adoption of the 2018 tax rate of 17.9329 cents per \$100 valuation which is 0.4006 cents below the prior year rate of 18.335 cents. The adopted rate is the same as the calculated effective tax rate which is generally considered a “no new tax rate increase rate”. The maintenance and operations tax rate decreased to 12.7210 cents and the debt service tax rate decreased to 05.2119 cents. The total taxes imposed on a residence homestead at the current year’s appraised value of \$109,291 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$195.99. 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 2018 tax year were received from the Harris County Appraisal District (HCAD) on August 21, 2018. The certified tax roll values for 2018 are \$54.8 billion which is \$2.4 billion (4.6%) higher than the prior year valuations.

On October 2, 2017, the Board approved the adoption of the 2017 tax rate of 18.3335 cents per \$100 valuation which is 0.0956 cents above the prior year rate of 18.2379 cents. The primary reason for the increase in the tax rate is due to the issuance of \$150 million of voter approved bond during fiscal year 2016. The maintenance and operations tax rate decreased to 12.8828 cents and the debt service tax rate was increased to 5.45407 cents. The total taxes imposed on a residence homestead at the current year’s appraised value of \$104,959 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$192.43. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year’s average market value. Certified property tax values for the 2017 tax year were received from HCAD on August 25, 2017. The certified tax roll values for 2017 are \$52.4 billion which is \$1.8 billion (3.5%) higher than the prior year valuations.

At August 31, 2019, the College’s credit ratings have been affirmed as follows:

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

(1) Moody’s affirmed its rating on the General Obligation Bonds and Maintenance Tax Notes on January 25, 2019.

(2) Standard & Poor’s affirmed its rating on the General Obligation Bonds and Maintenance Tax Notes rating on January 23, 2019.

\* 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.

**Currently Known Facts, Decisions and Conditions**

San Jacinto Community College District is a dynamic institution that is an integral part of the success of East Harris County and the surrounding communities. The College’s leadership continues to build a culture focused on the student. The College’s employees work with students to redefine their expectations, encourage the exploration of new opportunities, and empower them to achieve their goals. Looking ahead to fiscal year 2020 and beyond, management sees continuing challenges regarding the levels of State support, resistance to maintenance and operations property taxes increases, and continued pressure to keep tuition and fees affordable for students. Consequently, the College is committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks, while maintaining a clear focus on quality instructional programs. The College will continue to focus on strengthening the teaching and learning process and expanding outreach efforts while maintaining its sound financial position.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2019 (Unaudited)

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

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Position  
August 31, 2019 and 2018

|  | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|
| <u>Assets</u>                                  |                      |                      |
| Current assets:                                |                      |                      |
| Cash and cash equivalents                      | \$ 84,364,984        | \$ 88,301,084        |
| Accounts receivable, net                       | 22,880,285           | 21,662,485           |
| Prepaid expenses                               | 2,709,467            | 1,654,077            |
| Deferred charges                               | 851,556              | 1,233,439            |
| Inventories                                    | 356,016              | 359,413              |
| Total current assets                           | <u>111,162,308</u>   | <u>113,210,498</u>   |
| Noncurrent assets:                             |                      |                      |
| Restricted cash and cash equivalents           | 193,251,468          | 126,674,968          |
| Capital assets net of accumulated depreciation | 446,694,962          | 393,029,132          |
| Capital assets not being depreciated           | 111,160,915          | 68,179,036           |
| Total noncurrent assets                        | <u>751,107,345</u>   | <u>587,883,136</u>   |
| Total assets                                   | <u>862,269,653</u>   | <u>701,093,634</u>   |
| Deferred outflows of resources:                |                      |                      |
| Deferred outflow related to pensions           | 23,209,806           | 4,631,718            |
| Deferred outflow related to OPEB               | 20,497,036           | 2,581,254            |
| Deferred outflow related to defeased debt      | 8,987,076            | 10,204,649           |
| Total deferred outflows of resources           | <u>52,693,918</u>    | <u>17,417,621</u>    |
| <u>Liabilities</u>                             |                      |                      |
| Current liabilities:                           |                      |                      |
| Accounts payable                               | 29,976,790           | 19,284,062           |
| Accrued liabilities                            | 1,410,104            | 846,529              |
| Accrued compensable absences - current portion | 263,072              | 254,254              |
| Deferred compensation                          | 35,000               | 35,000               |
| Unearned revenue                               | 27,642,328           | 26,581,516           |
| Net OPEB liability - current portion           | 1,398,656            | 455,625              |
| Notes payable - current portion                | -                    | 426,792              |
| Bonds payable - current portion                | 14,906,505           | 15,332,476           |
| Total current liabilities                      | <u>75,632,455</u>    | <u>63,216,254</u>    |
| Noncurrent liabilities:                        |                      |                      |
| Accrued compensable absences                   | 1,918,316            | 2,005,045            |
| Net pension liability                          | 49,494,145           | 26,598,961           |
| Net OPEB liability                             | 93,684,522           | 90,669,411           |
| Notes payable                                  | -                    | 1,645,380            |
| Bonds payable                                  | 576,482,694          | 447,587,967          |
| Total noncurrent liabilities                   | <u>721,579,677</u>   | <u>568,506,764</u>   |
| Total liabilities                              | <u>797,212,132</u>   | <u>631,723,018</u>   |
| Deferred inflows of resources:                 |                      |                      |
| Deferred inflow related to pensions            | 4,199,375            | 6,007,220            |
| Deferred inflow related to OPEB                | 36,803,285           | 20,148,183           |
| Total deferred inflows of resources            | <u>41,002,660</u>    | <u>26,155,403</u>    |
| <u>Net Position</u>                            |                      |                      |
| Net investment in capital assets, as restated  | 138,424,774          | 117,322,959          |
| Restricted for:                                |                      |                      |
| Expendable:                                    |                      |                      |
| Grants, as restated                            | 1,666,449            | 1,584,271            |
| Debt service, as restated                      | 8,524,642            | 8,834,857            |
| Unrestricted, as restated                      | <u>(71,867,086)</u>  | <u>(67,109,253)</u>  |
| Total net position (Schedule D)                | <u>\$ 76,748,779</u> | <u>\$ 60,632,834</u> |

See accompanying notes to basic financial statements.

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

Statements of Financial Position  
June 30, 2019 and 2018

|   | <u>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|
| <u>Assets</u>   |                      |                      |
| Cash and cash equivalents                               | \$ 1,094,924         | \$ 889,102           |
| Pledges receivable                                      | 177,873              | 218,200              |
| Investments   | 11,866,926           | 11,211,900           |
| Pledges receivable with perpetual<br>donor restrictions | <u>10,000</u>        | <u>15,000</u>        |
| Total assets  | <u>\$ 13,149,723</u> | <u>\$ 12,334,202</u> |
| <u>Liabilities and Net Assets</u>                       |                      |                      |
| Liabilities:  |                      |                      |
| Scholarships and programs payable                       | <u>\$ 391,109</u>    | <u>\$ 358,145</u>    |
| Total liabilities                                       | <u>391,109</u>       | <u>358,145</u>       |
| Net assets:   |                      |                      |
| Without donor restrictions                              | 3,175,114            | 2,754,543            |
| With donor restrictions                                 | <u>9,583,500</u>     | <u>9,221,514</u>     |
| Total net assets  | <u>12,758,614</u>    | <u>11,976,057</u>    |
| Total liabilities and net assets                        | <u>\$ 13,149,723</u> | <u>\$ 12,334,202</u> |

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended August 31, 2019 and 2018

|   | <u>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|
| <u>Operating Revenues</u>   |                      |                      |
| Student tuition and fees (net of allowances and discounts of \$24,074,395 and \$23,245,304, respectively) | \$ 44,940,388        | \$ 43,765,315        |
| Federal grants and contracts  | 5,792,143            | 6,958,221            |
| State grants and contracts  | 2,889,010            | 3,252,231            |
| Non-governmental grants and contracts   | 2,322,482            | 1,712,258            |
| Sales and services of educational and non-educational activities  | 4,265,468            | 2,597,543            |
| Auxiliary enterprises (net of discounts)  | 3,867,765            | 3,183,995            |
| Total operating revenues (Schedule A)   | <u>64,077,256</u>    | <u>61,469,563</u>    |
| <u>Operating Expenses</u>   |                      |                      |
| Instruction   | 78,634,042           | 75,679,435           |
| Public service  | 7,793,845            | 7,325,417            |
| Academic support  | 18,241,072           | 18,029,122           |
| Student services  | 17,261,013           | 16,604,569           |
| Institutional support   | 42,785,606           | 42,259,567           |
| Operation and maintenance of plant  | 19,083,384           | 21,944,162           |
| Scholarships and fellowships  | 29,553,522           | 30,388,995           |
| Auxiliary enterprises   | 2,079,311            | 3,455,670            |
| Depreciation  | 16,538,467           | 17,115,860           |
| Total operating expenses (Schedule B)   | <u>231,970,262</u>   | <u>232,802,797</u>   |
| Operating loss  | <u>(167,893,006)</u> | <u>(171,333,234)</u> |
| <u>Non-Operating Revenues (Expenses)</u>  |                      |                      |
| State appropriations  | 51,418,898           | 51,367,683           |
| Maintenance ad valorem taxes  | 69,383,250           | 66,657,043           |
| Debt service ad valorem taxes   | 28,417,195           | 28,360,386           |
| Federal revenue, non-operating  | 39,160,536           | 41,108,977           |
| Investment income (net of investment expenses)  | 6,569,873            | 3,396,779            |
| Interest on capital related debt  | (17,881,651)         | (17,296,854)         |
| Other non-operating revenues (expenses)   | 6,940,850            | 407,484              |
| Total non-operating revenues, net (Schedule C)  | <u>184,008,951</u>   | <u>174,001,498</u>   |
| Increase in net position  | 16,115,945           | 2,668,264            |
| <u>Net Position</u>   |                      |                      |
| Net position, beginning of year   | <u>60,632,834</u>    | <u>57,964,570</u>    |
| Net position, end of year   | <u>\$ 76,748,779</u> | <u>\$ 60,632,834</u> |

See accompanying notes to basic financial statements.

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

Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2019 and 2018

|   | 2019                          |                            |                      | 2018                          |                            |                      |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| Public support and revenues:                          |                               |                            |                      |                               |                            |                      |
| Contributions   | \$ 532,852                    | \$ 1,079,984               | \$ 1,612,836         | \$ 491,788                    | \$ 1,284,263               | \$ 1,776,051         |
| Special events, net of costs of direct donor benefits | 84,974                        | -                          | 84,974               | 70,188                        | -                          | 70,188               |
| Interest and dividends, net of investment expenses    | 326,771                       | -                          | 326,771              | 263,019                       | -                          | 263,019              |
| Net change in fair value of investments               | 191,301                       | 141,711                    | 333,012              | (34,406)                      | (59,376)                   | (93,782)             |
| Net assets released from restrictions                 | 859,709                       | (859,709)                  | -                    | 919,899                       | (919,899)                  | -                    |
| <b>Total public support and revenues</b>              | <b>1,995,607</b>              | <b>361,986</b>             | <b>2,357,593</b>     | <b>1,710,488</b>              | <b>304,988</b>             | <b>2,015,476</b>     |
| Expenses:   |                               |                            |                      |                               |                            |                      |
| Program services                                      | 1,052,004                     | -                          | 1,052,004            | 1,051,763                     | -                          | 1,051,763            |
| Supporting services:                                  |                               |                            |                      |                               |                            |                      |
| General and administrative                            | 396,409                       | -                          | 396,409              | 333,414                       | -                          | 333,414              |
| Fundraising   | 126,623                       | -                          | 126,623              | 131,024                       | -                          | 131,024              |
| <b>Total expenses</b>                                 | <b>1,575,036</b>              | <b>-</b>                   | <b>1,575,036</b>     | <b>1,516,201</b>              | <b>-</b>                   | <b>1,516,201</b>     |
| Change in net assets                                  | 420,571                       | 361,986                    | 782,557              | 194,287                       | 304,988                    | 499,275              |
| Net assets, beginning of year                         | 2,754,543                     | 9,221,514                  | 11,976,057           | 2,560,256                     | 8,916,526                  | 11,476,782           |
| Net assets, end of year                               | \$ <u>3,175,114</u>           | \$ <u>9,583,500</u>        | \$ <u>12,758,614</u> | \$ <u>2,754,543</u>           | \$ <u>9,221,514</u>        | \$ <u>11,976,057</u> |

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows  
Years Ended August 31, 2019 and 2018

|   | <u>2019</u>             | <u>2018</u>             |
|---|-------------------------|-------------------------|
| <u>Cash flows from operating activities</u>                                       |                         |                         |
| Receipts from students and other customers  | \$ 48,875,112           | \$ 51,204,363           |
| Receipts of grants and contracts  | 11,727,612              | 11,864,321              |
| Payments to suppliers for goods or services                                       | (32,124,140)            | (42,930,981)            |
| Payments to or on behalf of employees   | (125,744,113)           | (122,962,246)           |
| Payments of scholarships and fellowships  | (29,528,179)            | (30,651,182)            |
| Net cash used by operating activities   | <u>(126,793,708)</u>    | <u>(133,475,725)</u>    |
| <u>Cash flows from non-capital financing activities</u>                           |                         |                         |
| Receipts from State appropriations  | 38,769,344              | 37,661,690              |
| Receipts from ad valorem taxes - maintenance and operating                        | 69,448,755              | 66,990,698              |
| Receipts from non-operating Federal revenue                                       | 39,150,816              | 41,108,977              |
| Payments on notes - principal   | (2,072,172)             | (361,792)               |
| Payments on notes - interest  | (72,860)                | (64,133)                |
| Receipts from Harvey relief   | -                       | 854,301                 |
| Payments to suppliers/employees for Harvey relief                                 | -                       | (430,373)               |
| Net cash provided by non-capital financing activities                             | <u>145,223,883</u>      | <u>145,759,368</u>      |
| <u>Cash flows from capital and related financing activities</u>                   |                         |                         |
| Receipts from ad valorem taxes - debt service                                     | 28,541,144              | 28,262,230              |
| Proceeds from sale of capital assets  | 8,843,556               | -                       |
| Purchases of capital assets   | (112,185,460)           | (46,446,271)            |
| Proceeds from general obligation bonds  | 151,048,754             | -                       |
| Payment on capital debt - principal   | (21,362,425)            | (13,770,340)            |
| Payment on capital debt - interest  | (17,245,216)            | (17,214,934)            |
| Net cash provided (used) by capital and related financing activities              | <u>37,640,353</u>       | <u>(49,169,315)</u>     |
| <u>Cash flows from investing activities</u>                                       |                         |                         |
| Investment income   | <u>6,569,872</u>        | <u>3,396,779</u>        |
| Net cash provided by investing activities   | <u>6,569,872</u>        | <u>3,396,779</u>        |
| Increase (Decrease) in cash and cash equivalents                                  | 62,640,400              | (33,488,893)            |
| Cash and cash equivalents, beginning of year                                      | 214,976,052             | 248,464,945             |
| Cash and cash equivalents, end of year  | <u>\$ 277,616,452</u>   | <u>\$ 214,976,052</u>   |
| <u>Reconciliation of operating loss to net cash used by operating activities</u>  |                         |                         |
| Operating loss  | \$ (167,893,006)        | \$ (171,333,234)        |
| Adjustments to reconcile operating loss to net cash used by operating activities: |                         |                         |
| Depreciation expense  | 16,538,467              | 17,115,860              |
| Bad debt expense  | 1,187,003               | 828,727                 |
| Pension expense   | 2,509,251               | (785,992)               |
| OPEB expense  | 2,191,834               | 2,328,084               |
| Donated assets  | (2,893,701)             | -                       |
| Tax collection fee  | 234,389                 | 152,762                 |
| State group insurance   | 8,753,094               | 12,055,501              |
| State retirement TRS  | 3,896,460               | 1,650,492               |
| Changes in assets and liabilities:  |                         |                         |
| Receivables, net  | (2,828,646)             | (564,584)               |
| Prepaid expenses and deferred charges   | (673,507)               | (160,209)               |
| Inventories   | 3,397                   | 3,754                   |
| Deferred outflow related to pensions  | (18,578,088)            | 2,293,228               |
| Deferred outflow related to OPEB  | (17,915,782)            | (70,093)                |
| Accounts payable  | 11,024,286              | 3,732,427               |
| Accrued liabilities   | (331,558)               | 164,198                 |
| Unearned revenue  | 1,060,812               | 1,334,978               |
| Compensated absences  | (77,911)                | 1,511                   |
| Net pension liability   | 20,385,933              | (4,505,190)             |
| Net OPEB liability  | 1,766,308               | (20,078,090)            |
| Deferred inflow related to pensions   | (1,807,845)             | 2,211,962               |
| Deferred inflow related to OPEB   | 16,655,102              | 20,148,183              |
| Net cash used by operating activities   | <u>\$ (126,793,708)</u> | <u>\$ (133,475,725)</u> |

See accompanying notes to basic financial statements including Note 27 for noncash investing, capital and financing activities.



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

Statements of Cash Flows  
Years Ended June 30, 2019 and 2018

|   | <u>2019</u>         | <u>2018</u>        |
|---|---------------------|--------------------|
| <u>Cash flows from operating activities</u>   |                     |                    |
| Change in net assets  | \$ 782,557          | \$ 499,275         |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                    |
| Net change in fair value of investments   | (333,012)           | 93,782             |
| Contributions with perpetual donor restrictions   | (59,239)            | (223,098)          |
| Decrease in pledges receivable  | 40,327              | 96,755             |
| Increase in scholarships and programs payable   | 32,964              | 46,213             |
|   | <u>463,597</u>      | <u>512,927</u>     |
| <u>Cash flows from investing activities</u>   |                     |                    |
| Purchases of investments  | <u>(322,014)</u>    | <u>(1,013,169)</u> |
|   | <u>(322,014)</u>    | <u>(1,013,169)</u> |
| <u>Cash flows from financing activities</u>   |                     |                    |
| Proceeds from contributions with perpetual donor restrictions                               | <u>64,239</u>       | <u>228,098</u>     |
|   | <u>64,239</u>       | <u>228,098</u>     |
| Net increase (decrease) in cash and cash equivalents  | 205,822             | (272,144)          |
| Cash and cash equivalents, beginning of year  | <u>889,102</u>      | <u>1,161,246</u>   |
| Cash and cash equivalents, end of year  | <u>\$ 1,094,924</u> | <u>\$ 889,102</u>  |

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**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 comprehensive annual 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. 91 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

GASB Statement No. 83  
*Certain Asset Retirement Obligations*

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. In addition, this Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation, at least annually, and requires a government to evaluate all relevant factors, at least annually, to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. In cases where governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities, this Statement requires disclosure of how those funding and assurance requirements are being met, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This Statement was adopted during the College's fiscal year ended August 31, 2019 with no significant impact.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**2. Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 84  
*Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement is effective for the College's fiscal year ending August 31, 2020. The College is currently evaluating the impact of adopting this Statement.

GASB Statement No. 87  
*Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the College's fiscal year ending August 31, 2021. The College is currently evaluating the impact of adopting this Statement.

GASB Statement No. 88  
*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

This Statement is designed to improve consistency in the information that is disclosed in notes to financial statements related to debt, including direct borrowings (such as entering into a loan agreement with a lender) and direct placements (such as issuing a debt security directly to an investor), and to provide financial statement users with additional debt information. Summarized information about the following items should be disclosed: amounts of unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. This Statement was adopted during the College's fiscal year ended August 31, 2019 with no significant impact.

GASB Statement No. 89  
*Accounting for Interest Cost Incurred Before the End of a Construction Period*

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 is effective for the College's fiscal year ending August 31, 2021. The College is currently evaluating the impact of adopting this Statement.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**2. Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 90

*Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement is effective for the College's fiscal year ending August 31, 2020. The College is currently evaluating the impact of adopting this Statement.

GASB Statement No. 91

*Conduit Debt Obligations*

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 is effective for the College's fiscal year ending August 31, 2022. The College is currently evaluating the impact of adopting this Statement.

Tuition Discounting

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

*Title IV Higher Education Act Program Funds (HEA)* - Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as non-operating restricted revenue. When the award is used by the student for tuition and fees, the amounts are recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**2. Summary of Significant Accounting Policies (Continued)**

Basis of Accounting

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

Budgetary Data

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less at time of purchase. The governing board has designated external public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

Deferred Outflows of Resources

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

Investments

The College reports investments at fair value. Fair values are based on published market rates, except for external public funds investment pools which are valued and reported at amortized cost, which approximates fair value. Short-term investments have an original maturity greater than three months but less than one year at time of purchase or current maturities of less than one year. The College has designated external public funds investment pools of \$224,060,234 and \$156,347,911 as of August 31, 2019 and 2018, respectively, to be cash equivalents. Long-term investments have an original maturity of greater than one year at the time of purchase and are considered as noncurrent assets. The College had no long-term investments at August 31, 2019 and 2018.

Inventories

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

2. **Summary of Significant Accounting Policies (Continued)**

Capital Assets

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment, and library books. Capital assets that are purchased are recorded at cost. Donated capital assets are recorded at acquisition value. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The College annually evaluates impairment of capital assets. The College does not believe any impairment exists as of August 31, 2019 and 2018. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

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

Interest on Capital Related Debt

Interest incurred on capital related debt totaled \$19,466,742 and \$18,165,978 for fiscal years 2019 and 2018, respectively. Of these amounts, \$1,585,091 and \$869,124 was capitalized to construction in process for fiscal years 2019 and 2018, respectively.

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.

Unearned Revenue

Unearned revenue, primarily consisting of tuition and fees, relates to academic terms in the next fiscal year and, as such, has been deferred. At August 31, 2019 and 2018, unearned revenue was \$27,642,328 and \$26,581,516, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

2. **Summary of Significant Accounting Policies (Continued)**

Deferred Inflows of Resources

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

Net Position

The College's net position is classified as follows:

*Net investment in capital assets:* This represents the College's total investment in capital assets, net of outstanding debt obligations 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.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform with the current year presentation.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**2. Summary of Significant Accounting Policies (Continued)**

Prior Year Restatement

The classifications of net position as of August 31, 2018 have been restated to properly reflect unpaid construction costs as of year-end as a reduction of net investment in capital assets, cash balances collected through property taxes for the repayment of debt as restricted for debt service, and certain amounts with internal designations as unrestricted. As such, the following adjustments were made to the August 31, 2018 Statement of Net Position, with no impact on total net position as of August 31, 2018:

|                                  | As Previously<br>Reported<br><u>August 31, 2018</u> | <u>Adjustments</u> | As Restated<br><u>August 31, 2018</u> |
|----------------------------------|---|--------------------|---------------------------------------|
| Net Position:                    |   |                    |                                       |
| Net investment in capital assets | \$ 124,399,776                                      | \$ (7,076,817)     | \$ 117,322,959                        |
| Restricted for grants            | 1,733,441   | (149,170)          | 1,584,271                             |
| Restricted for debt service      | 139,462   | 8,695,395          | 8,834,857                             |
| Unrestricted                     | <u>(65,639,845)</u>                                 | <u>(1,469,408)</u> | <u>(67,109,253)</u>                   |
| Total net position               | \$ <u>60,632,834</u>                                | \$ <u>-</u>        | \$ <u>60,632,834</u>                  |

**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, 2019 and 2018.

**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>2019</u>           | <u>2018</u>           |
|------------------------------------|-----------------------|-----------------------|
| Cash and cash equivalents:         |                       |                       |
| Petty cash on hand                 | \$ 19,825             | \$ 19,055             |
| External investment pools          | 224,060,234           | 156,347,911           |
| Money market                       | <u>50,363,963</u>     | <u>58,014,494</u>     |
| Subtotal cash and cash equivalents | 274,444,022           | 214,381,460           |
| Bank deposits - demand deposits    | <u>3,172,430</u>      | <u>594,592</u>        |
| Total cash and deposits, August 31 | \$ <u>277,616,452</u> | \$ <u>214,976,052</u> |



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**4. Authorized Investments (Continued)**

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

|   | 2019           | 2018           |
|---|----------------|----------------|
| Exhibit 1 - cash, cash equivalents and investments: |                |                |
| Cash and cash equivalents:                          |                |                |
| Current   | \$ 84,364,984  | \$ 88,301,084  |
| Noncurrent  | 193,251,468    | 126,674,968    |
| Investments   | -              | -              |
| Total cash, cash equivalents and investments        | \$ 277,616,452 | \$ 214,976,052 |

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

| Investment Type           | Investment Maturities (in Years) |                         |        |        | Weighted<br>Average<br>(Days) | Rating   |
|---------------------------|----------------------------------|-------------------------|--------|--------|-------------------------------|----------|
|                           | Fair<br>Value                    | Maturity<br>Less than 1 | 1 to 2 | 2 to 3 |                               |          |
| <u>2019</u>               |                                  |                         |        |        |                               |          |
| External investment pools | \$ 224,060,234                   | \$ 224,060,234          | \$ -   | \$ -   | 0.81                          | AAA-AAAm |
| Money market              | 50,363,963                       | 50,363,963              | -      | -      | 0.19                          | n/a      |
| Totals                    | \$ 274,424,197                   | \$ 274,424,197          | \$ -   | \$ -   | 1.00                          |          |
| <u>2018</u>               |                                  |                         |        |        |                               |          |
| External investment pools | \$ 156,347,911                   | \$ 156,347,911          | \$ -   | \$ -   | 0.72                          | AAA-AAAm |
| Money market              | 58,014,494                       | 58,014,494              | -      | -      | 0.28                          | n/a      |
| Totals                    | \$ 214,362,405                   | \$ 214,362,405          | \$ -   | \$ -   | 1.00                          |          |

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 2019 and 2018, 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, 2019 and 2018.

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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

4. **Authorized Investments (Continued)**

Concentration of Credit Risk

The Policy requires diversification on all authorized investment types which are monitored on at least a monthly basis. The College will diversify maturity dates and to the extent possible, match investments with anticipated cash flow requirements. No investment stated maturities will exceed three years at the time of purchase. The Policy requires the following diversifications:

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

As of August 31, 2019, the investment portfolio consisted of 98.85% in investment pools and money market accounts and 1.15% in petty cash and demand deposits. As of August 31, 2018, the investment portfolio consisted of 99.71% in investment pools and money market accounts and 0.29% 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 counter-party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of August 31, 2019 and 2018, the Portfolio did not contain any repurchase agreements or certificates of deposit. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company. At August 31, 2019, and 2018, the carrying amount of the College deposits was \$53,484,859 and \$58,562,254 and the total bank balances equaled \$54,764,853 and \$59,807,004, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution. The remaining \$54,019,346 and \$59,064,259 were covered by an FHLB letter of credit or collateral pledged with securities held by the pledging financial institution's trust department or agent in the College's name for the years ended August 31, 2019 and 2018, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

4. **Authorized Investments (Continued)**

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, 2019:

|   | Total                 | Level 1              | Level 2  | Level 3  |
|---|-----------------------|----------------------|----------|----------|
| Investments measured at fair value level - money market | \$ 50,363,963         | \$ <u>50,363,963</u> | \$ _____ | \$ _____ |
| Investments measured at NAV/amortized cost:             |                       |                      |          |          |
| TexPool   | 188,173,581           |                      |          |          |
| Lone Star   | <u>35,886,653</u>     |                      |          |          |
| Total   | \$ <u>274,424,197</u> |                      |          |          |

The College had the following investments measured at fair value at August 31, 2018:

|   | Total                 | Level 1              | Level 2  | Level 3  |
|---|-----------------------|----------------------|----------|----------|
| Investments measured at fair value level - money market | \$ 58,014,494         | \$ <u>58,014,494</u> | \$ _____ | \$ _____ |
| Investments measured at NAV/amortized cost:             |                       |                      |          |          |
| TexPool   | 43,202,834            |                      |          |          |
| Lone Star   | <u>113,145,077</u>    |                      |          |          |
| Total   | \$ <u>214,362,405</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.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**4. Authorized Investments (Continued)**

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

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

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

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

Accounts receivable consist of the following at August 31:

|                                       | <u>2019</u>          | <u>2018</u>          |
|---------------------------------------|----------------------|----------------------|
| Student receivables                   | \$ 23,745,190        | \$ 22,204,886        |
| Federal receivables                   | 996,616              | 1,638,375            |
| State and local receivables           | 152,610              | 234,828              |
| Other receivables                     | 914,252              | 313,571              |
| Less allowances for doubtful accounts | <u>(6,111,451)</u>   | <u>(6,336,086)</u>   |
| Total                                 | <u>19,697,217</u>    | <u>18,055,574</u>    |
| Property tax receivable               | 3,415,818            | 3,839,661            |
| Less allowances for doubtful accounts | <u>(232,750)</u>     | <u>(232,750)</u>     |
| Total                                 | <u>3,183,068</u>     | <u>3,606,911</u>     |
| Total accounts receivables, net       | <u>\$ 22,880,285</u> | <u>\$ 21,662,485</u> |

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

|  | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|
| Vendors payable                                | \$ 4,243,237         | \$ 3,125,093         |
| Construction costs payable                     | 17,306,875           | 7,076,817            |
| Students payable                               | 701,610              | 676,267              |
| Other payables                                 | 1,850,131            | 2,199,390            |
| Salaries and benefits payable                  | 5,874,937            | 6,206,495            |
| Accrued interest payable                       | <u>1,410,104</u>     | <u>846,529</u>       |
| Total accounts payable and accrued liabilities | <u>\$ 31,386,894</u> | <u>\$ 20,130,591</u> |

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

6. **Capital Assets**

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

|   | 2019                            |                       |                      | Balance<br>August 31,<br>2019 |
|---|---------------------------------|-----------------------|----------------------|-------------------------------|
|   | Balance<br>September 1,<br>2018 | Increase              | Decrease             |                               |
| Not depreciated:  |                                 |                       |                      |                               |
| Land  | \$ 18,971,297                   | \$ -                  | \$ 1,848,796         | \$ 17,122,501                 |
| Construction in progress                                | <u>49,207,739</u>               | <u>110,438,371</u>    | <u>65,607,696</u>    | <u>94,038,414</u>             |
| Total not depreciated                                   | <u>68,179,036</u>               | <u>110,438,371</u>    | <u>67,456,492</u>    | <u>111,160,915</u>            |
| Other capital assets:                                   |                                 |                       |                      |                               |
| Buildings   | 440,529,549                     | 54,089,597            | 79,480               | 494,539,666                   |
| Land improvements                                       | 58,749,026                      | 6,079,811             | 5,459                | 64,823,378                    |
| Furniture, equipment and vehicles                       | 42,146,108                      | 7,286,767             | 1,646,025            | 47,786,850                    |
| Telecommunications and computer<br>peripheral equipment | 33,584,127                      | 2,550,381             | 3,753,374            | 32,381,134                    |
| Library books   | <u>7,266,881</u>                | <u>321,409</u>        | <u>237,045</u>       | <u>7,351,245</u>              |
| Total depreciated                                       | <u>582,275,691</u>              | <u>70,327,965</u>     | <u>5,721,383</u>     | <u>646,882,273</u>            |
| Less accumulated depreciation:                          |                                 |                       |                      |                               |
| Buildings   | 110,666,474                     | 8,395,224             | -                    | 119,061,698                   |
| Land improvements                                       | 29,116,263                      | 2,758,591             | -                    | 31,874,854                    |
| Furniture, equipment and vehicles                       | 20,567,553                      | 2,960,605             | 1,631,456            | 21,896,702                    |
| Telecommunications and computer<br>peripheral equipment | 24,249,304                      | 2,074,232             | 3,729,214            | 22,594,322                    |
| Library books   | <u>4,646,965</u>                | <u>349,815</u>        | <u>237,045</u>       | <u>4,759,735</u>              |
| Total accumulated depreciation                          | <u>189,246,559</u>              | <u>16,538,467</u>     | <u>5,597,715</u>     | <u>200,187,311</u>            |
| Net capital assets                                      | \$ <u>461,208,168</u>           | \$ <u>164,227,869</u> | \$ <u>67,580,160</u> | \$ <u>557,855,877</u>         |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**6. Capital Assets (Continued)**

|   | 2018                            |                      |                     | Balance<br>August 31,<br>2018 |
|---|---------------------------------|----------------------|---------------------|-------------------------------|
|   | Balance<br>September 1,<br>2017 | Increase             | Decrease            |                               |
| <b>Not depreciated:</b>                                 |                                 |                      |                     |                               |
| Land  | \$ 18,981,179                   | \$ -                 | \$ 9,882            | \$ 18,971,297                 |
| Construction in progress                                | <u>11,015,148</u>               | <u>47,311,755</u>    | <u>9,119,164</u>    | <u>49,207,739</u>             |
| Total not depreciated                                   | <u>29,996,327</u>               | <u>47,311,755</u>    | <u>9,129,046</u>    | <u>68,179,036</u>             |
| <b>Other capital assets:</b>                            |                                 |                      |                     |                               |
| Buildings   | 438,234,749                     | 2,301,463            | 6,663               | 440,529,549                   |
| Land improvements                                       | 58,529,802                      | 219,224              | -                   | 58,749,026                    |
| Furniture, equipment and vehicles                       | 39,108,176                      | 3,351,129            | 313,197             | 42,146,108                    |
| Telecommunications and computer<br>peripheral equipment | 33,133,277                      | 2,065,012            | 1,614,162           | 33,584,127                    |
| Library books   | <u>7,192,544</u>                | <u>326,734</u>       | <u>252,397</u>      | <u>7,266,881</u>              |
| Total depreciated                                       | <u>576,198,548</u>              | <u>8,263,562</u>     | <u>2,186,419</u>    | <u>582,275,691</u>            |
| <b>Less accumulated depreciation:</b>                   |                                 |                      |                     |                               |
| Buildings   | 102,087,412                     | 8,583,187            | 4,125               | 110,666,474                   |
| Land improvements                                       | 26,339,274                      | 2,776,989            | -                   | 29,116,263                    |
| Furniture, equipment and vehicles                       | 18,004,184                      | 2,888,260            | 324,891             | 20,567,553                    |
| Telecommunications and computer<br>peripheral equipment | 23,307,680                      | 2,530,186            | 1,588,562           | 24,249,304                    |
| Library books   | <u>4,562,124</u>                | <u>337,238</u>       | <u>252,397</u>      | <u>4,646,965</u>              |
| Total accumulated depreciation                          | <u>174,300,674</u>              | <u>17,115,860</u>    | <u>2,169,975</u>    | <u>189,246,559</u>            |
| Net capital assets                                      | <u>\$ 431,894,201</u>           | <u>\$ 38,459,457</u> | <u>\$ 9,145,490</u> | <u>\$ 461,208,168</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, 2019 and 2018, the outstanding commitment under construction contracts for facilities and other projects is approximately \$63.8 and \$61.5 million, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**8. Noncurrent Liabilities**

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

|                                 | 2019                            |                       |                      |                               |                      |
|---------------------------------|---------------------------------|-----------------------|----------------------|-------------------------------|----------------------|
|                                 | Balance<br>September 1,<br>2018 | Increase              | Decrease             | Balance<br>August 31,<br>2019 | Current<br>Portion   |
| Bonds payable:                  |                                 |                       |                      |                               |                      |
| General obligation bonds        | \$ 414,188,741                  | \$ 163,193,506        | \$ 33,373,741        | \$ 544,008,506                | \$ 13,508,138        |
| Revenue bonds                   | 48,731,702                      | -                     | 1,351,009            | 47,380,693                    | 1,398,367            |
| Notes payable -                 |                                 |                       |                      |                               |                      |
| Maintenance tax notes           | 2,072,172                       | -                     | 2,072,172            | -                             | -                    |
| Accrued compensable<br>absences | 2,259,299                       | 150,161               | 228,072              | 2,181,388                     | 263,072              |
| Net pension liability           | 26,598,961                      | 22,895,184            | -                    | 49,494,145                    | -                    |
| Net OPEB liability              | <u>91,125,036</u>               | <u>3,958,142</u>      | <u>-</u>             | <u>95,083,178</u>             | <u>1,398,656</u>     |
| Total                           | <u>\$ 584,975,911</u>           | <u>\$ 190,196,993</u> | <u>\$ 37,024,994</u> | <u>\$ 738,147,910</u>         | <u>\$ 16,568,233</u> |
|                                 |                                 |                       |                      |                               |                      |
|                                 | 2018                            |                       |                      |                               |                      |
|                                 | Balance<br>September 1,<br>2017 | Increase              | Decrease             | Balance<br>August 31,<br>2018 | Current<br>Portion   |
| Bonds payable:                  |                                 |                       |                      |                               |                      |
| General obligation bonds        | \$ 428,268,418                  | -                     | \$ 14,079,677        | \$ 414,188,741                | \$ 13,981,467        |
| Revenue bonds                   | 50,032,713                      | -                     | 1,301,011            | 48,731,702                    | 1,351,009            |
| Notes payable -                 |                                 |                       |                      |                               |                      |
| Maintenance tax notes           | 2,433,964                       | -                     | 361,792              | 2,072,172                     | 426,792              |
| Accrued compensable<br>absences | 2,282,788                       | 255,764               | 279,253              | 2,259,299                     | 254,254              |
| Net pension liability           | 31,890,143                      | -                     | 5,291,182            | 26,598,961                    | -                    |
| Net OPEB liability              | <u>-</u>                        | <u>91,125,036</u>     | <u>-</u>             | <u>91,125,036</u>             | <u>455,625</u>       |
| Total                           | <u>\$ 514,908,026</u>           | <u>\$ 91,380,800</u>  | <u>\$ 21,312,915</u> | <u>\$ 584,975,911</u>         | <u>\$ 16,469,147</u> |

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

9. **Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

|   | 2019       | 2018          |
|---|------------|---------------|
| <u>General Obligation Bonds</u>   |            |               |
| Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Refunded by Limited Tax General Obligation Refunding Bonds, Series 2019B.   | \$ -       | \$ 10,293,076 |
| Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Refunded by Limited Tax General Obligation Refunding Bonds, Series 2019B.   | -          | 414,138       |
| Limited Tax General Obligation Bonds, Series 2008A, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued September 1, 2008, in the amount of \$80,000,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2019.  | -          | 1,015,000     |
| Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Partially defeased during fiscal years 2016 and 2017. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Refunded by Limited Tax General Obligation Refunding Bonds, Series 2019B. | -          | 5,956,429     |
| 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 and 2019. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2038.   | 37,505,476 | 47,507,286    |



SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

9. **Bonds and Notes Payable (Continued)**

|  | 2019        | 2018        |
|--|-------------|-------------|
| Limited Tax General Obligation Refunding Bonds, Series 2012, to refund Series 2003 and 2004 General Obligation Bonds. Issued May 23, 2012, in the amount of \$13,800,000 plus a premium of \$548,973, less a discount of \$90,374. Tax supported bonds. Interest rates range from 2.00% to 5.00%. Due February 2033.   | 9,966,386   | 11,808,295  |
| Limited Tax General Obligation Refunding Bonds, Series 2015, to partially refund Series 2008, 2008A, and 2009 General Obligation Bonds. Issued September 10, 2015, in the amount of \$46,505,000 plus a premium of \$5,995,835, less a discount of \$303,503. Tax supported bonds. Interest rates range from 3.625% to 5.00%. Due February 2033.   | 50,566,228  | 50,891,504  |
| Limited Tax General Obligation Bonds, Series 2016A, to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, and pay the costs of issuance. Issued April 20, 2016, in the amount of \$138,220,000 plus a premium of \$14,856,886, less a discount of \$675,563. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2046.    | 146,146,819 | 148,997,169 |
| Limited Tax General Obligation Refunding Bonds, Series 2016B, to partially refund Series 2008A and 2009 General Obligation Bonds and pay the costs of issuance. Issued April 20, 2016 in the amount of \$50,235,000 plus a premium of \$5,989,839, less a discount of \$246,949. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2038.   | 55,107,756  | 55,368,796  |
| Limited Tax General Obligation Refunding Bonds, Series 2016C, to partially refund Series 2009 Limited Tax General Obligation Bonds and Series 2011 Limited Tax Refunding Bonds and pay the costs of issuance. Issued September 22, 2016 in the amount of \$73,770,000 plus a premium of \$9,659,340, less a discount of \$362,867. Tax supported bonds. Interest rates range from 2.50% to 5.00%. Due February 2039. | 81,522,334  | 81,937,048  |
| 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 5.00%. Due February 2049.  | 150,647,508 | -           |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**9. Bonds and Notes Payable (Continued)**

|   | 2019                  | 2018                  |
|---|-----------------------|-----------------------|
| 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, 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 5.00%. Due February 2033. | 12,545,998            | -                     |
| <u>Revenue Bonds</u>  |                       |                       |
| Combined Fee Revenue Bonds, Series 2015, to purchase, construct, equip buildings, purchase sites for school buildings, and pay cost of issuance. Issued July 15, 2015, in the amount of \$47,535,000 plus a premium of \$3,036,445, less a discount of \$316,714. Pledged revenue supported bonds. Interest rates range from 3.75% to 5.00%. Due February 2040.   | 47,380,694            | 48,731,702            |
| <u>Maintenance Tax Notes</u>  |                       |                       |
| Maintenance Tax Refunding Notes, Series 2011, to refund 2003 Maintenance Tax Notes. Issued July 21, 2011, in the amount of \$3,850,000 plus a premium of \$185,600. Tax supported notes. Interest rates range from 2.00% to 3.00%. Defeased during fiscal year 2019.  | -                     | 2,072,172             |
| Total bonds and notes payable   | \$ <u>591,389,199</u> | \$ <u>464,992,615</u> |

**10. Debt Obligations**

Debt service requirements for bonds and notes payable as of August 31, 2019 were as follows:

| Years Ending<br>August 31, | Principal             | Interest              | Total                 |
|----------------------------|-----------------------|-----------------------|-----------------------|
| 2020                       | \$ 14,906,505         | \$ 27,874,993         | \$ 42,781,498         |
| 2021                       | 18,365,142            | 24,211,383            | 42,576,525            |
| 2022                       | 19,167,528            | 23,146,048            | 42,313,576            |
| 2023                       | 19,877,953            | 22,448,697            | 42,326,650            |
| 2024                       | 21,174,148            | 21,370,202            | 42,544,350            |
| 2025-2029                  | 110,198,551           | 95,227,247            | 205,425,798           |
| 2030-2034                  | 121,797,222           | 67,814,828            | 189,612,050           |
| 2035-2039                  | 134,277,129           | 40,688,401            | 174,965,530           |
| 2040-2044                  | 73,441,519            | 20,215,100            | 93,656,619            |
| 2045-2049                  | <u>58,183,502</u>     | <u>5,578,925</u>      | <u>63,762,427</u>     |
| Total                      | \$ <u>591,389,199</u> | \$ <u>348,575,824</u> | \$ <u>939,965,023</u> |

**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 \$3.3 million with interest rates from 3.625% to 5.000% and the final installment due in 2040.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**11. Pledged Revenue Coverage (Continued)**

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, 2019 and 2018 is as follows:

|  | 2019             |                          | 2018             |                          |
|--|------------------|--------------------------|------------------|--------------------------|
|  | Revenue<br>Bonds | Maintenance<br>Tax Notes | Revenue<br>Bonds | Maintenance<br>Tax Notes |
| Pledged revenue required for future principal and interest | \$ 68,663,000    | \$ -                     | \$ 71,934,700    | \$ 2,183,050             |
| Principal and interest paid during the year                | \$ 3,271,700     | \$ 479,950               | \$ 3,270,300     | \$ 426,275               |
| Revenue stream for the year                                | \$ 32,422,000    | \$ 69,383,250            | \$ 31,690,000    | \$ 66,657,043            |
| Percentage of revenue stream pledged for the year          | 10.09%           | 0.692%                   | 10.32%           | 0.640%                   |
| Term of commitment   | 2040             | -                        | 2040             | 2022                     |

**12. Refunding Bonds**

Limited Tax General Obligation Refunding Bonds, Series 2019B

On February 15, 2019, the College issued \$11,520,000 of Limited Tax General Obligation Refunding Bonds, Series 2019B. The bonds mature serially through February 2033. The interest rate is 5.00%. The bonds are to refund Series 2007 Limited Tax General Obligation Building and Refunding Bonds, Series 2008 Limited Tax Refunding Bonds, 2009 Limited Tax General Obligation Bonds, and pay the costs of issuance. The par value of the refunding bonds was \$11,520,000 with reoffering premiums of \$1,070,607.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$12,461,190, (2) the aggregate debt service payments of \$13,616,650 for the refunding bonds was \$729,068 less than the aggregate debt service payments of \$14,345,718 for the refunded bonds, and (3) the net present value of the refunding transaction was \$694,722 or 5.59%.

Limited Tax General Obligation Refunding Bonds, Series 2016C

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

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

Limited Tax General Obligation Refunding Bonds, Series 2016B

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**12. Refunding Bonds (Continued)**

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

Limited Tax General Obligation Refunding Bonds, Series 2015

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

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

**13. Defeased Bonds Outstanding**

For the fiscal years ended August 31, 2019 and 2018, the College had the following defeased bonds outstanding:

| <u>Bond Issue</u>                                    | <u>Calendar<br/>Year<br/>Refunded</u> | <u>Par Value Outstanding</u> |                       |
|--|---------------------------------------|------------------------------|-----------------------|
|  |                                       | <u>2019</u>                  | <u>2018</u>           |
| Limited Tax General<br>Obligation Bonds, Series 2009 | 2015                                  | \$ -                         | \$ 11,505,000         |
| Limited Tax General<br>Obligation Bonds, Series 2009 | 2016                                  | -                            | 23,350,000            |
| Limited Tax General<br>Obligation Bonds, Series 2009 | 2016                                  | -                            | 57,605,000            |
| Limited Tax General<br>Obligation Bonds, Series 2011 | 2016                                  | 16,585,000                   | 16,585,000            |
| Limited Tax General<br>Obligation Bonds, Series 2011 | 2019                                  | 7,005,000                    | -                     |
| Maintenance Tax<br>Refunding Notes, Series 2011      | 2019                                  | <u>1,595,000</u>             | <u>-</u>              |
| Total  |                                       | \$ <u>25,185,000</u>         | \$ <u>109,045,000</u> |

**14. Unrestricted Net Position**

The College may designate a portion of unrestricted net position to indicate management's tentative plans for future use of financial resources. As of August 31, 2019 and 2018, the College has not designated any portion of the unrestricted net position.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**15. Operating Lease Commitments and Rental Agreements**

The College leases computer equipment, instructional equipment, office space, storage space, and copiers. The following operating lease commitments requiring future minimum annual rental payments are as follows as of August 31, 2019:

| Years Ending<br><u>August 31,</u> |                     |
|-----------------------------------|---------------------|
| 2020                              | \$ 2,194,862        |
| 2021                              | 1,699,116           |
| 2022                              | 1,136,943           |
| 2023                              | 649,365             |
| 2024                              | <u>367,681</u>      |
| Total                             | \$ <u>6,047,967</u> |

Computer leases have term expiration dates ranging from calendar years 2019 to 2024. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect.

Office space leases have term expiration dates ranging from calendar years 2019 to 2021. Each agreement contains an escalation clause allowing the landlord to allocate additional direct costs related to the operation of the leased sites. Leases currently in effect contain options to renew and allow for subleasing property with landlord's written consent.

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

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

Leases for copiers have monthly rental fees based on model and number of units leased.

Operating expenses include \$2,716,212 and \$2,589,258 of lease payments paid during fiscal years 2019 and 2018, respectively.

**16. Defined Benefit Plan - Teacher Retirement System of Texas**

Plan Description

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

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

Pension Plan Fiduciary Net Position

TRS issues a publicly available, audited Comprehensive Annual Financial Report that includes financial statements, notes and required supplementary information. This report may be obtained on the internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2018.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf) by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

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

Benefits Provided

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

Contributions

Contribution requirements are 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 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2018.

Contribution Rates

|  | 2019          | 2018          |
|--|---------------|---------------|
| Member (Employee)                        | 7.7%          | 7.7%          |
| Non-Employer Contributing Entity (State) | 3.4%          | 3.4%          |
| College (Employer)                       | 3.4%          | 3.4%          |
| Member (Employee)                        | \$ 6,187,236  | \$ 6,134,047  |
| Non-Employer Contributing Entity (State) | 2,548,975     | 2,454,445     |
| College (Employer)                       | 3,088,864     | 3,030,938     |
| Total contributions                      | \$ 11,825,075 | \$ 11,619,430 |

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

The College's contributions to TRS in fiscal years 2019 and 2018 were \$3,088,864 and \$3,030,938, respectively, as reported in the Schedule of the College's Contributions for Pensions in the Required Supplemental Schedules section of these financial statements. Estimated State of Texas on-behalf contributions for fiscal years 2019 and 2018 were \$2,548,975 and \$2,454,445, respectively.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

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

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 6.8%. The College is required to pay 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 any part or all of an employee's salary is paid by Federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- For certain instructional or administrative employees, an amount equal to 50% of the State contribution rate and 100% of the State contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the State contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

|  |  |
|--|--|
| Valuation Date   | August 31, 2017 rolled forward<br>To August 31, 2018 |
| Actuarial Cost Method  | Individual Entry Age Normal                          |
| Asset Valuation Method   | Market Value   |
| Single Discount Rate   | 6.907%   |
| Long-term Expected Investment Rate of Return                       | 7.25%  |
| Municipal Bond Rate as of August 2018                              | 3.69%*   |
| Last year ending August 31 in the<br>projection period (100 years) | 2116   |
| Inflation  | 2.30%  |
| Salary increases including inflation                               | 3.05% to 9.05%                                       |
| Ad hoc post-employment benefit changes                             | None   |

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

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by TRS's actuary. The TRS Board of Trustees has sole authority to determine the actuarial assumptions used for the pension plan. The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The actuarial methods and assumptions are based on a study of actual experience for the three-year period ended August 31, 2017 and were adopted in July 2018 by the TRS Board of Trustees. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 actuarial valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8% as of August 31, 2017 to 7.25% as of August 31, 2018.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

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

The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the TRS's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2018, are summarized below:

| <u>Asset Class</u>            | <u>Target Allocation*</u> | <u>Long-Term Expected Arithmetic Real Rate of Return</u> | <u>Expected Contribution to Long-Term Portfolio Returns</u> |
|-------------------------------|---------------------------|--|---|
| Global Equity:                |                           |  |   |
| U.S.                          | 18%                       | 5.70%  | 1.04%   |
| Non U.S. Developed            | 13%                       | 6.90%  | 0.90%   |
| Emerging Markets              | 9%                        | 8.95%  | 0.80%   |
| Directional Hedge Funds       | 4%                        | 3.53%  | 0.14%   |
| Private Equity                | 13%                       | 10.18%   | 1.32%   |
| Stable Value:                 |                           |  |   |
| U.S. Treasuries               | 11%                       | 1.11%  | 0.12%   |
| Absolute Return               | 0%                        | 0.00%  | 0.00%   |
| Stable Value Hedge Funds      | 4%                        | 3.09%  | 0.12%   |
| Cash                          | 1%                        | -0.30%   | 0.00%   |
| Real Return:                  |                           |  |   |
| Global Inflation Linked Bonds | 3%                        | 0.70%  | 0.02%   |
| Real Assets                   | 14%                       | 5.21%  | 0.73%   |
| Energy and Natural Resources  | 5%                        | 7.48%  | 0.37%   |
| Commodities                   | 0%                        | 0.00%  | 0.00%   |
| Risk Parity:                  |                           |  |   |
| Risk Parity                   | 5%                        | 3.70%  | 0.18%   |
| Inflation Expectation         |                           |  | 2.3%  |
| Volatility Drag**             |                           |  | -0.79%  |
| Total                         | <u>100%</u>               |  | <u>7.25%</u>  |

\* Target allocations are based on the FY2016 policy model.

\*\* The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**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 6.907%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.907%) or 1% higher (7.907% than the current rate.

|  | 1% Decrease<br><u>(5.907%)</u> | <u>Discount Rate (6.907%)</u> | 1% Increase<br><u>(7.907%)</u> |
|--|--------------------------------|-------------------------------|--------------------------------|
| College's proportionate share of the net pension liability | \$ 74,698,533                  | \$ 49,494,145                 | \$ 29,089,698                  |

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

At August 31, 2019 and 2018, the College reported a liability of \$49,494,145 and \$26,598,961, 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>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|
| The College's proportionate share of the collective net pension liability | \$ 49,494,145        | \$ 26,598,961        |
| State's proportionate share that is associated with the College           | <u>39,368,786</u>    | <u>21,638,412</u>    |
| Total   | \$ <u>88,862,931</u> | \$ <u>48,237,373</u> |

The net pension liability for fiscal years 2019 and 2018 was based on an actuarial measurement date of August 31, 2018 and 2017, respectively. The College's proportional share of the net pension liability was based on the College's contributions to TRS relative to the contributions of all employers to TRS for the respective period.

At the measurement date of August 31, 2018, the College's proportional share of the collective net pension liability was 0.0899199908%, which was an increase of 0.0067322402% from its proportion measured as of August 31, 2017 of 0.0831877506%.

At August 31, 2019 and 2018, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>2019</u>                           |                                      | <u>2018</u>                           |                                      |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|  | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual economic experience  | \$ 308,506                            | \$ 1,214,391                         | \$ 389,155                            | \$ 1,434,447                         |
| Changes in actuarial assumptions   | 17,845,023                            | 557,657                              | 1,211,625                             | 693,627                              |
| Net difference between projected and actual investment earnings  | -                                     | 939,116                              | -                                     | 1,938,475                            |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | <u>1,984,757</u>                      | <u>1,488,211</u>                     | <u>-</u>                              | <u>1,940,671</u>                     |
| Total as of August 31 measurement date   | 20,138,286                            | 4,199,375                            | 1,600,780                             | 6,007,220                            |
| Contributions paid to TRS subsequent to the measurement date   | <u>3,071,520</u>                      | <u>-</u>                             | <u>3,030,938</u>                      | <u>-</u>                             |
| Total  | \$ <u>23,209,806</u>                  | \$ <u>4,199,375</u>                  | \$ <u>4,631,718</u>                   | \$ <u>6,007,220</u>                  |

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

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

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to pensions as of August 31, 2019 and 2018:

|                                | 2019          | 2018           |
|--------------------------------|---------------|----------------|
| Deferred outflows of resources | \$ 23,209,806 | \$ 1,600,780   |
| Deferred inflows of resources  | (4,199,375)   | (6,007,220)    |
| Total                          | \$ 19,010,431 | \$ (4,406,440) |

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:

| <u>Years Ended<br/>August 31,</u>                               | <u>Pension<br/>Expense<br/>Amount</u> |
|---|---------------------------------------|
| 2020  | \$ 3,850,345                          |
| 2021  | 1,874,068                             |
| 2022  | 1,469,834                             |
| 2023  | 3,294,426                             |
| 2024  | 3,262,684                             |
| Thereafter  | 2,187,554                             |
| Total   | 15,938,911                            |
| Contributions paid to TRS subsequent to<br>the measurement date | 3,071,520                             |
| Total deferred outflows of resources, net                       | \$ 19,010,431                         |

**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 2019 and 2018 was 3.30% of ORP related salaries. The College contribution percentages for fiscal years 2019 and 2018 was 3.50%. The combined rate was 6.80% per year. The Employee contribution percentages were 6.65% for fiscal years 2019 and 2018. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**17. Defined Contribution Plan - Optional Retirement Plan (Continued)**

On-Behalf Payments by the State

These amounts represent the portion of expended appropriations made by the State legislature on behalf of the College. The retirement expense related to ORP contributions paid by the State for the College was \$477,422 and \$513,807 for the fiscal years 2019 and 2018, 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 \$14,467,328 and \$15,845,799 for the fiscal years 2019 and 2018, respectively.

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

| Fiscal Year Ended August 31, | State Paid | Contribution % | College Paid | Contribution % | Employee Paid | Contribution % | Total        |
|------------------------------|------------|----------------|--------------|----------------|---------------|----------------|--------------|
| 2019                         | \$ 477,422 | 3.300%         | \$ 515,111   | 3.500%*        | \$ 978,167    | 6.65%          | \$ 1,970,700 |
| 2018                         | \$ 513,807 | 3.300%         | \$ 554,373   | 3.500%*        | \$ 1,053,746  | 6.65%          | \$ 2,121,926 |

\* 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 \$393 and \$369 per month for the years ended August 31, 2019 and 2018, respectively. The State's cost of providing those benefits for 1,365 active employees was \$6,434,767 and for 543 retirees was \$2,318,327, for a total State funded amount of \$8,753,094 for the year ended August 31, 2019. The State's cost of providing those benefits for 1,377 active employees was \$6,102,888 and for 530 retirees was \$2,290,184, for a total State funded amount of \$8,393,072 for the year ended August 31, 2018. 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 of eligible employees in the reporting district.

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

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 |
|------------------------------|--------------|--------|---------------|--------|---------------|--------|-----------------------|
| 2019                         | \$ 8,753,094 | 36.25% | \$ 11,706,966 | 48.48% | \$ 3,689,440  | 15.27% | \$ 24,149,500         |
| 2018                         | \$ 8,393,072 | 35.37% | \$ 12,814,904 | 54.00% | \$ 2,524,338  | 10.63% | \$ 23,732,314         |

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**18. Health Care and Life Insurance Benefits (Continued)**

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

HealthSelect of Texas Plan

|                       | 2019      | 2018      |
|-----------------------|-----------|-----------|
| Member only           | \$ 621.90 | \$ 621.90 |
| Member and spouse     | 1,334.54  | 1,334.54  |
| Member and child(ren) | 1,099.06  | 1,099.06  |
| Member and family     | 1,811.70  | 1,811.70  |

**19. Post-Employment Benefits Other Than Pensions (OPEB)**

Plan Description

The College participates in the State Retiree Health Plan (SRHP) which is a cost-sharing, 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.

OPEB Plan Fiduciary Net Position

Detailed information about the SRHP's fiduciary net position is available in the separately issued ERS Comprehensive Annual 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/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. 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.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**19. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

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<br>Retiree Health and Basic Life Premium<br>Fiscal Year 2018 (Measurement Year) |           |
|---|-----------|
| Retiree only  | \$ 621.90 |
| Retiree and spouse  | 1,334.54  |
| Retiree and children  | 1,099.06  |
| Retiree and family  | 1,811.70  |

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<br>Group Benefits Program in the SRHP<br>For Years Ended August 31, 2019 and 2018 |              |
|---|--------------|
| Fiscal Year 2019 Member Contributions   | \$ 5,630,698 |
| Fiscal Year 2019 College Contributions (all employees)  | 9,172,694    |
| Fiscal Year 2018 Measurement Year NECE<br>On-Behalf Contributions (all employees)                                 | 8,411,856    |

| Premium Contributions by Source<br>Group Benefits Program in the SRHP<br>For Years Ended August 31, 2018 and 2017 |              |
|---|--------------|
| Fiscal Year 2018 Member Contributions   | \$ 5,386,967 |
| Fiscal Year 2018 College Contributions (retiree only)   | 2,554,275    |
| Fiscal Year 2017 Measurement Year NECE<br>On-Behalf Contributions (retiree only)                                  | 2,211,255    |

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Valuation date                         | August 31, 2018  |
| 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                          | 3.96%  |
| Projected annual salary increase       | 2.50% to 9.50%, including inflation  |
| Annual healthcare trend rate per year  | 7.30% for fiscal year 2020, 7.40% for fiscal year 2021, 7.00% for fiscal year 2022, decreasing 0.5% per year to 4.50% for fiscal year 2027 and later |
| Inflation assumption rate              | 2.50%  |
| Ad hoc post-employment benefit changes | None   |

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**19. Post-Employment Benefits Other Than Pensions (OPEB) (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) -  
2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017.
  - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes) -  
RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014.
  - c. Active Members -  
RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014.
2. Higher Education Members:
  - a. Service Retirees, Survivors and other Inactive Members -  
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
  - b. Disability Retirees -  
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using 3-year set forward and minimum mortality rates of four per 100 males members and two per 100 female members.
  - c. Active Members -  
Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

The actuarial methods and assumptions were selected by the ERS Board of Trustees based upon analysis and recommendations by ERS's actuary. The ERS Board of Trustees has sole authority to determine the actuarial assumptions used for the OPEB plan.

Investment Policy

The SRHP is a pay-as-you-go plan and does not accumulate funds in advance of retirement; therefore, the assumed asset allocation and long-term expected real rate of return on investments is not applicable. The ERS's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the SRHP be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate

Because the 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 beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. 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  
August 31, 2019 and 2018

**19. Post-Employment Benefits Other Than Pensions (OPEB) (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 (3.96%) in measuring the net OPEB Liability.

|   | 1% Decrease<br>in Discount Rate<br>(2.96%) | Discount Rate<br>(3.96%) | 1% Increase<br>in Discount Rate<br>(4.96%) |
|---|--|--------------------------|--|
| Proportionate share of net OPEB liability | \$ <u>112,885,867</u>                      | \$ <u>95,083,178</u>     | \$ <u>81,608,562</u>                       |

Healthcare Trend Rate Sensitivity Analysis

|   | 1% Decrease in<br>Healthcare Cost<br>Trend Rates (6.30%<br>decreasing to 3.50) | Current Healthcare<br>Cost Trend Rates<br>(7.30% decreasing<br>to 4.50%) | 1% Increase in<br>Healthcare Cost<br>Trend Rates (8.30%<br>decreasing to 5.50%) |
|---|--|--|---|
| Proportionate share of net OPEB liability | \$ <u>80,523,170</u>   | \$ <u>95,083,178</u>   | \$ <u>113,865,644</u>   |

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

At August 31, 2019 and 2018, the College reported a liability of \$95,083,178 and \$91,125,036, 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:

|  | 2019                  | 2018                  |
|--|-----------------------|-----------------------|
| College proportionate share of the collective net OPEB liability | \$ 95,083,178         | \$ 91,125,036         |
| State's proportionate share that is associated with the College  | <u>85,821,662</u>     | <u>80,389,330</u>     |
| Total  | <u>\$ 180,904,840</u> | <u>\$ 171,514,366</u> |

The net OPEB liability was measured as of August 31, 2018 and 2017, 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, 2019 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. For the August 31, 2018 OPEB liability, the College's proportionate share was based on the College's contributions for retirees to the OPEB plan relative to the contributions for retirees for all employers. At the measurement date of August 31, 2018, the College's proportion of the collective net OPEB liability was 0.32081788%, which was an increase of 0.05337737% from its proportion measured as of August 31, 2017 of 0.26744051%. 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 year ended August 31, 2019, the College recognized OPEB revenue and expense of \$8,411,856 for support provided by the State for all employees and retirees as of the measurement date of August 31, 2018. For the year ended August 31, 2018, the College recognized OPEB revenue and expense of \$2,211,255 for retirees only as of the measurement date of August 31, 2017. Contributions made by the College subsequent to the measurement dates for retirees have been recorded as deferred outflows of resources as of August 31, 2019 and 2018. Contributions made by the College subsequent to the measurement dates for active employees have been recorded as an expense for the years ended August 31, 2019 and 2018.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**19. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)**

At August 31, 2019, 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:

|   | 2019                                 |                                     | 2018                                 |                                     |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual economic experiences  | \$ -                                 | \$ 3,483,542                        | \$ -                                 | \$ 1,095,031                        |
| Changes in actuarial assumptions  | -                                    | 33,319,743                          | -                                    | 19,053,152                          |
| Net differences between projected and actual investment earnings  | 45,027                               | -                                   | 26,979                               | -                                   |
| Changes in proportion and differences between the employer's contributions and the proportionate share of contributions | 19,483,670                           | -                                   | -                                    | -                                   |
| Total as of measurement date  | 19,528,697                           | 36,803,285                          | 26,979                               | 20,148,183                          |
| Contributions paid to SRHP subsequent to the measurement date   | 968,339                              | -                                   | 2,554,275                            | -                                   |
| Total as of fiscal year end   | \$ 20,497,036                        | \$ 36,803,285                       | \$ 2,581,254                         | \$ 20,148,183                       |

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:

| Years Ended<br><u>August 31,</u>                             | OPEB<br>Expense<br>Amount |
|--|---------------------------|
| 2020   | \$ (5,124,582)            |
| 2021   | (5,124,582)               |
| 2022   | (5,124,582)               |
| 2023   | (2,084,270)               |
| 2024   | 183,428                   |
| Total  | (17,274,588)              |
| Contributions paid to TRS subsequent to the measurement date | 968,339                   |
| Total deferred outflows of resources, net                    | \$ (16,306,249)           |

**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 his 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 \$1,760,291 and \$1,798,222 as of August 31, 2019 and 2018, 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 \$421,097 and \$461,077 as of August 31, 2019 and 2018, respectively.



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**20. Compensable Absences (Continued)**

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, 2019 and 2018, the College had one employee participant and an accrued liability of \$35,000, 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 \$480,152 and \$330,149 as of August 31, 2019 and 2018, 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>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| Beginning Balance, September 1           | \$ 330,149        | \$ 322,869        |
| Claims incurred and changes in estimates | 333,236           | 169,233           |
| Payments on claims                       | <u>(183,233)</u>  | <u>(161,953)</u>  |
| Ending Balance, August 31                | \$ <u>480,152</u> | \$ <u>330,149</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.

At August 31:

|                                       | <u>2019</u>              | <u>2018</u>              |
|---------------------------------------|--------------------------|--------------------------|
| Assessed valuation of the College     | \$ 64,534,799,196        | \$ 61,361,536,908        |
| Less: Exemptions                      | (10,550,629,740)         | (9,892,379,331)          |
| Less: Abatements                      | <u>-</u>                 | <u>-</u>                 |
| Net assessed valuation of the College | \$ <u>53,984,169,456</u> | \$ <u>51,469,157,577</u> |

|  | <u>2019</u>                   |                         |              | <u>2018</u>                   |                         |              |
|--|-------------------------------|-------------------------|--------------|-------------------------------|-------------------------|--------------|
|  | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> |
| Authorized tax rate per \$100 valuation                                  | \$ 0.200000                   | \$ 0.500000             | \$ 0.700000  | \$ 0.200000                   | \$ 0.500000             | \$ 0.700000  |
| Assessed tax rate per \$100 valuation (maximum per enabling legislation) | \$ 0.127210                   | \$ 0.052119             | \$ 0.179329  | \$ 0.128828                   | \$ 0.054507             | \$ 0.183335  |

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Notes to Basic Financial Statements**  
**August 31, 2019 and 2018**

**23. Ad Valorem Tax (Continued)**

Taxes levied for the years ended August 31, 2019 and 2018, amounted to \$96,808,089 and \$94,360,980, 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.

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

| Taxes Collected<br>for the Year | 2019                  |                      |                      | 2018                  |                      |                      |
|---------------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
|                                 | Current<br>Operations | Debt<br>Service      | Total                | Current<br>Operations | Debt<br>Service      | Total                |
| Current taxes                   | \$ 68,210,279         | \$ 27,946,322        | \$ 96,156,601        | \$ 65,360,562         | \$ 27,718,861        | \$ 93,079,423        |
| Delinquent taxes                | 672,062               | 297,896              | 969,958              | 807,002               | 355,334              | 1,162,336            |
| Penalties and<br>interest       | <u>566,414</u>        | <u>296,926</u>       | <u>863,340</u>       | <u>710,538</u>        | <u>300,631</u>       | <u>1,011,169</u>     |
| Total collections               | \$ <u>69,448,755</u>  | \$ <u>28,541,144</u> | \$ <u>97,989,899</u> | \$ <u>66,878,102</u>  | \$ <u>28,374,826</u> | \$ <u>95,252,928</u> |

Tax collections for the years ended August 31, 2019 and 2018, were 99.33 percent and 98.64 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.

**24. 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 Audit and Accounting Guide, *State and Local Governments*. Revenues are recognized on Exhibit 2. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, for funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended, total \$18,425,227 and \$17,602,817, respectively. Of these amounts, \$14,972,768 and \$13,207,783 were from Federal contract and grant awards and \$3,452,459 and \$4,395,034 were from State contract and grant awards for the fiscal years ended August 31, 2019 and 2018, respectively.

**25. Contingent Liabilities**

Pending Lawsuits and Claims

As of August 31, 2019, the College is a defendant in various legal actions. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Notes to Basic Financial Statements  
August 31, 2019 and 2018

**25. Contingent Liabilities (Continued)**

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.

**26. Related Parties**

The Foundation paid grants of \$794,308 and \$854,088 to the College's students and programs during the years ended August 31, 2019 and 2018, respectively. The College furnished certain services, such as office space, utilities, and staff assistance, to the Foundation. The cost of these un-reimbursed services was \$541,197 and \$541,087 for the fiscal years ended August 31, 2019 and 2018, respectively.

**27. Noncash Investing, Capital and Financing Activities**

During fiscal year 2019, the College had the following noncash activities:

- Issued limited tax general obligation bonds (Series 2019B) to partially refund debt issued in 2007, 2008, and 2009 as well as pay the costs of issuance for the Series 2019B Bonds. The proceeds of \$12,461,179 were deposited into an irrevocable trust for the defeasance of outstanding bond principal of \$11,755,000 and interest of \$731,368.
- Received donated capital assets of \$2,883,701.

**28. Subsequent Events**

Management has evaluated subsequent events through December 9, 2019, the date which the financial statements were available to be issued. Management of the College has determined that no subsequent events require recognition or disclosure in these financial statements.

**SUPPLEMENTAL SCHEDULES**

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Proportionate Share of Net Pension Liability  
Teacher Retirement System of Texas (TRS)  
Last Five Fiscal Years \*  
(Unaudited)

|  | Measurement Year     |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
| College's proportionate share of collective net pension liability based on a measurement period of August 31 of the prior year | 0.0899199908%        | 0.0831877506%        | 0.0843911031%        | 0.0847051000%        | 0.0930021000%        |
| College's proportionate share of collective net pension liability  | \$ 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>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>\$ 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-employee payroll amount related to TRS   | \$ 74,969,840        | \$ 72,189,559        | \$ 65,134,039        | \$ 62,293,119        | \$ 59,037,644        |
| College's proportionate share of collective net pension liability / College's covered-employee payroll amount related to TRS   | 66.02%               | 36.85%               | 48.96%               | 48.07%               | 42.08%               |
| TRS net pension as percentage of total pension liability   | 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.

See the accompanying notes to required supplemental schedules.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Contributions for Pensions  
Teacher Retirement System of Texas (TRS)  
Last Five Fiscal Years \*  
(Unaudited)

|   | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
|---|------------------|------------------|------------------|------------------|------------------|
| Legally required contribution                                   | \$ 3,088,864     | \$ 3,030,938     | \$ 2,752,571     | \$ 2,704,506     | \$ 2,543,574     |
| Actual contribution   | <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>      |
| College's covered-employee payroll amount related to TRS        | \$ 74,969,840    | \$ 72,189,559    | \$ 65,134,039    | \$ 62,293,119    | \$ 59,037,644    |
| Contributions as a percentage of covered payroll related to TRS | 4.12%            | 4.20%            | 4.23%            | 4.34%            | 4.31%            |

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.

See the accompanying notes to required supplemental schedules.

## 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  
 (Unaudited)

|   | Measurement Year |                |
|---|------------------|----------------|
|   | 2018             | 2017           |
| College's proportionate share of collective net OPEB liability based on a measurement period of August 31 of the prior year | 0.32081788%      | 0.26744051%    |
| College's proportionate share of the net OPEB liability   | \$ 95,083,178    | \$ 91,125,036  |
| State's proportionate share of net OPEB liability associated with the College   | 85,821,662       | 80,389,330     |
| Total   | \$ 180,904,840   | \$ 171,514,366 |
| College's covered-employee payroll amount related to ERS  | \$ 67,041,131    | \$ 66,207,447  |
| College's proportionate share of collective net OPEB liability as a percentage of covered payroll related to ERS            | 141.83%          | 137.64%        |
| ERS plan fiduciary net position as a percentage of the total OPEB liability   | 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.

See the accompanying notes to required supplemental schedules.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Contribution for OPEB\*  
 Employees Retirement System of Texas (ERS)  
 State Retiree Health Plan  
 (Unaudited)

|  | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|------------------|
| Legally required contribution  | \$ 2,620,982     | \$ 2,554,275     | \$ 2,511,161     |
| Contribution in relation to the contractually required contribution    | <u>2,620,982</u> | <u>2,554,275</u> | <u>2,511,161</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| College's covered-employee payroll amount related to ERS               | \$ 75,718,262    | \$ 67,041,131    | \$ 66,207,447    |
| Contributions as a percentage of covered payroll amount related to ERS | 3.46%            | 3.81%            | 3.79%            |

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.

See the accompanying notes to required supplemental schedules.



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Required Supplemental Schedules Years Ended August 31, 2019 and 2018 (Unaudited)

### 1. Schedules for Pensions - Net Pension 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:

- The discount rate was changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed investment rate of return was decreased from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018.
- Updates were made to demographic assumptions including post-retirement mortality, termination rates, and rates of retirement.
- Economic assumptions for individual participants were updated, including rates of salary increases.

### 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:

- The method for calculating the College's proportionate share percentage was changed by the Employee Retirement System of Texas (ERS) to be based on the College's employer contributions made to the Plan on behalf of both active employees and retirees. In the previous year, the proportionate share percentage was calculated using the College's employer contributions made to the Plan on behalf of retirees only.
- The discount rate was changed from 3.51% as of August 31, 2017 to 3.96% as of August 31, 2018 to mirror the yield or index rate for twenty-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Demographic assumptions were updated to reflect the results of the most recent experience study. These included rates of retirement, disability, termination, mortality and assumed salary increases.
- The percentage of current retirees and spouses who are not eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and spouses who will elect to participate in the Plan at the earliest date at which coverage can commence was updated.
- The percentage of future retirees assumed to be married and electing coverage for spouses was updated.
- Assumptions for expenses, assumed per capital health benefit costs and retiree contribution and expense trends were updated to reflect recent health plan experience and effects on short-term expectations.

Actuarial assumption changes are described in ERS's Comprehensive Annual Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2018, which can be accessed at <https://www.ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2018-CAFR.pdf> and <https://www.ers.texas.gov/About-ERS/Reports-and-Studies/ERS-Actuarial-Valuation-Reports/2018-ERS-OPEB-Valuation-Report-December-2018.pdf>.

#### Changes to Benefit Terms

Since the prior actuarial valuation, a benefit revision was adopted for HealthSelect retirees and dependents for whom Medicare is not primary, resulting in an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect from \$6,550 to \$6,650 for individuals, and from \$13,100 to \$13,300 for families. This change was made to remain consistent with Internal Revenue Service maximums.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues  
 Year Ended August 31, 2019  
 (With Memorandum Totals for the Year Ended August 31, 2018)

|  | 2019                 |                      |                            |                       | 2018                 |                      |
|--|----------------------|----------------------|----------------------------|-----------------------|----------------------|----------------------|
|  | Educational Activity |                      | Total Educational Activity | Auxiliary Enterprises | Total                | Total                |
|  | Unrestricted         | Restricted           |                            |                       |                      |                      |
| <u>Tuition</u>                                       |                      |                      |                            |                       |                      |                      |
| State funded credit courses:                         |                      |                      |                            |                       |                      |                      |
| In-district resident tuition                         | \$ 16,646,458        | \$ -                 | \$ 16,646,458              | \$ -                  | \$ 16,646,458        | \$ 16,521,376        |
| Out-of-district resident tuition                     | 21,482,693           | -                    | 21,482,693                 | -                     | 21,482,693           | 21,740,479           |
| Non-resident tuition                                 | 3,961,441            | -                    | 3,961,441                  | -                     | 3,961,441            | 3,923,364            |
| TPEG-credit (set aside) *                            | 1,787,575            | -                    | 1,787,575                  | -                     | 1,787,575            | 1,836,481            |
| State funded continuing non-credit education courses | 6,886,812            | -                    | 6,886,812                  | -                     | 6,886,812            | 6,378,389            |
| TPEG-non-credit (set aside) *                        | 123,240              | -                    | 123,240                    | -                     | 123,240              | 121,435              |
| Non-state funded educational programs                | 842,714              | -                    | 842,714                    | -                     | 842,714              | 835,957              |
| Total tuition  | <u>51,730,933</u>    | <u>-</u>             | <u>51,730,933</u>          | <u>-</u>              | <u>51,730,933</u>    | <u>51,357,481</u>    |
| <u>Fees</u>  |                      |                      |                            |                       |                      |                      |
| General service                                      | 11,522,984           | -                    | 11,522,984                 | -                     | 11,522,984           | 11,340,491           |
| Incidental   | 100,679              | -                    | 100,679                    | -                     | 100,679              | 118,651              |
| Instructional  | 4,810,235            | -                    | 4,810,235                  | -                     | 4,810,235            | 3,388,127            |
| Laboratory   | 849,952              | -                    | 849,952                    | -                     | 849,952              | 805,869              |
| Total fees   | <u>17,283,850</u>    | <u>-</u>             | <u>17,283,850</u>          | <u>-</u>              | <u>17,283,850</u>    | <u>15,653,138</u>    |
| <u>Allowances and discounts</u>                      |                      |                      |                            |                       |                      |                      |
| Allowance for bad debt                               | (1,118,703)          | -                    | (1,118,703)                | -                     | (1,118,703)          | (828,727)            |
| Remissions and exemptions - state                    | (1,057,463)          | -                    | (1,057,463)                | -                     | (1,057,463)          | (1,022,657)          |
| Remissions and exemptions - local                    | (5,554,595)          | -                    | (5,554,595)                | -                     | (5,554,595)          | (4,547,109)          |
| Scholarship allowances                               | (1,410,580)          | -                    | (1,410,580)                | -                     | (1,410,580)          | (1,718,534)          |
| TPEG awards  | (567,972)            | -                    | (567,972)                  | -                     | (567,972)            | (542,482)            |
| Federal grants to students                           | (13,721,633)         | -                    | (13,721,633)               | -                     | (13,721,633)         | (14,016,250)         |
| State grants to students                             | (643,449)            | -                    | (643,449)                  | -                     | (643,449)            | (569,545)            |
| Total allowances and discounts                       | <u>(24,074,395)</u>  | <u>-</u>             | <u>(24,074,395)</u>        | <u>-</u>              | <u>(24,074,395)</u>  | <u>(23,245,304)</u>  |
| Total net tuition and fees                           | <u>44,940,388</u>    | <u>-</u>             | <u>44,940,388</u>          | <u>-</u>              | <u>44,940,388</u>    | <u>43,765,315</u>    |
| <u>Other operating revenues</u>                      |                      |                      |                            |                       |                      |                      |
| Federal grants and contracts                         | 334,822              | 5,457,321            | 5,792,143                  | -                     | 5,792,143            | 6,958,221            |
| State grants and contracts                           | 7,084                | 2,881,926            | 2,889,010                  | -                     | 2,889,010            | 3,252,231            |
| Non-governmental grants and contracts                | 290                  | 2,322,192            | 2,322,482                  | -                     | 2,322,482            | 1,712,258            |
| Sales and services of educational activities         | 156,364              | -                    | 156,364                    | -                     | 156,364              | 201,161              |
| Sales and services of non-educational activities     | 4,109,104            | -                    | 4,109,104                  | -                     | 4,109,104            | 2,396,382            |
| Total other operating revenues                       | <u>4,607,664</u>     | <u>10,661,439</u>    | <u>15,269,103</u>          | <u>-</u>              | <u>15,269,103</u>    | <u>14,520,253</u>    |
| <u>Auxiliary enterprises</u>                         |                      |                      |                            |                       |                      |                      |
| Bookstores   | -                    | -                    | -                          | 1,351,087             | 1,351,087            | 1,092,674            |
| Food services  | -                    | -                    | -                          | 706,724               | 706,724              | 763,091              |
| Less food service discounts                          | -                    | -                    | -                          | (202,234)             | (202,234)            | (463,700)            |
| Student services/other services                      | -                    | -                    | -                          | 2,012,188             | 2,012,188            | 1,791,930            |
| Total auxiliary enterprises                          | <u>-</u>             | <u>-</u>             | <u>-</u>                   | <u>3,867,765</u>      | <u>3,867,765</u>     | <u>3,183,995</u>     |
| Total operating revenues                             | <u>\$ 49,548,052</u> | <u>\$ 10,661,439</u> | <u>\$ 60,209,491</u>       | <u>\$ 3,867,765</u>   | <u>\$ 64,077,256</u> | <u>\$ 61,469,563</u> |
|  |                      |                      |                            |                       | (Exhibit 2)          | (Exhibit 2)          |

\* In accordance with Education Code 56.033, \$1,910,815 and \$1,957,916 for years ended August 31, 2019 and 2018, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Expenses by Object  
 Year Ended August 31, 2019  
 (With Memorandum Totals for the Year Ended August 31, 2018)

|  | 2019                  |                   |               |                   | 2018           |                |
|--|-----------------------|-------------------|---------------|-------------------|----------------|----------------|
|  | Salaries<br>and Wages | Benefits<br>State | Local         | Other<br>Expenses | Total          | Total          |
| <u>Unrestricted - educational activities</u>                     |                       |                   |               |                   |                |                |
| Instruction  | \$ 57,543,811         | \$ -              | \$ 11,830,868 | \$ 2,870,611      | \$ 72,245,290  | \$ 69,079,700  |
| Public service   | 2,953,386             | -                 | 655,075       | 3,436,858         | 7,045,319      | 6,526,713      |
| Academic support   | 9,154,272             | -                 | 2,015,370     | 2,030,337         | 13,199,979     | 12,290,520     |
| Student services   | 10,609,041            | -                 | 2,578,717     | 1,875,849         | 15,063,607     | 14,394,330     |
| Institutional support  | 19,973,234            | -                 | 4,224,346     | 14,439,370        | 38,636,950     | 38,122,330     |
| Operation and maintenance of plant                               | 4,166,660             | -                 | 1,488,434     | 13,428,290        | 19,083,384     | 21,944,162     |
| Total unrestricted educational activities                        | 104,400,404           | -                 | 22,792,810    | 38,081,315        | 165,274,529    | 162,357,755    |
| <u>Restricted - educational activities</u>                       |                       |                   |               |                   |                |                |
| Instruction  | 225,760               | 5,946,722         | 2,421         | 213,849           | 6,388,752      | 6,599,735      |
| Public service   | 199,682               | 436,152           | 38,920        | 73,772            | 748,526        | 798,704        |
| Academic support   | 939,923               | 1,374,928         | 213,945       | 2,512,297         | 5,041,093      | 5,738,602      |
| Student services   | 340,602               | 1,769,623         | 4,290         | 82,891            | 2,197,406      | 2,210,239      |
| Institutional support  | 466,648               | 3,093,923         | 69,282        | 518,803           | 4,148,656      | 4,137,237      |
| Scholarships and fellowships                                     | -                     | -                 | -             | 29,553,522        | 29,553,522     | 30,388,995     |
| Total restricted educational activities                          | 2,172,615             | 12,621,348        | 328,858       | 32,955,134        | 48,077,955     | 49,873,512     |
| Total educational activities                                     | 106,573,019           | 12,621,348        | 23,121,668    | 71,036,449        | 213,352,484    | 212,231,267    |
| Auxiliary enterprises  | 474,416               | -                 | 400,460       | 1,204,435         | 2,079,311      | 3,455,670      |
| Depreciation expense - buildings and improvements                | -                     | -                 | -             | 11,153,815        | 11,153,815     | 11,358,048     |
| Depreciation expense -<br>equipment, furniture and library books | -                     | -                 | -             | 5,384,652         | 5,384,652      | 5,757,812      |
| Total operating expenses   | \$ 107,047,435        | \$ 12,621,348     | \$ 23,522,128 | \$ 88,779,351     | \$ 231,970,262 | \$ 232,802,797 |
|  |                       |                   |               |                   | (Exhibit 2)    | (Exhibit 2)    |

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses  
Year Ended August 31, 2019  
(With Memorandum Totals for the Year Ended August 31, 2018)

|   | 2019           |               |                | 2018           |
|---|----------------|---------------|----------------|----------------|
|   | Unrestricted   | Restricted    | Total          | Total          |
| <u>Non-operating revenues</u>           |                |               |                |                |
| State appropriations:                   |                |               |                |                |
| Education and general State support     | \$ 38,797,550  | \$ -          | \$ 38,797,550  | \$ 38,798,375  |
| State group insurance                   | -              | 8,247,466     | 8,247,466      | 10,405,009     |
| State retirement matching               | -              | 4,373,882     | 4,373,882      | 2,164,299      |
| Total State appropriations              | 38,797,550     | 12,621,348    | 51,418,898     | 51,367,683     |
| Ad valorem taxes:                       |                |               |                |                |
| Maintenance ad valorem taxes            | 69,383,250     | -             | 69,383,250     | 66,657,043     |
| Debt service ad valorem taxes           | -              | 28,417,195    | 28,417,195     | 28,360,386     |
| Federal revenue, non-operating          | 108,596        | 39,051,940    | 39,160,536     | 41,108,977     |
| Gain on disposal of capital assets, net | 6,950,571      | -             | 6,950,571      | -              |
| FEMA proceeds                           | -              | -             | -              | 255,701        |
| Insurance proceeds                      | -              | -             | -              | 598,600        |
| Investment income                       | 2,413,837      | 4,156,036     | 6,569,873      | 3,396,779      |
| Total non-operating revenues            | 117,653,804    | 84,246,519    | 201,900,323    | 191,745,169    |
| <u>Non-operating expenses</u>           |                |               |                |                |
| Interest on capital related debt        | -              | 17,881,651    | 17,881,651     | 17,296,854     |
| Loss on disposal of capital assets      | -              | -             | -              | 16,444         |
| Hurricane Harvey disbursements          | -              | -             | -              | 430,373        |
| FEMA return of funds                    | -              | 9,721         | 9,721          | -              |
| Total non-operating expenses            | -              | 17,891,372    | 17,891,372     | 17,743,671     |
| Net non-operating revenues, net         | \$ 117,653,804 | \$ 66,355,147 | \$ 184,008,951 | \$ 174,001,498 |
|   |                |               | (Exhibit 2)    | (Exhibit 2)    |

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Position by Source and Availability  
Year Ended August 31, 2019  
(With Memorandum Totals for the Year Ended August 31, 2018)

|  | Detail by Source |                       |                                      |                 | Current Operations |               |
|--|------------------|-----------------------|--------------------------------------|-----------------|--------------------|---------------|
|  | Unrestricted     | Restricted Expendable | Capital Assets                       | Total           | Yes                | No            |
|  |                  |                       | Net of Depreciation and Related Debt |                 |                    |               |
| <u>Current</u>                                   |                  |                       |                                      |                 |                    |               |
| Unrestricted                                     | \$ (85,220,693)  | \$ -                  | \$ -                                 | \$ (85,220,693) | \$ (85,220,693)    | \$ -          |
| Restricted                                       | -                | 1,666,449             | -                                    | 1,666,449       | -                  | 1,666,449     |
| Auxiliary  | 13,353,607       | -                     | -                                    | 13,353,607      | 13,353,607         | -             |
| <u>Plant</u>                                     |                  |                       |                                      |                 |                    |               |
| Debt service                                     | -                | 8,524,642             | -                                    | 8,524,642       | -                  | 8,524,642     |
| Investment in plant                              | -                | -                     | 138,424,774                          | 138,424,774     | -                  | 138,424,774   |
| Total net position, August 31, 2019              | (71,867,086)     | 10,191,091            | 138,424,774                          | 76,748,779      | (71,867,086)       | 148,615,865   |
| Total net position, August 31, 2018, as restated | (67,109,253)     | 10,419,128            | 117,322,959                          | 60,632,834      | (67,109,253)       | 127,742,087   |
| Net increase (decrease) in net position          | \$ (4,757,833)   | \$ (228,037)          | \$ 21,101,815                        | \$ 16,115,945   | \$ (4,757,833)     | \$ 20,873,778 |

(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section  
Table of Contents

Statistical  
Supplements

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Position by Component  
Last Ten Fiscal Years  
(Unaudited)

|                                       | For the Year Ended August 31,<br>(amounts expressed in thousands) |                  |                   |                   |                   |                   |                   |                   |                   |                   |
|---------------------------------------|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                       | 2019  | 2018             | 2017              | 2016              | 2015              | 2014              | 2013              | 2012              | 2011              | 2010              |
| Net investment in capital assets      | \$ 138,425  | \$ 117,323       | \$ 121,647        | \$ 132,443        | \$ 134,450        | \$ 125,621        | \$ 135,105        | \$ 130,942        | \$ 121,440        | \$ 109,326        |
| Restricted - expendable               | 10,191  | 10,419           | 10,745            | 12,040            | 15,375            | 12,752            | 9,572             | 5,387             | 8,540             | 5,272             |
| Restricted - nonexpendable            | -   | -                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Unrestricted                          | <u>(71,867)</u>   | <u>(67,109)</u>  | <u>31,937</u>     | <u>22,362</u>     | <u>26,379</u>     | <u>70,163</u>     | <u>69,711</u>     | <u>73,676</u>     | <u>74,202</u>     | <u>83,706</u>     |
| Total primary government net position | <u>\$ 76,749</u>  | <u>\$ 60,633</u> | <u>\$ 164,329</u> | <u>\$ 166,845</u> | <u>\$ 176,204</u> | <u>\$ 208,536</u> | <u>\$ 214,388</u> | <u>\$ 210,005</u> | <u>\$ 204,182</u> | <u>\$ 198,304</u> |
| Prior year change                     | \$ 16,116   | \$ (103,696)     | \$ (2,516)        | \$ (9,359)        | \$ (32,332)       | \$ (5,852)        | \$ 4,383          | \$ 5,823          | \$ 5,878          | \$ 13,565         |

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 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.

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

For fiscal years 2018-2010, 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. Unrestricted was offset for the change that ranges from \$648 thousand (2010) to \$8.6 million (2017)

For fiscal years 2018-2017, the amounts for Net Investment in Capital Assets were decreased by \$7.077 million for 2018 and \$2.659 million for 2017 to reflect reclassification of construction payables to Unrestricted.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source  
Last Ten Fiscal Years  
(Unaudited)

|   | For the Year Ended August 31,<br>(amounts expressed in thousands) |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2019  | 2018              | 2017              | 2016              | 2015              | 2014              | 2013              | 2012              | 2011              | 2010              |
| Tuition and fees (net of allowances and discounts)                          | \$ 44,940   | \$ 43,765         | \$ 43,530         | \$ 41,846         | \$ 38,825         | \$ 35,402         | \$ 37,525         | \$ 32,746         | \$ 34,233         | \$ 31,298         |
| Governmental grants and contracts:  |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Federal grants and contracts  | 5,792   | 6,959             | 6,965             | 5,463             | 4,070             | 4,592             | 7,366             | 8,322             | 7,913             | 6,722             |
| State and local grants and contracts  | 2,889   | 3,252             | 3,080             | 2,701             | 3,425             | 2,671             | 2,932             | 4,824             | 4,495             | 3,521             |
| Non-governmental grants and contracts                                       | 2,322   | 1,712             | 2,082             | 1,699             | 2,128             | 2,012             | 1,817             | 1,260             | 1,470             | 1,265             |
| Sales and services of educational activities and non-educational activities | 4,266   | 2,598             | 2,284             | 1,670             | 1,441             | 1,053             | 1,322             | 1,510             | 1,124             | 869               |
| Auxiliary enterprises (net of discounts)                                    | 3,868   | 3,184             | 2,843             | 3,303             | 3,162             | 3,884             | 3,872             | 3,895             | 3,923             | 3,755             |
| Other operating revenues  | -   | -                 | -                 | 8                 | 1                 | 2                 | 2                 | 1                 | 2                 | 2                 |
| Total operating revenues  | <u>64,077</u>   | <u>61,470</u>     | <u>60,784</u>     | <u>56,690</u>     | <u>53,052</u>     | <u>49,616</u>     | <u>54,836</u>     | <u>52,558</u>     | <u>53,160</u>     | <u>47,432</u>     |
| State appropriations  | 51,419  | 51,368            | 46,751            | 43,989            | 44,428            | 45,862            | 45,888            | 42,513            | 47,123            | 47,400            |
| Ad valorem taxes  | 97,800  | 95,017            | 91,563            | 85,300            | 82,720            | 78,198            | 73,626            | 68,649            | 64,806            | 67,377            |
| Federal revenue, non-operating  | 39,161  | 41,109            | 40,823            | 40,864            | 43,459            | 50,258            | 51,797            | 56,053            | 51,385            | 40,151            |
| Gain on disposal of capital assets  | 6,950   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Other non-operating   | -   | 854               | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Investment income   | 6,570   | 3,397             | 1,519             | 545               | 247               | 254               | 369               | 942               | 1,100             | 1,649             |
| Total non-operating revenues  | <u>201,900</u>  | <u>191,745</u>    | <u>180,656</u>    | <u>170,698</u>    | <u>170,854</u>    | <u>174,572</u>    | <u>171,680</u>    | <u>168,157</u>    | <u>164,414</u>    | <u>156,577</u>    |
| Total revenues  | <u>\$ 265,977</u>   | <u>\$ 253,215</u> | <u>\$ 241,440</u> | <u>\$ 227,388</u> | <u>\$ 223,906</u> | <u>\$ 224,188</u> | <u>\$ 226,516</u> | <u>\$ 220,715</u> | <u>\$ 217,574</u> | <u>\$ 204,009</u> |
| Prior year change   | \$ 12,762   | \$ 11,775         | \$ 14,052         | \$ 3,482          | \$ (282)          | \$ (2,328)        | \$ 5,801          | \$ 3,141          | \$ 13,565         | \$ 35,519         |
| Tuition and fees (net of discounts)   | 16.90%  | 17.28%            | 18.03%            | 18.40%            | 17.36%            | 15.80%            | 16.60%            | 14.84%            | 15.72%            | 15.34%            |
| Governmental grants and contracts:  |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Federal grants and contracts  | 2.18%   | 2.75%             | 2.88%             | 2.40%             | 1.82%             | 2.05%             | 3.25%             | 3.77%             | 3.64%             | 3.29%             |
| State and local grants and contracts  | 1.09%   | 1.28%             | 1.28%             | 1.19%             | 1.53%             | 1.19%             | 1.29%             | 2.19%             | 2.07%             | 1.73%             |
| Non-governmental grants and contracts                                       | 0.87%   | 0.68%             | 0.86%             | 0.75%             | 0.95%             | 0.90%             | 0.80%             | 0.57%             | 0.68%             | 0.62%             |
| Sales and services of educational activities and non-educational activities | 1.60%   | 1.03%             | 0.95%             | 0.73%             | 0.63%             | 0.47%             | 0.58%             | 0.68%             | 0.52%             | 0.43%             |
| Auxiliary enterprises   | 1.45%   | 1.26%             | 1.18%             | 1.45%             | 1.41%             | 1.73%             | 1.71%             | 1.76%             | 1.80%             | 1.84%             |
| 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  | <u>24.09%</u>   | <u>24.28%</u>     | <u>25.18%</u>     | <u>24.93%</u>     | <u>23.70%</u>     | <u>22.14%</u>     | <u>24.23%</u>     | <u>23.81%</u>     | <u>24.43%</u>     | <u>23.25%</u>     |
| State appropriations  | 19.33%  | 20.29%            | 19.36%            | 19.35%            | 19.84%            | 20.46%            | 20.26%            | 19.26%            | 21.66%            | 23.23%            |
| Ad valorem taxes  | 36.77%  | 37.52%            | 37.92%            | 37.51%            | 36.94%            | 34.88%            | 32.50%            | 31.10%            | 29.79%            | 33.03%            |
| Federal revenue, non-operating  | 14.72%  | 16.23%            | 16.91%            | 17.97%            | 19.41%            | 22.41%            | 22.85%            | 25.40%            | 23.62%            | 19.68%            |
| Gain on disposal of capital assets  | 2.61%   | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| Other non-operating   | 0.00%   | 0.32%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| Investment income   | 2.47%   | 1.34%             | 0.63%             | 0.24%             | 0.11%             | 0.11%             | 0.16%             | 0.43%             | 0.51%             | 0.81%             |
| Total non-operating revenues  | <u>75.91%</u>   | <u>75.71%</u>     | <u>74.82%</u>     | <u>75.07%</u>     | <u>76.30%</u>     | <u>77.86%</u>     | <u>75.77%</u>     | <u>76.19%</u>     | <u>75.57%</u>     | <u>76.75%</u>     |
| Total revenues  | <u>100.00%</u>  | <u>99.98%</u>     | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    |



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function  
Last Ten Fiscal Years  
(Unaudited)

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

|                                    | 2019              | 2018              | 2017              | 2016              | 2015              | 2014              | 2013              | 2012              | 2011              | 2010              |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Instruction                        | \$ 78,634         | \$ 75,679         | \$ 73,338         | \$ 68,455         | \$ 67,447         | \$ 68,220         | \$ 70,339         | \$ 64,118         | \$ 68,296         | \$ 60,430         |
| Public service                     | 7,794             | 7,325             | 6,409             | 6,864             | 5,698             | 4,912             | 5,208             | 4,343             | 3,701             | 4,446             |
| Academic support                   | 18,241            | 18,029            | 17,746            | 15,521            | 13,572            | 12,968            | 13,772            | 12,750            | 12,620            | 10,088            |
| Student services                   | 17,261            | 16,605            | 15,513            | 14,365            | 14,425            | 14,574            | 13,740            | 12,453            | 13,471            | 13,239            |
| Institutional support              | 42,786            | 42,260            | 40,531            | 43,150            | 40,839            | 39,365            | 34,962            | 33,560            | 31,638            | 30,855            |
| Operation and maintenance of plant | 19,083            | 21,944            | 16,882            | 16,700            | 17,556            | 17,680            | 17,298            | 17,168            | 15,487            | 13,427            |
| Scholarships and fellowships       | 29,554            | 30,389            | 31,041            | 31,733            | 33,946            | 39,284            | 40,616            | 45,304            | 42,061            | 34,194            |
| Auxiliary enterprises              | 2,079             | 3,456             | 3,723             | 4,091             | 4,527             | 4,118             | 4,012             | 3,980             | 4,125             | 4,044             |
| Depreciation                       | 16,538            | 17,116            | 18,439            | 18,808            | 17,401            | 16,365            | 13,107            | 9,627             | 7,798             | 6,816             |
| Total operating expenses           | <u>231,970</u>    | <u>232,803</u>    | <u>223,622</u>    | <u>219,687</u>    | <u>215,411</u>    | <u>217,486</u>    | <u>213,054</u>    | <u>203,303</u>    | <u>199,197</u>    | <u>177,539</u>    |
| Interest on capital related debt   | 17,882            | 17,297            | 18,248            | 17,034            | 12,645            | 12,386            | 9,080             | 6,788             | 12,144            | 12,355            |
| Loss on disposal of capital assets | -                 | 16                | 2,087             | 27                | 37                | -                 | -                 | 0                 | 355               | 1,170             |
| Other non-operating                | 9                 | 430               | -                 | -                 | -                 | 168               | -                 | 107               | -                 | (620)             |
| Total non-operating expenses       | <u>17,891</u>     | <u>17,743</u>     | <u>20,335</u>     | <u>17,061</u>     | <u>12,682</u>     | <u>12,554</u>     | <u>9,080</u>      | <u>6,895</u>      | <u>12,499</u>     | <u>12,905</u>     |
| Total expenses                     | <u>\$ 249,861</u> | <u>\$ 250,546</u> | <u>\$ 243,957</u> | <u>\$ 236,748</u> | <u>\$ 228,093</u> | <u>\$ 230,040</u> | <u>\$ 222,134</u> | <u>\$ 210,198</u> | <u>\$ 211,696</u> | <u>\$ 190,444</u> |
| Prior year change                  | \$ (685)          | \$ 6,589          | \$ 7,209          | \$ 8,655          | \$ (1,947)        | \$ 7,906          | \$ 11,936         | \$ (1,498)        | \$ 21,252         | \$ 33,661         |
| Instruction                        | 31.47%            | 30.21%            | 30.06%            | 28.91%            | 29.58%            | 29.66%            | 31.67%            | 30.50%            | 32.26%            | 31.73%            |
| Public service                     | 3.12%             | 2.92%             | 2.63%             | 2.90%             | 2.50%             | 2.14%             | 2.34%             | 2.07%             | 1.75%             | 2.33%             |
| Academic support                   | 7.30%             | 7.20%             | 7.27%             | 6.56%             | 5.95%             | 5.64%             | 6.20%             | 6.07%             | 5.96%             | 5.30%             |
| Student services                   | 6.91%             | 6.63%             | 6.36%             | 6.07%             | 6.32%             | 6.34%             | 6.19%             | 5.92%             | 6.36%             | 6.95%             |
| Institutional support              | 17.12%            | 16.87%            | 16.61%            | 18.23%            | 17.90%            | 17.11%            | 15.74%            | 15.97%            | 14.95%            | 16.20%            |
| Operation and maintenance of plant | 7.64%             | 8.76%             | 6.92%             | 7.05%             | 7.70%             | 7.69%             | 7.79%             | 8.17%             | 7.32%             | 7.05%             |
| Scholarships and fellowships       | 11.83%            | 12.13%            | 12.72%            | 13.40%            | 14.88%            | 17.08%            | 18.28%            | 21.55%            | 19.87%            | 17.95%            |
| Auxiliary enterprises              | 0.83%             | 1.38%             | 1.53%             | 1.73%             | 1.98%             | 1.79%             | 1.81%             | 1.89%             | 1.95%             | 2.12%             |
| Depreciation                       | 6.62%             | 6.83%             | 7.56%             | 7.94%             | 7.63%             | 7.10%             | 5.89%             | 4.58%             | 3.68%             | 3.59%             |
| Total operating expenses           | <u>92.84%</u>     | <u>92.92%</u>     | <u>91.66%</u>     | <u>92.79%</u>     | <u>94.44%</u>     | <u>94.55%</u>     | <u>95.91%</u>     | <u>96.72%</u>     | <u>94.10%</u>     | <u>93.22%</u>     |
| Interest on capital related debt   | 7.16%             | 6.90%             | 7.48%             | 7.19%             | 5.54%             | 5.38%             | 4.09%             | 3.23%             | 5.73%             | 6.49%             |
| Loss on disposal of capital assets | 0.00%             | 0.01%             | 0.86%             | 0.01%             | 0.02%             | 0.00%             | 0.00%             | 0.00%             | 0.17%             | 0.61%             |
| Other non-operating                | 0.00%             | 0.17%             | 0.00%             | 0.00%             | 0.00%             | 0.07%             | 0.00%             | 0.05%             | 0.00%             | -0.32%            |
| Total non-operating expenses       | <u>7.16%</u>      | <u>7.08%</u>      | <u>8.34%</u>      | <u>7.21%</u>      | <u>5.56%</u>      | <u>5.45%</u>      | <u>4.09%</u>      | <u>3.28%</u>      | <u>5.90%</u>      | <u>6.78%</u>      |
| Total expenses                     | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    | <u>100.00%</u>    |

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees  
Last Ten Academic Years  
(Unaudited)

| Resident                            |                     |                     |                         |                 |                       |                             |                                 |                                      |  |  |
|-------------------------------------|---------------------|---------------------|-------------------------|-----------------|-----------------------|-----------------------------|---------------------------------|--------------------------------------|--|--|
| Fees per Semester Credit Hour (SCH) |                     |                     |                         |                 |                       |                             |                                 |                                      |  |  |
| Academic Year (Fall)                | General Service Fee | In-District Tuition | Out-of-District Tuition | Technology Fees | Student Activity Fees | Cost for 12 SCH In-District | Cost for 12 SCH Out-of-District | Increase from Prior Year In-District | Increase from Prior Year Out-of-District |  |
| 2019                                | \$ 150              | \$ 50               | \$ 95                   | 2               | -                     | \$ 774                      | \$ 1,314                        | 3.20%                                | 1.86%                                    |  |
| 2018                                | 150                 | 50                  | 95                      | -               | -                     | 750                         | 1,290                           | -                                    | -  |  |
| 2017                                | 150                 | 50                  | 95                      | -               | -                     | 750                         | 1,290                           | 6.53%                                | 6.79%                                    |  |
| 2016                                | 140                 | 47                  | 89                      | -               | -                     | 704                         | 1,208                           | -                                    | -  |  |
| 2015                                | 140                 | 47                  | 89                      | -               | -                     | 704                         | 1,208                           | 7.32%                                | 5.23%                                    |  |
| 2014                                | 140                 | 43                  | 84                      | -               | -                     | 656                         | 1,148                           | -                                    | -  |  |
| 2013                                | 140                 | 43                  | 84                      | -               | -                     | 656                         | 1,148                           | 11.00%                               | 28.85%                                   |  |
| 2012                                | 135                 | 38                  | 63                      | -               | -                     | 591                         | 891                             | -                                    | -  |  |
| 2011                                | 135                 | 38                  | 63                      | -               | -                     | 591                         | 891                             | -                                    | -  |  |
| 2010                                | 135                 | 38                  | 63                      | -               | -                     | 591                         | 891                             | 12.36%                               | 7.87%                                    |  |

| Non-Resident                        |                     |                                   |                                    |                 |                       |                              |                               |                                       |  |  |
|-------------------------------------|---------------------|-----------------------------------|------------------------------------|-----------------|-----------------------|------------------------------|-------------------------------|---------------------------------------|--|--|
| Fees per Semester Credit Hour (SCH) |                     |                                   |                                    |                 |                       |                              |                               |                                       |  |  |
| Academic Year (Fall)                | General Service Fee | Non-Resident Tuition Out-of-State | Non-Resident Tuition International | Technology Fees | Student Activity Fees | Cost for 12 SCH Out-of-State | Cost for 12 SCH International | Increase from Prior Year Out-of-State | Increase from Prior Year International |  |
| 2019                                | \$ 150              | \$ 160                            | \$ 160                             | 2               | -                     | \$ 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                         | -                                     | -                                      |  |
| 2013                                | 140                 | 134                               | 134                                | -               | -                     | 1,748                        | 1,748                         | 17.24%                                | 17.24%                                 |  |
| 2012                                | 135                 | 113                               | 113                                | -               | -                     | 1,491                        | 1,491                         | -                                     | -                                      |  |
| 2011                                | 135                 | 113                               | 113                                | -               | -                     | 1,491                        | 1,491                         | -                                     | -                                      |  |
| 2010                                | 135                 | 113                               | 113                                | -               | -                     | 1,491                        | 1,491                         | 4.56%                                 | 4.56%                                  |  |

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

| Fiscal Year | (Amounts expressed in thousands) |                  |                              |                                | Direct Rate                  |                  |           |
|-------------|----------------------------------|------------------|------------------------------|--------------------------------|------------------------------|------------------|-----------|
|             | Assessed Valuation of Property   | Less: Exemptions | Taxable Assessed Value (TAV) | Ratio of TAV to Assessed Value | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
| 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  |
| 2012-13     | 48,921,297                       | 9,703,352        | 39,217,945                   | 80.17%                         | 0.121571                     | 0.064031         | 0.185602  |
| 2011-12     | 46,118,995                       | 9,180,053        | 36,938,942                   | 80.09%                         | 0.118688                     | 0.066914         | 0.185602  |
| 2010-11     | 44,981,763                       | 8,340,379        | 36,641,384                   | 81.46%                         | 0.114293                     | 0.061984         | 0.176277  |
| 2009-10     | 47,500,387                       | 8,333,505        | 39,166,882                   | 82.46%                         | 0.114293                     | 0.056507         | 0.170800  |

Source: Harris County Appraisal District

Notes: Property is assessed at full market value.

(a) Per \$100 Taxable Assessed Valuation

SAN JACINTO COMMUNITY COLLEGE DISTRICT

General Appropriations Act Before Contact Hour Adjustments (a)  
 Last Ten Fiscal Years  
 (Unaudited)  
 (Amounts Expressed in Thousands)

| Appropriation Funding Elements                           | 2019             | 2018             | 2017             | 2016             | 2015             | 2014*            | 2013             | 2012             | 2011             | 2010             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| State Appropriation Contact Hour Funding (CH)            | \$ 34,252        | \$ 34,253        | \$ 32,501        | \$ 32,442        | \$ 33,030        | \$ 33,030        | \$ 36,957        | \$ 36,080        | \$ 36,017        | \$ 36,378        |
| State Appropriation Student Success Points (SSP)         | 3,865            | 3,865            | 3,478            | 3,478            | 3,613            | 3,613            | -                | -                | -                | -                |
| State Appropriation Core Operations (CO)                 | 680              | 680              | 500              | 500              | 500              | 500              | -                | -                | -                | -                |
| State Appropriation Bachelor of Applied Technology (BAT) | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| State Appropriation Non-Funding Items                    | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Total</b>   | <b>\$ 38,797</b> | <b>\$ 38,798</b> | <b>\$ 36,479</b> | <b>\$ 36,420</b> | <b>\$ 37,143</b> | <b>\$ 37,143</b> | <b>\$ 36,957</b> | <b>\$ 36,080</b> | <b>\$ 36,017</b> | <b>\$ 36,378</b> |

\* Fiscal year 2014 Formula Funding Changed Methodology

Source: THECB - Ten Pay Schedule

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per FTSE  
Last Ten Fiscal Years  
(Unaudited)

Amounts Expressed in Thousands

| Fiscal Year | State Appropriation<br>(Unrestricted)<br>From Schedule C | FTSE<br>(a) | State Appropriation per<br>FTSE - Dollars |
|-------------|--|-------------|---|
| 2018-19     | \$ 38,797  | 23          | \$ 1,687                                  |
| 2017-18     | 38,798   | 22          | 1,764                                     |
| 2016-17     | 36,479   | 22          | 1,658                                     |
| 2015-16     | 36,420   | 21          | 1,734                                     |
| 2014-15     | 37,143   | 21          | 1,769                                     |
| 2013-14*    | 37,143   | 21          | 1,769                                     |
| 2012-13     | 36,957   | 21          | 1,760                                     |
| 2011-12     | 36,080   | 22          | 1,640                                     |
| 2010-11     | 36,017   | 23          | 1,566                                     |
| 2009-10     | 36,378   | 21          | 1,732                                     |

(a) Fiscal Year (FY) 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).

\* Fiscal year 2014 Formula Funding Changed Methodology

Source: CBM004 and CBM00C

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per Funded Contact Hour  
 Contact Hour (CH) Portion Only of State Appropriation  
 Last Ten Fiscal Years  
 (Unaudited)

Amounts Expressed in Thousands

| Fiscal Year | CH - State<br>Appropriation<br>(Unrestricted)<br>(a) | Academic<br>Contact<br>Hours<br>(b) | Vocational -<br>Technical<br>Contact<br>Hours<br>(b) | Continuing<br>Education<br>Contact<br>Hours<br>(b) | Total<br>Contact<br>Hours | State<br>Appropriation<br>per Contact<br>Hour |
|-------------|--|-------------------------------------|--|--|---------------------------|---|
| 2018-19     | \$ 34,252  | 8,392                               | 3,789  | 253  | 12,434                    | \$ 2.75                                       |
| 2017-18     | 34,253   | 8,307                               | 3,858  | 283  | 12,448                    | 2.75  |
| 2016-17     | 32,501   | 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  |
| 2012-13     | 36,957   | 8,254                               | 3,671  | 384  | 12,309                    | 3.00  |
| 2011-12     | 36,080   | 8,493                               | 3,768  | 433  | 12,694                    | 2.84  |
| 2010-11     | 36,017   | 9,058                               | 3,879  | 357  | 13,294                    | 2.71  |
| 2009-10     | 36,378   | 8,047                               | 3,660  | 392  | 12,099                    | 3.01  |

Notes: 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

\* Fiscal year 2014 Formula Funding Changed Methodology

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per Student Success Point (SSP) - Annualized  
Last Six Fiscal Years  
(Unaudited)

| Fiscal Year | Amounts Expressed in Thousands                     |       | Three Year Average<br>Student<br>Success Points<br>(b) | Appropriation<br>per Success<br>Point |
|-------------|--|-------|--|---------------------------------------|
|             | SSP - State Appropriation<br>(Unrestricted)<br>(a) |       |  |                                       |
| 2018-19     | \$   | 3,865 | 45,061   | \$ 85.77                              |
| 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                                 |
| 2013-14     |  | 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 previously did not present this schedule. Information is being presented for the past five years, and College will continue to implement prospectively.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Success Points (SSP)  
Last Five Reported Fiscal Years  
(Unaudited)

| Success Points Elements (a)         | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Math Readiness                      | 2,676                | 2,819                | 2,143                | 1,232                | 352                  |
| Read Readiness                      | 846                  | 925                  | 874                  | 501                  | 535                  |
| Write Readiness                     | 449                  | 848                  | 829                  | 502                  | 408                  |
| Students Who Pass FCL Math Course   | 5,406                | 5,936                | 5,729                | 5,013                | 5,091                |
| Students Who Pass FCL Read Course   | 4,549                | 4,424                | 4,090                | 3,929                | 3,981                |
| Students Who Pass FCL Write Course  | 2,947                | 2,435                | 2,295                | 2,104                | 2,108                |
| Students Who Complete 15 SCH        | 9,313                | 9,062                | 8,466                | 8,309                | 8,409                |
| Students Who Complete 30 SCH        | 6,611                | 6,094                | 5,993                | 5,897                | 5,524                |
| Student Transfers to a 4-Yr Inst    | 5,210                | 5,226                | 5,020                | 5,144                | 4,592                |
| Degrees, CCCs, or Certs (Undup)     | 8,908                | 10,796               | 10,496               | 8,416                | 7,490                |
| Degrees or Certs in Critical Fields | <u>4,188</u>         | <u>3,870</u>         | <u>3,126</u>         | <u>2,818</u>         | <u>2,336</u>         |
| Annual Success Points - Total       | <u><u>51,103</u></u> | <u><u>52,435</u></u> | <u><u>49,061</u></u> | <u><u>43,865</u></u> | <u><u>40,826</u></u> |

SCH = Semester Contact Hour

(a) General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds.

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

Source: THECB - Ten Pay Schedule



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Top Ten Principal Taxpayers  
Last Ten Tax Years  
(Unaudited)

| Taxpayer                           | Type of Business      | Taxable Assessed Value (TAV) by Tax Year (\$000 omitted) |               |               |               |               |               |               |               |               |               |
|------------------------------------|-----------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                    |                       | 2019   | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          |
| Equistar Chemicals LP              | Chemical              | \$ 1,677,218   | \$ 1,372,684  | \$ 1,356,982  | \$ 1,531,712  | \$ 1,566,440  | \$ 1,201,778  | \$ 1,063,952  | \$ 970,267    | \$ 918,205    | \$ 848,797    |
| Shell Oil Co.                      | Refinery              | 1,427,630  | 1,130,823     | 1,184,784     | 1,360,056     | 1,500,515     | 1,545,113     | 1,675,362     | 1,676,231     | 1,713,216     | 1,486,769     |
| Enterprise Products                | Petrochemical         | 1,076,865  | 407,948       | 455,662       |               |               |               |               |               |               |               |
| Lyondell Chemical Co.              | Chemical              | 651,344  | 571,680       | 601,457       | 604,913       | 704,095       | 756,691       | 812,824       | 786,743       | 705,239       | 592,522       |
| Intercontinental Terminal          | Chemical              | 650,739  |               |               |               |               |               |               |               |               |               |
| Fairway Methanol, LLC              | Petrochemical         | 578,146  | 576,639       |               |               |               |               |               |               |               |               |
| Oiltanking Houston                 | Petrochemical         | 576,921  |               |               |               |               |               |               |               |               |               |
| Lubrizol Corp                      | Chemical              | 529,604  |               |               |               |               |               | 333,719       | 282,813       | 274,178       |               |
| Kinder Morgan                      | Petrochemical         | 509,475  |               |               |               |               |               |               |               |               |               |
| Kuraray America Inc                | Chemical              | 502,495  | 484,717       | 440,321       | 500,418       | 453,555       |               |               |               |               |               |
| Air Liquide                        | Chemical              | 404,162  | 404,162       | 430,613       | 418,645       | 359,970       |               |               |               |               | 339,915       |
| Kirby Inland Marine, LLP           | Marine Transportation |  | 443,548       |               | 453,507       |               |               |               |               |               |               |
| Houston Refining                   | Refinery              |  | 417,286       |               |               | 393,460       | 391,376       | 2,739,314     | 1,757,010     | 662,539       | 702,549       |
| Oxy Vynyls LP                      | Petrochemical         |  | 416,051       | 410,461       | 424,978       | 418,532       | 414,044       | 412,280       | 406,133       | 411,869       | 404,812       |
| Celanese, LTD                      | Petrochemical         |  |               | 715,716       | 739,533       |               |               |               |               |               |               |
| Centerpoint Energy, Inc.           | Energy                |  |               | 435,659       | 435,139       | 350,466       | 351,705       | 426,797       | 345,180       | 342,704       | 345,960       |
| Rohm & Haas Co. (Parent DOW)       | Petrochemical         |  |               | 406,834       | 424,828       | 518,150       | 529,774       | 452,050       | 418,131       | 400,723       |               |
| Chevron Chemical Co.               | Refinery              |  |               |               |               | 394,849       | 389,364       | 363,130       | 442,462       | 404,968       | 370,234       |
| Exxon Mobil Corp                   | Petrochemical         |  |               |               |               |               | 385,773       |               |               |               |               |
| BP America Production CO           | Petrochemical         |  |               |               |               |               | 368,848       | 337,753       | 289,284       |               |               |
| Totals - Top Ten Only              |                       | \$ 8,584,599   | \$ 6,225,538  | \$ 6,438,489  | \$ 6,893,727  | \$ 6,660,032  | \$ 6,334,466  | \$ 8,617,181  | \$ 7,374,254  | \$ 5,833,641  | \$ 5,091,558  |
| Total Taxable Assessed Value (TAV) |                       | \$ 53,984,169  | \$ 51,469,158 | \$ 50,199,696 | \$ 48,431,734 | \$ 44,069,172 | \$ 41,778,071 | \$ 39,217,945 | \$ 36,938,942 | \$ 36,641,384 | \$ 39,166,882 |

| Taxpayer  | Type of Business      | % of Total Taxable Assessed Value (TAV) by Tax Year |       |        |        |        |        |        |        |        |        |
|---|-----------------------|---|-------|--------|--------|--------|--------|--------|--------|--------|--------|
|   |                       | 2018  | 2017  | 2017   | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   |
| Equistar Chemicals LP                             | Chemical              | 3.11%   | 2.67% | 2.70%  | 3.16%  | 3.55%  | 2.88%  | 2.71%  | 2.65%  | 2.51%  | 2.17%  |
| Shell Oil Co.                                     | Refinery              | 2.64%   | 2.20% | 2.36%  | 2.81%  | 3.40%  | 3.70%  | 4.27%  | 4.57%  | 4.68%  | 3.80%  |
| Enterprise Products                               | Petrochemical         | 1.99%   |       |        |        |        |        |        |        |        |        |
| Lyondell Chemical Co.                             | Chemical              | 1.21%   | 1.11% | 1.20%  | 1.25%  | 1.60%  | 1.81%  | 2.07%  | 2.15%  | 1.92%  | 1.51%  |
| Intercontinental Terminal                         | Petrochemical         | 1.21%   | 0.00% | 0.88%  | 1.03%  | 1.03%  |        |        |        |        |        |
| Fairway Methanol, LLC                             | Marine Transportation | 1.07%   |       |        | 0.94%  |        |        |        |        |        |        |
| Oiltanking Houston                                | Refinery              | 1.07%   |       |        |        | 0.89%  | 0.94%  | 6.98%  | 4.80%  | 1.81%  | 1.79%  |
| Lubrizol Corp                                     | Petrochemical         | 0.98%   | 0.00% | 0.82%  | 0.88%  | 0.95%  | 0.99%  | 1.05%  | 1.11%  | 1.12%  | 1.03%  |
| Kinder Morgan                                     | Petrochemical         | 0.94%   | 0.00% | 0.91%  |        | 0.00%  |        |        |        |        |        |
| Kuraray America Inc                               | Chemical              | 0.93%   | 0.94% | 0.86%  | 0.86%  | 0.82%  |        |        |        |        | 0.87%  |
| Air Liquide                                       | Petrochemical         | 0.75%   | 0.86% | 1.43%  | 1.53%  |        |        |        |        |        |        |
| Kirby Inland Marine, LLP                          | Energy                |   | 0.86% | 0.87%  | 0.90%  | 0.80%  | 0.84%  | 1.09%  | 0.94%  | 0.94%  | 0.88%  |
| Houston Refining                                  | Petrochemical         |   | 0.81% | 0.81%  | 0.88%  | 1.18%  | 1.27%  | 1.15%  | 1.14%  | 1.09%  |        |
| Oxy Vynyls LP                                     | Refinery              |   |       |        |        | 0.90%  | 0.93%  | 0.93%  | 1.21%  | 1.11%  | 0.95%  |
| Celanese, LTD                                     | Petrochemical         |   |       |        |        |        | 0.92%  |        |        |        |        |
| Centerpoint Energy, Inc.                          | Petrochemical         |   |       |        |        |        | 0.88%  | 0.86%  | 0.79%  |        |        |
| Rohm & Haas Co. (Parent DOW)                      | Chemical              |   |       |        |        |        |        | 0.85%  | 0.77%  | 0.75%  |        |
| Chevron Chemical Co.                              |                       |   |       |        |        |        |        |        |        |        |        |
| Exxon Mobil Corp                                  |                       |   |       |        |        |        |        |        |        |        |        |
| BP America Production CO                          |                       |   |       |        |        |        |        |        |        |        |        |
| Percentage of Top Ten Taxpayer to Grand Total TAV |                       | 15.90%  | 9.45% | 12.84% | 14.24% | 15.12% | 15.16% | 21.96% | 20.13% | 15.93% | 13.00% |

Note: This list is the Top Ten Principal Taxpayers based on Taxable Assessed Value by Tax Year.  
Source: Harris County Appraisal District

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Property Tax Levies and Collections  
Last Ten Tax Years  
(Unaudited)  
(Amounts Expressed in Thousands)

| Fiscal Year<br>Ended<br>August 31 | Levy<br>(a) | Cumulative<br>Levy<br>Adjustments | Adjusted<br>Tax Levy<br>(b) | Collections -<br>Year of Levy<br>(c) | Percentage | Current<br>Collections<br>of Prior<br>Levies<br>(d) | Penalty and<br>Interest<br>Collections<br>(e) | Total<br>Collections<br>(c+d+e) | Percentage<br>Cumulative<br>Collections<br>of Adjusted<br>Levy (c+d)/b |
|-----------------------------------|-------------|-----------------------------------|-----------------------------|--------------------------------------|------------|---|---|---------------------------------|--|
| 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%   |
| 2013                              | 72,789      | -                                 | 72,789                      | 71,498                               | 98.23%     | 702   | 937   | 73,137                          | 99.19%   |
| 2012                              | 68,559      | -                                 | 68,559                      | 67,437                               | 98.36%     | 954   | 628   | 69,019                          | 99.75%   |
| 2011                              | 64,590      | -                                 | 64,590                      | 63,852                               | 98.86%     | 336   | 600   | 64,788                          | 99.38%   |
| 2010                              | 66,897      | -                                 | 66,897                      | 64,656                               | 96.65%     | 956   | 588   | 66,200                          | 98.08%   |

Source: Harris County Tax Assessor Collector

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

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

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

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

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

|   | 2019       | 2018       | 2017       | 2016       | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Bonded Debt:                      |            |            |            |            |            |            |            |            |            |            |
| General obligation bonds                  | \$ 544,008 | \$ 414,189 | \$ 428,268 | \$ 433,908 | \$ 284,351 | \$ 293,469 | \$ 303,516 | \$ 314,223 | \$ 324,976 | \$ 267,657 |
| Notes                                     | -          | 2,072      | 2,434      | 2,786      | 3,123      | 3,449      | 3,766      | 4,018      | 4,546      | 5,070      |
| Less: funds restricted for debt service   | (8,525)    | (8,835)    | (8,587)    | (8,293)    | (11,603)   | (8,925)    | (6,564)    | (5,241)    | (7,028)    | (3,739)    |
| Net general bonded debt                   | 535,483    | 407,426    | 422,115    | 428,401    | 275,871    | 287,993    | 300,718    | 313,000    | 326,835    | 269,636    |
| Revenue bonds                             | 47,381     | 48,732     | 50,033     | 50,144     | 50,255     | -          | -          | -          | -          | -          |
| Less: funds restricted for debt service   | -          | -          | (625)      | -          | -          | -          | -          | -          | -          | -          |
| Total outstanding debt                    | \$ 582,864 | \$ 456,158 | \$ 471,523 | \$ 478,545 | \$ 326,126 | \$ 287,993 | \$ 300,718 | \$ 313,000 | \$ 326,835 | \$ 269,636 |
| General Bonded Debt Ratios:               |            |            |            |            |            |            |            |            |            |            |
| Per Capita                                | \$ 962     | \$ 736     | \$ 761     | \$ 775     | \$ 510     | \$ 535     | \$ 578     | \$ 609     | \$ 689     | \$ 563     |
| Per full time student equivalent          | 24,210     | 18,525     | 20,056     | 20,335     | 13,792     | 14,285     | 14,734     | 14,733     | 14,562     | 13,296     |
| FTSE                                      | 22.470     | 22.470     | 21.475     | 21.475     | 20.843     | 20.785     | 20.856     | 21.601     | 22.629     | 20.512     |
| As a percentage of taxable assessed value | 0.99%      | 0.79%      | 0.84%      | 0.88%      | 0.63%      | 0.69%      | 0.77%      | 0.85%      | 0.88%      | 0.69%      |
| Total Outstanding Net Debt Ratios:        |            |            |            |            |            |            |            |            |            |            |
| Per Capita                                | \$ 1,045   | \$ 822     | \$ 850     | \$ 864     | \$ 599     | \$ 535     | \$ 578     | \$ 609     | \$ 689     | \$ 563     |
| Per full time student equivalent          | 26,319     | 20,694     | 22,386     | 22,670     | 16,203     | 14,285     | 14,734     | 14,733     | 14,562     | 13,296     |
| As a percentage of taxable assessed value | 1.08%      | 0.89%      | 0.94%      | 0.99%      | 0.74%      | 0.69%      | 0.77%      | 0.85%      | 0.88%      | 0.69%      |

Notes: Ratios calculated using population and Taxable Assessed Value from current year. Debt per student calculated using full time equivalent enrollment.

General Bonded Debt includes general obligation bonds and maintenance tax notes.

Revenue Bonds and Notes include revenue bonds and contractual obligation notes.

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

For fiscal years 2018-2010, the amounts for funds restricted for debt services 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 bank balance.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)

|   | For the Year Ended August 31 (amounts expressed in thousands) |               |               |               |               |               |               |               |               |               |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2019  | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          |
| Taxable Assessed Value  | \$ 53,984,169   | \$ 51,469,158 | \$ 50,199,696 | \$ 48,431,734 | \$ 44,069,172 | \$ 41,778,071 | \$ 39,217,945 | \$ 36,938,942 | \$ 36,641,384 | \$ 39,166,882 |
| <b>General Obligation Bonds</b>                                     |   |               |               |               |               |               |               |               |               |               |
| Statutory Tax Levy Limit for Debt Service                           | \$ 269,918  | \$ 257,346    | \$ 250,998    | \$ 242,159    | \$ 220,346    | \$ 208,890    | \$ 196,090    | \$ 184,695    | \$ 183,207    | \$ 195,834    |
| Less: funds restricted for repayment of general obligation bonds    | (8,525)   | (8,835)       | (8,587)       | (8,293)       | (11,603)      | (8,925)       | (6,564)       | (5,241)       | (7,028)       | (3,739)       |
| Total net general obligation debt                                   | 261,393   | 248,511       | 242,411       | 233,866       | 208,743       | 199,965       | 189,526       | 179,454       | 176,179       | 192,095       |
| Current year debt service requirements                              | 30,385  | 28,576        | 26,773        | 30,148        | 25,774        | 26,676        | 24,913        | 24,091        | 26,945        | 25,625        |
| Excess of statutory limit for debt service over current requirement | \$ 231,008  | \$ 219,935    | \$ 215,638    | \$ 203,718    | \$ 182,969    | \$ 173,289    | \$ 164,613    | \$ 155,363    | \$ 149,234    | \$ 166,470    |
| Net current requirements as a % of statutory limit                  | 11.26%  | 11.10%        | 10.67%        | 12.45%        | 11.70%        | 12.77%        | 12.70%        | 13.04%        | 14.71%        | 13.09%        |

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

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

For fiscal years 2018-2010, the amounts for funds restricted for debt services 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 bank balance.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

| Revenue<br>Bonds | Pledged Revenues (\$000 omitted)  |           |  |                    |          |                |                    | Debt Service Requirements (\$000<br>omitted) |           |          | Coverage<br>Ratio |       |
|------------------|-----------------------------------|-----------|--|--------------------|----------|----------------|--------------------|--|-----------|----------|-------------------|-------|
|                  | Fiscal Year<br>Ended<br>August 31 | Tuition   | Continuing or<br>Non-Credit<br>Education<br>Tuition/Fees | General<br>Service | IPP Fees | Course<br>Fees | Laboratory<br>Fees | Total  | Principal | Interest |                   | Total |
|                  | 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                              | -         | -  | -                  | -        | -              | -                  | -  | -         | -        | -                 | -     |
|                  | 2013                              | -         | -  | -                  | -        | -              | -                  | -  | -         | -        | -                 | -     |
|                  | 2012                              | -         | -  | -                  | -        | -              | -                  | -  | -         | -        | -                 | -     |
|                  | 2011                              | -         | -  | -                  | -        | -              | -                  | -  | -         | -        | -                 | -     |
|                  | 2010                              | -         | -  | -                  | -        | -              | -                  | -  | -         | -        | -                 | -     |

Note: Debt service requirements include revenue bonds.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

| <u>Calendar<br/>Year</u> | <u>District<br/>Population</u> | <u>District Personal<br/>Income (a)<br/>(thousands<br/>of dollars)</u> | <u>District Personal<br/>Income<br/>Per<br/>Capita</u> | <u>Harris<br/>County<br/>Unemployment<br/>Rate</u> |
|--------------------------|--------------------------------|--|--|--|
| 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%  |
| 2012                     | 522,596                        | 10,961,333   | 20,975   | 6.90%  |
| 2011                     | 478,297                        | 9,462,150  | 19,783   | 8.20%  |
| 2010                     | 484,546                        | 9,205,003  | 18,997   | 8.50%  |
| 2009                     | 497,422                        | 9,549,838  | 19,199   | 8.20%  |

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Employers for the Service Area  
Last Ten Fiscal Years  
(Unaudited)

| Employer                                    | Number of Employees |        |        |        |        |        |        |        |        |        |
|---|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 2019                | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   |
| Pasadena ISD                                | 8,135               | 7,974  | 7,555  | 7,404  | 7,186  | 7,177  | 7,177  | 7,069  | 7,056  | 7,062  |
| Lyondell Chemical Co                        | 3,813               | 5,491  | 5,491  | 5,061  | 2,613  | 2,613  | 1,200  | 1,200  | 1,200  | 1,200  |
| HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*   | 4,039               | 4,020  | 4,639  |        |        |        |        |        |        |        |
| Lockheed Martin Corp & Services             | 3,940               | 3,940  | 3,743  | 3,745  | 2,300  | 2,300  | 1,935  | 3,359  | 1,300  | 1,000  |
| Walmart/ Sam's Club                         | 2,985               | 2,985  | 2,715  | 2,985  | 2,840  | 2,540  | 1,940  | 1,640  | 1,640  |        |
| Boeing Co                                   | 2,830               | 2,830  | 2,000  | 2,000  | 2,000  | 2,000  | 2,000  |        | 2,530  |        |
| Memorial Healthcare System                  | 2,200               | 2,500  | 2,500  | 2,200  | 2,200  | 2,200  | 2,200  | 2,200  | 2,200  | 1,350  |
| NASA Lyndon B Johnson Space Center          | 2,500               | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  | 2,500  |
| HEB   | 1,881               | 1,181  | 1,569  | 1,199  | 1,259  |        |        |        |        |        |
| Powell Electrical Systems Inc               | 1,725               | 1,725  | 1,975  | 1,675  | 2,070  | 1,720  | 1,800  | 2,020  | 2,020  | 1,200  |
| Kroger                                      | 1,320               | 1,720  | 1,900  | 1,420  | 1,570  |        |        |        |        |        |
| Shell Chemical                              | 1,500               | 1,500  | 1,500  | 1,500  | 1,600  | 1,700  | 1,700  | 1,700  | 1,000  | 1,000  |
| San Jacinto College                         | 1,358               | 1,347  | 1,367  | 1,322  | 1,325  | 1,297  | 1,243  | 1,244  | 1,195  | 1,243  |
| University of Houston - Clear Lake          | 1,287               | 1,245  | 1,245  | 1,245  | 1,245  | 1,245  | 1,245  | 1,245  | 1,299  | 1,092  |
| Pasadena City Hall                          | 1,100               | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  |
| DOW (listed as Rohm & Haas Texas Inc. FY17) | 1,000               | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  |
| US Air Force                                | 1,000               | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  |
| Tubular Services, Inc.                      | 1,000               |        |        |        |        |        |        |        |        |        |
| ABC Professional Tree Services Inc.         |                     |        | 1,500  | 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  | 1,000  |        |        |        |
| Bayshore Medical Center *                   |                     |        |        | 1,617  | 1,500  | 1,500  | 1,500  | 1,500  | 1,500  | 1,500  |
| Clear Lake Regional Medical Center *        |                     |        |        | 2,422  | 1,600  | 1,600  | 1,600  | 1,600  | 1,600  | 1,600  |
| Equistar Chemicals LP                       |                     |        |        |        |        | 1,500  |        | 1,500  | 1,500  | 1,500  |
| Anheuser-Busch Co                           |                     |        |        |        |        | 1,000  |        | 1,000  | 1,000  | 1,000  |
| United Space Alliance                       |                     |        |        |        |        |        |        |        | 6,500  | 10,185 |
| Aker Industrial Constructors                |                     |        |        |        |        |        |        |        |        | 1,500  |
| Channelview Complex                         |                     |        |        |        |        |        |        |        |        | 1,200  |
| Totals                                      | 43,613              | 44,058 | 48,609 | 44,915 | 39,408 | 38,492 | 33,640 | 32,877 | 39,140 | 39,232 |

| Employer                                    | Percentage of Total Employment |        |        |        |        |        |        |        |        |        |
|---|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 2019                           | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   | 2010   |
| Pasadena ISD                                | 2.99%                          | 2.93%  | 2.71%  | 2.77%  | 2.72%  | 2.97%  | 2.97%  | 2.93%  | 3.03%  | 2.92%  |
| Lyondell Chemical Co                        | 1.40%                          | 2.02%  | 1.97%  | 1.89%  | 0.99%  | 1.08%  | 0.50%  | 0.50%  | 0.52%  | 0.50%  |
| HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*   | 1.49%                          | 1.48%  | 0      |        |        |        |        |        |        |        |
| Lockheed Martin Corp & Services             | 1.45%                          | 1.45%  | 1.34%  | 1.40%  | 0.87%  | 0.95%  | 0.80%  | 1.39%  | 0.56%  | 0.41%  |
| Walmart/ Sam's Club                         | 1.10%                          | 1.10%  | 0.97%  | 1.11%  | 1.08%  | 1.05%  | 0.80%  | 0.68%  | 0.70%  |        |
| Boeing Co                                   | 1.04%                          | 1.04%  | 0.90%  | 0.75%  | 0.76%  | 0.83%  | 0.83%  |        | 1.09%  |        |
| Memorial Healthcare System                  | 0.81%                          | 0.92%  | 0.90%  | 0.82%  | 0.83%  | 0.91%  | 0.91%  | 0.91%  | 0.94%  | 0.56%  |
| NASA Lyndon B Johnson Space Center          | 0.92%                          | 0.92%  | 0.72%  | 0.93%  | 0.95%  | 1.03%  | 1.03%  | 1.03%  | 1.07%  | 1.04%  |
| HEB   | 0.69%                          | 0.43%  | 0.45%  | 0.45%  | 0.48%  |        |        |        |        |        |
| Powell Electrical Systems Inc               | 0.63%                          | 0.63%  | 0.71%  | 0.63%  | 0.78%  | 0.71%  | 0.74%  | 0.84%  | 0.87%  | 0.50%  |
| Kroger                                      | 0.49%                          | 0.63%  | 0.68%  | 0.53%  | 0.59%  |        |        |        |        |        |
| Shell Chemical                              | 0.55%                          | 0.55%  | 0.56%  | 0.56%  | 0.61%  | 0.70%  | 0.70%  | 0.70%  | 0.43%  | 0.41%  |
| San Jacinto College                         | 0.50%                          | 0.55%  | 0.54%  | 0.49%  | 0.50%  | 0.54%  | 0.51%  | 0.51%  | 0.51%  | 0.51%  |
| University of Houston - Clear Lake          | 0.47%                          | 0.46%  | 0.49%  | 0.46%  | 0.47%  | 0.52%  | 0.52%  | 0.52%  | 0.56%  | 0.45%  |
| Pasadena City Hall                          | 0.40%                          | 0.40%  | 0.39%  | 0.41%  | 0.42%  | 0.46%  | 0.46%  | 0.46%  | 0.47%  | 0.46%  |
| DOW (listed as Rohm & Haas Texas Inc. FY17) | 0.37%                          | 0.37%  | 0.36%  | 0.37%  | 0.38%  | 0.41%  | 0.41%  | 0.41%  | 0.43%  | 0.41%  |
| US Air Force                                | 0.37%                          | 0.37%  | 0.36%  | 0.37%  | 0.38%  | 0.41%  | 0.41%  | 0.41%  | 0.43%  | 0.41%  |
| ABC Professional Tree Services Inc.         |                                |        | 0.36%  | 0.56%  | 0.57%  | 0.62%  | 0.62%  |        |        |        |
| GE Energy/ Baker Hughes                     |                                |        | 0.54%  |        |        |        |        |        |        |        |
| Lubrizol                                    |                                |        | 0.47%  | 0.38%  |        |        |        |        |        |        |
| Wyle Life Science                           |                                |        | 0.36%  | 0.37%  | 0.38%  | 0.41%  | 0.41%  |        |        |        |
| Bayshore Medical Center *                   |                                |        |        | 0.60%  | 0.57%  | 0.62%  | 0.62%  |        | 0.64%  | 0.62%  |
| Clear Lake Regional Medical Center *        |                                |        |        | 0.90%  | 0.61%  | 0.66%  | 0.66%  | 0.66%  | 0.69%  | 0.66%  |
| Equistar Chemicals LP                       |                                |        |        |        |        | 0.62%  |        | 0.62%  | 0.64%  | 0.62%  |
| Anheuser-Busch Co                           |                                |        |        |        |        | 0.41%  |        | 0.41%  | 0.43%  | 0.41%  |
| United Space Alliance                       |                                |        |        |        |        |        |        |        | 2.79%  | 4.22%  |
| Aker Industrial Constructors                |                                |        |        |        |        |        |        |        |        | 0.62%  |
| Channelview Complex                         |                                |        |        |        |        |        |        |        |        | 0.50%  |
| Totals                                      | 15.67%                         | 16.25% | 17.45% | 16.75% | 14.94% | 15.91% | 13.90% | 13.60% | 16.80% | 16.23% |

Data Sources include InfoUSA (ReferenceUSA) and the Hoover's, <https://www.census.gov/programs-surveys/cbp/news-updates/updates/dec-2018.html>

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  
Last Ten Fiscal Years  
(Unaudited)

|                                      | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011         | 2010         |
| Faculty:                             |              |              |              |              |              |              |              |              |              |              |
| Full-time                            | 536          | 525          | 537          | 524          | 541          | 525          | 518          | 523          | 492          | 511          |
| Part-time                            | 1,063        | 1,142        | 1,213        | 1,122        | 814          | 793          | 767          | 713          | 729          | 763          |
| Total                                | <u>1,599</u> | <u>1,667</u> | <u>1,750</u> | <u>1,646</u> | <u>1,355</u> | <u>1,318</u> | <u>1,285</u> | <u>1,236</u> | <u>1,221</u> | <u>1,274</u> |
| Percent:                             |              |              |              |              |              |              |              |              |              |              |
| Full-time                            | 33.5%        | 31.5%        | 30.7%        | 31.8%        | 39.9%        | 39.8%        | 40.3%        | 42.3%        | 40.3%        | 40.1%        |
| Part-time                            | 66.5%        | 68.5%        | 69.3%        | 68.2%        | 60.1%        | 60.2%        | 59.7%        | 57.7%        | 59.7%        | 59.9%        |
| Staff and Administrators:            |              |              |              |              |              |              |              |              |              |              |
| Full-time                            | 822          | 822          | 830          | 798          | 784          | 772          | 725          | 721          | 703          | 732          |
| Part-time                            | 669          | 673          | 713          | 617          | 493          | 503          | 441          | 392          | 431          | 577          |
| Total                                | <u>1,491</u> | <u>1,495</u> | <u>1,543</u> | <u>1,415</u> | <u>1,277</u> | <u>1,275</u> | <u>1,166</u> | <u>1,113</u> | <u>1,134</u> | <u>1,309</u> |
| Percent:                             |              |              |              |              |              |              |              |              |              |              |
| Full-time                            | 55.1%        | 55.0%        | 53.8%        | 56.4%        | 61.4%        | 60.5%        | 62.2%        | 64.8%        | 62.0%        | 55.9%        |
| Part-time                            | 44.9%        | 45.0%        | 46.2%        | 43.6%        | 38.6%        | 39.5%        | 37.8%        | 35.2%        | 38.0%        | 44.1%        |
| FTSE per full-time faculty           |              |              |              |              |              |              |              |              |              |              |
|                                      | 40           | 41           | 40           | 41           | 39           | 40           | 40           | 41           | 46           | 40           |
| FTSE per full-time staff member      |              |              |              |              |              |              |              |              |              |              |
|                                      | 26           | 26           | 26           | 27           | 27           | 27           | 29           | 30           | 32           | 28           |
| Average over 9 months faculty salary |              |              |              |              |              |              |              |              |              |              |
|                                      | \$ 62,878    | \$ 61,167    | \$ 60,630    | \$ 60,778    | \$ 59,794    | \$ 59,195    | \$ 56,007    | \$ 55,893    | \$ 56,858    | \$ 55,500    |

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



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details  
Last Ten Fiscal Years  
(Unaudited)

| Student Classification | Fall 2018 |         | Fall 2017 |         | Fall 2016 |         | Fall 2015 |         | Fall 2014 |         | Fall 2013 |         | Fall 2012 |         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         |
|------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|                        | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |
| 00 - 29 hours          | 18,526    | 57.65%  | 17,263    | 56.58%  | 16,335    | 56.33%  | 15,866    | 56.01%  | 15,811    | 56.65%  | 15,846    | 55.83%  | 16,340    | 56.89%  | 17,142    | 58.32%  | 17,023    | 59.63%  | 16,467    | 60.96%  |
| 30 - 72 hours          | 8,747     | 27.22%  | 8,532     | 27.97%  | 8,155     | 28.12%  | 8,065     | 28.47%  | 7,986     | 28.61%  | 8,118     | 28.60%  | 8,055     | 28.05%  | 8,100     | 27.56%  | 7,589     | 26.58%  | 7,879     | 29.17%  |
| > 72 hours             | 4,864     | 15.14%  | 4,714     | 15.45%  | 4,508     | 15.55%  | 4,395     | 15.52%  | 4,114     | 14.74%  | 4,421     | 15.57%  | 4,326     | 15.06%  | 4,150     | 14.12%  | 3,937     | 13.79%  | 2,665     | 9.87%   |
| Total                  | 32,137    | 100.00% | 30,509    | 100.00% | 28,998    | 100.00% | 28,326    | 100.00% | 27,911    | 100.00% | 28,385    | 100.00% | 28,721    | 100.00% | 29,392    | 100.00% | 28,549    | 100.00% | 27,011    | 100.00% |

| Semester Hour Load     | Fall 2018 |         | Fall 2017 |         | Fall 2016 |         | Fall 2015 |         | Fall 2014 |         | Fall 2013 |         | Fall 2012 |         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         |
|------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|                        | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |
| Less than 3            | 158       | 0.49%   | 262       | 0.86%   | 305       | 1.05%   | 349       | 1.23%   | 317       | 1.14%   | 204       | 0.72%   | 262       | 0.91%   | 235       | 0.80%   | 298       | 1.04%   | 297       | 1.10%   |
| 3 - 5 semester hours   | 5,279     | 16.43%  | 5,435     | 17.81%  | 5,554     | 19.15%  | 5,676     | 20.04%  | 5,325     | 19.08%  | 5,371     | 18.92%  | 4,722     | 16.44%  | 4,673     | 15.90%  | 4,485     | 15.71%  | 5,077     | 18.80%  |
| 6 - 8 semester hours   | 9,706     | 30.20%  | 9,448     | 30.97%  | 8,826     | 30.44%  | 8,329     | 29.40%  | 7,702     | 27.60%  | 7,688     | 27.09%  | 7,787     | 27.11%  | 7,595     | 25.84%  | 7,079     | 24.80%  | 6,809     | 25.21%  |
| 9 - 11 semester hours  | 6,889     | 21.44%  | 6,529     | 21.40%  | 6,150     | 21.21%  | 6,054     | 21.37%  | 6,020     | 21.57%  | 6,240     | 21.98%  | 6,134     | 21.36%  | 6,358     | 21.63%  | 5,661     | 19.83%  | 5,171     | 19.14%  |
| 12 - 14 semester hours | 7,879     | 24.52%  | 6,674     | 21.88%  | 6,312     | 21.77%  | 5,995     | 21.16%  | 6,669     | 23.89%  | 7,023     | 24.74%  | 7,711     | 26.85%  | 8,327     | 28.33%  | 8,635     | 30.25%  | 7,743     | 28.67%  |
| 15 - 17 semester hours | 1,210     | 3.77%   | 1,334     | 4.37%   | 1,115     | 3.85%   | 1,158     | 4.10%   | 1,218     | 4.36%   | 1,398     | 4.93%   | 1,679     | 5.85%   | 1,723     | 5.86%   | 1,837     | 6.43%   | 1,746     | 6.46%   |
| 18 & over              | 1,016     | 3.16%   | 827       | 2.71%   | 736       | 2.54%   | 765       | 2.70%   | 660       | 2.36%   | 461       | 1.62%   | 426       | 1.48%   | 481       | 1.64%   | 554       | 1.94%   | 168       | 0.62%   |
| Total                  | 32,137    | 100.00% | 30,509    | 100.00% | 28,998    | 100.00% | 28,326    | 100.00% | 27,911    | 100.00% | 28,385    | 100.00% | 28,721    | 100.00% | 29,392    | 100.00% | 28,549    | 100.00% | 27,011    | 100.00% |

|                     |     |  |     |  |     |  |     |  |     |  |     |  |     |  |     |  |     |  |     |  |
|---------------------|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|
| Average course load | 8.9 |  | 8.7 |  | 8.6 |  | 8.6 |  | 8.7 |  | 8.8 |  | 9.0 |  | 9.1 |  | 9.3 |  | 8.9 |  |
|---------------------|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|

| Tuition Status                   | Fall 2018 |         | Fall 2017 |         | Fall 2016 |         | Fall 2015 |         | Fall 2014 |         | Fall 2013 |         | Fall 2012 |         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         |
|----------------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|                                  | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |
| Texas Resident (in-District)     | 14,962    | 46.56%  | 14,591    | 47.83%  | 14,122    | 48.71%  | 13,957    | 49.27%  | 13,996    | 50.15%  | 14,274    | 50.29%  | 14,409    | 50.17%  | 14,666    | 49.90%  | 14,312    | 50.13%  | 12,891    | 47.72%  |
| Texas Resident (out-of-District) | 10,247    | 31.89%  | 9,872     | 32.36%  | 9,898     | 34.13%  | 9,837     | 34.73%  | 9,919     | 35.54%  | 10,477    | 36.91%  | 10,633    | 37.02%  | 10,775    | 36.65%  | 10,381    | 36.36%  | 9,664     | 35.78%  |
| Non-Resident Tuition             | 733       | 2.63%   | 804       | 2.63%   | 778       | 2.68%   | 733       | 2.59%   | 651       | 2.33%   | 706       | 2.49%   | 766       | 2.67%   | 919       | 3.13%   | 853       | 2.99%   | 1,644     | 6.09%   |
| Tuition Exemption                | 6,195     | 19.28%  | 5,242     | 17.18%  | 4,200     | 14.48%  | 3,799     | 13.41%  | 3,345     | 11.98%  | 2,928     | 10.31%  | 2,913     | 10.14%  | 3,032     | 10.32%  | 3,003     | 10.52%  | 2,693     | 9.97%   |
| Other                            | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | -         | 0.00%   | 119       | 0.44%   |
| Total                            | 32,137    | 100.00% | 30,509    | 100.00% | 28,998    | 100.00% | 28,326    | 100.00% | 27,911    | 100.00% | 28,385    | 100.00% | 28,721    | 100.00% | 29,392    | 100.00% | 28,549    | 100.00% | 27,011    | 100.00% |

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile  
Last Ten Fiscal Years  
(Unaudited)

|        | Fall 2018 |         | Fall 2017 |         | Fall 2016 |         | Fall 2015 |         | Fall 2014 |         | Fall 2013 |         | Fall 2012 |         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         |  |
|--------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|--|
|        | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |  |
| Gender |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |  |
| Female | 18,786    | 58.46%  | 17,498    | 57.35%  | 16,337    | 56.34%  | 15,833    | 55.90%  | 15,561    | 55.75%  | 16,017    | 56.43%  | 16,393    | 57.08%  | 16,781    | 57.09%  | 16,116    | 56.45%  | 15,107    | 55.93%  |  |
| Male   | 13,351    | 41.54%  | 13,011    | 42.65%  | 12,661    | 43.66%  | 12,493    | 44.10%  | 12,350    | 44.25%  | 12,368    | 43.57%  | 12,328    | 42.92%  | 12,611    | 42.91%  | 12,433    | 43.55%  | 11,904    | 44.07%  |  |
| Total  | 32,137    | 100.00% | 30,509    | 100.00% | 28,998    | 100.00% | 28,326    | 100.00% | 27,911    | 100.00% | 28,385    | 100.00% | 28,721    | 100.00% | 29,392    | 100.00% | 28,549    | 100.00% | 27,011    | 100.00% |  |

|                  | Fall 2018 |         | Fall 2017 |         | Fall 2016 |         | Fall 2015 |         | Fall 2014 |         | Fall 2013 |         | Fall 2012 |         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         |  |
|------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|--|
|                  | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |  |
| Ethnic Origin    |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |  |
| White            | 6,986     | 21.74%  | 7,163     | 23.48%  | 7,398     | 25.51%  | 7,647     | 27.00%  | 7,960     | 28.52%  | 8,475     | 29.86%  | 8,720     | 30.35%  | 9,636     | 32.78%  | 10,711    | 37.52%  | 11,114    | 41.15%  |  |
| Hispanic         | 19,136    | 59.55%  | 17,370    | 56.93%  | 15,839    | 54.62%  | 14,838    | 52.38%  | 13,794    | 49.42%  | 13,191    | 46.47%  | 12,711    | 44.26%  | 11,847    | 40.32%  | 11,614    | 40.68%  | 10,397    | 38.49%  |  |
| African American | 3,166     | 9.85%   | 3,081     | 10.10%  | 2,981     | 10.28%  | 2,862     | 10.10%  | 2,918     | 10.46%  | 2,966     | 10.45%  | 2,889     | 10.06%  | 3,011     | 10.24%  | 3,027     | 10.60%  | 2,975     | 11.01%  |  |
| Asian            | 1,870     | 5.82%   | 1,767     | 5.79%   | 1,704     | 5.88%   | 1,670     | 5.90%   | 1,595     | 5.71%   | 1,616     | 5.69%   | 1,576     | 5.49%   | 1,538     | 5.23%   | 1,628     | 5.70%   | 1,590     | 5.89%   |  |
| Foreign          | 434       | 1.35%   | 566       | 1.86%   | 567       | 1.96%   | 575       | 2.03%   | 498       | 1.78%   | 508       | 1.79%   | 384       | 1.34%   | 581       | 1.98%   | 682       | 2.39%   | 791       | 2.93%   |  |
| Native American  | 193       | 0.60%   | 186       | 0.61%   | 173       | 0.60%   | 181       | 0.64%   | 221       | 0.79%   | 277       | 0.98%   | 332       | 1.16%   | 248       | 0.84%   | 258       | 0.91%   | 144       | 0.53%   |  |
| Other            | 352       | 1.10%   | 376       | 1.23%   | 336       | 1.16%   | 553       | 1.95%   | 925       | 3.32%   | 1,352     | 4.76%   | 2,109     | 7.34%   | 2,531     | 8.61%   | 629       | 2.20%   | -         | 0.00%   |  |
| Total            | 32,137    | 100.00% | 30,509    | 100.00% | 28,998    | 100.00% | 28,326    | 100.00% | 27,911    | 100.00% | 28,385    | 100.00% | 28,721    | 100.00% | 29,392    | 100.00% | 28,549    | 100.00% | 27,011    | 100.00% |  |

|           | Fall 2018 |         | Fall 2017 |         | Fall 2016 |         | Fall 2015 |         | Fall 2014 |         | Fall 2013 |         | Fall 2012 |         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         |  |
|-----------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|--|
|           | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |  |
| Age       |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |           |         |  |
| Under 18  | 4,855     | 15.11%  | 3,903     | 12.79%  | 3,071     | 10.59%  | 2,721     | 9.61%   | 2,269     | 8.13%   | 1,830     | 6.44%   | 1,903     | 6.63%   | 1,991     | 6.77%   | 2,057     | 7.21%   | 2,594     | 9.61%   |  |
| 18 - 21   | 14,064    | 43.76%  | 13,624    | 44.66%  | 13,054    | 45.02%  | 12,864    | 45.41%  | 12,859    | 46.07%  | 13,025    | 45.89%  | 12,917    | 44.97%  | 13,163    | 44.78%  | 12,805    | 44.85%  | 12,362    | 45.77%  |  |
| 22 - 24   | 4,850     | 15.09%  | 4,804     | 15.75%  | 4,755     | 16.40%  | 4,703     | 16.60%  | 4,648     | 16.65%  | 4,664     | 16.43%  | 4,679     | 16.29%  | 4,805     | 16.35%  | 4,575     | 16.02%  | 3,947     | 14.61%  |  |
| 25 - 35   | 5,927     | 18.44%  | 5,893     | 19.32%  | 5,849     | 20.17%  | 5,623     | 19.85%  | 5,659     | 20.28%  | 6,026     | 21.23%  | 6,264     | 21.81%  | 6,489     | 22.08%  | 6,234     | 21.84%  | 5,571     | 20.62%  |  |
| 36 - 50   | 2,010     | 6.25%   | 1,932     | 6.33%   | 1,900     | 6.55%   | 2,006     | 7.09%   | 2,031     | 7.28%   | 2,324     | 8.19%   | 2,422     | 8.43%   | 2,465     | 8.39%   | 2,380     | 8.34%   | 2,135     | 7.90%   |  |
| 51 & over | 431       | 1.15%   | 353       | 1.15%   | 369       | 1.27%   | 409       | 1.44%   | 445       | 1.59%   | 516       | 1.82%   | 536       | 1.87%   | 479       | 1.63%   | 498       | 1.74%   | 402       | 1.49%   |  |
| Total     | 32,137    | 100.00% | 30,509    | 100.00% | 28,998    | 100.00% | 28,326    | 100.00% | 27,911    | 100.00% | 28,385    | 100.00% | 28,721    | 100.00% | 29,392    | 100.00% | 28,549    | 100.00% | 27,011    | 100.00% |  |

Average age 23 23 24 24 24 24 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  
Academic Year 2017 - 2018 Students as of Fall 2018  
(Unaudited)  
(Includes Only Public Senior Colleges in Texas)

|   | Transfer<br>Student<br>Count<br><u>Academic</u> | Transfer<br>Student<br>Count<br><u>Technical</u> | Total of All<br>Transfer<br>Students | Percentage<br>of All<br>Transfer<br>Students |
|---|---|--|--------------------------------------|--|
| 1 Angelo State University                                   | 3   | 2  | 5                                    | 0.07%  |
| 2 Baylor College of Medicine                                | 1   | 1  | 2                                    | 0.03%  |
| 3 Lamar University  | 122   | 20   | 142                                  | 2.01%  |
| 4 Midwestern State University                               | 6   | 2  | 8                                    | 0.11%  |
| 5 Prairie View A&M University                               | 34  | 4  | 38                                   | 0.54%  |
| 6 Sam Houston State University                              | 240   | 32   | 272                                  | 3.85%  |
| 7 Stephen F. Austin State University                        | 128   | 14   | 142                                  | 2.01%  |
| 8 Sul Ross State University                                 | 2   | -  | 2                                    | 0.03%  |
| 9 Tarleton State University                                 | 18  | 3  | 21                                   | 0.30%  |
| 10 Texas A&M University                                     | 469   | 63   | 532                                  | 7.54%  |
| 11 Texas A&M University - Central Texas                     | 1   | 3  | 4                                    | 0.06%  |
| 12 Texas A&M University - Commerce                          | 11  | 2  | 13                                   | 0.18%  |
| 13 Texas A&M University - Corpus Christi                    | 30  | 7  | 37                                   | 0.52%  |
| 14 Texas A&M University - Kingsville                        | 19  | 1  | 20                                   | 0.28%  |
| 15 Texas A&M University - San Antonio                       | -   | 1  | 1                                    | 0.01%  |
| 16 Texas A&M University - Texarkana                         | 5   | -  | 5                                    | 0.07%  |
| 17 Texas A&M University at Galveston                        | 43  | 7  | 50                                   | 0.71%  |
| 18 Texas A&M University System Health Science Center        | 9   | -  | 9                                    | 0.13%  |
| 19 Texas Southern University                                | 79  | 21   | 100                                  | 1.42%  |
| 20 Texas State University                                   | 247   | 38   | 285                                  | 4.04%  |
| 21 Texas Tech University                                    | 123   | 17   | 140                                  | 1.98%  |
| 22 Texas Tech University Health Science Center              | 8   | 4  | 12                                   | 0.17%  |
| 23 Texas Woman's University                                 | 28  | -  | 28                                   | 0.40%  |
| 24 The University of Texas at Rio Grande Valley             | 7   | -  | 7                                    | 0.10%  |
| 25 The University of Texas at Arlington                     | 103   | 28   | 131                                  | 1.86%  |
| 26 The University of Texas at Austin                        | 248   | 29   | 277                                  | 3.93%  |
| 27 The University of Texas at Dallas                        | 45  | 2  | 47                                   | 0.67%  |
| 28 The University of Texas at El Paso                       | 4   | -  | 4                                    | 0.06%  |
| 29 The University of Texas at San Antonio                   | 89  | 10   | 99                                   | 1.40%  |
| 30 The University of Texas at Tyler                         | 60  | -  | 60                                   | 0.85%  |
| 31 The University of Texas Health Science Center at Houston | 78  | 10   | 88                                   | 1.25%  |
| 32 The University of Texas M.D. Anderson Cancer Center      | 30  | 1  | 31                                   | 0.44%  |
| 33 The University of Texas Medical Branch at Galveston      | 77  | 9  | 86                                   | 1.22%  |
| 34 The University of Texas of the Permian Basin             | 8   | 2  | 10                                   | 0.14%  |
| 35 University of Houston                                    | 1,462   | 172  | 1,634                                | 23.15%                                       |
| 36 University of Houston - Clear Lake                       | 2,055   | 167  | 2,222                                | 31.49%                                       |
| 37 University of Houston - Downtown                         | 371   | 44   | 415                                  | 5.88%  |
| 38 University of Houston - Victoria                         | 18  | 5  | 23                                   | 0.33%  |
| 39 University of North Texas                                | 40  | 4  | 44                                   | 0.62%  |
| 40 University of North Texas Health Science Center          | 1   | -  | 1                                    | 0.01%  |
| 41 West Texas A&M University                                | 10  | -  | 10                                   | 0.14%  |
| Totals  | <u>6,332</u>                                    | <u>725</u>                                       | <u>7,057</u>                         | <u>100.00%</u>                               |

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

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information  
Last Ten Fiscal Years  
(Unaudited)

|  | Fiscal Year |           |           |           |           |           |           |           |           |           |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2019        | 2018      | 2017      | 2016      | 2015      | 2014      | 2013      | 2012      | 2011      | 2010      |
| Academic buildings                       | 39          | 38        | 38        | 37        | 36        | 36        | 36        | 34        | 34        | 33        |
| Square footage                           | 2,233,906   | 2,089,366 | 2,089,366 | 1,975,311 | 1,930,653 | 1,930,653 | 1,930,653 | 1,645,385 | 1,559,949 | 1,447,185 |
| Libraries                                | 3           | 3         | 3         | 4         | 3         | 3         | 3         | 3         | 3         | 3         |
| Square footage                           | 153,985     | 153,985   | 153,985   | 192,670   | 149,673   | 149,673   | 149,673   | 149,673   | 149,673   | 149,673   |
| Number of volumes                        | 218,214     | 219,896   | 221,849   | 216,964   | 240,876   | 237,177   | 244,084   | 245,932   | 243,340   | 243,695   |
| Administrative and support buildings     | 16          | 14        | 14        | 14        | 14        | 13        | 13        | 12        | 11        | 8         |
| Square footage                           | 406,923     | 401,660   | 401,660   | 401,660   | 401,660   | 395,610   | 395,610   | 371,610   | 333,610   | 267,371   |
| Dormitories                              | -           | -         | -         | -         | -         | 1         | 1         | 1         | 1         | 1         |
| Square footage                           | -           | -         | -         | -         | -         | 6,050     | 6,050     | 6,050     | 6,050     | 6,050     |
| Athletic facilities                      | 8           | 10        | 10        | 10        | 9         | 9         | 9         | 9         | 9         | 9         |
| Square footage                           | 15,526      | 11,434    | 11,434    | 11,434    | 3,170     | 3,170     | 3,170     | 3,170     | 3,170     | 3,170     |
| Stadiums                                 | 2           | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         |
| Fitness centers/gymnasiums               | 5           | 4         | 4         | 4         | 3         | 3         | 3         | 3         | 3         | 3         |
| Tennis courts                            | 1           | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         |
| Plant facilities                         | 7           | 6         | 6         | 5         | 5         | 5         | 5         | 7         | 7         | 7         |
| Square footage                           | 30,388      | 29,544    | 29,544    | 27,044    | 27,044    | 27,044    | 27,044    | 51,449    | 51,449    | 51,449    |
| Transportation:                          |             |           |           |           |           |           |           |           |           |           |
| Cars                                     | 3           | 1         | 1         | 1         | 1         | 1         | 1         | 4         | 6         | 9         |
| Sport utility vehicles/light trucks/vans | 81          | 96        | 96        | 97        | 91        | 86        | 83        | 74        | 71        | 68        |

Source: College Facilities Buildings and Land Inventory.

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

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

We have audited the financial statements of the San Jacinto Community College District (the College) as of and for the year ended August 31, 2019, 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 9, 2019. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the San Jacinto Community College Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Houston, Texas  
December 9, 2019

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

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

**Report on Compliance for Each Major Federal and State Program**

We have audited San Jacinto Community College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major Federal and State of Texas (State) programs for the year ended August 31, 2019. The College's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major Federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Single Audit Circular*. Those standards and the Uniform Guidance and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal or State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal and State program. However, our audit does not provide a legal determination of the College's compliance.

**Opinion on Each Major Federal and State Program**

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2019.

## Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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



Houston, Texas  
December 9, 2019



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2019

| Federal Grantors/Pass-Through Grantor/Program or Cluster Title   | Federal CFDA Number | Expenditures             |                         |                          | Pass-Through to Subrecipients |
|--|---------------------|--------------------------|-------------------------|--------------------------|-------------------------------|
|  |                     | Direct Awards            | Pass-Through Awards     | Total                    |                               |
| <b>U.S. DEPARTMENT OF EDUCATION</b>  |                     |                          |                         |                          |                               |
| Direct Programs:   |                     |                          |                         |                          |                               |
| Student Financial Aid Cluster:   |                     |                          |                         |                          |                               |
| Federal Supplemental Educational Opportunity Grants<br>P007A134114   | 84.007              | \$ 924,512               | \$ -                    | \$ 924,512               | -                             |
| Federal Work - Study Program<br>P033A134114  | 84.033              | 446,393                  | -                       | 446,393                  | -                             |
| Federal Pell Grant Program<br>P063P132303  | 84.063              | 30,642,260               | -                       | 30,642,260               | -                             |
| Federal Direct Student Loans - Subsidized<br>P268K142303   | 84.268              | 7,147,371                | -                       | 7,147,371                | -                             |
| Total Student Financial Aid Cluster - Schedule C   |                     | <u>39,160,536</u>        | <u>-</u>                | <u>39,160,536</u>        | <u>-</u>                      |
| Pass-Through From:   |                     |                          |                         |                          |                               |
| Texas Workforce Commission (TWC) -<br>Houston-Galveston Area Council/Workforce Development Board:  |                     |                          |                         |                          |                               |
| Adult Education - Basic Grants to States<br>216-19   | 84.002A             | -                        | 455,819                 | 455,819                  | -                             |
| Adult Education - Basic Grants to States<br>216-20   | 84.002A             | -                        | 84,028                  | 84,028                   | -                             |
| Total Adult Education - Basic Grants to States   |                     | <u>-</u>                 | <u>539,847</u>          | <u>539,847</u>           | <u>-</u>                      |
| Direct Programs:   |                     |                          |                         |                          |                               |
| TRIO Cluster:  |                     |                          |                         |                          |                               |
| TRIO Talent Search<br>P044A160410  | 84.044A             | 252,048                  | -                       | 252,048                  | -                             |
| TRIO Upward Bound<br>P047A170337   | 84.047A             | 316,863                  | -                       | 316,863                  | -                             |
| Total TRIO Cluster   |                     | <u>568,911</u>           | <u>-</u>                | <u>568,911</u>           | <u>-</u>                      |
| Pass-Through From:   |                     |                          |                         |                          |                               |
| Texas Higher Education Coordinating Board:<br>Career and Technical Education - Basic Grants to States:<br>Carl Perkins Vocational Education Basic 2018 - 2019<br>20058 | 84.048              | -                        | 993,379                 | 993,379                  | -                             |
| Total Career and Technical Education - Basic Grants to States  |                     | <u>-</u>                 | <u>993,379</u>          | <u>993,379</u>           | <u>-</u>                      |
| Education, Research, Development and Dissemination<br>R305H150069  | 84.305              | -                        | 14,520                  | 14,520                   | -                             |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>  |                     | <b><u>39,729,447</u></b> | <b><u>1,547,746</u></b> | <b><u>41,277,193</u></b> | <b><u>-</u></b>               |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>  |                     |                          |                         |                          |                               |
| Pass-Through From:   |                     |                          |                         |                          |                               |
| The University of Texas at El Paso:<br>Hispanic Serving Institutions Education Grants<br>226300285E  | 10.223              | -                        | 21,804                  | 21,804                   | -                             |
| Texas Department of Agriculture:<br>Child and Adult Care Food Program 2017 - 2018<br>3202/2017 - 2018  | 10.558              | -                        | 2,290                   | 2,290                    | -                             |
| Child and Adult Care Food Program 2018 - 2019<br>3202/2018 - 2019  | 10.558              | -                        | 33,442                  | 33,442                   | -                             |
| Total Child and Adult Care Food Program  |                     | <u>-</u>                 | <u>35,732</u>           | <u>35,732</u>            | <u>-</u>                      |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>  |                     | <b><u>-</u></b>          | <b><u>57,536</u></b>    | <b><u>57,536</u></b>     | <b><u>-</u></b>               |
| <b>U.S. DEPARTMENT OF JUSTICE</b>  |                     |                          |                         |                          |                               |
| Direct Programs:   |                     |                          |                         |                          |                               |
| Bulletproof Vest Partnership Program<br>BVP2017  | 16.607              | 4,544                    | -                       | 4,544                    | -                             |
| Bulletproof Vest Partnership Program<br>BVP2018  | 16.607              | 1,606                    | -                       | 1,606                    | -                             |
| <b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>  |                     | <b><u>6,150</u></b>      | <b><u>-</u></b>         | <b><u>6,150</u></b>      | <b><u>-</u></b>               |

Continued

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2019

| Federal Grantors/Pass-Through Grantor/Program or Cluster Title                                 | Federal<br>CFDA<br>Number | Expenditures     |                        |                  | Pass-Through<br>to Subrecipients |
|--|---------------------------|------------------|------------------------|------------------|----------------------------------|
|  |                           | Direct<br>Awards | Pass-Through<br>Awards | Total            |                                  |
| <b><u>U.S. DEPARTMENT OF LABOR</u></b>   |                           |                  |                        |                  |                                  |
| Direct Programs:   |                           |                  |                        |                  |                                  |
| H-1B Job Training Grants<br>HG-26672-15-60-A-48  | 17.268                    | 1,320,148        | -                      | 1,320,148        | 840,291                          |
| Pass-Through From:   |                           |                  |                        |                  |                                  |
| Texas Workforce Commission (TWC):  |                           |                  |                        |                  |                                  |
| 2818NDW000   | 17.277                    | -                | 5,132                  | 5,132            | -                                |
| WIA/WIOA Dislocated Worker Formula Grants - WIOA Cluster<br>2819ATP001                         | 17.278                    | -                | 42,650                 | 42,650           | -                                |
| <b>TOTAL U.S. DEPARTMENT OF LABOR</b>  |                           | <b>1,320,148</b> | <b>47,782</b>          | <b>1,367,930</b> | <b>840,291</b>                   |
| <b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>                                    |                           |                  |                        |                  |                                  |
| Direct Programs:   |                           |                  |                        |                  |                                  |
| Education<br>80NSSC19M0097   | 43.008                    | 715              | -                      | 715              | -                                |
| <b>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>                                     |                           | <b>715</b>       | <b>-</b>               | <b>715</b>       | <b>-</b>                         |
| <b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u></b>  |                           |                  |                        |                  |                                  |
| Pass-Through From:   |                           |                  |                        |                  |                                  |
| Texas State Library & Archives Commission:<br>Grants to States<br>IMP-19021                    | 45.310                    | -                | 4,372                  | 4,372            | -                                |
| <b>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>  |                           | <b>-</b>         | <b>4,372</b>           | <b>4,372</b>     | <b>-</b>                         |
| <b><u>NATIONAL SCIENCE FOUNDATION</u></b>  |                           |                  |                        |                  |                                  |
| Direct Programs:   |                           |                  |                        |                  |                                  |
| Education and Human Resources<br>1911317   | 47.076                    | 2,804            | -                      | 2,804            | -                                |
| Pass-Through From:   |                           |                  |                        |                  |                                  |
| Texas Southern University:   |                           |                  |                        |                  |                                  |
| Education and Human Resources - Houston Alliance for Minority Participation<br>K-14-381        | 47.076                    | -                | 47,742                 | 47,742           | -                                |
| University of Houston Clear Lake -<br>Education and Human Resources - STEP<br>19-003           | 47.076                    | -                | 93,573                 | 93,573           | -                                |
| Tidewater Community College -<br>Education and Human Resources - SMART Institute<br>TCC1501449 | 47.076                    | -                | 5,185                  | 5,185            | -                                |
| Total Education and Human Resources  |                           | 2,804            | 146,500                | 149,304          | -                                |
| <b>TOTAL NATIONAL SCIENCE FOUNDATION</b>   |                           | <b>2,804</b>     | <b>146,500</b>         | <b>149,304</b>   | <b>-</b>                         |
| <b><u>U.S. SMALL BUSINESS ADMINISTRATION</u></b>   |                           |                  |                        |                  |                                  |
| Pass-Through From:   |                           |                  |                        |                  |                                  |
| The University of Houston:   |                           |                  |                        |                  |                                  |
| Small Business Development Centers 2017-2018<br>R-18-0054-53826                                | 59.037                    | -                | 22,687                 | 22,687           | -                                |
| Small Business Development Centers 2018 - 2019<br>R-19-0062-53826                              | 59.037                    | -                | 129,619                | 129,619          | -                                |
| Total Small Business Development Centers   |                           | -                | 152,306                | 152,306          | -                                |
| <b>TOTAL U.S. SMALL BUSINESS ADMINISTRATION</b>  |                           | <b>-</b>         | <b>152,306</b>         | <b>152,306</b>   | <b>-</b>                         |
| <b><u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u></b>  |                           |                  |                        |                  |                                  |
| Direct Programs - All-Volunteer Force Educational Assistance<br>362/242D                       | 64.124                    | 19,110           | -                      | 19,110           | -                                |

Continued

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2019

| Federal Grantors/Pass-Through Grantor/Program or Cluster Title                       | Federal<br>CFDA<br>Number | Expenditures         |                        |                      | Pass-Through<br>to Subrecipients |
|--|---------------------------|----------------------|------------------------|----------------------|----------------------------------|
|  |                           | Direct<br>Awards     | Pass-Through<br>Awards | Total                |                                  |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                  |                           |                      |                        |                      |                                  |
| Direct Programs:   |                           |                      |                        |                      |                                  |
| Affordable Care Act (ACA) Health Profession Opportunity Grants<br>90FX0035           | 93.093                    | 1,849,600            | -                      | 1,849,600            | -                                |
| Pass-Through From:   |                           |                      |                        |                      |                                  |
| Temporary Assistance for Needy Families (TANF) Cluster:                              |                           |                      |                        |                      |                                  |
| Texas Workforce Commission (TWC):  |                           |                      |                        |                      |                                  |
| Temporary Assistance for Needy Families - Governor's Summer Merit<br>2819SMP006      | 93.558                    | -                    | 40,816                 | 40,816               | -                                |
| Temporary Assistance for Needy Families - Camp Code for Girls<br>2819TAN005          | 93.558                    | -                    | 15,021                 | 15,021               | -                                |
| Houston-Galveston Area Council/Workforce Development Board:                          |                           |                      |                        |                      |                                  |
| Temporary Assistance for Needy Families - Adult Education Literacy Program<br>216-18 | 93.558                    | -                    | (555)                  | (555)                | -                                |
| Temporary Assistance for Needy Families - Adult Education Literacy Program<br>216-19 | 93.558                    | -                    | 13,181                 | 13,181               | -                                |
| Total TANF Cluster   |                           | -                    | 68,463                 | 68,463               | -                                |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                            |                           | <b>1,849,600</b>     | <b>68,463</b>          | <b>1,918,063</b>     | <b>-</b>                         |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>  |                           |                      |                        |                      |                                  |
| Pass-Through From:   |                           |                      |                        |                      |                                  |
| Federal Emergency Management Agency (FEMA):  |                           |                      |                        |                      |                                  |
| Disaster Grants - Public Assistance  | 97.036                    | -                    | (9,721)                | (9,721)              | -                                |
| <b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>                                    |                           | <b>-</b>             | <b>(9,721)</b>         | <b>(9,721)</b>       | <b>-</b>                         |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |                           | <b>\$ 42,927,974</b> | <b>\$ 2,014,984</b>    | <b>\$ 44,942,958</b> | <b>\$ 840,291</b>                |

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards  
Year Ended August 31, 2019

| State Grantor Agency/Pass-Through Grantor/Program Title   | Grant<br>Contract<br>Number | Total State<br>Expenditures | Pass-Through<br>to Subrecipients |
|---|-----------------------------|-----------------------------|----------------------------------|
| <b><u>TEXAS WORKFORCE COMMISSION (TWC)</u></b>  |                             |                             |                                  |
| Direct Program:   |                             |                             |                                  |
| Skills Development Fund - SJC in Partnership with a Manufacturing Consortium  | 2817SDF002                  | \$ 34,106                   | \$ -                             |
| Skills Development Fund - SJC in Partnership with a Manufacturing Consortium  | 2818SDF007                  | 158,041                     | -                                |
| Skills Development Fund - Skills for Small Business Program 4   | 2817SSD004                  | 8,951                       | -                                |
| Skills Development Fund - Skills for Small Business Program 5   | 2819SSD004                  | 13,440                      | -                                |
| Total Skills Development Fund   |                             | 214,538                     | -                                |
| Apprenticeship Training Program   | 2819ATP001                  | 61,909                      | -                                |
| Pass-Through From:  |                             |                             |                                  |
| Houston-Galveston Area Council/Workforce Development Board -<br>Adult Education & Literacy State General Revenue Matching | 216-19                      | 81,230                      | -                                |
| <b>TOTAL TEXAS WORKFORCE COMMISSION</b>   |                             | <b>357,677</b>              | <b>-</b>                         |
| <b><u>TEXAS HIGHER EDUCATION COORDINATING BOARD</u></b>   |                             |                             |                                  |
| Student Financial Aid Cluster:  |                             |                             |                                  |
| State Military Tuition Assistance   | 26041                       | 5,689                       | -                                |
| Texas Education Opportunity Grant Program - Initial (TEOG)  | 13399                       | 1,253,890                   | -                                |
| Texas Education Opportunity Grant Program - Renewal (TEOG)  | 13399                       | 564,948                     | -                                |
| College Work Study Program  | 22339                       | 116,885                     | -                                |
| College Work Study Mentorship Program   | 22349                       | 69,483                      | -                                |
| College Access Loan   | N/A                         | 8,000                       | -                                |
| Total Student Financial Aid Cluster   |                             | 2,018,895                   | -                                |
| Direct Program:   |                             |                             |                                  |
| Reginal Pathways Project Grant  | 19100                       | 4,867                       | -                                |
| T-STEM Scholarship 2016   | 16909                       | 168,079                     | -                                |
| College Readiness and Success/Developmental Ed Program  | 13079                       | 79,966                      | -                                |
| Nursing and Allied Health - Building Simulation and Skills Lab Capacity   | 13068                       | 6,120                       | -                                |
| Nursing Shortage Reduction Program Under 70 FY16-17 - Central & North   | 16619 CC&NC                 | 207,101                     | -                                |
| Nursing Shortage Reduction Program Under 70 FY16-17 - South   | 16619 SC                    | 46,305                      | -                                |
| <b>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</b>  |                             | <b>2,531,333</b>            | <b>-</b>                         |
| <b>TOTAL STATE FINANCIAL ASSISTANCE</b>   |                             | <b>\$ 2,889,010</b>         | <b>\$ -</b>                      |

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards  
Year Ended August 31, 2019

**1. Federal Assistance Reconciliation**

|   |                          |
|---|--------------------------|
| Direct Federal grants and contracts per Schedule A  | \$ 5,457,321*            |
| Add: Indirect/Administrative Cost Recoveries per Schedule A                               | 334,822                  |
| Direct Federal revenue, non-operating Schedule C  | 39,051,940               |
| Add: Indirect/Administrative Cost Recoveries per Schedule C                               | 108,596                  |
| Add: FEMA per Schedule C  | <u>(9,721)</u>           |
| <br>Total Federal Revenues per Schedule E -<br>Schedule of Expenditures of Federal Awards | <br>\$ <u>44,942,958</u> |

**2. State Assistance Reconciliation**

|   |                         |
|---|-------------------------|
| Direct State grants and contracts per Schedule A                                      | \$ 2,881,926**          |
| Add: Indirect/Administrative Cost Recoveries (Returned Funds)<br>per Schedule A       | <u>7,084</u>            |
| <br>Total State Revenues per Schedule F -<br>Schedule of Expenditures of State Awards | <br>\$ <u>2,889,010</u> |

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

The schedules of expenditures of Federal and State awards (the Schedules) present the activity of Federal and State programs of the College for the year ended August 31, 2019. The Schedules have been prepared on the accrual basis of accounting. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.

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

\*The following amounts were passed-through to the listed sub-recipients by the College. The total amount of \$840,291 is included in Note 1 - Direct Federal Grants and Contracts.

| <u>Sub-Recipient Name</u> | <u>CFDA</u> | <u>Grant Agency</u>      | <u>Grant Program</u>     | <u>Amount</u>     |
|---------------------------|-------------|--------------------------|--------------------------|-------------------|
| Brazosport College        | 17.268      | U.S. Department of Labor | H-1B Job Training Grants | \$ 179,514        |
| College of the Mainland   | 17.268      | U.S. Department of Labor | H-1B Job Training Grants | 263,808           |
| Lee College               | 17.268      | U.S. Department of Labor | H-1B Job Training Grants | <u>396,969</u>    |
| Total                     |             |                          |                          | \$ <u>840,291</u> |

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs  
Year Ended August 31, 2019

**Section 1**

Financial Statements

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

**Summary of Auditor's Results**

Unmodified  
No  
None reported  
No

Federal and State Awards

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

No  
None reported  
Unmodified  
No

Federal CFDA Number

84.007  
84.033  
84.063  
84.268

84.044A  
84.047A

17.268  
93.093

Name of Federal Program

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

TRIO Cluster:  
TRIO Talent Search  
TRIO Upward Bound

H-1B Job Training Grants  
Affordable Care Act (ACA)  
Health Profession Opportunity Grants

State - Contract Number

26041  
13399

13399

22339  
22349

N/A

Name of State Program

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs (Continued)  
Year Ended August 31, 2019

**Section 1, Continued**

**Summary of Auditor's Results**

|  |            |
|--|------------|
| 5. Dollar threshold used to distinguish<br>between Type A and Type B programs: |            |
| Federal  | \$ 750,000 |
| State  | \$ 300,000 |
| 6. Auditee qualified as a low-risk auditee?                                    |            |
| Federal  | Yes        |
| State  | Yes        |

**Section 2**

Financial Statement Findings

None reported

**Section 3**

Federal and State Award Findings and Questioned Costs

None reported