

San Jacinto Community College District



Annual Comprehensive Financial Report for the Fiscal Years Ended August 31, 2021 and 2020

Pasadena, Texas

SAN JACINTO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

August 31, 2021

	<u>Page</u>
Introductory Section	
Organizational Data	i
Organizational Chart.....	ii
Letter of Transmittal.....	iii-x
GFOA Certificate of Achievement.....	xi
Financial Section	
Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis (Unaudited).....	5-16
Basic Financial Statements	
Exhibit 1 San Jacinto Community College District - Statements of Net Position.....	19
Exhibit 1A San Jacinto Community College Foundation, Inc. - Statements of Financial Position.....	20
Exhibit 2 San Jacinto Community College District - Statements of Revenues, Expenses, and Changes in Net Position	21
Exhibit 2A San Jacinto Community College Foundation, Inc. - Statements of Activities and Changes in Net Assets.....	22
Exhibit 3 San Jacinto Community College District - Statements of Cash Flows.....	23
Exhibit 3A San Jacinto Community College Foundation, Inc. - Statements of Cash Flows	24
Notes to Basic Financial Statements	25-59
Required Supplemental Schedules	
Required by The Governmental Accounting Standards Board:	
RSI - 1 Schedule of the College’s Share of Net Pension Liability	65
RSI - 2 Schedule of the College’s Contributions for Pensions	66
RSI - 3 Schedule of the College’s Proportionate Share of the Net OPEB Liability	67
RSI - 4 Schedule of the College’s Contributions for OPEB	68
Notes to Required Supplemental Schedules	69-70
Required by The Texas Higher Education Coordinating Board	
Schedule A Schedule of Operating Revenues.....	73
Schedule B Schedule of Operating Expenses by Object.....	74
Schedule C Schedule of Non-Operating Revenues and Expenses.....	75
Schedule D Schedule of Net Position by Source and Availability	76

SAN JACINTO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS (continued)

August 31, 2021

Statistical Section (Unaudited)

Table of Contents	79
SS-1 Net Position by Component	81
SS-2 Revenues by Source.....	82
SS-3 Program Expenses by Function.....	83
SS-4 Tuition and Fees	84
SS-5 Assessed Value and Taxable Assessed Value of Property	85
SS-6a General Appropriations Act Before Contact Hour Adjustments.....	86
SS-6b State Appropriation per Full Time Student Equivalent (FTSE).....	87
SS-6c State Appropriation per Funded Contact Hour (CH) portion only.....	88
SS-6d State Appropriation per Student Success Point (SSP) - Annualized.....	89
SS-6e Student Success Points (SSP)	90
SS-7 Top Ten Principal Taxpayers	91
SS-8 Property Tax Levies and Collections	92
SS-9 Ratios of Outstanding Debt.....	93
SS-10 Legal Debt Margin Information	94
SS-11 Pledged Revenue Coverage	95
SS-12 Demographic and Economic Statistics – Taxing District	96
SS-13 Principal Employers for the Service Area.....	97
SS-14 Faculty, Staff, and Administrators Statistics	98
SS-15 Enrollment Details	99
SS-16 Student Profile.....	100
SS-17 Transfers to Senior Institutions	101
SS-18 Capital Asset Information	102

SAN JACINTO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS (continued)

August 31, 2021

Federal and State Awards Section

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103-104
Independent Auditor’s Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by the <i>Uniform Guidance</i> and the State of Texas <i>Uniform Grant Management Standards</i>	105-106
Schedule of Findings and Questioned Costs.....	107-108
Corrective Action Plan	109
Schedule E - Schedule of Expenditures of Federal Awards	110-112
Notes to Schedules of Expenditures of Federal Awards.....	113
Schedule F - Schedule of Expenditures of State Awards	115
Notes to Schedules of Expenditures of State Awards	116





Introductory



SAN JACINTO COMMUNITY COLLEGE DISTRICT
ORGANIZATIONAL DATA

Board of Trustees and Key Officers
 Year Ended August 31, 2021

Officers

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

Members

Term Expires
May 31,

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
Mr. Dan Mims	Channelview, Texas	2027
Mr. John Moon, Jr.	Pasadena, Texas	2027
Mr. Keith Sinor	Deer Park, Texas	2027

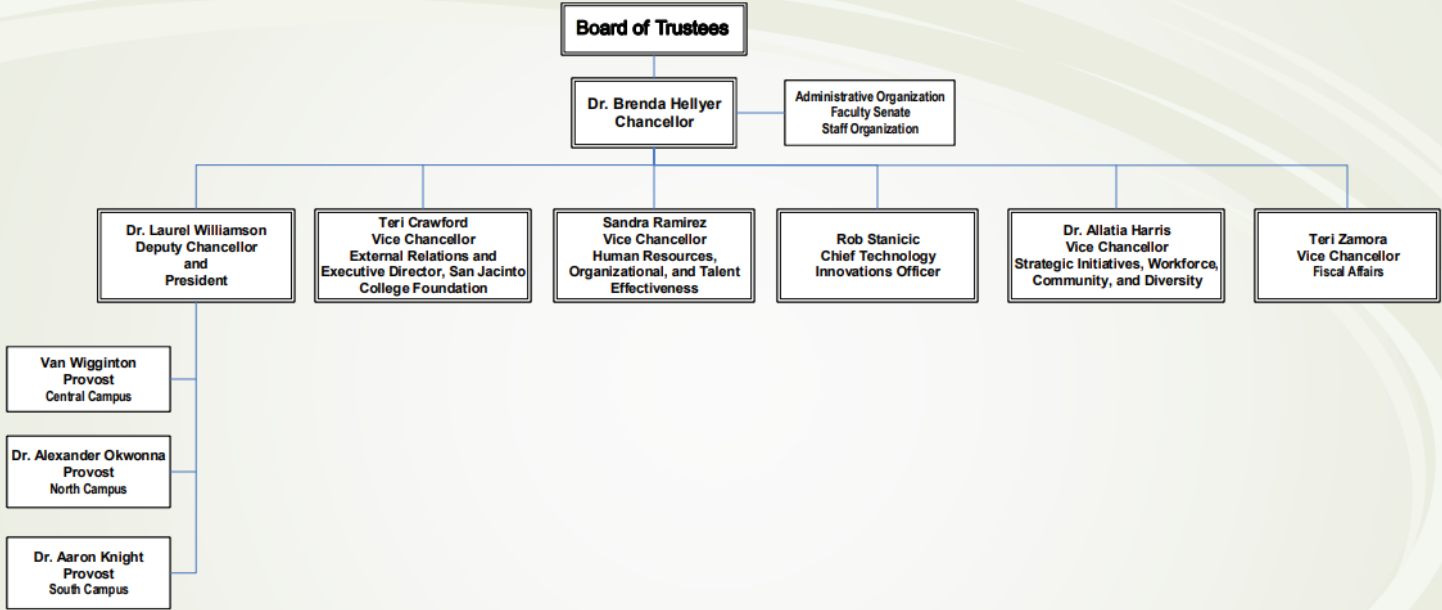
Trustee Emeritus

Mr. Ben Meador

Key Officers

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

**San Jacinto Community College District
Strategic Leadership Team
Organizational Structure**



Updated Nov 2021



December 14, 2021

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Jacinto Community College District (College) for the fiscal years ended August 31, 2021 and 2020. The purpose of this report is to provide detailed information about the financial condition and performance of the College to the Board of Trustees, taxpayers, Texas Higher Education Coordinating Board (THECB), grantor agencies, employees, and other interested parties. The report consists of management's representations concerning the finances of the College. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control.

To the best of our knowledge and belief, the enclosed financial report is complete and reliable in all material respects. It is organized in a manner designed to fairly present the financial position and results of operations of the College. The accompanying disclosures are necessary to enable the reader to gain an understanding of the College's financial affairs.

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

PROFILE OF THE DISTRICT

GETTING STARTED

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

In February 1961, the Board changed the name to San Jacinto Junior College District. The name was changed again in 1995 to San Jacinto Community College District to better reflect the expanded mission as a community college. The College is commonly referred to throughout the community as San Jacinto College, or simply San Jac.

On September 18, 1961, the College opened and 876 students entered several renovated buildings in downtown Pasadena to attend the first classes offered by San Jacinto College. The voters of the College District voted favorably a \$.15 per \$100 valuation tax that was used to start operations, hire faculty, and begin building what is now the Central Campus. All operations were moved to the current Central Campus location in 1964.

EXPANSION

By fall 1974, the College was offering seven programs in leased store-front facilities on Federal Road until the North Campus opened in the spring of 1975. San Jacinto College South opened in September of 1979.

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

In November 2015, with a nearly 68 percent approval rate, voters continued their support of the College with approval of a \$425 million general obligation bond referendum to allow the College to continue to update and transform the campuses, with the focus on student success. 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 were on average 30 or more years old, 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. A number of these projects were completed in fiscal years 2020 and 2021. This general obligation bond also partially funded the initial building at the new Generation Park Campus in the northernmost portion of the College's service area, which opened in fall 2020.

After adding the City of Houston portions of Ellington Spaceport into the College taxing district in 2019, the College opened the EDGE Center at the Houston Spaceport at Ellington Field in fiscal year 2020 to address the workforce needs of the aerospace and aviation companies in the Clear Lake area. San Jacinto College is proud to be the training partner for the Houston Spaceport with five certification programs that directly support the aerospace industry, as well as drone programs and customized training classes to meet individual company needs. We also formed a chancellor's advisory council to help us better understand the workforce needs now and those anticipated in the future.

The College continues to expand partnerships with regional independent school districts and has expanded dual credit and early college high school offerings, including career and technical education options. The College has early college high schools and modified early college high schools with Channelview, Clear Creek, Deer Park, Galena Park, La Porte, Pasadena, and Sheldon Independent School Districts. This work continues to be important with dual credit and early college high school students representing 20.0 percent of the fall 2021 student enrollment.

Effective with the fall 2020 term, the College was approved to offer a Bachelor of Science in Nursing (BSN), RN to BSN. The one-year BSN program is for the working registered nurse with an associate degree who wants to advance within the profession. The program's primary concepts include community health nursing, nursing research, public and global health policy, and informatics and leadership. The program follows an eight-week course model, and the first cohort class began during fall 2020. Of the College's inaugural BSN cohort of 24 students, 21 students are eligible for commencement in December 2021. The second cohort of students began their coursework in fall 2021.

The College district has grown to include five campuses and approximately 2.5 million square feet of academic buildings which support the growing demands of our student population. The College enrolled approximately 41,000 students in fiscal year 2021 and served these students by employing over 2,600 full-time and part-time personnel.

AWARDS, ACCOMPLISHMENTS AND PROGRAMS

In September 2021, the College marked a major milestone by celebrating its 60th anniversary. The College has many accomplishments over the past 60 years and continues a tradition of excellence based on the vision, passion, and cooperative spirit that has marked this institution's leadership.

The Aspen Institute named San Jacinto College as an Aspen Prize finalist three times, most recently in 2021 as one of the top 5 community colleges in the nation out of 1,100, and it was announced recently that we are again one of the community colleges eligible for the 2023 Aspen Prize. This national recognition will create additional opportunities for the College to be a partner of choice for national and international industries looking for a college

partner that can provide innovative training for the evolving workforce and talent demands. Previously, the College was designated as a Top 10 community college in 2019 and selected as a Rising Star Award recipient in 2017.

The College received a generous donation of \$30 million from MacKenzie Scott and her husband, Dan Jewett, which is the largest private gift in the College's history and allowed the College to begin providing 100 percent tuition scholarships in fall 2021 for academic year 2021 graduating high school seniors who live in the College's taxing district (21Forward Scholarship program). More than 2,500 students attended San Jacinto College this fall on the 21 Forward scholarship.

Two years ago, the College launched the Promise program with three high schools in Pasadena ISD. To date, nearly 900 students have been able to attend San Jacinto College without the financial burden to complete their credential. In fall 2021, the Promise program, along with 21 Forward and early college high schools, helped bring more than 4,700 first time in college students to San Jacinto College. That is the highest number of first time in college students the College has seen. And we know that we can do more to help an increasing number of students complete. So, beginning with the class of 2022, students who live within the taxing district and who graduate between December of this year and June of 2022 will be able to attend San Jacinto College as a Promise Scholar to complete their certificate or associate degree. This expansion of the Promise @ San Jac program will pay for all tuition costs after financial aid and other scholarships are applied, and will also cover books and supplies. Promise Scholars will take 12 semester credit hours or more, must maintain a 2.0 GPA, and will have three years to complete their credential. This is truly a program built on our promise to support our students with resources and their promise to perform and complete. This program will be funded initially with the donation from Mackenzie Scott and her husband, Dan Jewett.

Today, the College offers the only maritime transportation associate degree in Texas, and has awarded more than 16,000 US Coast Guard approved certifications to help keep things moving along our inland waterways. Earlier this year, the San Jacinto College Maritime Campus was designated as a Center of Excellence for Domestic Maritime Workforce Training and Education. The College is just one of 26 recipient institutions from across the nation and U.S. Territories in the first group to receive the Center of Excellence designation which recognizes community colleges and training institutions that prepare students for careers in the maritime industry. To continue the growth in maritime programs, we are looking at technology and career opportunities in the blue economy to include Global Wind Offshore Safety Training which is required for people working onshore and offshore in the wind industry. In addition, the fire protection program was moved to the Maritime Campus to encompass fire training in the maritime industry. We are proud of this facility and the services provided to meet the workforce needs of the maritime and port industry.

The new instructional building on Central Campus under construction will open in 2022 and will be a first for the region and the nation. It will be the largest instructional building in the United States constructed from mass timber. Mass timber was chosen for its environmental sustainability and cost stability and fortunately the College was able to lock in the pricing prior to the pandemic.

Over the College's 60 years, we have witnessed 12 NJCAA championships, and last year the baseball and softball teams both finished third in the nation. We are proud of our San Jac Gators and Coyotes.

For the eighth time, the College has received the Annual Achievement of Excellence in Procurement (AEP) from the National Procurement Institute Inc. The College numbers among only 45 agencies in Texas and 12 higher education institutions in the U.S. and Canada to receive the award.

REPORTING ENTITY

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

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

component unit of the College using a discrete presentation.

ECONOMIC CONDITION AND OUTLOOK FOR THE LOCAL ECONOMY

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

The Houston area continues to slowly recover from job losses sustained due to COVID-19. As of August 31, 2021, 61.3% of jobs lost during the pandemic had been regained. Job sectors with the most progress were transportation, warehousing, utilities, finance, insurance, educational services, and restaurants. Non-farm jobs in August 2021 totaled 3.05 million, down 4.4% from 3.20 million jobs in August 2019. Unemployment rates for metro Houston, Texas and the U.S. were 6.1%, 5.3% and 5.7%, respectively, in August 2021.

San Jacinto College has a long history of being a strong resource for the communities it serves. That begins and is most pronounced in our commitment to affordability for students to attend and complete their educational goals. This commitment is also demonstrated in the College's efforts to expand intentional support services for students and to reduce barriers that impede students' progress. The Higher Education Emergency Relief Funds (HEERF) have been instrumental in our ability to accomplish these efforts. During fall 2021, the College distributed the final allocation of direct emergency aid to students so they could pay for things like food, rent, gas or tuition and books. Moving forward, we will continue to provide numerous opportunities for tuition discounts, technology enhancements and student support services throughout the fiscal year.

As an example, we erased nearly \$2 million of debt that our students incurred during COVID, so that they could re-enroll and complete their coursework. We helped over 5,000 students re-take a class that they may have withdrawn from or received an F in during the fall 2020 or spring 2021 semesters. We did this so that they could stay on track with their coursework and program of study.

Through some of these federal funds, as well as through funds received from the Texas Reskilling and Upskilling Education grant from the state of Texas, we are helping to fill a gap that was left in our region's workforce due to COVID by covering tuition, instructional materials, supplies and certification exams for students in non-credit and credit programs. These are programs that can be completed in a year or less and will place graduates in good-paying jobs.

COVID-19 UPDATE

San Jacinto College employees adapted, re-adapted, imagined, re-imagined, and pivoted during this pandemic to deliver the college experience that our students expect of us. We know that every student and every situation is unique, and remain committed to providing opportunities for our students to complete their certificates or degrees. We remain committed to being a student-centered college!

Our campuses are open, but we still have safety protocols in place and are cautious about large meetings and small meeting spaces. We encourage face coverings, but they are not required. Students are back on campus, but many still prefer online offerings. About 43 percent of our transfer students and 70 percent of our technical students are enrolled in face-to-face classes. In the past, it was generally about 70 to 75 percent face-to-face for most students. These numbers are somewhat surprising as we thought more would choose face-to-face after being unable to attend in person for so long. The next steps are to understand why students are making this choice and to determine how to support these choices. The entire enterprise of teaching and learning has had to change, and the College is still changing in every aspect, from facilities usage to infrastructure to technology needs and enhancements, from advising to financial aid to library services. All across the College we have had to re-think how to teach students and how to support them and our own learning as we move forward. We have learned so much,

but we have much, much more to learn about student choices and needed support, about how we meet them where they are and then take them where they want to go, whether that means transfer, workforce training and good entry-level jobs, or improving current skills or changing jobs entirely because their job disappeared during the pandemic. We need to provide our students with the resources and skills they need to achieve their goals and earn credentials.

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

The College maintains strong fiscal health, and provides a strong return on investment to students, society, and taxpayers. 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 long-term fiscal resiliency and sustainability is intended to poise the College for future success.

The College Policy III.3001.B, Finance Standards, establishes a target level for the College's days cash on hand of 4 to 6 months of the annual current unrestricted and auxiliary funds budgets. As of August 31, 2021 and 2020, the College had strong reserves with 5.64 months and 5.36 months, respectively, of cash on hand.

San Jacinto College is affordable. Effective fall 2019, the College instituted a tuition only model, and eliminated all enrollment fees. This change made all programs available to every student at the same low price and also introduced a new level of transparency and simplicity to the process of registering and paying for College. At \$936 for tuition for 12 semester credit hours, 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 has maintained the same tuition rates since the change in the fall of 2019.

VISION, MISSION AND VALUES

San Jacinto College is working with Houston-area businesses and higher-education institutions to update curriculum, to implement initiatives that foster innovation, to upskill current workers, and to train an incoming workforce for the highly technical jobs that this region attracts and would like to continue attracting. The College also partners closely with the local school districts, community groups including chambers and non-profits, and area economic organizations, as we strive to fulfill our goal of truly serving the community that supports us with their tax dollars.

Vision

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

Mission

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

Our Values

Every student's pathway is unique, and San Jacinto College students are a diverse mosaic — blending many perspectives on success. For 45 percent of our student body, being the first in the family to attend college is a life-changing act that propels future generations to succeed. Others aspire to master a trade or special interest, jump-start a new career, prepare for university transfer or help their communities succeed. Most San Jacinto College students are working, and their success requires a flexible pathway that balances college, work and family.

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

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

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

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

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

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

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

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

STRATEGIC PLAN

San Jacinto College operates from a Strategic Plan approved by the Board of Trustees. This plan creates the focus of all employees on the five strategic goals of the plan. Each employee focuses on those goals through the lens of the underlying assumptions. In addition to the Strategic Plan, each year the College forwards Annual Priorities to the Board of Trustees documenting how each area of the College will help meet those goals and help students succeed in their higher education journey. It takes each employee, faculty, staff, and administrator, working together to help reach these goals. Below is a listing of our Strategic Goals, the Underlying Assumptions, and the Annual Priorities approved by the Board of Trustees for fiscal year 2021. Each employee used this information, combined with the annual priorities in their specific area, to create their own individual performance plan of tactics to accomplish during the year to move the College closer to the annual priorities.

Strategic Goals

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

Underlying Assumptions

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

Annual Priorities

The Board of Trustees adopted the 2020-2021 annual priorities for the College on August 3, 2020.

- Expand Our Equity Focus and Commitment
- Expansion of Transfer Opportunities and Awareness
- Career and Workforce Pathways
- Holistic Student Support Design and Technology
- Opening of Generation Park Campus
- Expand Our Outreach by Focusing on Creating a College-Going Culture Where One Does Not Exist
- Positioning for the Future
- Advance a Culture of Resiliency and Sustainability

LEGAL

Texas statutes require the Comptroller of Public Accounts and the THECB to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the ACFR of the College for the fiscal years ended August 31, 2021 and 2020. Additionally, the College is statutorily required to submit audited financial statements to the THECB by January 1st of each year.

THE AUDIT

A public accounting firm, Whitley Penn LLP, has audited the College's financial statements. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for the years ended August 31, 2021 and 2020 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, 2021 and 2020 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

To provide a reasonable basis for making these representations, management of the College has established a comprehensive internal control framework that is designed to protect the College's assets from material loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the College's financial statements in accordance with GAAP.

The College's system of internal control is supported by a strong budget development process and written policies and procedures which are continually reviewed, evaluated, and modified to meet current needs. Because the cost of internal controls should not outweigh their benefits, the College's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

THE REPORT

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

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

The supplemental schedules are presented to comply with the reporting requirements of the GASB and the THECB. The purpose of the supplemental schedules is to present more detailed information to the reader to allow a deeper understanding of the basic financial statements. Analysis of operating revenue, operating expenses by object, 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 and State awards section contains information regarding participation in various Federal and State programs. The independent auditor is required to conduct a separate audit of Federal programs and the College's system of internal control according to the standards applicable to financial audits contained in *Government Auditing Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The independent auditor is also required to conduct a separate audit of State programs as required by the *State of Texas Single Audit Circular*. This section contains the auditor's report on the system of internal control, a listing of the Federal and State programs in which the College participates, and the dollar amount of expenditures for each program.

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its annual

comprehensive financial report for the fiscal year ended August 31, 2020. This was the fourteenth 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 annual comprehensive financial report continues to meet the Certificate of Achievement in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENT

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

Respectfully submitted,



Teri Zamora
Vice Chancellor, Fiscal Affairs



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

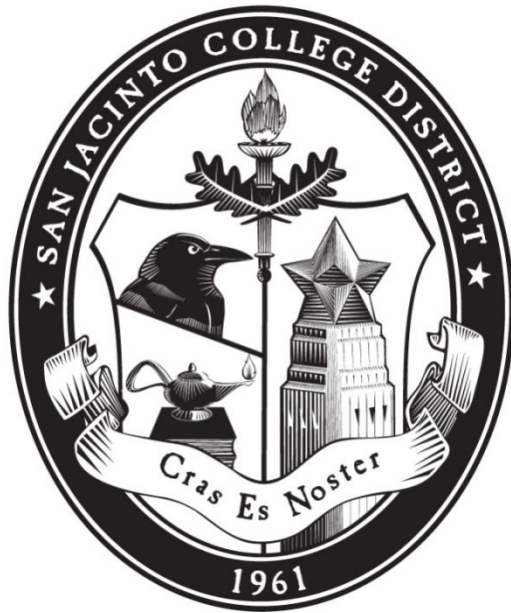
**San Jacinto Community College District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

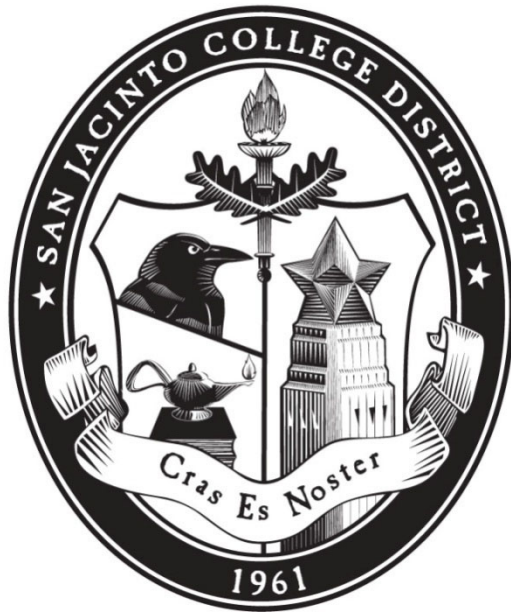
Christopher P. Morill

Executive Director/CEO





Financial



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
San Jacinto Community College District
Pasadena, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of San Jacinto Community College District (the "College"), as of and for the years ended August 31, 2021 and 2020, of as of and for the years ended June 30, 2021 and 2020, 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 fraud or error.

Auditor's Responsibility

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

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 opinion.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College as of August 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the year 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, 2021 and 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Expenditures of State Awards as required by the State of Texas *Uniform Grant Management Standards*, and other information such as the introductory and statistical sections are also presented for additional analysis and are not a required part of the basic financial statements.

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

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

To the Board of Trustees
San Jacinto Community College District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
December 14, 2021



SAN JACINTO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

ABOUT SAN JACINTO COMMUNITY COLLEGE DISTRICT

In May 1960, voters in the Channelview, Deer Park, Galena Park, La Porte, and Pasadena School Districts approved the creation of East Harris County Union Junior College. Sheldon School District was added in 1968. Voters elected seven members to serve on the Board of Regents, now Board of Trustees, and authorized them to levy a tax for the College's operations and maintenance. The College's name was changed in February 1961 to San Jacinto Junior College District and then again in 1995 to San Jacinto Community College District. The College is most often referenced by the community as San Jacinto College or San Jac. The college district has now grown to include five campuses, a network of off-campus learning centers, nearly 41,000 students annually, a robust dual credit and early college high school program, and online offerings. In order to serve these students, the College currently employs 2,665 full-time and part-time personnel. Most faculty have earned masters and doctoral degrees, and many have been nationally recognized for their teaching, innovation, research, or authorship.

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

Working closely with area school districts, the College has built educational pipelines which help take students from kindergarten to college within a framework that includes technical workforce programs, academic articulation agreements, and dual credit and early college high school programs. Students are attracted to the College's specialized instructional programs and the seamless transferability of credits to four-year universities. Students can choose from various certificate and credential programs, and the following degrees: Associate of Arts, Associate of Science, Associate of Applied Science, 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 with the skills necessary to move right into a job in their chosen career field. With more than 80 programs and 200 degree and certificate options, the College certifies workers who proceed to high-paying jobs in high-demand fields. The College maintains partnerships with hundreds of local companies to help meet the growing needs of industry, whether that means preparing employees for new positions or providing the industry with highly skilled workers to fulfill a shortage. The College designs training programs to provide our industry partners and communities with entry-level workers, upskilling for incumbent workers, and training for new careers.

The College's service area encompasses approximately 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.

Over 60 years of innovation, inclusion and extraordinary growth mark the history of San Jacinto College. The College has evolved from one location in urban Pasadena to five campuses and multiple extension centers serving the greater Houston community. Today approximately 41,000 students annually discover their pathways at San Jacinto College. To support their success, the College continues to invest in building first-class facilities and partnerships that inspire the next generation of leaders.

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is the regional accreditation authority of the College. The accreditation process occurs every 10 years and is critical, as the College's accreditation assures our students and community of the quality and integrity of our institution and our programs. The College successfully completed the written report and an on-site visit by a peer review committee resulting in the reaffirmation of the College's reaccreditation in June 2019.

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

The College has three primary sources of revenue: State appropriations, ad valorem taxes, and tuition. 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 must rely more heavily on tuition and property taxes.

COVID-19 UPDATE

The College's response to COVID-19 in March 2020 was swift and decisive and focused on helping students complete their course work successfully. The College extended Spring Break for students so employees could focus on moving courses to an on-line format. Employees began working remotely and the instruction modality was changed to 100% on-line for academic courses in mid-March. The altered operations affected the remainder of spring 2020 and summer 2020 terms.

By August 17, 2020, all staff and administrators were working at College facilities a minimum of 50 percent of their time and working remotely the remainder of their schedule. At the time, San Jacinto College also had many protocols in place including a daily health assessment requirement for anyone who planned to be on campus, requiring face coverings and maintaining social distancing while on campus.

For the 2020 fall term, the College reimagined how to deliver courses offering several different options for students, in addition to face-to-face classes, as outlined below.

1. Online Anytime – Students take classes on-line, at any time. This provides the students with the most flexible option to work on coursework as their schedule allows and no requirement to be on campus.
2. Online on a Schedule - This allows students to have a structured routine. All coursework is completed on-line, but the lectures and virtual instruction occurs at specific times and days similar to a face-to-face course but from the comfort of their homes.
3. Hands-On Hybrid – Technical and applied skill courses use this hybrid format. The majority of class instruction is delivered on-line. Students come to campus in small groups to complete hands-on learning and practical testing.
4. Flex Campus – This unique option allows students to spend some time in the classroom with the instructor, in addition to on-line learning. Small groups of students in each class have the option to attend in person while the remaining students access coursework on-line. The small groups rotate so all students in class have multiple chances to attend in person.

In June 2021, all staff and administrators returned to working at College facilities 100 percent of their time and faculty resumed schedules consistent with summer and fall terms prior to altered operations.

To help support students and the institution during this pandemic, the College was awarded almost \$4.5 million of CARES Act funding in FY20 for student aid, all of which was required to be distributed directly to students. Approximately \$3.8 million in student aid from the CARES Act was distributed directly to over 3,400 eligible students during the spring and summer of 2020, and the remaining \$700,000 was disbursed in early September 2020. An additional \$25.0 million was awarded to the College in FY21 for student aid from the CRRSSA Act and the American Rescue Plan, and over \$10.0 million was disbursed to students during the fiscal year.

The College was also awarded almost \$5.1 million of CARES Act (Institutional and Minority Serving Institutions) in FY20. An additional \$43.2 million was awarded in FY21 from the CRRSSA Act and the American Rescue Plan, and over \$9.0 million has been expended on critical technology needs for students and student, instructional and institutional support related to the pandemic. The chart below under Financial Highlights for 2021 summarizes the

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

HEERF funds awarded to the College and amount spent through FY21. Required reporting related to all Higher Education Emergency Relief Funds can be found on our website at the following link: <https://www.sanjac.edu/legal-notices>

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.

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 2021

- The College experienced a 1,342-student enrollment decrease for fall 2020 compared to fall 2019 with enrollment of 31,110 students compared to 32,452. Total unduplicated annual enrollment was 40,805 for 2021 compared to 42,120 for 2020, a decrease of 1,315 or 3.1%. The College has developed new programs and scholarship opportunities to engage students and ensure their success. Enrollment for fall 2021 has increased over fall 2020 by 531 students for a total of 31,641.
- The College continues to invest in its people, a strong student success agenda, and continuous improvement. Student success is evident by 7,135 certificates and associate degrees awarded in 2020, a decrease of 519 credentials from 7,654 awarded in 2019. As the Houston area continues to recover from the effects of the pandemic, the number of certificates and degrees awarded is expected to increase.
- The net assessed valuation of the College District increased by \$1.9 billion for 2021. Tax collections which continue to be collected at an average of 99% resulted in increases of \$1.6 million in tax receipts for maintenance & operations and \$0.5 million for debt service.
- Higher Education Emergency Relief Fund – Education Stabilization Fund

	Amount Awarded Inception Through FY2021	Amount Expended 2021	Amount Expended 2020	Total Amount Expended	Percent of Award Expended
Student Portion	\$ 30,048,762	\$ 10,696,064	\$ 3,784,650	\$ 14,480,714	48.2%
Institutional Portion	44,202,002	5,580,155	3,095,043	8,675,198	19.6%
Minority Serving Institution	4,149,574	243,923	365,865	609,788	14.7%
Total HEERF Funding	\$ <u>78,400,338</u>	\$ <u>16,520,142</u>	\$ <u>7,245,558</u>	\$ <u>23,765,700</u>	30.3%

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

- As of August 31, 2021, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$84.5 million (net position). The College had an overall increase of \$4.3 million in total net position.

Financial Highlights for 2020

- Total unduplicated annual enrollment was 42,120 for 2020 compared to 41,879 for 2019, an increase of 241 or .6%, so there was a delayed impact of COVID-19 on enrollment.
- The College invested in its people, a strong student success agenda, and continuous improvement. Student success was evident by 7,654 certificates and associate degrees awarded in 2019, an increase of 162 credentials over 7,492 awarded in 2018. This was an increase of 24.3 percent in the number of certificates and associate degrees awarded since 2015 of 6,156.
- The net assessed valuation of the College District increased by \$6.9 billion with an increase of \$0.9 million in tax receipts for maintenance & operations and \$8.1 million for debt service.
- In fiscal year 2020 the College implemented a Simplified Tuition Model in which course and other registration related fees rolled into semester credit hour tuition to simplify the calculation of the cost of enrollment for students and provide equitable access for students to all programs at the same low cost.
- As of August 31, 2020, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$80.1 million (net position). The College had an overall increase of \$3.4 million in total net position.

THE STATEMENT OF NET POSITION

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

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Current assets	\$ 119,044	\$ 109,437	\$ 111,162
Noncurrent assets:			
Capital assets, net of depreciation	710,282	641,237	557,856
Other	<u>99,895</u>	<u>102,685</u>	<u>193,252</u>
Total assets	<u>929,221</u>	<u>853,359</u>	<u>862,270</u>
Deferred outflows of resources	<u>45,943</u>	<u>45,696</u>	<u>52,692</u>
Current liabilities	72,939	71,941	75,632
Noncurrent liabilities	<u>780,506</u>	<u>711,134</u>	<u>721,580</u>
Total liabilities	<u>853,445</u>	<u>783,075</u>	<u>797,212</u>
Deferred inflows of resources	<u>37,212</u>	<u>35,811</u>	<u>41,003</u>
<u>Net Position</u>			
Net investment in capital assets	150,665	150,870	138,425
Restricted - expendable	7,117	11,369	10,191
Unrestricted	<u>(73,275)</u>	<u>(82,070)</u>	<u>(71,867)</u>
Total net position (Schedule D)	<u>\$ 84,507</u>	<u>\$ 80,169</u>	<u>\$ 76,749</u>

Accounting related to GASB 68 (Pension) and GASB 75 (OPEB) has a significant impact on the Statement of Net Position, including changes in deferred outflows of resources, liabilities, and deferred inflows of resources. Note 16 – Defined Benefit Plan – Teacher Retirement System of Texas relates to GASB 68 and Note 19 – Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas relates to GASB 75 in the accompanying Notes to the Financial Statements. The College's total net position for 2021, 2020, and 2019 would have been \$240,143, \$230,960 and \$218,622, respectively, without the cumulative impact of GASB 68 and GASB 75.

Fiscal Year 2021 Compared to 2020

Total assets increased by \$75.8 million during 2021, a 9.0 percent increase over 2020. The change in total assets resulted from a \$9.6 million increase in current assets primarily in cash. This was offset with a decrease in restricted cash of \$2.8 million. Capital assets increased by \$69.1 million and the restricted funds expended for capital projects was offset by new bond proceeds of \$88.7 million. The College continues to limit its investments to investment pools and money market accounts. Investment earnings rates decreased from 0.19% at the start of the fiscal year to 0.05% at the end of the fiscal year.

The College's current ratio (current assets divided by current liabilities) increased to 1.63 in 2021 from 1.52 in 2020.

Deferred outflows increased by \$0.2 million. The net change is attributed to (1) pensions decreased \$3.6 million, (2) OPEB increased \$4.9 million, and (3) defeased debt decreased \$1.1 million. Deferred outflows for pensions are related to the College's participation in the Teacher Retirement System of Texas (TRS). Deferred outflows for OPEB is related to the College's participation in the Employee Retirement System of Texas (ERS) for the State Retiree Health Plan. Both are as of the entities' measurement dates of August 31, 2020.

Total liabilities increased by \$70.42 million in 2021. Bonds payable increased by \$67.8 million. Net pension liability increased by \$.3 million and net OPEB liability increased by \$.2 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 \$.8 million and other categories increased by \$1.3 million, primarily in unearned grant revenue.

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

Deferred inflows increased by \$1.4 million. The net change is attributed to (1) pensions decreased \$1.4 million and (2) OPEB increased \$2.8 million.

The College had an overall increase of \$4.3 million in total net position. The College's unrestricted net position is a negative \$73.3 million at year-end due to the affects related to pension and OPEB outflows, net liability, and inflows.

Fiscal Year 2020 Compared to 2019

Total assets decreased by \$8.9 million during 2020, a 1.0 percent decrease. The change in total assets resulted from a \$1.7 million decrease in current assets primarily in cash. This was offset with a net increase in capital assets of \$83.4 million and a decrease of \$90.6 million in restricted cash related to payments from bond proceeds funding new construction. The College continues to limit its investments to investment pools and money market accounts. Investment earnings rates decreased from 2.01% at the start of the fiscal year to 0.22% at the end of the fiscal year.

The College's current ratio (current assets divided by current liabilities) increased to 1.52 in 2020 from 1.47 in 2019.

Deferred outflows decreased by \$7.0 million. The net change is attributed to (1) pensions decreased \$2.8 million, (2) OPEB decreased \$2.9 million, and (3) defeased debt decreased \$1.3 million. Deferred outflows for pensions are related to the College's participation in the Teacher Retirement System of Texas (TRS). Deferred outflows for OPEB is related to the College's participation in the Employee Retirement System of Texas (ERS) for the State Retiree Health Plan. Both are as of the entities' measurement dates of August 31, 2019.

Total liabilities decreased by \$14.1 million in 2020. Bonds payable decreased by \$15.0 million. Net pension liability decreased by \$3.7 million and net OPEB liability increased by \$12.1 million due to changes in assumptions by the Teachers Retirement System of Texas (TRS - Pensions) and the Employees Retirement System of Texas (ERS - OPEB). Accounts payable decreased by \$5.5 million due to a decrease in pending construction in process payments. Other categories decreased by \$2.0 million.

Deferred inflows decreased by \$5.2 million. The net change is attributed to (1) pensions increased \$4.9 million and (2) OPEB decreased \$10.1 million.

The College had an overall increase of \$3.4 million in total net position. The College's unrestricted net position is a negative \$82.1 million at year-end due to the affects related to pension and OPEB outflows, net liability, and inflows.

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, 2021, with comparative information for fiscal year 2020. 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, CARES Act, and Federal Title IV revenues, while budgeted for operations, are non-exchange transactions and, as such, are treated as non-operating revenues for financial statement purposes.

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues			
Operating Revenues:			
Student tuition and fees, net of allowances and discounts	\$ 39,271	\$ 44,452	\$ 45,346
Federal grants and contracts	12,943	5,407	5,792
State grants and contracts	2,372	3,008	2,889
Non-governmental grants and contracts	995	2,077	1,457
Sales and services of educational and non-educational activities	6,028	3,178	4,266
Auxiliary enterprises (net of discounts)	<u>2,173</u>	<u>2,767</u>	<u>3,868</u>
Total operating revenues (Schedule A)	<u>63,782</u>	<u>60,889</u>	<u>63,618</u>
Expenses			
Operating Expenses:			
Instruction	81,110	87,642	84,244
Public service	668	396	331
Academic support	22,005	22,067	18,689
Student services	17,935	19,433	18,666
Institutional support	48,342	49,337	42,786
Operation and maintenance of plant	22,766	19,564	19,083
Scholarships and fellowships	35,233	32,649	29,095
Auxiliary enterprises	1,316	1,814	2,079
Depreciation	<u>22,013</u>	<u>18,227</u>	<u>16,538</u>
Total operating expenses (Schedule B)	<u>251,387</u>	<u>251,129</u>	<u>231,511</u>
Operating loss	<u>(187,605)</u>	<u>(190,240)</u>	<u>(167,893)</u>
Non-operating revenues (expenses)			
State appropriations	59,023	56,924	51,419
Maintenance ad valorem taxes	73,038	71,440	69,383
Debt service ad valorem taxes	37,616	37,168	28,417
Federal revenue, non-operating	47,180	48,583	39,161
Investment income (net of investment expenses)	222	3,128	6,570
Interest on capital related debt	(25,123)	(23,399)	(17,882)
Other non-operating revenues (expenses)	<u>(14)</u>	<u>(183)</u>	<u>6,941</u>
Total non-operating revenues, net (Schedule C)	<u>191,943</u>	<u>193,660</u>	<u>184,009</u>
Increase in net position	4,338	3,420	16,116
<u>Net Position</u>			
Net position, beginning of year	<u>80,169</u>	<u>76,749</u>	<u>60,633</u>
Net position, end of year	<u>\$ 84,507</u>	<u>\$ 80,169</u>	<u>\$ 76,749</u>

The following schedule shows the impact of GASB No. 68 (Pension) and GASB No. 75 (OPEB) on total expenses for the three-year period, including both restricted and unrestricted funds.

	Pension and OPEB Expenses (Included in Salaries and Benefits)						Change	
	2021	% of Total	2020	% of Total	2019	% of Total	2020 to 2021	2019 to 2020
GASB 68 - Pension	\$ 7,102,333	5%	\$ 7,316,804	5%	\$ 6,405,711	4%	\$ (214,471)	\$ 911,093
GASB 75 - OPEB	<u>(4,155,121)</u>	-3%	<u>5,020,544</u>	3%	<u>2,191,834</u>	2%	<u>(9,175,665)</u>	<u>2,828,710</u>
Total Pension and OPEB Expenses	<u>\$ 2,947,212</u>		<u>\$ 12,337,348</u>		<u>\$ 8,597,545</u>		<u>\$ (9,390,136)</u>	<u>\$ 3,739,803</u>

Fiscal Year 2021 Compared to 2020

Operating revenues increased by \$2.9 million to \$63.8 million for 2021 from \$60.9 million in 2020. Tuition and fee revenue (net of allowances and discounts) decreased by \$5.2 million in 2021 to \$39.3 million from \$44.5 million in 2020. Enrollment decreased to 31,110 from 32,452 from fall to fall. Total contact hours dipped to 11.7 million for 2021 from 12.3 million for 2020. The average State appropriation per contact hour increased to \$3.10 for 2021 from \$2.94 for 2020. Sales and services activities and auxiliary enterprises increased by \$2.4 million due to insurance reimbursements for expenditures related to the winter storm in February 2021 (Uri). Grant related revenues increased by \$5.8 million.

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

Operating expenses increased slightly by \$.3 million to \$251.4 million for 2021 from \$251.1 million for 2020. Major components of the change were due to the following: (1) Salary and wages decreased \$3.5 million due a pause in both hiring and salary increases, offset by a one-time payment of \$2.3 million to employees, (2) Pension and Health attributed to TRS and ERS decreased \$4.7 million, (3) \$2.5 million increase for the Higher Education Emergency Relief Fund for student aid, (4) Depreciation increased \$3.8 million due to completion of major capital projects (5) net decrease of \$0.2 million in Public Service and Auxiliary enterprises due to reduced student presence on campus.

Net non-operating revenues and expenses decreased by \$1.7 million to \$191.9 million for 2021 from \$193.6 million for 2020. State appropriations increased by \$2.1 million. Ad valorem tax revenue increased by \$2.0 million. The maintenance and operations tax rate decreased to 11.1738 cents from 11.7251 cents and the debt service tax rate was decreased to 5.7620 cents from 6.0918 cents for 2021 and 2020, respectively. The total tax rate decreased to 16.9358 cents for 2021 from 17.8169 for 2020. The realized tax revenue increase is due to an increase in taxable property values as well as new taxable properties that were added to the tax rolls. Net investment income decreased by \$2.9 million due to decreases in earnings rates from a high of 0.19% at the start of the year to a low of 0.05% at the end of the year. Investable cash decreased due to the expenditures related to capital projects. Interest on capital debt increased by \$1.7 million due to accreted interest on the 2011 capital appreciation bonds. Federal revenue decreased by \$1.4 million due to an overall reduction in U.S. Department of Education grants to students. Other Non-operating expenses decreased by \$.2 million.

Fiscal Year 2020 Compared to 2019

Operating revenues decreased by \$2.5 million to \$61.5 million for 2020 from \$64.0 million in 2019. Tuition and fee revenue (net of allowances and discounts) decreased by \$0.7 million in 2020 to \$44.2 million from \$44.9 in 2019. Enrollment increased to 32,452 from 32,137 from fall to fall. Total contact hours dipped slightly to 12.3 million for 2020 from 12.4 million for 2019. The average State appropriation per contact hour increased to \$2.94 for 2020 from \$2.75 for 2019. Sales and services activities and auxiliary enterprises decreased by \$2.2 million due to reduced student presence at the College campus as the result of safety precautions for students, faculty and staff related to COVID-19 altered operations. Grant related revenues increased by \$0.4 million.

Operating expenses increased by \$16.5 million to \$248.5 million for 2020 from \$232.0 million for 2019. Major components of the change were due to increases in the following operating expenses: (1) Salary and wages of \$2.8 million, (2) \$5.3 million Pension and Health attributed to TRS and ERS, (3) \$7.2 million for the CARES Act Higher Education Emergency Relief Fund for institution costs and student aid, (4) Depreciation \$1.7 million. Net decrease of \$0.5 million in Public Service and Auxiliary enterprises due to reduced student presence on campus in the spring and summer terms.

Net non-operating revenues and expenses increased by \$6.4 million to \$190.4 million for 2020 from \$184.0 million for 2019. State appropriations increased by \$2.2 million. Fiscal year 2020 is the first year of the biennium for State appropriations providing an increase in funding for fiscal years 2020 and 2021. Ad valorem tax revenue increased by \$10.8 million with \$8.8 million of the increase dedicated for debt service. The maintenance and operations tax rate decreased to 11.7251 cents from 12.7210 cents and the debt service tax rate was increased to 6.0918 cents from 5.2119 cents for 2020 and 2019, respectively. The total tax rate decreased to 17.8169 cents for 2020 from 17.9329 for 2019. Net investment income decreased by \$3.4 million due to decreases in earnings rates from a high of 2.01% at the start of the year to a low of 0.22% at the end of the year. Investable cash decreased due to the expenditures related to capital projects. Interest on capital debt increased by \$5.5 million. Federal revenue increased by \$9.4 million with \$7.2 million related to the CARES Act Higher Education Emergency Relief Fund for institutional costs and student aid. Other Non-operating revenues decreased by \$7.1 million. In fiscal year 2019, the College recognized a sale of surplus property.

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

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:

Summary Statements of Cash Flows - Exhibit 3
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash provided (used) by:			
Operating activities	\$ (152,629)	\$ (159,046)	\$ (127,299)
Non-capital financing activities	167,222	161,554	145,729
Capital and related financing activities	(9,698)	(100,420)	37,640
Investing activities	<u>222</u>	<u>3,128</u>	<u>6,570</u>
Increase (Decrease) in cash and cash equivalents	<u>5,117</u>	<u>(94,784)</u>	<u>62,640</u>
Cash and cash equivalents, beginning of year	<u>182,832</u>	<u>277,616</u>	<u>214,976</u>
Cash and cash equivalents, end of year	<u>\$ 187,948</u>	<u>\$ 182,832</u>	<u>\$ 277,616</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 \$6.4 million to \$152.6 million in 2021 from \$159.0 million in 2020. Increases in cash receipts are related to (1) an increase of \$.5 million provided by students and other customers, (2) increase of \$8.2 million provided by grants and contracts, (3) a \$2.7 million decrease in payments for good and services (4) a \$4.8 million increase to salaries and benefits related to ERS and TRS, and (5) an increase of \$.3 million for scholarships and fellowships.

Cash provided to the College for non-capital financing activities increased \$5.7 million to \$167.2 million in 2021 from \$161.5 million in 2020. Receipts from state appropriations increased by \$5 million due to state paid benefits related to TRS and ERS. Maintenance ad valorem tax revenues increased by \$2.8 million. Non-operating Federal Title IV decreased by \$1.4 million, a combination of increased HEERF revenue and decreased Pell revenue.

Net cash flows from capital and related financing activities decreased to a use of \$9.7 million in 2021 from \$100.4 million in 2020, a net decrease of \$90.7 million. Receipts provided are (1) \$37.4 million in debt service ad valorem taxes, (2) \$88.9 million from a new bond issue. Uses are related to (1) \$91.1 million for purchases of capital assets, (2) \$24.0 million used for capital debt principal, and (3) \$20.1 million used for capital debt interest.

Net cash flows provided from investing activities decreased \$2.9 million to \$.2 million in 2021 from \$3.1 million in 2020 due to decreases in cash from bond proceeds and decreases in interest rates.

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

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets - Fiscal Year 2021

In 2021, the College had the following additions and deletions to net capital assets totaling a \$69.0 million increase: \$29.2 million net increase in construction in progress, and \$61.4 million net increase to depreciated assets as completed construction projects were placed in service. Net accumulated depreciation increased \$21.6 million.

Capital Assets - Fiscal Year 2020

In 2020, the College had the following additions and deletions to net capital assets totaling a \$83.4 million increase: \$41.7 million net decrease in construction in progress, and \$142.3 million net increase to depreciated assets as completed construction projects were placed in service. Net accumulated depreciation increased \$17.2 million.

Long-Term Debt

During fiscal year 2021, the College issued \$88.9 million of Limited Tax General Obligation Refunding Bonds (Series 2021, par value \$88.9 million plus a \$21.8 million premium). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, partially refund Series 2011 limited tax refunding bonds, as well as pay the costs of the issuance for the Series 2021 Bonds.

During fiscal year 2021, the College defeased 2011 general obligation bonds and 2016B general obligation refunding bonds using unrestricted funds. \$4.7 million has been deposited into an irrevocable trust until the bonds are callable in February 2022 to defease principal of \$4.1 million and interest of \$.6 million.

During fiscal year 2020, the College did not issue any new debt. The net decrease in total was \$15.0 million to \$576.4 million for 2020 from \$591.4 million for 2019 and relates to normal annual principal payments.

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 5, 2020, the Board approved the adoption of the 2020 tax rate of 16.9358 cents per \$100 valuation which is 0.8811 cents below the prior year rate of 17.8169 cents. The adopted rate is the same as the calculated no-new revenue tax rate (formerly known as the effective tax rate) which is generally considered a "no new tax rate increase rate". The maintenance and operations tax rate decreased to 11.1738 cents and the debt service tax rate decreased to 5.7620 cents. The total taxes imposed on a residence homestead at the current year's average appraised value of \$129,366 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$219.09. 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 2020 tax year were received from the Harris County Appraisal District (HCAD) on September 1, 2020. The certified tax roll values for 2020 are \$62.8 billion, which is \$1.3 billion (2.1%) higher than the prior year valuations.

On October 7, 2019, the Board approved the adoption of the 2019 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

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

on a residence homestead at the current year's average 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.

CREDIT RATINGS

At August 31, 2021, the College's credit ratings are as follows:

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

- (1) Moody's affirmed its rating on the General Obligation Bonds on December 31, 2020.
- (2) Standard & Poor's affirmed its rating on the General Obligation Bonds on December 29, 2020.
- * 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.

The Local Economy and COVID-19

Prior to the COVID-19 pandemic, Houston's economy was experiencing continued growth at a moderate pace. However, with COVID-19 the Houston region has experienced impacts on several of the area's primary industries, influencing the economy, jobs, and many other operating realities. As a result, the College could face potential shortfalls in its primary funding streams coming from enrollment, state funding, and property tax revenues during the upcoming fiscal years. With the College's long history of financial resiliency and the readiness needed to weather challenges, the budget for FY 2022 is very conservative. In addition, all expenditures are being reviewed to determine whether or not they are critical for the success of our students and the mission of the College before being made. Similarly, the College continues to be very strategic in hiring positions. New postings or replacement postings for essential positions are also judged by the same criteria as other expenditures. If cyclical trends manifest as they have in the past, property values will rise at a much slower pace or decline. On the other hand, enrollment may increase as the unemployment rate rises and unemployed workers go back to school to increase their skills and opportunities.

Ad Valorem Taxes

On October 4, 2021, the Board approved the adoption of the 2021 tax rate of 16.7967 cents per \$100 valuation which is 0.0014 cents below the prior year rate of 16.9358 cents. The adopted rate is higher than the calculated no-new revenue tax rate of \$16.2566 cents and required the College to hold a public hearing. The maintenance and operations tax rate increased to 11.2838 cents and the debt service tax rate decreased to 5.5129 cents. The total taxes imposed on a residence homestead at the current year's average appraised value of \$139,016 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$233.50. 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

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

2021 tax year were received from the Harris County Appraisal District (HCAD) on August 16, 2021. The certified tax roll values for 2021 are \$66.6 billion, which is \$1.4 billion (2.1%) higher than the prior year valuations.

Enrollment

Enrollment for fall 2021 is up by 1.66% compared to fall 2020. As of October 20, 2021, the student headcount enrollment was at 31,649, which is up 518 from fall 2020 enrollment of 31,131 at the same point in the term. Fall 2021 contact hours are 5,125,184, which is an increase of 54,392 contact hours, or 1.07% compared to the fall 2020 contact hours of 5,070,792 generated at the same point in time the previous year. Administration is hopeful for an uptick in enrollment in spring 2022 assuming normal cyclical trends are realized.

Future Outlook

Looking ahead to fiscal year 2022 and beyond, the Board and administration will closely monitor the levels of State support, property tax values, and continue to keep tuition affordable for students. The College is also committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks, while maintaining a clear focus on quality of instructional programs.

The College has strong financial reserves, prudent debt reduction strategies and is positioned well for the future as a result of its strong leadership and fiscal management.

21 Forward Scholarship Program

The College began providing 100 percent tuition scholarships in fall 2021 for the academic year 2022 to graduating seniors who live in the College's taxing district. This new scholarship program is being funded by a generous \$30M donation from MacKenzie Scott and her husband, Dan Jewett. All high school graduates that live within the San Jacinto College taxing district at the time of their high school graduation are eligible. The scholarship is good for up to three years at San Jacinto College (through December 2024). Students must begin classes fall 2021, take a minimum of six credit hours each semester, and apply for financial aid annually.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the College's citizens, taxpayers, students, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about this report or need additional financial information, please contact the Office of the Vice Chancellor, Fiscal Affairs at 4624 Fairmont Parkway, Pasadena, Texas 77504.

BASIC FINANCIAL STATEMENTS



SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2021 and 2020

Exhibit 1

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 88,053,872	\$ 80,146,687
Accounts receivable, net	26,291,619	25,775,074
Prepaid expenses	4,148,080	3,149,191
Inventories	<u>550,601</u>	<u>366,250</u>
Total current assets	<u>119,044,172</u>	<u>109,437,202</u>
Noncurrent assets:		
Restricted cash and cash equivalents	99,894,805	102,685,318
Capital assets net of accumulated depreciation	611,601,773	571,790,193
Capital assets not being depreciated	<u>98,680,369</u>	<u>69,446,417</u>
Total noncurrent assets	<u>810,176,947</u>	<u>743,921,928</u>
Total assets	<u>929,221,119</u>	<u>853,359,130</u>
Deferred outflows of resources:		
Deferred outflows related to pensions	16,771,450	20,383,403
Deferred outflows related to OPEB	22,616,854	17,632,637
Deferred outflows related to defeased debt	<u>6,554,317</u>	<u>7,680,333</u>
Total deferred outflows of resources	<u>45,942,621</u>	<u>45,696,373</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	25,285,284	24,505,730
Accrued liabilities	1,206,282	1,119,816
Accrued compensable absences - current portion	289,006	163,633
Unearned compensation	119,904	109,904
Unearned revenue	26,656,077	25,105,610
Net OPEB liability - current portion	3,580,588	2,508,489
Bonds payable - current portion	<u>15,801,762</u>	<u>18,428,154</u>
Total current liabilities	<u>72,938,903</u>	<u>71,941,336</u>
Noncurrent liabilities:		
Accrued compensable absences	2,110,837	2,655,467
Net pension liability	46,145,705	45,813,261
Net OPEB liability	103,762,701	104,673,728
Bonds payable	<u>628,486,994</u>	<u>557,991,527</u>
Total noncurrent liabilities	<u>780,506,237</u>	<u>711,133,983</u>
Total liabilities	<u>853,445,140</u>	<u>783,075,319</u>
Deferred inflows of resources:		
Deferred inflows related to pensions	7,609,539	9,070,812
Deferred inflows related to OPEB	<u>29,602,310</u>	<u>26,740,139</u>
Total deferred inflows of resources	<u>37,211,849</u>	<u>35,810,951</u>
<u>Net Position</u>		
Net investment in capital assets	150,664,887	150,869,954
Restricted for:		
Expendable:		
Grants	6,187,374	2,131,504
Debt service	929,534	9,237,966
Unrestricted	<u>(73,275,045)</u>	<u>(82,070,191)</u>
Total net position (Schedule D)	<u>\$ 84,506,750</u>	<u>\$ 80,169,233</u>

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

Exhibit 1A

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,123,085	\$ 1,845,093
Pledges receivable	136,940	285,759
Investments	43,725,580	12,352,256
Pledges receivable with perpetual donor restrictions	<u>3,507,500</u>	<u>4,008,500</u>
Total assets	<u>\$ 50,493,105</u>	<u>\$ 18,491,608</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Scholarships and programs payable	<u>\$ 365,749</u>	<u>\$ 358,100</u>
Total liabilities	<u>365,749</u>	<u>358,100</u>
Net assets:		
Without donor restrictions	35,726,553	4,294,589
With donor restrictions	<u>14,400,803</u>	<u>13,838,919</u>
Total net assets	<u>50,127,356</u>	<u>18,133,508</u>
Total liabilities and net assets	<u>\$ 50,493,105</u>	<u>\$ 18,491,608</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended August 31, 2021 and 2020

Exhibit 2

	<u>2021</u>	<u>2020</u>
<u>Operating Revenues</u>		
Student tuition and fees (net of allowances and discounts of \$30,224,462 and \$27,111,059, respectively)	\$ 39,270,733	\$ 44,451,862
Federal grants and contracts	12,942,952	5,406,560
State grants and contracts	2,372,480	3,008,422
Non-governmental grants and contracts	994,663	2,077,363
Sales and services of educational and non-educational activities	6,028,259	3,177,947
Auxiliary enterprises (net of discounts)	<u>2,172,997</u>	<u>2,766,730</u>
Total operating revenues (Schedule A)	<u>63,782,084</u>	<u>60,888,884</u>
<u>Operating Expenses</u>		
Instruction	81,109,986	87,641,695
Public service	668,441	396,300
Academic support	22,004,708	22,066,503
Student services	17,934,955	19,433,444
Institutional support	48,341,567	49,336,767
Operation and maintenance of plant	22,766,038	19,563,882
Scholarships and fellowships	35,232,885	32,648,843
Auxiliary enterprises	1,315,721	1,813,802
Depreciation	<u>22,012,817</u>	<u>18,227,393</u>
Total operating expenses (Schedule B)	<u>251,387,118</u>	<u>251,128,629</u>
Operating loss	<u>(187,605,034)</u>	<u>(190,239,745)</u>
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	59,023,451	56,924,007
Maintenance ad valorem taxes	73,037,594	71,440,051
Debt service ad valorem taxes	37,616,119	37,167,520
Federal revenue, non-operating	47,180,438	48,583,336
Investment income (net of investment expenses)	222,060	3,127,578
Interest on capital related debt	(25,122,998)	(23,399,148)
Other non-operating revenues (expenses)	<u>(14,113)</u>	<u>(183,145)</u>
Total non-operating revenues, net (Schedule C)	<u>191,942,551</u>	<u>193,660,199</u>
Increase in net position	4,337,517	3,420,454
<u>Net Position</u>		
Net position, beginning of year	<u>80,169,233</u>	<u>76,748,779</u>
Net position, end of year	<u>\$ 84,506,750</u>	<u>\$ 80,169,233</u>

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

Exhibit 2A

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:						
Contributions	\$ 30,401,032	\$ 1,696,309	\$ 32,097,341	\$ 484,352	\$ 5,816,556	\$ 6,300,908
Special events, net of costs of direct donor benefits	4,562	-	4,562	305,196	-	305,196
Interest and dividends, net of investment expenses	248,469	-	248,469	291,292	-	291,292
Net change in fair value of investments	1,351,671	196,017	1,547,688	735,395	(537,080)	198,315
Net assets released from restrictions	1,330,442	(1,330,442)	-	1,024,057	(1,024,057)	-
Total public support and revenues	33,336,176	561,884	33,898,060	2,840,292	4,255,419	7,095,711
Expenses:						
Program services	1,463,609	-	1,463,609	1,188,325	-	1,188,325
Supporting services:						
General and administrative	332,030	-	332,030	362,021	-	362,021
Fundraising	108,573	-	108,573	170,471	-	170,471
Total expenses	1,904,212	-	1,904,212	1,720,817	-	1,720,817
Change in net assets	31,431,964	561,884	31,993,848	1,119,475	4,255,419	5,374,894
Net assets, beginning of year	4,294,589	13,838,919	18,133,508	3,175,114	9,583,500	12,758,614
Net assets, end of year	<u>\$ 35,726,553</u>	<u>\$ 14,400,803</u>	<u>\$ 50,127,356</u>	<u>\$ 4,294,589</u>	<u>\$ 13,838,919</u>	<u>\$ 18,133,508</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2021 and 2020

Exhibit 3

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 47,373,000	\$ 46,821,222
Receipts of grants and contracts	16,104,735	7,876,831
Payments to suppliers for goods or services	(48,353,396)	(51,035,916)
Payments to or on behalf of employees	(134,900,505)	(130,119,765)
Payments of scholarships and fellowships	<u>(32,852,875)</u>	<u>(32,588,207)</u>
Net cash used by operating activities	<u>(152,629,041)</u>	<u>(159,045,835)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from State appropriations	47,605,959	42,569,734
Receipts from ad valorem taxes - maintenance and operating	72,445,409	70,400,650
Receipts from non-operating Federal revenue	47,170,604	48,562,418
Receipts from COVID-19 relief	<u>-</u>	<u>20,918</u>
Net cash provided by non-capital financing activities	<u>167,221,972</u>	<u>161,553,720</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	37,405,750	36,671,257
Purchases of capital assets	(91,062,628)	(99,738,956)
Proceeds from general obligation bonds	88,870,000	-
Payment on capital debt - principal	(24,044,785)	(13,662,775)
Payment on capital debt - interest	<u>(20,866,656)</u>	<u>(23,689,436)</u>
Net cash provided (used) by capital and related financing activities	<u>(9,698,319)</u>	<u>(100,419,910)</u>
<u>Cash flows from investing activities</u>		
Investment income	222,060	3,127,578
Purchase of investments	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>222,060</u>	<u>3,127,578</u>
Increase (Decrease) in cash and cash equivalents	5,116,672	(94,784,447)
Cash and cash equivalents, beginning of year	<u>182,832,005</u>	<u>277,616,452</u>
Cash and cash equivalents, end of year	<u>\$ 187,948,677</u>	<u>\$ 182,832,005</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (187,605,034)	\$ (186,939,897)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	22,012,817	18,227,393
Bad debt expense	-	457,831
Tax collection fee	240,808	242,673
Payments made directly by state for benefits	11,417,492	11,054,425
Changes in assets and liabilities:		
Receivables, net	45,185	(2,059,629)
Prepaid expenses and deferred charges	(998,889)	411,832
Inventories	(184,352)	(10,234)
Donated assets	-	(2,052,315)
Deferred outflows related to pensions	3,611,953	2,826,403
Deferred outflows related to OPEB	(4,984,217)	2,864,399
Accounts payable	2,162,887	(5,912,887)
Accrued liabilities	(1,383,314)	441,827
Unearned revenue	1,550,466	(2,536,718)
Compensated absences	(409,257)	712,616
Net pension liability	332,444	(3,680,884)
Net OPEB liability	161,072	12,099,039
Deferred inflow related to pensions	(1,461,273)	4,871,437
Deferred inflow related to OPEB	<u>2,862,171</u>	<u>(10,063,146)</u>
Net cash used by operating activities	<u>\$ (152,629,041)</u>	<u>\$ (159,045,835)</u>
<u>Non-cash investing, capital, and financing activities</u>		
Payments made directly by state for benefits	11,417,492	11,054,425
Net pension/OPEB liability	522,150	8,917,248
Amortization of discounts and premiums on bonds	5,269,149	2,447,225
Gifts of depreciable and non-depreciable assets	107,496	2,052,315
Accreted interest on capital appreciation bonds	4,169,876	-
Deferred outflow related to defeased debt	<u>1,126,016</u>	<u>1,306,743</u>
Net non-cash investing, capital, and financing activities	<u>\$ 22,612,179</u>	<u>\$ 25,777,956</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
FOUNDATION, INC. (a Texas Nonprofit Corporation)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

EXHIBIT 3A

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 31,993,848	\$ 5,374,894
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net Change in fair value of investment	(1,547,688)	(198,315)
Contributions with perpetual donor restrictions	(602,650)	(4,046,613)
(Increase) decrease in pledges receivable	148,819	(107,886)
Increase (decrease) in scholarships and programs payable	7,649	(33,009)
	<u>29,999,978</u>	<u>989,071</u>
Net cash provided (used) by operating activities		
<u>Cash flows from investing activities</u>		
Sale (purchase) of investments	<u>(29,825,636)</u>	<u>(287,015)</u>
Net cash provided by investing activities	<u>(29,825,636)</u>	<u>(287,015)</u>
<u>Cash flows from financing activities</u>		
Proceeds from contributions with perpetual donor restrictions	<u>1,103,650</u>	<u>48,113</u>
Net cash provided (used) by financing activities	<u>1,103,650</u>	<u>48,113</u>
Net change in cash and cash equivalents	1,277,992	750,169
Cash and cash equivalents, beginning of year	<u>1,845,093</u>	<u>1,094,924</u>
Cash and cash equivalents, end of year	<u>\$ 3,123,085</u>	<u>\$ 1,845,093</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

August 31, 2021 and 2020

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

GASB Statement No. 84 - *Fiduciary Activities*

[GASB Statement 84 Link](#)

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 was originally effective for the College's fiscal year ending August 31, 2020 but is now postponed to August 31, 2021, as a result of GASB Statement No. 95. The College has determined that the impact of adopting this Statement is immaterial.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

GASB Statement No. 87 - *Leases*

[GASB Statement 87 Link](#)

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement was originally effective for the College's fiscal year ending August 31, 2021 but is now postponed to August 31, 2022, as a result of GASB Statement No. 95. The College is currently evaluating the impact of adopting this Statement.

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

[GASB Statement 89 Link](#)

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement was originally effective for the College's fiscal year ending August 31, 2021 but is now postponed to August 31, 2022, as a result of GASB Statement No. 95. The College is currently evaluating the impact of adopting this Statement.

GASB Statement No. 90 - *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*

[GASB Statement 90 Link](#)

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 was originally effective for the College's fiscal year ending August 31, 2020 but is now postponed to August 31, 2021, as a result of GASB Statement No. 95. The College has determined this Statement is not applicable.

GASB Statement No. 91 - *Conduit Debt Obligations*

[GASB Statement 91 Link](#)

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. This Statement was originally effective for the College's fiscal year ending August 31, 2022 but is now postponed to August 31, 2023, as a result of GASB Statement No. 95. The College is currently evaluating the impact of adopting this Statement. GASB Statement 92 - *Omnibus 2020*.

[GASB Statement 92 Link](#)

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics and includes the following: Statement No. 87, Statement No. 73, Statement No. 74, Statement No. 84, and other topics. The application of this statement is expected to provide more comparable reporting and improve the usefulness for financial statement users. Some requirements of this statement are effective upon issuance, and others are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. This Statement was originally effective for the College's fiscal year ending August 31, 2021 but is now postponed to August 31, 2022, as a result of GASB Statement No. 95. The College is currently evaluating the impact of adopting this Statement.

GASB Statement No. 93 - *Replacement of Interbank Offered Rates*

[GASB Statement 93 Link](#)

The objective of this statement is to address accounting and financial reporting implications resulting from global reference rate reform. Government agreements in which variable payments made or received depend on IBOR, most notably the London Interbank Offered Rate (LIBOR), will be affected, as LIBOR will cease to exist at the end of 2021. Rate provisions in Statement Nos. 53 and 87 will also be affected. Most requirements of this statement are effective for reporting periods beginning after June 15, 2020; however, requirements regarding the removal of LIBOR as an appropriate benchmark are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. This Statement is effective for the College's fiscal year ending August 31, 2022. The College is currently evaluating the impact of adopting this Statement.

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

[GASB Statement 94 Link](#)

The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. Requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. This Statement is effective for the College's fiscal year ending August 31, 2023. The College is currently evaluating the impact of adopting this Statement.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

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

[GASB Statement 95 Link](#)

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

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

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

[GASB Statement 96 Link](#)

The objective of this statement is to (1) define a SBITA; (2) establish that SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement is effective for the College's fiscal year ending August 31, 2023. The College is currently evaluating the impact of adopting this Statement.

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

[GASB Statement 97 Link](#)

The primary objectives of this statement are the following: (1) increase consistency and comparability in the reporting of fiduciary component units where the potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of reporting defined contribution plans, defined contribution OPEB plans, or other employee benefit plans that are administered through trusts are effective immediately. This Statement was adopted during The College's fiscal year ending August 31, 2021 with no significant impact.

GASB Statement No. 98 - *The Annual Comprehensive Financial Reports*

This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The College implemented this statement in fiscal year 2021.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Tuition Discounting

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

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

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

Basis of Accounting

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

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Outflows of Resources

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

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 \$155,439,887 and \$160,462,075 as of August 31, 2021 and 2020, 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, 2021 and 2020.

Inventories

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

Capital Assets

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment, and library books. Capital assets that are purchased are recorded at cost. Donated capital assets are recorded at acquisition value. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The College annually evaluates impairment of capital assets. The College does not believe any impairment exists as of August 31, 2021 and 2020. 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 \$28,427,116 and \$26,447,913 for fiscal years 2021 and 2020, respectively. Of these amounts, \$3,304,118 and \$3,048,765 was capitalized to construction in progress for fiscal years 2021 and 2020, 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

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 recognized as a liability. At August 31, 2021 and 2020, unearned revenue was \$26,656,077 and \$25,105,610, respectively.

Deferred Inflows of Resources

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

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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Classification of Revenues and Expenses

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

Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform with the current year presentation. Prior year reclasses relate to classification of Continuing Education expenditures, Third Party Scholarships, and State on Behalf payments.

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, 2021 and 2020.

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>2021</u>	<u>2020</u>
Cash and cash equivalents:		
Petty cash on hand	\$ 19,166	\$ 20,200
External investment pools	155,439,887	160,462,075
Money market	<u>30,026,050</u>	<u>20,252,166</u>
Subtotal cash and cash equivalents	185,485,103	180,734,441
Bank deposits - demand deposits	<u>2,463,574</u>	<u>2,097,564</u>
Total cash and deposits, August 31	\$ <u>187,948,677</u>	\$ <u>182,832,005</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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:

	<u>2021</u>	<u>2020</u>
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents:		
Current	\$ 88,053,872	\$ 80,146,687
Noncurrent	99,894,805	102,685,318
Investments	-	-
Total cash, cash equivalents and investments	<u>\$ 187,948,677</u>	<u>\$ 182,832,005</u>

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

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Weighted Average (Days)</u>	<u>Rating</u>
	<u>Fair Value</u>	<u>Maturity Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>		
<u>2021</u>						
External investment pools	\$ 155,439,887	\$ 155,439,887	\$ -	\$ -	1.00	AAA-AAAm
Money market	<u>30,026,050</u>	<u>30,026,050</u>	-	-	<u>1.00</u>	n/a
Totals	<u>\$ 185,465,937</u>	<u>\$ 185,465,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1.00</u>	
<u>2020</u>						
External investment pools	\$ 160,462,075	\$ 160,462,075	\$ -	\$ -	1.00	AAA-AAAm
Money market	<u>20,252,166</u>	<u>20,252,166</u>	-	-	<u>1.00</u>	n/a
Totals	<u>\$ 180,714,241</u>	<u>\$ 180,714,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1.00</u>	

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 2021 and 2020, 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, 2021 and 2020.

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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

4. Authorized Investments (continued)

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

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

Concentration of Credit Risk

The Policy of the College to invest its public funds in a manner which will provide the highest reasonable investment return with the maximum security while meeting the daily cash flow requirements of the College and conforming to all state and federal statutes governing the investment of public funds. The Policy requires diversification on all authorized investment types which are monitored on at least a monthly basis. The College will diversify maturity dates and to the extent possible, match investments with anticipated cash flow requirements. No investment stated maturities will exceed three years at the time of purchase. The Policy requires the following diversifications:

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
U.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, 2021, the investment portfolio consisted of 98.68% in investment pools and money market accounts and 1.32% in petty cash and demand deposits. As of August 31, 2020, the investment portfolio consisted of 98.84% in investment pools and money market accounts and 1.16% in petty cash and demand deposits

Custodial Credit Risk

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

4. Authorized Investments (continued)

As of August 31, 2021, and 2020, 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, 2021, and 2020, the carrying amount of the College deposits was \$32,449,914 and \$22,223,241 and the total bank balances equaled \$33,739,833 and \$23,793,978, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution. The remaining \$33,239,833 and \$23,046,127 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, 2021 and 2020, respectively.

Fair Value of Financial Instruments

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

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

The College had the following investments measured at fair value at August 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value level - money market	\$ 30,026,050	\$ <u>30,026,050</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at NAV/amortized cost:				
TexPool	87,891,535			
Lone Star	<u>67,548,352</u>			
Total Investments	\$ <u>185,465,937</u>			

The College had the following investments measured at fair value at August 31, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value level - money market	\$ 20,252,166	\$ <u>20,252,166</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at NAV/amortized cost:				
TexPool	148,547,186			
Lone Star	<u>11,914,889</u>			
Total Investments	\$ <u>180,714,241</u>			

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

4. Authorized Investments (continued)

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

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

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

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>2021</u>	<u>2020</u>
Student receivables	\$ 17,747,791	\$ 20,914,690
Federal receivables	2,693,178	3,194,854
State and local receivables	1,276,922	569,886
Other receivables	3,857,574	1,885,910
Less allowances for doubtful accounts	<u>(4,321,635)</u>	<u>(5,266,325)</u>
Total	<u>21,253,830</u>	<u>21,299,015</u>
Property tax receivable	5,365,993	4,708,809
Less allowances for doubtful accounts	<u>(328,204)</u>	<u>(232,750)</u>
Total	<u>5,037,789</u>	<u>4,476,059</u>
Total accounts receivables, net	\$ <u>26,291,619</u>	\$ <u>25,775,074</u>

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

	<u>2021</u>	<u>2020</u>
Vendors payable	\$ 6,027,114	\$ 5,461,706
Construction costs payable	11,042,249	11,123,735
Students payable	1,242,256	762,246
Other payables	2,040,215	841,279
Salaries and benefits payable	4,933,450	6,316,764
Accrued interest payable	<u>1,206,282</u>	<u>1,119,816</u>
Total accounts payables, net	\$ <u>26,491,566</u>	\$ <u>25,625,546</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

6. Capital Assets

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

	2021			
	Balance September 1, 2020	Increase	Decrease	Balance August 31, 2021
Not depreciated:				
Land	\$ 17,122,501	\$ 30,337	\$ -	\$ 17,152,838
Construction in progress	52,323,916	91,822,205	62,618,591	81,527,531
Total not depreciated	<u>69,446,417</u>	<u>91,852,542</u>	<u>62,618,591</u>	<u>98,680,369</u>
Other capital assets:				
Buildings	608,510,176	51,704,615	1,352,496	658,862,294
Land improvements	74,664,474	2,104,538	-	76,769,012
Furniture, equipment, and vehicles	60,368,859	5,163,526	235,835	65,296,550
Telecommunications and computer peripheral equipment	38,202,724	3,999,360	(15,194)	42,217,278
Library books	7,415,127	287,306	262,858	7,439,575
Total depreciated	<u>789,161,360</u>	<u>63,259,345</u>	<u>1,835,995</u>	<u>850,584,709</u>
Less accumulated depreciation:				
Buildings	127,237,978	11,038,038	-	138,276,016
Land improvements	34,900,178	3,570,878	-	38,471,056
Furniture, equipment, and vehicles	25,487,366	6,071,368	138,190	31,420,544
Telecommunication and computer peripheral equipment	24,797,090	978,504	-	25,775,594
Library books	4,948,555	354,029	262,858	5,039,726
Total accumulated depreciation	<u>217,371,167</u>	<u>22,012,817</u>	<u>401,048</u>	<u>238,982,936</u>
Net capital assets	<u>\$ 641,236,610</u>	<u>\$ 133,099,070</u>	<u>\$ 64,053,538</u>	<u>\$ 710,282,141</u>
	2020			
	Balance September 1, 2019	Increase	Decrease	Balance August 31, 2020
Not depreciated:				
Land	\$ 17,122,501	\$ -	\$ -	\$ 17,122,501
Construction in progress	94,038,414	98,156,445	139,870,943	52,323,916
Total not depreciated	<u>111,160,915</u>	<u>98,156,445</u>	<u>139,870,943</u>	<u>69,446,417</u>
Other capital assets:				
Buildings	494,539,666	114,794,871	824,361	608,510,176
Land improvements	64,823,378	9,841,096	-	74,664,474
Furniture, equipment, and vehicles	47,786,850	12,810,385	228,376	60,368,859
Telecommunications and computer peripheral equipment	32,381,134	5,829,890	8,300	38,202,724
Library books	7,351,245	229,527	165,645	7,415,127
Total depreciated	<u>646,882,273</u>	<u>143,505,769</u>	<u>1,226,682</u>	<u>789,161,360</u>
Less accumulated depreciation:				
Buildings	119,061,698	8,873,825	697,545	127,237,978
Land improvements	31,874,854	3,025,324	-	34,900,178
Furniture, equipment, and vehicles	21,896,702	3,762,711	172,047	25,487,366
Telecommunication and computer peripheral equipment	22,594,322	2,211,068	8,300	24,797,090
Library books	4,759,735	354,465	165,645	4,948,555
Total accumulated depreciation	<u>200,187,311</u>	<u>18,227,393</u>	<u>1,043,537</u>	<u>217,371,167</u>
Net capital assets	<u>\$ 557,855,877</u>	<u>\$ 223,434,821</u>	<u>\$ 140,054,088</u>	<u>\$ 641,236,610</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

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, 2021 and 2020, the outstanding commitment under construction contracts for facilities and other projects is approximately \$38.4 and \$58.2 million, respectively.

8. Noncurrent Liabilities

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

	2021				
	Balance September 1, 2020	Increase	Decrease	Balance August 31, 2021	Current Portion
Bonds payable:					
General obligation bonds	\$ 530,439,998	\$ 64,921,057	\$ -	\$ 595,361,055	\$ 13,956,364
Revenue bonds	45,979,683	-	1,221,858	44,757,825	1,536,864
Accreted interest	-	4,169,876		4,169,876	308,534
Accrued Compensable absences	2,819,100	-	419,257	2,399,843	289,006
Net pension liability	45,813,261	332,444	-	46,145,705	-
Net OPEB liability	<u>107,182,217</u>	<u>-</u>	<u>3,419,516</u>	<u>107,343,289</u>	<u>3,580,588</u>
Total	<u>\$ 732,234,259</u>	<u>\$ 69,423,377</u>	<u>\$ 5,060,631</u>	<u>\$ 800,177,593</u>	<u>\$ 19,671,356</u>
	2020				
	Balance September 1, 2019	Increase	Decrease	Balance August 31, 2020	Current Portion
Bonds payable:					
General obligation bonds	\$ 544,008,506	\$ -	\$ 13,568,508	\$ 530,439,998	\$ 16,967,143
Revenue bonds	47,380,693	-	1,401,010	45,979,683	1,461,011
Accrued Compensable absences	2,181,388	876,249	238,537	2,819,100	163,633
Net pension liability	49,494,145	-	3,680,884	45,813,261	-
Net OPEB liability	<u>95,083,178</u>	<u>12,099,039</u>	<u>-</u>	<u>107,182,217</u>	<u>2,508,489</u>
Total	<u>\$ 738,147,910</u>	<u>\$ 12,975,288</u>	<u>\$ 18,888,939</u>	<u>\$ 732,234,259</u>	<u>\$ 21,100,276</u>

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

9. Bonds and Notes Payable

Bonds and notes payable at August 31 are as follows:

	<u>2021</u>	<u>2020</u>
<u>General Obligation Bonds</u>		
Limited Tax General Obligation Building and Refunding Bonds, Series 2011, to refund a portion of 2009 General Obligation Bonds, to construct and equip facilities, and to purchase sites for school buildings. Issued July 21, 2011, in the amount of \$68,055,568 plus a premium of \$2,863,979. Partially defeased during fiscal years 2017, 2019, and 2021. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2038.	\$ 8,040,165	\$ 33,862,666
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. Tax supported bonds. Interest rates range from 2.00% to 5.00%. Due February 2033.	8,699,565	9,434,477
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. Tax supported bonds. Interest rates range from 3.625% to 5.00%. Due February 2033.	50,115,121	50,240,952
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. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2046.	140,655,905	143,186,466
Limited Tax General Obligation Refunding Bonds, Series 2016B, to partially refund Series 2008A and 2009 General Obligation Bonds and pay the costs of issuance. Issued April 20, 2016 in the amount of \$50,235,000 plus a premium of \$5,989,839. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2038.	49,697,757	53,886,716
Limited Tax General Obligation Refunding Bonds, Series 2016C, to partially refund Series 2009 Limited Tax General Obligation Bonds and Series 2011 Limited Tax Refunding Bonds and pay the costs of issuance. Issued September 22, 2016 in the amount of \$73,770,000 plus a premium of \$9,659,340. Tax supported bonds. Interest rates range from 2.50% to 5.00%. Due February 2039.	77,719,840	81,107,623

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

9. Bonds and Notes Payable (continued)

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. 147,265,637 149,986,572

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. 6,473,055 8,734,526

Limited Tax General Obligation Refunding Bonds, Series 2021, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, to partially refund Series 2011 Limited Tax Refunding Bonds, and pay the costs of issuance. Issued February 18, 2021 in the amount of \$88,870,000 plus a premium of \$18,126,111. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2051. 106,694,009 -

Revenue Bonds

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. Pledged revenue supported bonds. Interest rates range from 3.75% to 5.00%. Due February 2040. 44,757,826 45,979,683

Total bonds and notes payable \$ 640,118,880 \$ 576,419,681

10. Debt Obligations

Debt service requirements for bonds and notes payable as of August 31, 2021 were as follows:

Years Ending <u>August 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 15,493,228	\$ 26,929,291	\$ 42,422,519
2023	20,531,846	25,594,294	46,126,140
2024	21,768,040	24,254,224	46,022,264
2025	20,326,289	27,043,691	47,369,980
2026	22,372,412	23,409,878	45,782,289
2027-2031	127,495,523	93,347,900	220,843,423
2032-2036	141,537,303	66,271,366	207,808,669
2037-2041	125,663,660	38,279,816	163,943,476
2042-2046	96,003,307	18,863,625	114,866,932
2047-2051	<u>48,927,272</u>	<u>3,367,125</u>	<u>52,294,397</u>
	<u>\$ 640,118,880</u>	<u>\$ 347,361,209</u>	<u>\$ 987,480,089</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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.

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, 2021 and 2020 is as follows:

	2021	2020
	Revenue Bonds	Revenue Bonds
Pledged revenue required for future principal and interest	\$ 64,413,200	\$ 65,391,900
Principal and interest paid during the year	3,271,550	3,271,100
Revenue stream for the year	23,007,309	22,943,459
Percentage of revenue stream pledged for the year	14.22%	14.26%
Term of commitment	2040	2040

12. Refunding Bonds

Limited Tax General Obligation Refunding Bonds, Series 2021

On February 18, 2021, the College issued \$88,870,000 of Limited Tax General Obligation and Refunding Bonds, Series 2021. The bonds mature serially through February 2051. The interest rates range from 3.00% to 5.00%. A prescribed portion of the bonds are to refund the Limited Tax General Obligation Bond, Series 2011. The par value of the refunding bonds was \$16,615,000 with a reoffering premium of \$4,771,989 less cost of issuance fees totaling \$134,278.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$21,165,000, (2) the aggregate debt service payments of \$24,537,501 for the refunding bonds was \$7,800,082 less than the aggregate debt service payments of \$32,345,888 for the refunded bonds, and (3) the net present value of the refunding transaction was \$6,805,390, or 32.15%.

13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2021 and 2020, the College had the following defeased bonds outstanding:

Bond Issue	Calendar Year Refunded	Par Value Outstanding	
		2021	2020
Limited Tax General Obligation Bonds, Series 2011	2019	\$ 7,005,000	\$ 7,005,000
Limited Tax General Obligation Bonds, Series 2011	2021	1,410,000	-
Limited Tax General Obligation Bonds, Series 2016B	2021	3,155,000	-
Maintenance Tax Refunding Notes, Series 2011	2019	735,000	1,170,000
Total		<u>\$ 12,305,000</u>	<u>\$ 8,175,000</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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, 2021, and 2020, the College has not designated any portion of the unrestricted net position.

15. Operating Lease Commitments and Rental Agreements

The College leases computer equipment, instructional equipment, office space, storage space, vehicles, and copiers. The following operating lease commitments requiring future minimum annual rental payments are as follows as of August 31, 2021:

Years Ending <u>August 31,</u>	
2022	\$ 2,076,491
2023	1,496,742
2024	1,027,445
2025	325,105
2026	<u>70,381</u>
Total	\$ <u><u>4,996,164</u></u>

Computer leases have term expiration dates ranging from calendar years 2022 to 2026. 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 2021 to 2025. Each agreement contains an escalation clause allowing the landlord to allocate additional direct costs related to the operation of the leased sites. Leases currently in effect contain options to renew and allow for subleasing property with landlord’s written consent.

The 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 \$2,644,526 and \$3,454,977 of lease payments paid during fiscal years 2021 and 2020, 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

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

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_2020.pdf (select *About TRS*, then *Publications*, then *Financial Reports*) or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the State, participating employers and active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

Employee contribution rates are set in State Statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates

	2021	2020
Member (Employee)	7.70%	7.70%
Non-Employer Contributing Entity (State)	3.75%	3.75%
College (Employer)	3.75%	3.75%
Member (Employee)	\$ 6,416,817	\$ 6,519,529
Non-Employer Contributing Entity (State)	2,917,383	2,970,807
College (Employer)	3,467,860	3,569,331
Total contributions	\$ 12,802,061	\$ 13,059,667

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 the TRS pension plan in FY 2021 were \$3,467,860 as reported in the Schedule of Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated state of Texas on-behalf contributions for FY 2021 were \$2,917,383.

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 7.5%. The College pays the State contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- 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, there is a surcharge, an employer is subject to pay both the member contribution and the State contribution as an employment after retirement surcharge.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward To August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%*
Last year ending August 31 in the projection period (100 years)	2119
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, 2018 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.

Changes of assumptions since the prior measurement date:

- The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.
- The single discount rate 7.25% was based on the expected rate of return on plan investments of 7.25%.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 7.70% percent of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

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

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2020, are summarized below:

Asset Class	Target Allocation Percentage ¹	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
U.S.A.	18.0%	3.9%	.99%
Non-U.S. Developed	13.0%	5.1%	.92%
Emerging Markets	9.0%	5.6%	.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value:			
Government Bonds	16.0%	(0.7)%	(0.5)%
Stable Value Hedge Funds	5.0%	1.9%	.11%
Absolute Return (Including Credit Sensitive Investments)	-	1.8%	-
Real Return:			
Real Estate	15.0%	4.6%	1.02%
Energy and Natural Resources And infrastructure	6.0%	6%	0.42%
Commodities-		0.8%	-
Risk Parity:			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2.0%	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)%	(1.3)%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			(0.67)%
Expected Return	<u>100%</u>		<u>7.33%</u>

¹ Target Allocation based on the FY2020 policy model

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

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

Discount Rate Sensitivity Analysis

The following table represents the net pension liability of the plan using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease <u>(6.25%)</u>	<u>Discount Rate (7.25%)</u>	1% Increase <u>(8.25%)</u>
College's proportionate share of the net pension liability	\$ 71,155,852	\$ 46,145,705	\$ 25,825,509

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

At August 31, 2021 and 2020, the College reported a liability of \$46,145,705 and \$45,813,261, 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>2021</u>	<u>2020</u>
The College's proportionate share of the collective net pension liability	\$ 46,145,705	\$ 45,813,261
State's proportionate share that is associated with the College	<u>38,404,504</u>	<u>36,764,281</u>
Total	<u>\$ 84,550,209</u>	<u>\$ 82,577,542</u>

The net pension liability for fiscal year 2021 was measured as of August 31, 2019 and rolled forward to August 31, 2020. The total pension liability was determined by an actuarial valuation as of that date.

The net pension liability for fiscal year 2020 was measured as of August 31, 2018 and rolled forward to August 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020.

The College's proportion of the net pension liability for fiscal year 2021 and 2020 was based on the College's contributions to the pension plan relative to the contribution of all employers to the plan for the period September 1, 2019 through August 31, 2020 and the period September 1, 2018 through August 31, 2019, respectively.

At the measurement date of August 31, 2020, the College's proportional share of the collective net pension liability was 0.0861603118%, which was a decrease of 0.0019707105% from its proportion measured as of August 31, 2019 of 0.0881310223%.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

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

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

Changes since the prior actuarial valuation:

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000 whichever was less.

For the fiscal year ended August 31, 2021, the College recognized pension expense of \$10,536,443 which includes revenues of \$4,619,209 representing pension expense incurred by the State on behalf of the College.

At August 31, 2021 and 2020, 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:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 84,258	\$ 1,287,804	\$ 192,457	\$ 1,590,709
Changes in actuarial assumptions	10,707,445	4,552,731	14,213,523	5,873,700
Net difference between projected and actual economic experience	934,180	-	460,018	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,282,857	1,769,004	1,633,807	1,606,403
Total as of August 31 measurement date	13,008,740	7,609,539	16,499,805	9,070,812
Contributions paid to TRS subsequent to the measurement date	3,762,710	-	3,883,598	-
Total	\$ 16,771,450	\$ 7,609,539	\$ 20,383,403	\$ 9,070,812

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to pensions as of August 31, 2021 and 2020:

	2021	2020
Deferred outflows of resources	\$ 16,771,450	\$ 20,383,403
Deferred inflows of resources	(7,609,539)	(9,070,812)
Total	\$ 9,161,911	\$ 11,312,591

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$3,762,710 will be recognized as a reduction to net pension liability in the fiscal year ended August 31, 2022.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

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

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

Years Ended <u>August 31,</u>	Pension Expense <u>Amount</u>
2022	\$ 615,298
2023	2,376,359
2024	2,348,737
2025	732,592
2026	(622,721)
Thereafter	<u>(51,064)</u>
Total	5,399,201
Contributions paid to TRS subsequent to the measurement date	<u>3,762,710</u>
Total deferred outflows of resources, net	\$ <u><u>9,161,911</u></u>

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 2021 and 2020 was 3.30% of ORP related salaries. The College contribution percentages for fiscal years 2021 and 2020 was 3.50%. The combined rate was 6.80% per year. The Employee contribution percentages were 6.65% for fiscal years 2021 and 2020. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% of eligible employees in the reporting district.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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 \$454,804 and \$477,395 for the fiscal years 2021 and 2020, 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 \$13,938,546 and \$14,734,355 for the fiscal years 2021 and 2020, respectively.

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

Fiscal Year Ended	State Paid	Contribution %	College Paid	Contribution %	Employee Paid	Contribution %	Total
<u>August 31,</u>							
2021	\$ 454,804	3.30%	\$ 487,848	3.50%	\$ 926,913	6.65%	\$ 1,869,565
2020	\$ 477,395	3.30%	\$ 515,702	3.50%	\$ 979,834	6.65%	\$ 1,972,931

*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 \$405 and \$379 per month for the years ended August 31, 2021 and 2020, respectively. The State’s cost of providing those benefits for 1,244 active employees was \$6,044,873 and for 542 retirees was \$2,413,997, for a total State funded amount of \$8,458,870 for the year ended August 31, 2021. The State’s cost of providing those benefits for 1,348 active employees was \$6,133,861 and for 542 retirees was \$2,325,009, for a total State funded amount of \$8,458,870 for the year ended August 31, 2020. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State’s contribution to 50 percent for eligible employees in the reporting district.

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% for 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	State Paid	%	College Paid	%	Employee Paid	%	Total Annual Premiums
<u>August 31,</u>							
2021	\$ 8,458,870	34.85%	\$ 9,732,952	40.10%	\$ 6,080,141	25.05%	\$ 24,271,963
2020	\$ 8,458,870	34.49%	\$ 9,789,669	39.92%	\$ 6,276,346	25.59%	\$ 24,524,885

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Member only	\$ 624.82	\$ 624.82
Member and spouse	1,340.82	1,340.82
Member and child(ren)	1,104.22	1,104.22
Member and family	1,820.22	1,820.22

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

Plan Description

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

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/>, (FY20CAFR) or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided

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

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (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 Retiree Health and Basic Life Premium Fiscal Year 2020 (Measurement Year)	
Retiree only	\$ 624.82
Retiree and spouse	1,340.82
Retiree and children	1,104.22
Retiree and family	1,820.22

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

Premium Contributions by Source Group Benefits Program in the SRHP For Years Ended August 31, 2021 and 2020	
Fiscal Year 2021 Member Contributions	\$ 6,080,141
Fiscal Year 2021 College Contributions (active employees)	7,014,761
Fiscal Year 2021 College Contributions (retirees)	2,723,860
Fiscal Year 2020 Measurement Year NECE On-Behalf Contributions (all employees)	8,458,870

Premium Contributions by Source Group Benefits Program in the SRHP For Years Ended August 31, 2020 and 2019	
Fiscal Year 2020 Member Contributions	\$ 6,276,345
Fiscal Year 2020 College Contributions (active employees)	7,139,066
Fiscal Year 2020 College Contributions (retirees)	2,650,603
Fiscal Year 2019 Measurement Year NECE On-Behalf Contributions (all employees)	8,753,094

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2020
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	2.20%
Projected annual salary increase	2.30% to 9.50%, including inflation
Annual healthcare trend rate per year HealthSelect	8.80% for FY2022, 5.25% for FY2023, 5.00% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
HealthSelect Medicare Advantage *	-53.30% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment benefit changes	None

*Comprised of a current portion of \$744,301,047 and a long-term portion of \$32,300,330,650

The mortality assumptions used in the valuation were as follows:

1. State Agency Members:
 - a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
 - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
 - c. Active Members: Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

Actuarial Assumptions (continued)

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 male 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 end of the measurement year was 2.20% to reflect the requirements of GASB 75. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds’ average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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 (2.20%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate <u>(1.20%)</u>	Discount Rate <u>(2.2%)</u>	1% Increase in Discount Rate <u>(3.20%)</u>
Proportionate share of net OPEB liability	\$ 127,585,067	\$ 107,343,289	\$ 91,485,668

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
August 31, 2021 and 2020

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

Healthcare Trend Rate Sensitivity Analysis

		<u>1% Decrease in Healthcare Cost</u>		<u>Current Healthcare Cost</u>		<u>1% Increase in Healthcare Cost</u>
Proportionate share of net OPEB liability	\$	89,839,271	\$	107,343,289	\$	130,289,225

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

At August 31, 2021 and 2020, the College reported a liability of \$107,343,289 and \$107,182,217, respectively, for its proportionate share of the SRHP net OPEB liability. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows at August 31:

		<u>2020</u>		<u>2019</u>
The College's proportionate share of the collective net OPEB liability	\$	107,343,289	\$	107,182,217
State's proportionate share that is associated with the College		<u>92,982,270</u>		<u>102,094,647</u>
Total	\$	<u>200,325,559</u>	\$	<u>209,276,864</u>

The net OPEB liability was measured as of August 31, 2020 and 2019, 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, 2021 and 2020 OPEB liability, the College's proportionate share was based on the College's contributions for employees and retirees to the OPEB plan relative to the contributions of all employers to the plan. The College's proportion of the collective net OPEB liability from its proportion measured at August 31, 2020, was 0.32484335%, which was an increase of 0.01473362% from its proportion measured as of August 31, 2019 of 0.31010973%. Changes, if any, to the current methodology or actuarial assumptions being utilized by ERS, could result in significant changes in accounting and financial reporting in future periods.

For the fiscal year ended August 31, 2021, the College recognized OPEB expense of \$8,458,870 which includes revenues of \$1,097,073 representing OPEB expense incurred by the State on behalf of the College. Contributions made by the College subsequent to the measurement dates for active employees and retirees have been recorded as deferred outflows of resources as of August 31, 2021 and 2020.

At August 31, 2021, 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:

	<u>2021</u>		<u>2020</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	\$ -	\$ 4,198,250	\$ -	\$ 2,788,977
Changes in actuarial assumptions	6,214,430	23,128,055	7,627,588	23,951,162
Net difference between projected and actual economic experience	32,036	-	44,065	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>14,564,836</u>	<u>2,276,005</u>	<u>7,829,994</u>	<u>-</u>
Total as of measurement date	20,811,302	29,602,310	15,501,647	26,740,136
Contributions paid to SHRP subsequent to the measurement date	<u>1,805,552</u>	<u>-</u>	<u>2,130,990</u>	<u>-</u>
Total	<u>\$ 22,616,854</u>	<u>\$ 29,602,310</u>	<u>\$ 17,632,637</u>	<u>\$ 26,740,136</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to OPEB as of August 31, 2021 and 2020:

	2021	2020
Deferred outflows of resources	\$ 22,616,854	\$ 17,632,637
Deferred inflows of resources	<u>(29,602,310)</u>	<u>(26,740,136)</u>
Total	<u>\$ (6,985,456)</u>	<u>\$ (9,107,499)</u>

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$1,805,552 will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2022.

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

Year ended <u>August 31,</u>	OPEB Expense <u>Amount</u>
2022	\$ (5,473,143)
2023	(2,394,684)
2024	36,005
2025	(487,766)
2026	(471,420)
Thereafter	-
Total	(8,791,008)
Contributions paid to ERS subsequent to the measurement date	<u>1,805,552</u>
Total deferred inflows of resources, net	<u>\$ (6,985,456)</u>

20. Compensable Absences

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College’s policy is that an employee may carry a maximum of 200 hours of accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all earned and unused accrued leave. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$2,134,306 and \$2,496,759 as of August 31, 2021 and 2020, 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 \$265,537 and \$322,341 as of August 31, 2021 and 2020, respectively.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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, 2021 and 2020, the College had one employee participant and an accrued liability \$119,904 and \$109,904, 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 \$649,041 and \$618,706 as of August 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Beginning Balance, September 1	\$ 618,706	\$ 480,152
Claims incurred and changes in estimates	181,594	368,323
Payments on claims	<u>(151,259)</u>	<u>(229,769)</u>
Ending Balance, August 31	\$ <u><u>649,041</u></u>	\$ <u><u>618,706</u></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>2021</u>	<u>2020</u>
Assessed valuation of the College	\$ 74,245,802,631	\$ 72,337,367,215
Less: Exemptions	(11,384,350,090)	(11,423,615,439)
Less: Abatements	-	-
Net assessed valuation of the College	\$ <u><u>62,861,452,541</u></u>	\$ <u><u>60,913,751,776</u></u>

	<u>2021</u>			<u>2020</u>		
	<u>Current</u>	<u>Debt</u>	<u>Total</u>	<u>Current</u>	<u>Debt</u>	<u>Total</u>
	<u>Operations</u>	<u>Service</u>		<u>Operations</u>	<u>Service</u>	
Authorized tax rate						
per \$100 valuation	\$ 0.2000000	\$ 0.5000000	\$ 0.7000000	\$ 0.2000000	\$ 0.5000000	\$ 0.7000000
Assessed tax rate						
per \$100 valuation						
(maximum per						
enabling legislation)	0.1117380	0.0576200	0.1693580	0.1172510	0.0609180	0.1781690

Taxes levied for the years ended August 31, 2021 and 2020, amounted to \$109,860,873 and \$108,529,422, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

23. Ad Valorem Tax (continued)

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.

	2021			2020		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 71,091,861	\$ 36,600,481	\$ 107,692,342	\$ 69,467,031	\$ 36,184,940	\$ 105,651,971
Delinquent taxes	924,336	475,878	1,400,214	407,241	212,129	619,370
Penalties and Interest	639,798	329,390	969,188	526,378	274,188	800,566
Total collections	\$ <u>72,655,995</u>	\$ <u>37,405,749</u>	\$ <u>110,061,744</u>	\$ <u>70,400,650</u>	\$ <u>36,671,257</u>	\$ <u>107,071,907</u>

Tax collections for the years ended August 31, 2021 and 2020, were 99.33 percent and 97.35 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 Industry Audit Guide, *Audit of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedules A and C. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2021 and 2020 for which monies have not been received nor funds expended, totaled \$75,714,059 and \$23,621,308 and, respectively. Of these amounts, \$72,648,096 and \$20,292,742 were from Federal contract, and grant awards; \$3,065,963 and \$3,328,566 were from State contract and grant awards for the fiscal years ended August 31, 2021 and 2020, respectively.

25. Contingent Liabilities

Pending Lawsuits and Claims

As of August 31, 2021, the College is a defendant in various legal actions. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

State and Federally Assisted Programs

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2021 and 2020

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

The San Jacinto Community College Foundation, Inc. (the Foundation) was organized in the State of Texas on November 4, 1996 to function as a legally separate, not-for-profit corporation and is controlled by a separate Board of Trustees. The College does not appoint any of the Foundation board members nor does it fund or is it obligated to pay debt related to the Foundation. The duration of the Foundation is perpetual. The Foundation was established to raise private funds for the San Jacinto Community College District (the College) for charitable, scientific, literary, and educational purposes, which are to be administered by the Foundation solely for the benefit of the College, and to account for and enhance the value of funds submitted to it in support of the educational mission of the College.

Using the criteria established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statement No. 14 and No. 34 and GASB No. 39, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the College's management has determined that the Foundation should be reported as a discrete component unit of the College because of the nature and significance of its relationship with the College. The Foundation raises and holds economic resources for the direct benefit of the College. Accordingly, the Foundation's financial statements are included in the College comprehensive annual financial report as a discretely presented component as Exhibit 1A – Statements of Financial Position – Foundation and Exhibit 2A – Statements of Activities and Changes in Net Assets – Foundation for the fiscal years ended August 31, 2021 and 2020.

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

27. Subsequent Events

Management has evaluated subsequent events through December 14, 2021, the date which the financial statements were available to be issued. The College entered into a loan agreement on October 7, 2021 with the Texas Comptroller of Public Accounts through its State Energy Conservation Office (SECO) to fund energy conservation projects. The loan amount of \$4,218,088 was borrowed at an interest rate of 2% per annum and the term of the loan is expected to be ten years. The final payment schedule will be finalized once the projects are completed within one year of the agreement date. Management of the College has determined that no other subsequent events require recognition or disclosure in these financial statements.



REQUIRED SUPPLEMENTAL SCHEDULES



**REQUIRED BY THE GOVERNMENTAL
ACCOUNTING STANDARDS BOARD**



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

	<u>Measurement Year</u>						
	<u>2020</u>	<u>2019</u>	<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	0.0861603118%	0.0881310223%	0.0899199908%	0.0831877506%	0.0843911031%	0.0847051000%	0.0930021000%
College's proportionate share of collective net pension liability	\$ 46,145,705	\$ 45,813,261	\$ 49,494,145	\$ 26,598,961	\$ 31,890,143	\$ 29,942,125	\$ 24,842,147
State's proportionate share of net pension liability associated with the College	<u>38,404,504</u>	<u>36,764,281</u>	<u>39,368,786</u>	<u>21,638,412</u>	<u>25,038,783</u>	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 84,550,209</u>	<u>\$ 82,577,542</u>	<u>\$ 88,862,931</u>	<u>\$ 48,237,373</u>	<u>\$ 56,928,926</u>	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>
College's covered payroll amount related to TRS	\$ 84,669,151	\$ 80,232,953	\$ 79,662,920	\$ 71,679,236	\$ 68,966,250	\$ 65,550,615	\$ 61,563,262
College's proportionate share of collective net pension liability / College's covered payroll amount related to TRS	54.50%	57.10%	62.13%	37.11%	46.24%	45.68%	40.35%
TRS net pension as percentage of total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

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

RSI – 2

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

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

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

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

RSI – 3

	<u>2020</u>	<u>2019</u>	<u>Measurement Year</u> <u>2018</u>	<u>2017</u>
College's proportionate share of collective net OPEB liability percentage based on the ERS measurement date of August 31,	0.32484335%	0.31010973%	0.32081788%	0.26744051%
College's proportionate share of the net OPEB liability	\$ 107,343,289	\$ 107,182,217	\$ 95,083,178	\$ 91,125,036
State's proportionate share of net OPEB liability associated with the College	<u>92,982,270</u>	<u>102,094,647</u>	<u>85,821,662</u>	<u>80,389,330</u>
Total	<u>\$ 200,325,559</u>	<u>\$ 209,276,864</u>	<u>\$ 180,904,840</u>	<u>\$ 171,514,366</u>
College's covered payroll amount related to ERS	\$ 76,421,581	\$ 76,931,961	\$ 76,226,019	\$ 74,307,687
College's proportionate share of collective net OPEB liability as a percentage of covered payroll related to ERS	140.46%	139.32%	124.74%	122.63%
ERS plan fiduciary net position as a percentage of the total OPEB liability	0.32%	0.17%	1.27%	2.04%

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

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

RSI – 4

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

Years Ended August 31, 2021 and 2020

(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:

- There were no changes in assumptions since the prior measurement date. The following actuarial assumptions were used as of August 31, 2019 and remain constant:
 - A single long-term rate of return of 7.25% has been in effect since August 31, 2019.
 - With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
 - It is assumed that future employer and State contributions will be 7.5% of eligible payroll in fiscal year 2020 gradually increasing to 9.55% of eligible payroll over the next several years.

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

Changes Since Prior Actuarial Valuation

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

- Demographic assumptions (including rates of retirement, termination and mortality and assumed salary increases for select classes of State Agency members)
- Assumed aggregate payroll increases and rate of general inflation
- Discount rate was changed from 2.97% to 2.20% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- Percentage of female members assumed to be married and electing coverage for their spouse
- Proportion of future retirees assumed to cover dependent children
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the ACA have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Actuarial assumption changes are described in ERS's Comprehensive Annual Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2021, which can be accessed at <https://ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-management/2020-cafr.pdf> and <https://ers.texas.gov/about-ers/reports-and-studies/gasb-requirements/2020-ers-opeb-valuation-report-november-2020.pdf>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES (continued)
Years Ended August 31, 2021 and 2020
(Unaudited)

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

Changes to Benefit Terms

The valuation reflects the benefit change that will become effective January 1, 2020. The change to HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

REQUIRED BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD



SAN JACINTO COMMUNITY COLLEGE DISTRICT

SCHEDULE A

SCHEDULE OF OPERATING REVENUES

Year Ended August 31, 2021

(With Memorandum Totals for the Year Ended August 31, 2020)

	2021				2020	
	Educational Activity		Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
<u>Tuition</u>						
State funded credit courses:						
In-district resident tuition	\$ 25,061,180	\$ -	\$ 25,061,180	\$ -	\$ 25,061,180	\$ 26,470,344
Out-of-district resident tuition	29,210,523	-	29,210,523	-	29,210,523	30,555,450
Non-resident tuition	5,053,145	-	5,053,145	-	5,053,145	5,123,551
TPEG-credit (set aside) *	2,661,502	-	2,661,502	-	2,661,502	2,899,638
State funded continuing non-credit education courses	6,381,966	-	6,381,966	-	6,381,966	5,555,634
TPEG-non-credit (set aside) *	223,948	-	223,948	-	223,948	85,991
Non-state funded educational programs	902,931	-	902,931	-	902,931	872,313
Total tuition	<u>69,495,195</u>	<u>-</u>	<u>69,495,195</u>	<u>-</u>	<u>69,495,195</u>	<u>71,562,921</u>
<u>Allowances and discounts</u>						
Allowance for bad debt	-	-	-	-	-	(457,831)
Remissions and exemptions - state	(857,910)	-	(857,910)	-	(857,910)	(1,015,154)
Remissions and exemptions - local	(7,838,469)	-	(7,838,469)	-	(7,838,469)	(6,905,434)
Scholarship allowances	(666,706)	-	(666,706)	-	(666,706)	(1,382,055)
TPEG awards	(1,595,036)	-	(1,595,036)	-	(1,595,036)	(690,237)
Federal grants to students	(17,862,336)	-	(17,862,336)	-	(17,862,336)	(16,226,128)
State grants to students	(1,404,005)	-	(1,404,005)	-	(1,404,005)	(434,220)
Total allowances and discounts	<u>(30,224,462)</u>	<u>-</u>	<u>(30,224,462)</u>	<u>-</u>	<u>(30,224,462)</u>	<u>(27,111,059)</u>
Total net tuition and fees	<u>39,270,733</u>	<u>-</u>	<u>39,270,733</u>	<u>-</u>	<u>39,270,733</u>	<u>44,451,862</u>
<u>Other operating revenues</u>						
Federal grants and contracts	313,271	12,629,681	12,942,952	-	12,942,952	5,406,560
State grants and contracts	790	2,371,690	2,372,480	-	2,372,480	3,008,422
Non-governmental grants and contracts	5,058	989,605	994,663	-	994,663	2,077,363
Sales and services of educational activities	82,683	-	82,683	-	82,683	100,844
Sales and services of non-educational activities	5,945,576	-	5,945,576	-	5,945,576	3,077,103
Total other operating revenues	<u>6,347,378</u>	<u>15,990,976</u>	<u>22,338,354</u>	<u>-</u>	<u>22,338,354</u>	<u>13,670,292</u>
<u>Auxiliary enterprises</u>						
Bookstores	-	-	-	741,029	741,029	967,687
Food services	-	-	-	90,446	90,446	701,633
Less food service discounts	-	-	-	-	-	(396,210)
Student services/other services	-	-	-	1,341,522	1,341,522	1,493,620
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,172,997</u>	<u>2,172,997</u>	<u>2,766,730</u>
Total operating revenues	<u>\$ 45,618,111</u>	<u>\$ 15,990,976</u>	<u>\$ 61,609,087</u>	<u>\$ 2,172,997</u>	<u>\$ 63,782,084</u>	<u>\$ 60,888,884</u>
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code 56.033, \$2,885,450 and \$2,985,629 for years ended August 31, 2021 and 2020, 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, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

SCHEDULE B

	2021				2020	
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 58,897,626	\$ -	\$ 8,575,341	\$ 4,601,838	\$ 72,074,805	\$ 79,015,288
Public service	-	-	-	-	-	-
Academic support	10,124,846	-	1,761,311	2,241,897	14,128,054	15,067,314
Student services	11,888,967	-	2,256,051	1,230,271	15,375,289	16,902,006
Institutional support	20,884,983	-	4,875,965	15,888,013	41,648,961	43,242,790
Operation and maintenance of plant	3,976,356	-	1,415,700	17,373,982	22,766,038	19,563,882
Total unrestricted educational activities	<u>105,772,778</u>	<u>-</u>	<u>18,884,368</u>	<u>41,336,001</u>	<u>165,993,147</u>	<u>173,791,280</u>
<u>Restricted - educational activities</u>						
Instruction	185,573	8,525,185	11,220	313,203	9,035,181	8,626,407
Public service	224,599	279,805	68,948	95,089	668,441	396,300
Academic support	1,814,663	1,657,033	431,318	3,973,640	7,876,654	6,999,189
Student services	156,025	2,300,043	3,822	99,776	2,559,666	2,531,438
Institutional support	251,989	4,171,520	36,534	2,232,563	6,692,606	6,093,977
Scholarships and fellowships	-	-	-	35,232,885	35,232,885	32,648,843
Total restricted educational activities	<u>2,632,849</u>	<u>16,933,586</u>	<u>551,842</u>	<u>41,947,156</u>	<u>62,065,433</u>	<u>57,296,154</u>
Total educational activities	<u>108,405,627</u>	<u>16,933,586</u>	<u>19,436,210</u>	<u>83,283,157</u>	<u>228,058,580</u>	<u>231,087,434</u>
Auxiliary enterprises	213,730	-	58,422	1,043,569	1,315,721	1,813,802
Depreciation expense - buildings and improvements	-	-	-	14,606,789	14,606,789	11,898,439
Depreciation expense - equipment, furniture and library books	-	-	-	7,406,028	7,406,028	6,328,954
Total operating expenses	<u>\$ 108,619,357</u>	<u>\$ 16,933,586</u>	<u>\$ 19,494,632</u>	<u>\$ 106,339,543</u>	<u>\$ 251,387,118</u>	<u>\$ 251,128,629</u>
				(Exhibit 2)	(Exhibit 2)	

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

SCHEDULE C

Year Ended August 31, 2021

(With Memorandum Totals for the Year Ended August 31, 2020)

	2021			2020
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 42,089,865	\$ -	\$ 42,089,865	\$ 42,092,339
State group insurance	-	8,458,870	8,458,870	8,579,122
State retirement matching	-	8,474,716	8,474,716	6,252,546
Total State appropriations	42,089,865	16,933,586	59,023,451	56,924,007
Ad valorem taxes:				
Maintenance ad valorem taxes	73,037,594	-	73,037,594	71,440,051
Debt service ad valorem taxes	-	37,616,119	37,616,119	37,167,520
Federal revenue, non-operating	107,739	47,072,699	47,180,438	48,562,418
FEMA proceeds	-	-	-	20,918
Investment income	104,014	118,046	222,060	3,127,578
Total non-operating revenues	115,339,212	101,740,450	217,079,662	217,242,492
<u>Non-operating expenses</u>				
Interest on capital related debt	-	25,122,998	25,122,998	23,399,148
Loss on disposal of capital assets	4,279	-	4,279	183,145
FEMA return of funds	9,834	-	9,834	-
Total non-operating expenses	14,113	25,122,998	25,137,111	23,582,293
Net non-operating revenues, net	\$ 115,325,099	\$ 76,617,452	\$ 191,942,551	\$ 193,660,199
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
Year Ended August 31, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

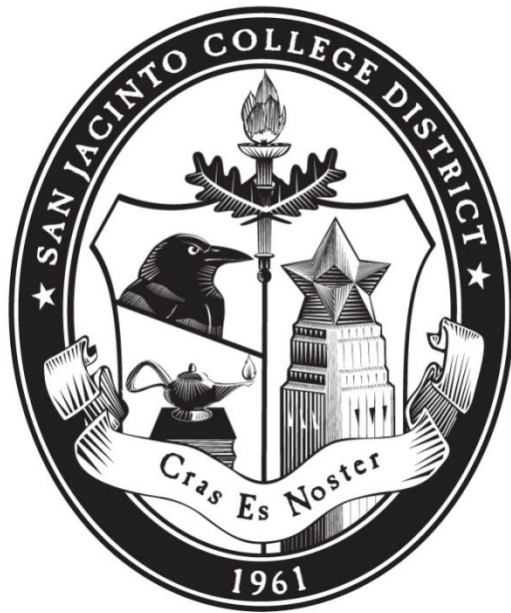
SCHEDULE D

	Detail by Source				Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets	Total	Yes	No
			Net of Depreciation and Related Debt			
Current						
Unrestricted	\$ (86,838,510)	\$ -	\$ -	\$ (86,838,510)	\$ (86,838,510)	\$ -
Restricted	-	6,187,374	-	6,187,374	-	6,187,374
Auxiliary	13,563,465	-	-	13,563,465	13,563,465	-
Plant						
Debt service	-	929,534	-	929,534	-	929,534
Investment in plant	-	-	150,664,887	150,664,887	-	150,664,887
Total net position, August 31, 2021	(73,275,045)	7,116,908	150,664,887	84,506,750	(73,275,045)	157,781,795
Total net position, August 31, 2020	(82,070,191)	11,369,470	150,869,954	80,169,233	(82,070,191)	162,239,424
Net increase (decrease) in net position	\$ 8,795,146	\$ (4,252,562)	\$ (205,067)	\$ 4,337,517	\$ 8,795,146	\$ (4,457,629)

(Exhibit 2)



Statistical



SAN JACINTO COMMUNITY COLLEGE DISTRICT

STATISTICAL SECTION

TABLE OF CONTENTS

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



SAN JACINTO COMMUNITY COLLEGE DISTRICT
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS

SS-1

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	\$ 150,664	\$ 150,870	\$ 138,425	\$ 117,323	\$ 121,647	\$ 132,443	\$ 134,450	\$ 125,621	\$ 135,105	\$ 130,942
Restricted - expendable	7,117	11,369	10,191	10,419	10,745	12,040	15,375	12,752	9,572	5,387
Unrestricted	<u>(73,275)</u>	<u>(82,070)</u>	<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>
Total primary government net position	\$ <u>84,506</u>	\$ <u>80,169</u>	\$ <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>
Prior year change	\$ 4,337	\$ 3,420	\$ 16,116	\$ (103,696)	\$ (2,516)	\$ (9,359)	\$ (32,332)	\$ (5,852)	\$ 4,383	\$ 5,823

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

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

For fiscal years 2018-2012, the amounts for Restricted-Nonexpendable have been restated to reflect the cash balances of the Debt Service Fund not previously included due to an error in the mapping of the balance.

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

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

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

SS-2

	For the Year Ended August 31, (amounts expressed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tuition and fees (net of allowances and discounts)	\$ 39,271	\$ 44,452	\$ 45,346	\$ 43,765	\$ 43,530	\$ 41,846	\$ 38,825	\$ 35,402	\$ 37,525	\$ 32,746
Governmental grants and contracts:										
Federal grants and contracts	12,943	5,406	5,792	6,959	6,965	5,463	4,070	4,592	7,366	8,322
State and local grants and contracts	2,372	3,008	2,889	3,252	3,080	2,701	3,425	2,671	2,932	4,824
Non-governmental grants and contracts	995	2,077	1,457	1,712	2,082	1,699	2,128	2,012	1,817	1,260
Sales and services of educational activities and non-educational activities	6,028	3,178	4,266	2,598	2,284	1,670	1,441	1,053	1,322	1,510
Auxiliary enterprises (net of discounts)	2,173	2,767	3,868	3,184	2,843	3,303	3,162	3,884	3,872	3,895
Other operating revenues	-	-	-	-	-	8	1	2	2	1
Total operating revenues	<u>63,782</u>	<u>60,888</u>	<u>63,618</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>
State appropriations	59,023	56,924	51,419	51,368	46,751	43,989	44,428	45,862	45,888	42,513
Ad valorem taxes	110,654	108,608	97,800	95,017	91,563	85,300	82,720	78,198	73,626	68,649
Federal revenue, non-operating	47,180	48,583	39,161	41,109	40,823	40,864	43,459	50,258	51,797	56,053
Investment income	222	3,128	6,570	3,397	1,519	545	247	254	369	942
Other non-operating	-	-	6,941	854	-	-	-	-	-	-
Total non-operating revenues	<u>217,079</u>	<u>217,243</u>	<u>201,891</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>
Total revenues	<u>\$ 280,861</u>	<u>\$ 278,131</u>	<u>\$ 265,509</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>
Prior year change	\$ 2,730	\$ 12,622	\$ 12,294	\$ 11,775	\$ 14,052	\$ 3,482	\$ (282)	\$ (2,328)	\$ 5,801	\$ 3,141
Tuition and fees (net of discounts)	13.98%	15.98%	17.08%	17.28%	18.03%	17.33%	17.38%	15.80%	16.60%	14.84%
Governmental grants and contracts:										
Federal grants and contracts	4.61%	1.94%	2.18%	2.75%	2.88%	2.40%	1.82%	2.05%	3.25%	3.77%
State and local grants and contracts	0.84%	1.08%	1.09%	1.28%	1.28%	1.19%	1.53%	1.19%	1.29%	2.19%
Non-governmental grants and contracts	0.35%	0.75%	0.55%	0.68%	0.86%	0.75%	0.95%	0.90%	0.80%	0.57%
Sales and services of educational activities and non-educational activities	2.15%	1.14%	1.61%	1.03%	0.95%	0.73%	0.63%	0.47%	0.58%	0.68%
Auxiliary enterprises	0.77%	0.99%	1.46%	1.26%	1.18%	1.45%	1.41%	1.73%	1.71%	1.76%
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>22.71%</u>	<u>21.89%</u>	<u>23.96%</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>
State appropriations	21.02%	20.47%	19.37%	20.29%	19.36%	19.35%	19.84%	20.46%	20.26%	19.26%
Ad valorem taxes	39.40%	39.05%	36.83%	37.52%	37.92%	37.51%	36.94%	34.88%	32.50%	31.10%
Federal revenue, non-operating	16.80%	17.47%	14.75%	16.23%	16.91%	17.97%	19.41%	22.41%	22.85%	25.40%
Investment income	0.08%	1.12%	2.47%	1.34%	0.63%	0.24%	0.11%	0.11%	0.16%	0.43%
Gain on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other non-operating	0.00%	0.00%	2.61%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total non-operating revenues	<u>77.29%</u>	<u>78.11%</u>	<u>76.04%</u>	<u>75.72%</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>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

SS-3

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction	\$ 81,110	\$ 87,642	\$ 84,244	\$ 80,661	\$ 77,615	\$ 73,069	\$ 71,139	\$ 71,053	\$ 73,474	\$ 66,639
Public service	668	396	331	601	437	414	572	557	537	375
Academic support	22,005	22,067	18,689	18,394	18,102	16,189	13,907	13,386	14,234	13,240
Student services	17,935	19,433	18,666	17,982	16,852	15,533	15,524	15,678	14,814	13,410
Institutional support	48,341	49,337	42,786	42,260	40,531	43,150	40,839	39,365	34,962	33,560
Operation and maintenance of plant	22,766	19,564	19,083	21,944	16,882	16,700	17,556	17,680	17,298	17,168
Scholarships and fellowships	35,233	32,649	29,095	30,389	31,041	31,733	33,946	39,284	40,616	45,304
Auxiliary enterprises	1,316	1,814	2,079	3,456	3,723	4,091	4,527	4,118	4,012	3,980
Depreciation	22,013	18,227	16,538	17,116	18,439	18,808	17,401	16,365	13,107	9,627
Total operating expenses	251,387	251,129	231,511	232,803	223,622	219,687	215,411	217,486	213,054	203,303
Interest on capital related debt	25,123	23,399	17,882	17,297	18,248	17,034	12,645	12,386	9,080	6,788
Loss on disposal of capital assets	-	-	-	16	2,087	27	37	-	-	-
Other non-operating	14	184	9	430	-	-	-	168	-	107
Total non-operating expenses	25,137	23,583	17,891	17,743	20,335	17,061	12,682	12,554	9,080	6,895
Total expenses	\$ 276,524	\$ 274,712	\$ 249,402	\$ 250,546	\$ 243,957	\$ 236,748	\$ 228,093	\$ 230,040	\$ 222,134	\$ 210,198
Prior year change	\$ 1,812	\$ 25,310	\$ (1,144)	\$ 6,589	\$ 7,209	\$ 8,655	\$ (1,947)	\$ 7,906	\$ 11,936	\$ (1,498)
Instruction	29.33%	31.90%	33.78%	32.19%	31.82%	30.86%	29.58%	30.89%	33.08%	31.70%
Public service	0.24%	0.14%	0.13%	0.24%	0.18%	0.17%	0.25%	0.24%	0.24%	0.18%
Academic support	7.96%	8.03%	7.49%	7.34%	7.42%	6.84%	6.10%	5.82%	6.41%	6.30%
Student services	6.49%	7.07%	7.48%	7.18%	6.91%	6.56%	6.60%	6.63%	6.67%	6.38%
Institutional support	17.48%	17.96%	17.16%	16.87%	16.61%	18.23%	17.90%	17.11%	15.74%	15.97%
Operation and maintenance of plant	8.23%	7.12%	7.65%	8.76%	6.92%	7.05%	7.70%	7.69%	7.79%	8.17%
Scholarships and fellowships	12.74%	11.88%	11.67%	12.13%	12.72%	13.40%	14.88%	17.08%	18.28%	21.55%
Auxiliary enterprises	0.48%	0.66%	0.83%	1.38%	1.53%	1.73%	1.98%	1.79%	1.81%	1.89%
Depreciation	7.96%	6.63%	6.63%	6.83%	7.56%	7.94%	7.63%	7.10%	5.90%	4.58%
Total operating expenses	90.91%	91.42%	92.83%	92.92%	91.66%	92.78%	92.62%	94.35%	95.91%	96.72%
Interest on capital related debt	9.09%	8.52%	7.17%	6.90%	7.48%	7.19%	5.54%	5.38%	4.09%	3.06%
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.01%	0.86%	0.01%	0.02%	0.00%	0.00%	0.00%
Other non-operating	0.01%	0.07%	0.00%	0.17%	0.00%	0.00%	0.00%	0.07%	0.00%	0.05%
Total non-operating expenses	9.09%	8.58%	7.17%	7.08%	8.34%	7.21%	5.56%	5.45%	4.09%	3.28%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	99.99%	98.18%	99.80%	100.00%	100.00%

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

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 – (UNAUDITED)
LAST TEN ACADEMIC YEARS

SS-4

Resident									
Fees per Semester Credit Hour (SCH)									
Academic Year	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
2021	\$ -	\$ 78	\$ 135	\$ -	\$ -	\$ 936	\$ 1,620	-	-
2020	-	78	135	-	-	936	1,620	20.90%	23.30
2019	150	50	95	2	-	774	1,314	3.20%	1.86%
2018	150	50	95	-	-	750	1,290	-	-
2017	140	50	95	-	-	750	1,290	6.53%	6.79%
2016	140	47	89	-	-	704	1,208	-	-
2015	140	47	89	-	-	704	1,208	7.32%	5.23%
2014	140	43	84	-	-	656	1,148	-	-
2013	140	43	84	-	-	656	1,148	11.00%	28.85%
2012	135	38	63	-	-	591	891	-	-

Non-Resident									
Fees per Semester Credit Hour (SCH)									
Academic Year	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
2021	\$ -	\$ 210	\$ 210	\$ -	\$ -	\$ 2,520	\$ 2,520	-	-
2020	-	210	210	-	-	2,520	2,520	20.30%	20.30%
2019	150	160	160	-	-	2,094	2,094	1.16%	1.16%
2018	150	160	160	-	-	2,070	2,070	-	-
2017	150	160	160	-	-	2,070	2,070	11.83%	11.83%
2016	140	149	149	-	-	1,851	1,851	0.04%	0.04%
2015	140	142	142	-	-	1,844	1,844	5.49%	5.49%
2014	140	134	134	-	-	1,748	1,748	-	-
2013	140	134	134	-	-	1,748	1,748	17.24%	17.24%
2012	135	113	113	-	-	1,491	1,491	-	-

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

Prior fiscal years include basic enrollment tuition and fees but exclude course based fees such as laboratory fees, testing fees, and certification fees.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS

SS-5

Fiscal Year	(Amounts expressed in thousands)				Ratio of TAV to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Maintenance & Operations (a)		Debt Service (a)	Total (a)	
2020-21	\$ 74,245,803	\$ 11,384,350	\$ 62,861,453	84.67%	0.111738	0.057620	0.169358	
2019-20	72,337,367	11,423,615	60,913,752	84.21%	0.117251	0.060918	0.178169	
2018-19	64,534,799	10,550,630	53,984,169	83.65%	0.127210	0.052119	0.179329	
2017-18	61,361,537	9,892,379	51,469,158	83.88%	0.128828	0.054507	0.183335	
2016-17	59,423,942	9,224,246	50,199,696	84.48%	0.129194	0.053185	0.182379	
2015-16	57,896,864	9,465,130	48,431,734	83.65%	0.129194	0.046589	0.175783	
2014-15	53,936,177	9,867,005	44,069,172	81.71%	0.127045	0.058557	0.185602	
2013-14	51,689,449	9,911,378	41,778,071	80.83%	0.125460	0.060142	0.185602	
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	

Source: Harris County Appraisal District and Chambers County Appraisal District

Property is assessed at full market value.

(a) Per \$100 Taxable Assessed Valuation

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

SS-6a

Appropriation Funding Elements	2021	2020	2019	2018	2017	2016	2015	2014*	2013	2012
State Appropriation Contact Hour Funding (CH)	\$ 36,224	\$ 36,226	\$ 34,252	\$ 34,252	\$ 32,442	\$ 32,442	\$ 33,030	\$ 33,030	\$ 36,957	\$ 36,080
State Appropriation Student Success Points (SSP)	5,186	5,186	3,865	3,865	3,478	3,478	3,613	3,613	-	-
State Appropriation Core Operations (CO)	680	680	680	680	500	500	500	500	-	-
State Appropriation Bachelor of Applied Technology (BAT)	-	-	-	-	-	-	-	-	-	-
State Appropriation Non-Funding Items	-	-	-	-	-	-	-	-	-	-
Total	\$ 42,090	\$ 42,092	\$ 38,797	\$ 38,797	\$ 36,420	\$ 36,420	\$ 37,143	\$ 37,143	\$ 36,957	\$ 36,080

* In fiscal year 2014 the formula funding methodology changed.

Source: THECB - Ten Pay Schedule

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

SS-6b

Amounts Expressed in Thousands					
Fiscal Year		State Appropriation (Unrestricted) From Schedule C	FTSE (a)		State Appropriation per FTSE - Dollars
2020-21	\$	42,090	19	\$	2,215
2019-20		42,092	20		2,105
2018-19		38,797	20		1,940
2017-18		38,797	20		1,940
2016-17		36,420	20		1,821
2015-16		36,420	20		1,821
2014-15		37,143	20		1,857
2013-14*		37,143	20		1,857
2012-13		36,957	20		1,848
2011-12		36,080	21		1,718

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

* In fiscal year 2014 the formula funding methodology changed.

Source: CBM004 and CBM00C

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

SS-6c

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

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

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

(b) Source: CBM004 and CBM00C

* In fiscal year 2014 the formula funding methodology changed.

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

SS-6d

Fiscal Year	(Amounts Expressed in Thousands)		Three Year Average Student Success Points (b)	Appropriation per Success Point
	SSP - State Appropriation (Unrestricted) (a)			
2020-21	\$ 5,186		49,824	\$ 104.09
2019-20	5,186		49,824	104.09
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

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

(b) Source: THECB - Ten Pay Schedule

Note: The College did not present this schedule prior to fiscal year 2014.

The ten year trend information will be updated prospectively.

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

SS-6e

Success Points Elements	2020	2019	2018	2017	2016	2015	2014
Math Readiness	2,625	2,644	2,676	2,819	2,143	1,232	352
Read Readiness	946	839	846	925	874	501	535
Write Readiness	391	280	449	848	829	502	408
Students Who Pass FCL Math Course	7,322	6,035	5,406	5,936	5,729	5,013	5,091
Students Who Pass FCL Read Course	4,910	4,752	4,549	4,424	4,090	3,929	3,981
Students Who Pass FCL Write Course	4,013	3,798	2,947	2,435	2,295	2,104	2,108
Students Who Complete 15 SCH	9,702	9,220	9,313	9,062	8,466	8,309	8,409
Students Who Complete 30 SCH	7,103	6,624	6,611	6,094	5,993	5,897	5,524
Student Transfers to a 4-Yr Inst	5,528	5,566	5,210	5,226	5,020	5,144	4,592
Degrees, CCCs, or Certs	9,014	8,676	8,908	10,796	10,496	8,416	7,490
Degrees or Certs in Critical Fields	<u>4,440</u>	<u>4,390</u>	<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>55,993</u>	<u>52,824</u>	<u>51,103</u>	<u>52,435</u>	<u>49,061</u>	<u>43,865</u>	<u>40,826</u>

SCH = Semester Contact Hour

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

Source: THECB - Student Success Funding by Institution and the Ten Pay Schedule

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

SS-7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Equistar Chemicals LP	Chemical	\$ 1,973,303	\$ 1,757,873	\$ 1,677,218	\$ 1,372,684	\$ 1,356,982	\$ 1,531,712	\$ 1,566,440	\$ 1,201,778	\$ 1,063,952	\$ 970,267
Enterprise Products	Petrochemical	1,214,877	1,174,347	1,076,865	407,948	455,662					
Lyondell Chemical Co.	Chemical	1,052,233	946,278	651,344	571,680	601,457	604,913	704,095	756,691	812,824	786,743
Shell Oil Co.	Refinery	1,039,498	1,419,165	1,427,630	1,130,823	1,184,784	1,360,056	1,500,515	1,545,113	1,675,362	1,676,231
Oiltanking Houston	Petrochemical	745,843	638,207	576,921							
Intercontinental Terminal	Chemical	680,121	693,253	650,739							
Braskem America Inc.	Petrochemical	618,837									
Centerpoint Energy, Inc.	Energy	604,779				435,659	435,139	350,466	351,705	426,797	345,180
Kinder Morgan	Petrochemical	571,127	561,671	509,475							
Lubrizol Corp	Chemical	533,393	686,897	529,604						333,719	282,813
Fairway Methanol, LLC	Petrochemical		573,835	578,146	576,639						
Kuraray America Inc	Chemical		518,194	502,495	484,717	440,321	500,418	453,555			
Air Liquide	Chemical				404,162	430,613	418,645	359,970			
Kirby Inland Marine, LLP	Marine Transportation				443,548		453,507				
Houston Refining	Refinery				417,286			393,460	391,376	2,739,314	1,757,010
Oxy Vinyls LP	Petrochemical				416,051	410,461	424,978	418,532	414,044	412,280	406,133
Celanese, LTD	Petrochemical					715,716	739,533				
Rohm & Haas Co. (Parent DOW)	Petrochemical					406,834	424,828	518,150	529,774	452,050	418,131
Chevron Chemical Co.	Refinery							394,849	389,364	363,130	442,462
Exxon Mobil Corp	Petrochemical								385,773		
Totals - Top Ten Only		\$ 9,034,011	\$ 8,969,720	\$ 8,180,437	\$ 6,225,538	\$ 6,438,489	\$ 6,893,727	\$ 6,660,032	\$ 5,965,618	\$ 8,279,428	\$ 7,084,970
Total Taxable Assessed Value (TAV)		\$ 62,861,453	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945	\$ 36,938,942

Taxpayer	Type of Business	% of Total Taxable Assessed Value (TAV) by Tax Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Equistar Chemicals LP	Chemical	3.14%	2.89%	3.11%	2.67%	2.70%	3.16%	3.55%	2.88%	2.71%	2.63%
Enterprise Products	Petrochemical	1.93%	1.93%	1.99%	0.79%	0.91%					
Lyondell Chemical Co.	Chemical	1.67%	1.55%	1.21%	1.11%	1.20%	1.25%	1.60%	1.81%	2.07%	2.13%
Shell Oil Co.	Refinery	1.65%	2.33%	2.64%	2.20%	2.36%	2.81%	3.40%	3.70%	4.27%	4.54%
Oiltanking Houston	Petrochemical	1.19%	1.05%	1.07%							
Intercontinental Terminal	Chemical	1.08%	1.14%	1.21%							
Braskem America Inc.	Petrochemical	0.98%									
Centerpoint Energy, Inc.	Energy	0.96%				0.87%	0.90%	0.80%	0.84%	1.09%	0.93%
Kinder Morgan	Petrochemical	0.91%	0.92%	0.94%							
Lubrizol Corp	Chemical	0.85%	1.13%	0.98%						0.85%	0.77%
Fairway Methanol, LLC	Petrochemical		0.94%	1.07%	1.12%						
Kuraray America Inc	Chemical		0.85%	0.93%	0.94%	0.88%	1.03%	1.03%			
Air Liquide	Chemical				0.79%	0.86%	0.86%	0.82%			
Kirby Inland Marine, LLP	Marine Transportation				0.86%		0.94%				
Houston Refining	Refinery				0.81%			0.89%	0.94%	6.98%	4.76%
Oxy Vinyls LP	Petrochemical				0.81%	0.82%	0.88%	0.95%	0.99%	1.05%	1.10%
Celanese, LTD	Petrochemical					1.43%	1.53%				
Rohm & Haas Co. (Parent DOW)	Petrochemical					0.81%	0.88%	1.18%	1.27%	1.15%	1.13%
Chevron Chemical Co.	Refinery							0.90%	0.93%	0.93%	1.20%
Exxon Mobil Corp	Petrochemical								0.92%		
Percentage of Top Ten Taxpayer to Grand Total TAV		14.36%	14.73%	15.15%	12.10%	12.84%	14.24%	15.12%	14.28%	21.10%	19.19%

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 (UNAUDITED)
LAST TEN TAX YEARS
(Amounts Expressed in Thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage (c/b)	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (c+d+e)	Percentage Cumulative Collections of Adjusted Levy [(c+d)/b]
2021	\$ 109,861	\$ -	\$ 109,861	\$ 107,692	98.03%	\$ 1,400	\$ 969	\$ 110,061	99.30%
2020	108,529	-	108,529	105,652	97.35%	619	801	107,072	97.92%
2019	96,808	-	96,808	96,157	99.33%	970	863	97,990	100.33%
2018	94,361	-	94,361	93,079	98.64%	1,162	1,011	95,252	99.87%
2017	91,554	-	91,554	89,785	98.07%	628	881	91,294	98.75%
2016	85,135	-	85,135	83,919	98.57%	1,059	637	85,615	99.82%
2015	81,793	-	81,793	80,443	98.35%	1,109	619	82,171	99.71%
2014	77,613	-	77,613	76,423	98.47%	562	1,276	78,261	99.19%
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%

Source: Harris County Tax Assessor Collector and Chamber County Tax Assessor Collector

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

SS-9

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Bonded Debt:										
General obligation bonds	\$ 599,531	\$ 530,440	\$ 544,008	\$ 414,189	\$ 428,268	\$ 433,908	\$ 284,351	\$ 293,469	\$ 303,516	\$ 314,223
Notes	-	-	-	2,072	2,434	2,786	3,123	3,449	3,766	4,018
Less: funds restricted for debt service	(930)	(9,238)	(8,525)	(8,835)	(8,587)	(8,293)	(11,603)	(8,925)	(6,564)	(5,241)
Net general bonded debt	598,601	521,202	535,483	407,426	422,115	428,401	275,871	287,993	300,718	313,000
Revenue bonds	44,758	45,980	47,381	48,732	50,033	50,144	50,255	-	-	-
Less: funds restricted for debt service	-	-	-	-	(625)	-	-	-	-	-
Total net outstanding debt	\$ 643,359	\$ 567,182	\$ 582,864	\$ 456,158	\$ 471,523	\$ 478,545	\$ 326,126	\$ 287,993	\$ 300,718	\$ 313,000
Figures for Debt Ratios (in thousands):										
District Population	574.8	569.3	569.0	570.8	565.7	563.5	555.1	532.0	522.6	478.3
Full Time Student Equivalent (FTSE)	19.0	20	20	20	20	20	20	20	20	21
Taxable Assessed Value (TAV)	\$ 62,861,453	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945	\$ 36,938,942
Net General Bonded Debt Ratios:										
Per Capita	\$ 1,041	\$ 916	\$ 941	\$ 714	\$ 746	\$ 760	\$ 497	\$ 541	\$ 575	\$ 654
Per FTSE	31,505	26,060	26,774	20,371	21,106	21,420	13,794	14,400	15,036	14,905
As a percentage of TAV	0.95%	0.86%	0.99%	0.79%	0.84%	0.88%	0.63%	0.69%	0.77%	0.85%
Total Net Outstanding Debt Ratios:										
Per Capita	\$ 1,119	\$ 996	\$ 1,024	\$ 799	\$ 834	\$ 849	\$ 588	\$ 541	\$ 575	\$ 654
Per FTSE	33,861	28,359	29,143	22,808	23,576	23,927	16,306	14,400	15,036	14,905
As a percentage of TAV	1.02%	0.93%	1.08%	0.89%	0.94%	0.99%	0.74%	0.69%	0.77%	0.85%

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

SS-10

	For the Year Ended August 31 (amounts expressed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Taxable Assessed Value	\$ 62,861,453	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945	\$ 36,938,942
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	314,307	304,569	269,921	257,346	250,998	242,159	220,346	208,890	196,090	184,695
Less: funds restricted for repayment of general obligation bonds	(930)	(9,238)	(8,525)	(8,835)	(8,587)	(8,293)	(11,603)	(8,925)	(6,564)	(5,241)
Total net general obligation debt	313,377	295,331	261,396	248,511	242,411	233,866	208,743	199,965	189,526	179,454
Current year debt service requirements	40,192	37,126	30,385	28,576	26,773	30,148	25,774	26,676	24,913	24,091
Excess of statutory limit for debt service over current requirement	\$ 273,185	\$ 258,205	\$ 231,011	\$ 219,935	\$ 215,638	\$ 203,718	\$ 182,969	\$ 173,289	\$ 164,613	\$ 155,363
Net current requirements as a % of statutory limit	12.79%	12.19%	11.26%	11.10%	10.67%	12.45%	11.70%	12.77%	12.70%	13.04%

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

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

SS-11

Revenue Bonds	Pledged Revenues (\$000 omitted)							Debt Service Requirements (\$000 omitted)**			Coverage Ratio	
	Fiscal Year Ended August 31	Tuition	Continuing or Non-Credit Education Tuition/Fees	General Service	IPP Fees	Course Fees	Laboratory Fees	Total	Principal	Interest		Total
	2021	\$ 14,831	\$ 7,285	\$ -	\$ 891	\$ -	\$ -	\$ 23,007	\$ 1,350	\$ 1,922	\$ 3,272	7
	2020	15,537	6,428	-	978	-	-	22,943	1,290	1,981	3,271	7
	2019	10,687	7,072	11,523	1,119	1,171	850	32,422	1,240	2,032	3,272	10
	2018	10,715	6,538	11,340	1,101	1,190	806	31,690	1,190	2,080	3,270	10
	2017	10,596	6,995	11,156	1,154	1,122	813	31,836	-	2,104	2,104	15
	2016	9,683	7,040	10,183	1,158	-	790	28,854	-	2,157	2,157	13
	2015	9,308	6,378	9,851	812	-	780	27,129	-	96	96	283
	2014	-	-	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-	-	-	-

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

** Debt service requirements include revenue bonds only.

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

SS-12

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	Harris County Unemployment Rate
2020	574,783	\$ 13,900,552	\$ 24,184	8.90%
2019	569,339	13,258,767	23,288	3.80%
2018	569,044	12,783,004	22,464	4.40%
2017	570,826	12,373,224	21,676	4.40%
2016	565,708	12,099,362	21,388	5.30%
2015	563,453	12,332,296	21,887	4.60%
2014	555,134	12,094,371	21,786	4.90%
2013	531,977	11,214,359	21,081	6.20%
2012	522,596	10,961,333	20,975	6.90%
2011	478,297	9,462,150	19,783	8.20%

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

© 2010 US Census, All Rights Reserved, Alteryx, Inc.

© 2017 Experian, Inc. All Rights Reserved, Alteryx, Inc.

© 2017 Easy Analytic Software, Inc. (EASI®) All Rights Reserved, Alteryx, Inc.

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

SS-13

Employer	Number of Employees									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Pasadena ISD	7,980	8,294	8,135	7,974	7,555	7,404	7,186	7,177	7,177	7,069
Lyondell Chemical Co	5,024	3,733	3,813	5,491	5,491	5,061	2,613	2,613	1,200	1,200
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	4,789	5,291	4,039	4,020	4,639					
Lockheed Martin Corp & Services	3,940	3,940	3,940	3,940	3,743	3,745	2,300	2,300	1,935	3,359
NASA Lyndon B Johnson Space Center	3,055	3,055	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Walmart/Sam's Club	2,985	2,985	2,985	2,985	2,715	2,985	2,840	2,540	1,940	1,640
Boeing Co	2,830	2,830	2,830	2,830	2,000	2,000	2,000	2,000	2,000	2,000
Memorial Healthcare System	2,500	2,500	2,200	2,500	2,500	2,200	2,200	2,200	2,200	2,200
Powell Electrical Systems Inc	2,025	1,675	1,725	1,725	1,975	1,675	2,070	1,720	1,800	2,020
HEB	1,881	1,881	1,881	1,181	1,569	1,199	1,259			
Kroger	1,725	1,725	1,320	1,720	1,900	1,420	1,570			
Shell Chemical	1,500	1,500	1,500	1,500	1,500	1,500	1,600	1,700	1,700	1,700
University of Houston - Clear Lake	1,476	1,476	1,287	1,245	1,245	1,245	1,245	1,245	1,245	1,245
San Jacinto College	1,362	1,340	1,358	1,347	1,367	1,322	1,325	1,297	1,243	1,244
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
US Air Force	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
DOW (listed as Rohm & Haas Texas Inc. FY17)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	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
Clear Lake Regional Medical Center *					2,422	1,600	1,600	1,600	1,600	1,600
Equistar Chemicals LP							1,500			1,500
Anheuser-Busch Co							1,000			1,000
Totals	46,172	45,706	43,613	44,058	48,609	44,915	39,408	38,492	33,640	32,877

Employer	Percentage of Total Employment									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Pasadena ISD	2.71%	2.77%	2.79%	2.98%	2.86%	2.77%	2.72%	2.97%	3.08%	2.93%
Lyondell Chemical Co	1.71%	1.25%	1.31%	2.05%	2.08%	1.89%	0.99%	1.08%	0.52%	0.50%
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	1.63%	1.77%	1.38%	1.50%	1.76%					
Lockheed Martin Corp & Services	1.34%	1.32%	1.35%	1.47%	1.42%	1.40%	0.87%	0.95%	0.83%	1.39%
NASA Lyndon B Johnson Space Center	1.04%	1.02%	0.86%	0.93%	0.95%	0.93%	0.95%	1.03%	1.07%	1.04%
Walmart/Sam's Club	1.02%	1.00%	1.02%	1.11%	1.03%	1.11%	1.08%	1.05%	0.83%	0.68%
Boeing Co	0.96%	0.95%	0.97%	1.06%	0.76%	0.75%	0.76%	0.83%	0.86%	
Memorial Healthcare System	0.85%	0.84%	0.75%	0.93%	0.95%	0.82%	0.83%	0.91%	0.94%	0.91%
Powell Electrical Systems Inc	0.69%	0.56%	0.59%	0.64%	0.75%	0.63%	0.78%	0.71%	0.77%	0.84%
HEB	0.64%	0.63%	0.64%	0.44%	0.59%	0.45%	0.48%			
Kroger	0.59%	0.58%	0.45%	0.64%	0.72%	0.53%	0.59%			
Shell Chemical	0.51%	0.50%	0.51%	0.56%	0.57%	0.56%	0.61%	0.70%	0.73%	0.70%
University of Houston - Clear Lake	0.50%	0.49%	0.44%	0.46%	0.47%	0.46%	0.47%	0.52%	0.53%	0.52%
San Jacinto College	0.75%	0.45%	0.47%	0.50%	0.52%	0.49%	0.50%	0.54%	0.53%	0.52%
Pasadena City Hall	0.37%	0.37%	0.38%	0.41%	0.42%	0.41%	0.42%	0.46%	0.47%	0.46%
US Air Force	0.34%	0.33%	0.34%	0.37%	0.38%	0.37%	0.38%	0.41%	0.43%	0.41%
DOW (listed as Rohm & Haas Texas Inc. FY17)	0.00%	0.33%	0.34%	0.37%	0.38%	0.37%	0.38%	0.41%	0.43%	0.41%
Tubular Services, Inc.			0.34%							
ABC Professional Tree Services Inc.					0.57%	0.56%	0.57%	0.62%	0.64%	
GE Energy/Baker Hughes					0.49%					
Lubrizol					0.38%	0.38%				
Wyle Life Science					0.38%	0.37%	0.38%	0.41%	0.43%	
Bayshore Medical Center *					0.60%	0.57%	0.62%	0.64%	0.64%	0.62%
Clear Lake Regional Medical Center *					0.90%	0.61%	0.66%	0.69%	0.66%	0.66%
Equistar Chemicals LP							0.62%			0.62%
Anheuser-Busch Co							0.41%			0.41%
Totals	15.65%	15.29%	15.67%	16.42%	18.43%	16.75%	14.94%	15.91%	14.42%	13.62%

Data Sources include InfoUSA (ReferenceUSA) and the Hoover's, TWC reporting data
<https://www.census.gov/data/datasets/2018/econ/cbp/2018-cbp.html>
https://www2.census.gov/programs-surveys/cbp/technical-documentation/records-layouts/2018_record_layouts/zip_code_totals_record_layout_2018.txt

Total employee count for College service area is from the 2016 US Census County Business Patterns (data compiled for College service area zip codes only). Listing includes employers with 1,000 or more employees in the College's service area zip codes.

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
FACULTY, STAFF, AND ADMINISTRATORS STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS

SS-14

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Faculty:										
Full-time	516	522	536	525	537	524	541	525	518	523
Part-time	950	978	1,063	1,142	1,213	1,122	814	793	767	713
Total	1,466	1,500	1,599	1,667	1,750	1,646	1,355	1,318	1,285	1,236
Percent:										
Full-time	35.2%	34.8%	33.5%	31.5%	30.7%	31.8%	39.9%	39.8%	40.3%	42.3%
Part-time	64.8%	65.2%	66.5%	68.5%	69.3%	68.2%	60.1%	60.2%	59.7%	57.7%
Staff and Administrators:										
Full-time	846	818	822	822	830	798	784	772	725	721
Part-time	353	522	669	673	713	617	493	503	441	392
Total	1,199	1,340	1,491	1,495	1,543	1,415	1,277	1,275	1,166	1,113
Percent:										
Full-time	70.6%	61.0%	55.1%	55.0%	53.8%	56.4%	61.4%	60.5%	62.2%	64.8%
Part-time	29.4%	39.0%	44.9%	45.0%	46.2%	43.6%	38.6%	39.5%	37.8%	35.2%
FTSE per full-time faculty	45	45	43	43	41	41	39	40	40	41
FTSE per full-time staff member	28	29	28	27	27	27	27	27	29	30
Average 9-month faculty salary	\$ 63,453	\$ 62,373	\$ 62,878	\$ 61,167	\$ 60,630	\$ 60,778	\$ 59,794	\$ 59,195	\$ 56,007	\$ 55,893

Source: Banner Human Resources module.

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

Student Classification	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 29 hours	17,251	55.45%	18,838	58.05%	18,526	57.65%	17,263	56.58%	16,335	56.33%	15,866	56.01%	15,811	56.65%	15,846	55.83%	16,340	56.89%	17,142	58.32%
30 - 72 hours	8,980	28.87%	8,762	27.00%	8,747	27.22%	8,532	27.97%	8,155	28.12%	8,065	28.47%	7,986	28.61%	8,118	28.60%	8,055	28.05%	8,100	27.56%
> 72 hours	4,879	15.68%	4,852	14.95%	4,864	15.14%	4,714	15.45%	4,508	15.55%	4,395	15.52%	4,114	14.74%	4,421	15.58%	4,326	15.06%	4,150	14.12%
Total	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%

Semester Hour Load	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	173	0.56%	136	0.42%	158	0.49%	262	0.86%	305	1.05%	349	1.23%	317	1.14%	204	0.72%	262	0.91%	235	0.80%
3 - 5 semester hours	6,746	21.68%	4,485	13.82%	5,279	16.43%	5,435	17.81%	5,554	19.15%	5,676	20.04%	5,325	19.08%	5,371	18.92%	4,722	16.44%	4,673	15.90%
6 - 8 semester hours	8,715	28.01%	9,395	28.95%	9,706	30.20%	9,448	30.97%	8,826	30.44%	8,329	29.40%	7,702	27.59%	7,688	27.08%	7,787	27.11%	7,595	25.84%
9 - 11 semester hours	6,452	20.74%	6,192	19.08%	6,889	21.44%	6,529	21.40%	6,150	21.21%	6,054	21.37%	6,020	21.57%	6,240	21.98%	6,134	21.36%	6,358	21.63%
12 - 14 semester hours	7,368	23.68%	8,851	27.27%	7,879	24.52%	6,674	21.88%	6,312	21.77%	5,995	21.16%	6,669	23.89%	7,023	24.74%	7,711	26.85%	8,327	28.33%
15 - 17 semester hours	1,516	4.87%	1,647	5.08%	1,210	3.77%	1,334	4.37%	1,115	3.85%	1,158	4.09%	1,218	4.36%	1,398	4.93%	1,679	5.85%	1,723	5.86%
18 & over	140	0.45%	1,746	5.38%	1,016	3.16%	827	2.71%	736	2.54%	765	2.70%	660	2.36%	461	1.62%	426	1.48%	481	1.64%
Total	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%

Average course load	8.4	9.6	8.9	8.7	8.6	8.6	8.7	8.8	9.0	9.1
---------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Tuition Status	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	13,574	43.63%	15,024	46.30%	14,962	46.56%	14,591	47.83%	14,122	48.70%	13,957	49.27%	13,996	50.15%	14,274	50.29%	14,409	50.17%	14,666	49.90%
Texas Resident (Out-of-District)	9,728	31.27%	10,299	31.74%	10,247	31.89%	9,872	32.36%	9,898	34.13%	9,837	34.73%	9,919	35.54%	10,477	36.91%	10,633	37.02%	10,775	36.66%
Non-Resident Tuition	572	1.84%	640	1.97%	733	2.28%	804	2.64%	778	2.68%	733	2.59%	651	2.33%	706	2.49%	766	2.67%	919	3.13%
Tuition Exemption	7,236	23.26%	6,489	20.00%	6,195	19.28%	5,242	17.18%	4,200	14.48%	3,799	13.41%	3,345	11.98%	2,928	10.32%	2,913	10.14%	3,032	10.32%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
STUDENT PROFILE (UNAUDITED)
LAST TEN FISCAL YEARS

SS-16

	Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Gender																					
Female	19,107	61.42%	19,051	58.71%	18,786	58.46%	17,498	57.35%	16,337	56.34%	15,833	55.90%	15,561	55.75%	16,017	56.43%	16,393	57.08%	16,781	57.09%	
Male	12,003	38.58%	13,401	41.29%	13,351	41.54%	13,011	42.65%	12,661	43.66%	12,493	44.10%	12,350	44.25%	12,368	43.57%	12,328	42.92%	12,611	42.91%	
Total	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	
Ethnic Origin																					
White	6,235	20.04%	6,665	20.54%	6,986	21.74%	7,163	23.48%	7,398	25.51%	7,647	27.00%	7,960	28.52%	8,475	29.86%	8,720	30.36%	9,636	32.78%	
Hispanic	19,175	61.64%	19,846	61.15%	19,136	59.55%	17,370	56.93%	15,839	54.62%	14,838	52.38%	13,794	49.42%	13,191	46.47%	12,711	44.26%	11,847	40.31%	
African American	3,042	9.78%	3,130	9.65%	3,166	9.85%	3,081	10.10%	2,981	10.28%	2,862	10.10%	2,918	10.45%	2,966	10.45%	2,889	10.06%	3,011	10.24%	
Asian	1,870	6.01%	1,976	6.09%	1,870	5.82%	1,767	5.79%	1,704	5.88%	1,670	5.90%	1,595	5.71%	1,616	5.69%	1,576	5.49%	1,538	5.23%	
Foreign	226	0.73%	307	0.95%	434	1.35%	566	1.86%	567	1.96%	575	2.03%	498	1.78%	508	1.79%	384	1.34%	581	1.98%	
Native American	202	0.65%	189	0.58%	193	0.60%	186	0.61%	173	0.60%	181	0.64%	221	0.79%	277	0.98%	332	1.16%	248	0.84%	
Other	360	1.16%	339	1.04%	352	1.10%	376	1.23%	336	1.16%	553	1.95%	925	3.31%	1,352	4.76%	2,109	7.34%	2,531	8.61%	
Total	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	
Age																					
Under 18	6,059	19.48%	5,349	16.48%	4,855	15.11%	3,903	12.79%	3,071	10.59%	2,721	9.61%	2,269	8.13%	1,830	6.45%	1,903	6.63%	1,991	6.77%	
18 - 21	12,924	41.54%	14,291	44.04%	14,064	43.76%	13,624	44.66%	13,054	45.02%	12,864	45.41%	12,859	46.07%	13,025	45.89%	12,917	44.97%	13,163	44.78%	
22 - 24	4,281	13.76%	4,805	14.81%	4,850	15.09%	4,804	15.75%	4,755	16.40%	4,703	16.60%	4,648	16.65%	4,664	16.43%	4,679	16.29%	4,805	16.35%	
25 - 35	5,603	18.01%	5,712	17.60%	5,927	18.44%	5,893	19.32%	5,849	20.17%	5,623	19.85%	5,659	20.28%	6,026	21.23%	6,264	21.81%	6,489	22.08%	
36 - 50	1,893	6.08%	1,924	5.93%	2,010	6.25%	1,932	6.33%	1,900	6.55%	2,006	7.08%	2,031	7.28%	2,324	8.19%	2,422	8.43%	2,465	8.39%	
51 & over	350	1.13%	371	1.14%	431	1.34%	353	1.16%	369	1.27%	409	1.44%	445	1.59%	516	1.82%	536	1.87%	479	1.63%	
Total	31,110	100.00%	32,452	100.00%	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	
Average age	23		23		23		23		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 (UNAUDITED)
ACADEMIC YEAR 2020 – 2021 STUDENTS AS OF FALL 2020
(Includes Only Public Senior Colleges in Texas)

SS-17

	Transfer Student Count	Transfer Student Count	Total of All Transfer Students	Percentage of All Transfer Students
	<u>Academic</u>	<u>Technical</u>	<u>Students</u>	<u>Students</u>
1 Angelo State University	3	-	3	0.04%
2 Baylor College of Medicine	1	-	1	0.01%
3 Lamar University	98	23	121	1.65%
4 Midwestern State University	11	1	12	0.16%
5 Prairie View A&M University	29	4	33	0.45%
6 Sam Houston State University	249	29	278	3.78%
7 Stephen F. Austin State University	99	13	112	1.52%
8 Tarleton State University	14	4	18	0.24%
9 Texas A&M International University	2	-	2	0.03%
10 Texas A&M University	451	35	486	6.61%
11 Texas A&M University - Commerce	5	2	7	0.10%
12 Texas A&M University - Corpus Christi	19	-	19	0.26%
13 Texas A&M University - Kingsville	6	1	7	0.10%
14 Texas A&M University - San Antonio	8	3	11	0.15%
15 Texas A&M University - Texarkana	1	-	1	0.01%
16 Texas A&M University at Galveston	57	10	67	0.91%
17 Texas A&M University System Health Science Center	9	4	13	0.18%
18 Texas Southern University	59	7	66	0.90%
19 Texas State University	223	28	251	3.41%
20 Texas Tech University	96	8	104	1.41%
21 Texas Tech University Health Science Center	7	10	17	0.23%
22 Texas Woman's University	30	1	31	0.42%
23 The University of Texas Permian Basin	2	-	2	0.03%
24 The University of Texas at Rio Grande Valley	13	-	13	0.18%
25 The University of Texas at Arlington	100	56	156	2.12%
26 The University of Texas at Austin	295	35	330	4.49%
27 The University of Texas at Dallas	64	7	71	0.97%
28 The University of Texas at El Paso	4	-	4	0.05%
29 The University of Texas at San Antonio	84	10	94	1.28%
30 The University of Texas at Tyler	46	4	50	0.68%
31 The University of Texas Health Science Center at Houston	59	6	65	0.88%
32 The University of Texas Health Science Center at San Antonio	2	2	4	0.05%
33 The University of Texas M.D. Anderson Cancer Center	24	-	24	0.33%
34 The University of Texas Medical Branch at Galveston	75	9	84	1.14%
35 University of Houston	1,596	136	1,732	23.55%
36 University of Houston - Clear Lake	2,214	177	2,391	32.51%
37 University of Houston - Downtown	538	60	598	8.13%
38 University of Houston - Victoria	25	6	31	0.42%
39 University of North Texas	29	4	33	0.45%
40 University of North Texas Health Science Center	1	-	1	0.01%
41 The University of Texas Southwestern Medical Center	1	1	2	0.03%
42 West Texas A&M University	9	-	9	0.12%
Totals	<u>6,658</u>	<u>696</u>	<u>7,354</u>	<u>100%</u>

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

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

SS-18

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Academic buildings	45	46	39	38	38	37	36	36	36	34
Square footage	2,476,529	2,482,905	2,233,906	2,089,366	2,089,366	1,975,311	1,930,653	1,930,653	1,930,653	1,645,385
Libraries	3	3	3	3	3	3	3	3	3	3
Square footage	153,985	153,985	153,985	153,985	153,985	153,985	149,673	149,673	149,673	149,673
Number of volumes	216,879	218,850	218,214	219,896	221,849	216,964	240,876	237,177	244,084	245,932
Administrative and support buildings	15	15	16	14	14	14	14	13	13	12
Square footage	455,058	455,058	406,923	401,660	401,660	401,660	401,660	395,610	395,610	371,610
Dormitories	-	-	-	-	-	-	-	1	1	1
Square footage	-	-	-	-	-	-	-	6,050	6,050	6,050
Athletic facilities	8	8	8	10	9	9	10	10	10	10
Square footage	156,251	156,251	156,251	157,744	153,652	153,652	145,388	145,388	145,388	145,388
Stadiums	2	2	2	3	3	3	3	3	3	3
Fitness centers/gymnasiums	5	5	5	4	3	3	4	4	4	4
Tennis courts	1	1	1	3	3	3	3	3	3	3
Plant facilities	6	5	5	5	6	5	5	5	5	7
Square footage	25,193	24,359	24,359	24,359	29,544	27,044	27,044	27,044	27,044	51,449
Transportation:										
Cars	4	3	3	1	1	1	1	1	1	4
Sport utility vehicles/light trucks/vans	63	74	81	96	96	97	91	86	83	74

Source: College Facilities Buildings and Land Inventory.
The decrease in vehicles is due to trade ins for lease vehicles.



Federal & State Awards



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

To the Board of Trustees
San Jacinto Community College District
Pasadena, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of San Jacinto Community College District (the “College”), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated December 14, 2021. The financial statements of the San Jacinto Community College Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) 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 College’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph 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.

To the Board of Trustees
San Jacinto Community College District

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.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas
December 14, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS REQUIRED BY THE *UNIFORM GUIDANCE AND
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS***

To the Board of Trustees
San Jacinto Community College District
Pasadena, Texas

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 State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2021. 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.

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 *Uniform Grant Management Standards*. Those standards, the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* 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 for the year ended August 31, 2021.

To the Board of Trustees
San Jacinto Community College District

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item #2021-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item #2021-001 that we consider to be a significant deficiency.

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

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

Whitley Penn LLP

Houston, Texas
December 14, 2021

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2021

I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
a. Material weakness (es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to the financial statements noted?	No

Federal and State Awards

Internal controls over major programs:	
a. Material weakness (es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	Yes, Finding # 2021-001

Type of auditor’s report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR 200.516 (a) or the <i>State of Texas Single Audit Circular</i> ?	Yes
---	-----

Identification of major programs:

Name of Federal Program or Cluster:	Assistance Listing Number:
--	-----------------------------------

Student Financial Aid Cluster:

<i>Federal Supplemental Educational Opportunity Grants</i>	84.007
<i>Federal Work-Study Program</i>	84.033
<i>Federal Pell Grant Program</i>	84.063
<i>Federal Direct Student Loans - subsidized</i>	84.268

<i>Education Stabilization Fund – Student Portion - COVID-19</i>	84.425E
<i>Education Stabilization Fund – Institutional Portion- COVID-19</i>	84.425F
<i>Education Stabilization Fund – Minority Serving Institution (MSIs) - COVID-19</i>	84.425L
<i>Governor’s Education Emergency Relief - TEOG – Student Aid – COVID-19</i>	84.425C
<i>Governor’s Education Emergency Relief– TEOG – Emergency – COVID-19</i>	84.425C
<i>Governor’s Education Emergency Relief– Texas Reskilling Support Fund – COVID-19</i>	84.425C

Name of State Program:

Texas Higher Education Coordinating Board - Student Financial Aid Cluster:

<i>Texas Education Opportunity Grant Program – Initial (TEOG)</i>
<i>Texas Education Opportunity Grant Program – Renewal (TEOG)</i>
<i>Texas Workforce Commission - Skills Development Fund</i>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended August 31, 2021

I. Summary of Auditor’s Results (continued)

Dollar threshold used to distinguish Between Type A and Type B federal programs:

Federal	\$ 1,803,407
State	\$ 300,000

Auditee qualified as a low-risk auditee?

Federal	Yes
State	Yes

II. Financial Statement Findings

None reported

III. Federal and State Award Findings and Questioned Costs

Finding #2021-001: Student Financial Aid Cluster (ALN: 84.007; 84.033; 84.063; 84.268) N. Special Tests and Provisions – Return of Title IV (R2T4) Funds (Contract #: P0007A134114, P033A134114, P063P132303, P268K142303)

Repeat Finding: No

Type of Finding: Compliance and Internal Control Over Compliance

Criteria: 34 CFR 668.22- *Treatment of Title IV funds when a student withdraws* requires Title IV funds to be deposited or transferred into the Student Financial Assistance account or electronic fund transfers initiated to the U.S. Department of Education (USDE) as soon as possible, but no later than 45 days after the date of the institution determines that the student withdrew.

Condition: From our sample of 25 students tested, there were five (5) instances where the return of Title IV funds occurred after 45 days.

Cause: Initial calculations for the return of Title IV funds were performed in error, which then caused the District to return additional funds after subsequent calculations performed by the District. In other instances, the District overlooked certain students who had withdrawn and whose associated Title IV funds should have been returned.

Effect: Noncompliance with the requirements of 34 CFR 668.22

Questioned Costs: None

Recommendation: We recommend the District improve its controls to ensure that withdrawn students’ calculations of the return of Title IV funds are accurate and funds are returned timely.

Views of Responsible Officials: San Jacinto College administration concurs with the recommendation.

CORRECTIVE ACTION PLAN

Audit Finding Reference: 2021-001

Corrective Action Plan: The Office of Financial Aid Services will implement a timeline for completing the Return to Title IV calculations each term and include a second level of review of the calculations within that timeline.

Implementation Date: January 15, 2022

Responsible Person: Robert Merino, Dean Financial Aid Services

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2021

SCHEDULE E
Page 1 of 3

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award #	*Federal Assistance Listing Number	Total Expenditures	Passed Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
<u>Student Financial Aid Cluster:</u>				
<i>Federal Supplemental Educational Opportunity Grants</i>	P007A134114	84.007	\$ 1,190,969	\$ -
<i>Federal Work - Study Program</i>	P033A134114	84.033	169,492	-
<i>Federal Pell Grant Program</i>	P063P132303	84.063	30,601,659	-
<i>Federal Direct Student Loans - Subsidized</i>	P268K142303	84.268	4,190,406	-
Total Student Financial Aid Cluster			36,152,526	-
<i>Developing Hispanic-Serving Institutions (DHSI) Program</i>	P031S190252	84.031S	335,386	-
<u>TRIO Cluster:</u>				
<i>TRIO Talent Search</i>	P044A160410	84.044A	294,199	-
<i>TRIO Upward Bound</i>	P047A170337	84.047A	357,130	-
Total TRIO Cluster			651,329	-
<u>Higher Education Emergency Relief Fund (HEERF):</u>				
<i>Education Stabilization Fund - Student Aid Portion (COVID-19)</i>	P425E200171, 20A, 20B	84.425E	10,696,064	-
<i>Education Stabilization Fund - Institutional Portion (COVID-19)</i>	P425F201612, 20A, 20B	84.425F	5,580,155	-
<i>Education Stabilization Fund - Minority Serving Institutions (COVID-19)</i>	P425L200560, 20A, 20B	84.425L	243,923	-
Total HEERF			16,520,142	-
Pass-Through From:				
Texas Higher Education Coordinating Board:				
<u>Governor's Emergency Education Relief (GEER):</u>				
<i>GEER - TEOG - Student Aid (COVID-19)</i>	2020-GE-84425C	84.425C	168,768	-
<i>GEER - TEOG - Emergency Ed (COVID-19)</i>	2020-GE-84425C	84.425C	163,080	-
<i>GEER - Texas Reskilling Support Fund 1 (COVID-19)</i>	2020-GE-84425C-24089	84.425C	43,363	7,588
Total GEER			375,211	7,588
Total HEERF and GEER (ALN 84.425)			16,895,353	7,588
Career and Technical Education - Basic Grants to States:				
<i>Carl Perkins Vocational Education - Leadership Grants</i>	21942	84.048	134,879	-
<i>Carl Perkins Vocational Education - Leadership Grants</i>	23701	84.048	51,374	-
<i>Carl Perkins Vocational Education Basic 2020 - 2021</i>	23272	84.048	974,947	-
Total Career and Technical Education - Basic Grants to States			1,161,200	-
Texas Workforce Commission (TWC) -				
Houston-Galveston Area Council/Workforce Development Board:				
<i>Adult Education - Basic Grants to States</i>	216-21	84.002A	551,547	-
<i>Adult Education - Basic Grants to States</i>	216-22	84.002A	63,968	-
Total Adult Education - Basic Grants to States			615,515	-
TOTAL U.S. DEPARTMENT OF EDUCATION			55,811,309	7,588

* Formerly known as CFDA

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2021

SCHEDULE E
Page 2 of 3

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award #	*Federal Assistance Listing Number	Total Expenditures	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Program:				
United States Endowment for Forestry and Communities - Cooperative Forestry Assistance	E19-54	10.664	99,932	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			99,932	-
<u>U.S. DEPARTMENT OF LABOR</u>				
Direct Program:				
H-1B Job Training Grants	HG-33039-19-60-A-48	17.268	1,897,446	1,545,186
Pass-Through From:				
Texas Workforce Commission (TWC):				
<u>WIOA Cluster:</u>				
WIA/WIOA Dislocated Worker Formula Grants	2821ATP003	17.278	21,288	-
Total Research and Development Cluster			21,288	-
American Association of Community Colleges :				
Apprenticeship USA Grants	ECCA2019	17.285	32,974	-
TOTAL U.S. DEPARTMENT OF LABOR			1,951,708	1,545,186
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through From:				
Texas Department of Transportation:				
Highway Planning and Construction	SSP 2021 (645)	20.205	20,698	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			20,698	-
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
Direct Program:				
Education	80NSSC19M0097	43.008	134,422	-
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			134,422	-
<u>NATIONAL SCIENCE FOUNDATION</u>				
Direct Program:				
<u>Research and Development Cluster:</u>				
Education and Human Resources	1911317	47.076	543,701	255,282
Total Research and Development Cluster			543,701	255,282
TOTAL NATIONAL SCIENCE FOUNDATION			543,701	255,282
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
Pass-Through From:				
The University of Houston:				
Small Business Development Centers 2019 - 2020	R-20-0060-53826	59.037	81,933	-
Small Business Development Centers 2021	R-21-0088-53826	59.037	130,373	-
Small Business Development Center CARES ACT (COVID-19)	R-20-0061	59.037	17,050	-
Total Small Business Development Center			229,356	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			229,356	-

* Formerly known as CFDA

SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2021

SCHEDULE E
Page 3 of 3

<u>Federal Grantors/Pass-Through Grantor/Program or Cluster Title</u>	<u>Grant Award #</u>	<u>*Federal Assistance Listing Number</u>	<u>Total Expenditures</u>	<u>Passed Through To Subrecipients</u>
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
Direct Program:				
<i>All-Volunteer Force Educational Assistance</i>	362/242D	64.124	<u>13,792</u>	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Program:				
<i>Affordable Care Act (ACA) Health Profession Opportunity Grants</i>	90FX0035	93.093	1,278,490	-
Pass-Through From:				
Texas Workforce Commission (TWC):				
<i>Governor's Summer Merit Program</i>	2821SMP003	93.558	32,829	-
Center for Disease Control and Prevention -				
The League for Innovation in the Community College:				
<i>Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security</i>	87728	93.318	<u>7,153</u>	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,318,472</u>	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through From:				
Federal Emergency Management Agency (FEMA):				
<i>Disaster Grants - Public Assistance</i>	FEMA-4332-DR-TX	97.036	<u>(9,834)</u>	-
TOTAL U.S. DEPARTMENT OF HOME LAND SECURITY			<u>(9,834)</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 60,113,556</u>	<u>\$ 1,808,056</u>

* Formerly known as CFDA

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2021

1. Federal Assistance Reconciliation

Direct Federal grants and contracts per Schedule A	\$ 12,629,681*
Add: Indirect/Administrative Cost Recoveries per Schedule A	313,271
Direct Federal revenue, non-operating Schedule C	47,072,699
Add: Indirect/Administrative Cost Recoveries per Schedule C	107,739
Add: FEMA per Schedule C	<u>(9,834)</u>
Total Federal Revenues per Schedule E - Schedule of Expenditures of Federal Awards	<u>\$ 60,113,556</u>

2. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of Federal awards (the Schedule) present the activity of Federal programs of the College for the year ended August 31, 2021. The Schedule has been prepared on the accrual basis of accounting. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.

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

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

Sub-Recipient	ALN	Primary Grant Funding Agency	Grant Program	Amount
Alamo Community College District	17.268	U.S. Department of Labor	H-1B Job Training Grants	\$ 131,376
Austin Community College	17.268	U.S. Department of Labor	H-1B Job Training Grants	166,599
Dallas County Community College District	17.268	U.S. Department of Labor	H-1B Job Training Grants	108,077
International Business Machines (IBM)	17.268	U.S. Department of Labor	H-1B Job Training Grants	321,233
Lockheed Martin Corporation	17.268	U.S. Department of Labor	H-1B Job Training Grants	684,251
Cerner Corporation	17.268	U.S. Department of Labor	H-1B Job Training Grants	133,650
Houston Community College System	47.076	National Science Foundation	Education and Human Resources	255,282
Lamar Institute of Technology	84.425	U.S. Department of Education	GEER - Texas Reskilling Support Fund 1 (COVID-19)	7,588
Total amount pass through by the College				<u>\$ 1,808,056</u>



SAN JACINTO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended August 31, 2021

SCHEDULE F

State Grantor Agency/Pass-Through Grantor/Program Title	Grant Contract Number	Total Expenditures	Passed Through to Subrecipients
TEXAS WORKFORCE COMMISSION			
Direct Programs:			
Skills Development Fund - Skills for Small Business Program 19-20	2819SSD004	\$ 13,230	\$ -
Skills Development Fund - COVID-19	2820COS001	53,380	-
Skills Development Fund - SJC in Partnership with a Manufacturing Consortium FY20	2820SDF001	28,290	-
Skills Development Fund - Maritime Consortium V	2820SDF005	258,659	-
Skills Development Fund - Logistic and Aerospace	2821SDF001	25,090	-
Skills Development Fund - Skills for Small Business Program 21-22	2821SSD003	3,360	-
Total Skills Development Fund		<u>382,009</u>	<u>-</u>
Apprenticeship Training Program FY20	2821ATP003	87,191	-
TOTAL TEXAS WORKFORCE COMMISSION		<u>469,200</u>	<u>-</u>
TEXAS HIGHER EDUCATION COORDINATING BOARD			
Student Financial Aid:			
State Military Tuition Assistance	26041	3,240	-
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	1,100,516	-
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	581,736	-
College Work Study Program	22339	61,811	-
College Work Study Mentorship Program	N/A	23,815	-
Total Student Financial Aid Cluster		<u>1,771,118</u>	<u>-</u>
Direct Program:			
Regional Pathways Project Grant:	19100	25,933	-
Nursing Shortage Reduction Program Regular FY17 - S.C	NSRP REG FY17 SC	15,725	-
Nursing Shortage Reduction Program Regular FY17 - C.C	NSRP REG FY17 CC	95	-
Nursing Shortage Reduction Program Regular FY18 - S.C	NSRP REG FY18 SC	39,719	-
2020 College Readiness and Success Models (CRSM 2020)	23109	20,939	-
The Grad TX 2.0 Program	23347	29,750	-
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		<u>1,903,280</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 2,372,480</u>	<u>-</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS
Year Ended August 31, 2021

1. State Assistance Reconciliation

Direct State grants and contracts per Schedule A	\$ 2,371,690
Add: Indirect/Administrative Cost Recoveries (Returned Funds) per Schedule A	<u>790</u>
Total State Revenues per Schedule F - Schedule of Expenditures of State Awards	\$ <u>2,372,480</u>

2. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of State awards (the Schedule) present the activity of State programs of the College for the year ended August 31, 2021. The Schedule has been prepared on the accrual basis of accounting. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.





Administration Building

4624 Fairmont Pkwy.
Pasadena, Texas 77504

Central Campus

8060 Spencer Hwy.
Pasadena, Texas 77505

North Campus

5800 Uvalde Rd.
Houston, Texas 77049

South Campus

13735 Beamer Rd.
Houston, Texas 77089

Maritime Technology & Training Center

3700 Old Hwy. 146
La Porte, Texas 77571

Generation Park Campus

13455 Lockwood Rd.
Houston, Texas 77044

sanjac.edu
281-998-6150

An Equal Opportunity Institution