



# **San Jacinto Community College District**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2009 AND 2008**

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended August 31, 2009 and 2008**

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San Jacinto Community College District  
Organizational Data

Board of Trustees and Key Officers  
Year Ended August 31, 2009

Officers

Mrs. Marie Flickinger	Chair
Mr. Dan Mims	Vice Chair
Mr. Ben Meador	Secretary
Mr. Larry Wilson	Assistant Secretary

Members

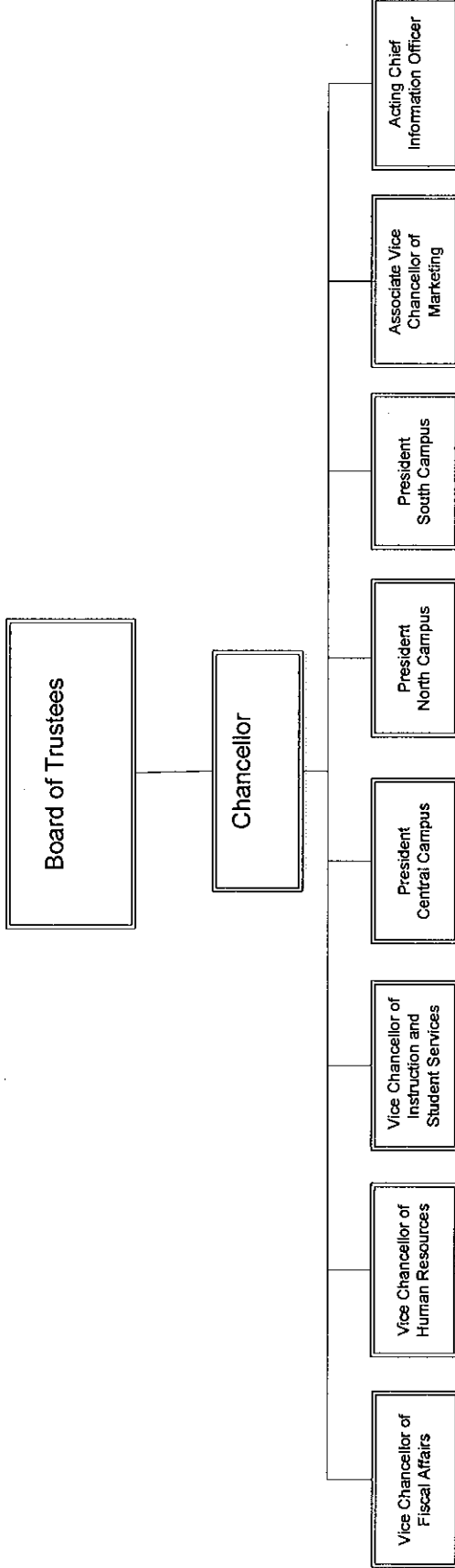
		<u>Term Expires</u> <u>May 31,</u>
Mr. Ben Meador	Pasadena, Texas	2011
Dr. Ruede Wheeler, D.D.S.	La Porte, Texas	2011
Mrs. Marie Flickinger	Houston, Texas	2013
Mr. John Moon, Jr.	Pasadena, Texas	2013
Mr. Larry Wilson	Pasadena, Texas	2013
Mr. Dan Mims	Channelview, Texas	2015
Mr. C. Wayne Slovacek	Deer Park, Texas	2015
Mr. W.L. "Levi" Smallwood, Trustee Emeritus		
Mr. J.D. Bruce, Trustee Emeritus		

Key Officers

Dr. Brenda L. Hellyer	Chancellor
Mr. Kenneth D. Lynn, CPA	Vice Chancellor of Fiscal Affairs
Mr. Steve Trncak	Vice Chancellor of Human Resources
Dr. Laurel V. Williamson	Vice Chancellor for Instruction and Student Services
Dr. Neil Matkin	President, Central Campus
Dr. Allatia Harris	President, North Campus
Dr. Maureen Murphy	President, South Campus
Ms. Teri Fowle	Associate Vice Chancellor of Marketing
Mr. Rob Stanicic	Acting Chief Information Officer

# San Jacinto Community College District Organizational Chart

August 31, 2009



Vice Chancellor of Fiscal Affairs

December 14, 2009

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

Texas statutes require the Comptroller of Public Accounts and the Texas Higher Education Coordinating Board to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the comprehensive annual financial report of the San Jacinto Community College District ("the College") for the fiscal years ended August 31, 2009 and 2008.

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

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

The College's financial statements have been audited by MFR, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for the years ended August 31, 2009 and 2008 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the College's financial statements for the years ended August 31, 2009 and 2008 are fairly presented in conformity with

GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

### **College Profile**

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

By 1974 the College opened its North campus off Uvalde Road near the Channelview area which is north of the Ship Channel off Beltway 8. In 1979 the College opened its South campus off Beamer Road just north of Dixie Farm Road.

From the initial enrollment of 850 students, the College has grown to three campuses, five outreach centers, approximately 27,000 credit students and approximately 20,000 continuing and professional development students. The College offers over 140 academic programs and provides students the opportunity to get involved in inter-collegiate sports, intramural sports, and the fine arts.

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

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

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



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

San Jacinto Community College, established 48 years ago, has been serving the Bay Area Houston community by educating the workforce. We are proud to be a part of this community and look forward to at least 48 more years of serving the people of our community through quality and well-rounded education.

### **Local Economy**

Harris County is located in southeast Texas within the Houston-Sugar Land-Baytown metropolitan area. Harris County is named for John Richardson Harris, an early settler of the area. As of the census of 2000, there were 3,400,578 people; 1,205,516 households; and 834,217 families residing in the county, making it the largest county by population in Texas. The population density was 1,967 people per square mile. There were 1,298,130 housing units at an average density of 751 per square mile. The racial makeup of the county was 58.73% White, 18.49% Black or African American, 0.45% Native American, 5.14% Asian, 0.06% Pacific Islander, 14.18% from other races, and 2.96% from two or more races. The population for Hispanic or Latino, any race, was 32.93%. In 2006 Harris County had 3,886,207 residents - a 14.3% growth since 2000.

The median income for a household in the county was \$42,598, and the median income for a family was \$49,004. Males had a median income of \$37,361 versus \$28,941 for females. The per capita income for the county was \$21,435. About 12.10% of families and 14.97% of the population were below the poverty line, including 19.60% of those under age 18 and 12.20% of those age 65 or over.

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

**Cash Management Practices**

Cash was invested in certificates of deposit, obligations of U.S. agencies, and local government money market pools. The maturities of investments range from 1 month to 32 months. Coupon rates range from 1.00% to 3.25%. Investment income includes the increase or decrease in the fair value. The fair value of securities will increase or decrease due to changes in market interest rates during the year. As individual securities come closer to their maturity date, the fair value of the security moves toward its par value. As the price moves toward its par value, the unrealized gain or loss is reduced proportionally and is eliminated by the time the security matures. The College generally holds securities to maturity.

**Debt Management**

The College is authorized to sell bonds and to levy an ad valorem tax in payment of the debt by the Constitution and the laws of the State of Texas. At August 31, 2009, the College had \$275,490,000 in general obligation debt outstanding. Ad valorem property taxes to support outstanding debt are limited to a maximum rate of \$0.50 tax per hundred dollars of taxable assessed valuation. Proceeds from general obligation debt may be used to purchase land for sites, construct, improve, renovate, and equip College facilities; to refund certain bonds of the College; and to pay the issuance costs of bonds. The College's uninsured general obligation debt is currently rated AA by Standard and Poor's and Aa3 by Moody's.

**Bond Referendum**

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

**Hurricane Ike**

On September 13, 2008, the Texas Gulf Coast was struck by Hurricane Ike, a strong category 2 hurricane. The College sustained over \$9 million of damages to 60 buildings. The College was closed for classes from September 11th through the 28th, and reopened to faculty and students on September 29th with 59 of 60 buildings in operation. The College is fully insured for the storm damages and expects to receive substantially all of the \$9 million either from the College's insurance carrier or from federal disaster relief funds.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its comprehensive annual financial reports for the fiscal years ended August 31, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Lynn', with a long horizontal line extending to the right.

Kenneth D. Lynn, CPA

Vice Chancellor of Fiscal Affairs



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
San Jacinto Community College District:

We have audited the accompanying basic financial statements of San Jacinto Community College District (the College) as of and for the years ended August 31, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2009 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the College's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the 2009 and 2008 basic financial statements of the College, taken as a whole. The supplemental schedules (schedule A through D) and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Supplemental schedules A through D have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audits of the 2009 and 2008 basic financial statements and, accordingly, we express no opinion on it.

Our 2009 audit was conducted for the purpose of forming an opinion on the 2009 basic financial statements. The accompanying schedule of expenditures of Federal awards (Schedule E) and schedule of expenditures of state awards (Schedule F) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and are not a required part of the 2009 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2009 basic financial statements taken as a whole.

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

December 14, 2009

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## **Management's Discussion and Analysis Fiscal Year Ended August 31, 2009 (Unaudited)**

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

The San Jacinto Community College District (the College) has served east Harris County in Texas since the early 1960s, demonstrating a partnership between a growing community college and a sprawling area rich in history. The diverse college district has now grown to include three campuses, a network of off-campus learning centers, and an online college. Total credit enrollment exceeds 25,000 students with an equal number of adult learners enrolled in continuing education classes for personal enrichment or professional development. In order to serve these students, the College employs over 2,400 full-time and part-time personnel. Most faculty have earned master's and doctoral degrees, and many have been nationally recognized for their teaching, research or authorship.

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

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

The College is governed by a seven member Board of Trustees (the Board) elected for six-year terms by the taxpayers within its taxing district, which encompasses more than 457,000 citizens and 320 square miles. The Board is responsible for oversight of academic programs, budgets, general administration, and employment of staff and faculty.

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

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

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

## Financial Highlights for 2009

- On September 1, 2008, the College issued \$80,000,000 of Limited Tax Obligation Bonds, Series 2008. The Bonds mature serially through February 2038. The interest rates range from 3.250% to 5.000%. The Bonds were issued as part of the May 10, 2008 bond referendum providing for the issuance of \$295 million in general obligation bonds for College facilities.
- On September 13, 2008, the Texas Gulf Coast was struck by Hurricane Ike, a strong category 2 hurricane. All 60 of the College's buildings sustained some damage. The College was closed for classes from September 11th through the 28th. The College reopened to faculty and students on September 29th with 59 of 60 buildings in operation. The College sustained damage to its facilities of approximately \$9.36 million which has been covered by claims submitted to the College property insurance provider, the State of Texas and the Federal Emergency Management Agency.
- On October 16, 2008, the College approved the 2008 tax rate of 16.3411 cents per \$100 valuation of taxable property in the San Jacinto Community College District. This is an increase of 1.8046 cents per \$100 valuation from the 2007 rate of 14.5365 cents per \$100 valuation. The College maintained the maintenance and operations rate of 11.5927 cents per \$100 valuation in effect since 2005. The increase of 1.8046 cents per \$100 valuation was added to the interest and sinking portion of the ad valorem tax changing the rate from \$0.029438 to \$0.47484. A residential homeowner claiming a homestead exemption on a home valued at \$100,000 would pay \$163 for 2008 as compared to \$145 for 2007 or an \$18 annual increase. Because of higher appraised values the College realized additional tax revenues of \$3.9 million for maintenance and operations and an additional \$8.1 million for debt service due to the increase in the debt service portion of the tax rate.
- On July 15, 2009, the College issued \$150,000,000 of Limited Tax Obligation Bonds, Series 2009. The Bonds mature serially through February 2039. The interest rates range from 3.500% to 5.0000%. The Bonds were issued as part of the May 10, 2008 bond referendum providing for the issuance of \$295 million in general obligation bonds for College facilities. The College has \$65 million remaining authorization not issued.
- The Board of Trustees maintained the tuition and fee rates approved in April of 2007. Through the efforts of the College staff, faculty and administrators during the aftermath of Hurricane Ike, the College still experienced a 4.5% increase in enrollment to 24,616 for the fall of 2008 compared to 23,551 for the fall of 2007. Overall the College had an \$800 thousand increase in tuition and fee revenues for 2009.
- The College had an increase of \$5.2 million in Federal Title IV funds. The Pell Grant increased by 26.9% (\$3.2 million) in the amount paid and 14.1% (708) in the number of recipients. The increases were primarily attributed to an increase in enrolled students who were eligible for the Pell Grant. Federal regulations eased the eligibility criteria and increased the maximum amount of Pell Grant students could receive. The College also had an increase in the number of students that participated in the Federal Family Education Loan Program. The most significant increase involved the Unsubsidized Loan Program. The College had 31.4% (312) more borrowers and a 63.3% (\$1.7 million) increase in the amount paid. The Subsidized Loan Program increased by 8.6% (102) in borrowers and 7.5% (\$0.2 million) in amount paid. The increase can be attributed to an increase in the amount students could borrow. Regulations allowed students to borrow an extra \$2,000.
- The College continued to focus on quality, efficiency, effectiveness, and underlying processes throughout the campuses. During 2009, several areas began and/or completed restructuring initiatives designed to increase revenues, better serve the student and business population, and re-allocate resources for strategic goals.

## Financial Highlights for 2008

- On April 1, 2008, the College issued \$12,700,000 of Limited Tax Refunding Bonds, Series 2008. The Bonds mature serially through February 2025. The interest rates range from 3.000% to 5.000%. The Bonds were issued to refund the Variable Rate Limited Tax General Obligation Bonds, Series 2000.
- On May 10, 2008, a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters by a margin of 3,335 votes "Yes" to 1,363 votes "No". Supporting the call for the election is the 2008 Facilities Master Plan which identified the facility needs of the College in priority order. Among the top construction priorities were the Science Building and the Allied Health Science building addition on the Central campus, the Allied Health / Science building and the Spencer addition on the North campus, and, the Science / Allied Health building and the Longenecker addition on the South campus. Construction of these facilities in particular is necessary to meet instructional capacity needs in the science and allied health curriculums. On August 11, 2008 in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming and other construction activities, the Board of Trustees approved an initial issuance of \$80 million of the \$295 million bond authorization. Based on pre-bid cost estimates developed by the College construction department, the \$80 million issuance will provide funding for construction activities through the spring of 2010 (estimated).
- The College maintained the ad valorem tax rate at 14.5365 cents per \$100 of valuation as appraised values increased approximately \$3.95 billion. A residential homeowner claiming a homestead exemption on an average value home of \$102,740 would pay \$142 in taxes. Because of higher appraised values the College realized additional tax revenues of approximately \$4.3 million for maintenance and operations, and \$1.1 million for debt service.
- The College's early exit program, announced in 2006, was implemented with an employee acceptance deadline of September 21, 2007. Fifty one employees (24 faculty, 12 administrators, 3 professional staff and 12 support staff) accepted the offer. Exit dates range from January 31, 2008, to August 31, 2007. Participants received six additional months of compensation as well as any accumulated leave time earned prior to August 1, 1988. The financial impact of the early exit plan was \$2.1 million for 41 employees and is estimated at \$0.6 million for 10 employees for fiscal years 2008 and 2007, respectively. The intent of this program is to reduce salaries, redirect funds to other instructional priorities, and hire employees for targeted positions and areas.
- The College continued to focus on quality, efficiency, effectiveness, and underlying processes throughout the campuses. During 2008, several areas began and/or completed restructuring initiatives designed to increase revenues, better serve the student and business population, and re-allocate resources for strategic goals.

## The Statement of Net Assets

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

Increases or decreases to net assets is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention, and other non-financial information. The Statement of Net Assets is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.



The following is prepared from the College's Statement of Net Assets and provides a summary of its assets, liabilities and net assets for the years ended August 31:

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 57,927	\$ 76,184	\$ 59,386
Noncurrent assets:			
Capital assets, net of depreciation	144,801	144,404	146,568
Other, includes 2009 bond proceeds	<u>300,243</u>	<u>35,068</u>	<u>42,383</u>
Total assets	\$ <u>502,971</u>	\$ <u>255,656</u>	\$ <u>248,337</u>
Current liabilities	\$ 40,514	\$ 30,669	\$ 30,380
Noncurrent liabilities	<u>277,718</u>	<u>63,408</u>	<u>68,086</u>
Total liabilities	\$ <u>318,232</u>	\$ <u>94,077</u>	\$ <u>98,466</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 80,869	\$ 78,719	\$ 65,385
Expendable – restricted	12,130	5,715	10,066
Unrestricted	<u>91,740</u>	<u>77,145</u>	<u>74,420</u>
Total net assets	\$ <u>184,739</u>	\$ <u>161,579</u>	\$ <u>149,871</u>

**Fiscal Year 2009 Compared to 2008**

Total assets increased \$247.3 million during the fiscal year ended August 31, 2009, a 96.7% increase. Cash, cash equivalents and investments increased \$240 million primarily due to the receipt of the Series 2008 and 2009 bond proceeds. Responding to interest rate fluctuations over the past year, the College maintained a conservative approach and invested the bond proceeds in an investment pool included in the cash and cash equivalents category by definition.

The College's current ratio decreased to 1.43 in 2009 from 2.48 in 2008 due to increases in long-term investments of unexpended bond proceeds and with an increase in the current portion of bonds payable.

Total liabilities increased by \$224.2 million to \$318.2 million in 2009 or 238%, from \$94 million in 2008. Current liabilities increased by \$9.9 million to \$40.5 million or 32.35% for 2009 from \$30.6 million in 2008. Noncurrent liabilities increased by \$214.3 million to \$277.7 million or 338% in 2009 from \$63.4 million in 2008. These increases were due primarily from the increase in bonds payable related to the 2008 and 2009 bond series.

Net assets increased \$23.1 million for 2009. The net assets increased by \$12.3 million and \$10.6 million for 2008 and 2007, respectively.

## **Fiscal Year 2008 Compared to 2007**

Total assets increased \$7.3 million during the fiscal year ended August 31, 2008, a 2.9% increase. Cash, cash equivalents and investments increased \$6.3 million (7.02%) from \$88 million to \$94.3 million. Responding to interest rate fluctuations over the past year, the College diversified its investments to include certificates of deposits (\$26 million) in the Certificate of Deposit Account Registry Service (CDARS) program with full FDIC coverage.

The College's current ratio increased to 2.58 in 2008 from 1.95 in 2007 due to shorter maturities of investments. As long term investments matured, the movement of investments to a short-term classification decreased noncurrent assets by \$8.6 million. Noncurrent assets also declined due to the use of \$1.7 million of cash from unexpended bond proceeds. Total noncurrent assets declined \$12.5 million to \$176.4 in 2008 from \$188.9 in 2007. Capital assets decreased \$2.2 million to \$144.4 million in 2008 from \$146.6 million in 2007 as net additions to capital assets of \$4.4 million were offset by \$6.6 million in net additions to depreciation.

Total liabilities decreased \$4.3 million to \$94 million in 2008 or 4.4%, from \$98.5 million in 2007. Current liabilities remained relatively unchanged for 2008 from 2007. Noncurrent liabilities decreased to \$63.4 million in 2008 from \$68.0 million in 2007 primarily due to the \$4.6 million of reductions caused by traditional repayments of debt service principal.

Net assets increased \$11.7 million for 2008 with \$7.9 million related to funds invested in capital assets, net of related debt. The net assets increase for 2008 is consistent with increases of \$10.6 million and \$12.3 million for 2007 and 2006, respectively

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

The Statement of Revenues, Expenses and Changes in Net Assets focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net assets have increased during the year ended August 31, 2009, with comparative information for fiscal year 2008. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. Generally speaking, operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College.

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

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

**Summary of Revenues, Expenses, and Changes Net Assets – Exhibit II**  
(In Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of scholarship allowances and discounts	\$ 30,069	\$ 29,220	\$ 28,361
Federal grants and contracts	5,810	6,474	5,188
State and local grants and contracts	3,090	3,816	2,354
Non-government grants and contracts	1,014	795	831
Sales and services of educational activities	735	734	562
Auxiliary enterprises, net of discounts	3,667	3,581	5,748
General operating revenues	-	22	43
Total operating revenues	<u>44,385</u>	<u>44,642</u>	<u>43,087</u>
Expenses:			
Operating expenses:			
Instruction	55,593	57,487	48,927
Public service	3,409	3,882	2,376
Academic support	10,557	12,486	8,978
Student services	12,343	11,830	8,108
Institutional support	26,367	25,643	29,608
Operation and maintenance of plant	14,163	14,820	14,218
Scholarships and fellowships	21,152	16,508	18,335
Auxiliary enterprises	3,929	3,656	5,833
Depreciation	7,626	6,765	6,811
Total operating expenses	<u>155,139</u>	<u>153,077</u>	<u>143,194</u>
Operating loss	<u>(110,754)</u>	<u>(108,435)</u>	<u>(100,107)</u>
Non-operating revenues (expenses):			
State appropriations	47,838	47,658	44,310
Maintenance ad valorem taxes	46,493	42,519	37,666
Debt service ad valorem taxes	18,895	10,798	9,565
Federal revenue, non-operating	24,744	19,511	19,762
Investment income (net of investment expenses)	2,624	3,363	4,908
Interest on capital related debt	(6,600)	(3,544)	(3,872)
Hurricane Ike expenses (net of recoveries)	169	-	-
Other non-operating revenues (expenses)	(249)	(162)	(1,570)
Total non-operating revenue, net	<u>133,914</u>	<u>120,143</u>	<u>110,769</u>
Increase in net assets	23,160	11,708	10,662
Net assets, beginning of year	<u>161,579</u>	<u>149,871</u>	<u>139,209</u>
Net assets, end of year	<u>\$ 184,739</u>	<u>\$ 161,579</u>	<u>\$ 149,871</u>

### **Fiscal Year 2009 Compared to 2008**

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$39.68 million in 2009 from \$39.0 million in 2008. This 1.75% increase (\$0.68 million) is a result of a 4.5% increase in enrollment while maintaining the same tuition rate as 2008. It includes tuition and fees for both state-funded academic and non-state funded contract training and workforce development instructional activities. Contact hours for fiscal year 2009 increased by 0.4 million to 10.3 million from 9.9 million contact hours for 2008. Non-state funded contract training and workforce development instruction revenues remained steady at \$1.5 million for both 2009 and 2008.

Operating expenses increased by \$2.4 million to \$155.1 million for 2009 from \$152.7 million for 2008. Operating expenses related to instruction through operation and maintenance of plant decreased by \$3.7 million, this is attributable to reclassification of expenses related to Hurricane Ike. Scholarships and Fellowships increased by \$4.6 million attributable primarily to Federal Title IV funds. Auxiliary enterprises increased by \$0.6 million, and depreciation increased by \$0.9 million.

Increases in net non-operating revenue and expenses totaled \$13.8 million in 2009 from 2008. Ad valorem tax revenue increased a total of \$12 million (21.8%), with maintenance and operating taxes increasing \$3.9 million and debt service tax revenues increasing \$8.1 million. The College's tax rate for maintenance and operations remained the same at 11.5927 cents per \$100 valuation while the debt service increased by 01.8046 cents per \$100 valuation for 2009 to offset the increase in debt service payment requirements. Net investment income declined due to lower rates. The portfolio yielded \$0.74 million less for 2009 than for 2008. Interest on capital related debt increased by \$3.01 million due to payments due on the 2009 and 2008 bond series.

### **Fiscal Year 2008 Compared to 2007**

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$39.0 million in 2008 from \$36.4 million in 2007. This 7.1% increase (\$2.6 million) includes tuition and fees for both state-funded academic and non-state funded contract training and workforce development instructional activities. Increases in academic tuition (\$2.5 million) are the result of an increase in tuition of \$3 per semester credit hour for in-district and out-of-district students and a \$33 per semester credit hour increase for international students for the full fiscal year. The tuition increase was approved by the Board of Trustees in April, 2007 and implemented during the Summer 2007 and Fall 2007 terms. In terms of enrollment, the fall 2007 semester was essentially unchanged from fall of 2006 with 25 thousand students. Contact hours for both fiscal year 2008 and 2007 remained constant at 9.9 million contact hours. Non-state funded contract training and workforce development instruction revenues increased an additional \$.5 million from 2007 levels as the 2007 restructuring continued to meet the needs of business and industry.

Federal grants and contracts revenue experienced an increase of \$2.46 million in 2008 from 2007 – an 8.75% increase. State grants from the Texas Workforce Commission and scholarships from the Texas Grant program account for \$1.46 million of the increase. Increases from the Department of Education and the Department of Labor account for the \$1.0 million increase in Federal funds.

Due to the conversion to contracted operation of the College bookstores (effective July 1, 2007), auxiliary revenue from bookstore operations was reduced an additional \$2.0 million for the complete fiscal year 2008 and \$3.9 million for the summer and fall sales for 2007.

Expenses for educational activities increased 13.6%, or \$13.3 million, with the major increases (\$9.5 million) related to salaries and benefits including the early exit program. The Board approved increases up to 10% for non-instructional salaries and up to 18% for instructional salaries in 2008. Operation and maintenance of plant remained consistent with 2007 with the associated increase in salaries. Scholarships and fellowships declined due to increases in amounts accounted for as discounts reported in tuition and fees. Auxiliary enterprises decreased by \$3.4 million in 2008 from 2007 due to the complete year of outsourcing the bookstore operations. Depreciation remained consistent between 2008 and 2007 at \$6.8 million.

Increases in net non-operating revenue and expenses totaled \$9.6 million in 2008 from 2007. Ad valorem tax revenue increased a total of \$6.1 million (12.9%), with maintenance and operating taxes increasing \$4.9 million and debt service tax revenues increasing \$1.2 million. The College's tax rate for the 2008 fiscal year was the same as the 2007 rate. Net investment income declined due to lower rates and lower investable balances due to the \$9.1 million expended in 2007 to reduce the 2001 Series general obligation bonds. The portfolio yielded \$2.5 million less for 2008 than for 2007.

### 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: 1) the College's ability to generate future cash flows; 2) its ability to meet its obligations as they come due; and 3) its needs for external financing. The sources and uses of cash are categorized by operating, non-capital financing, capital and related financing and investing activities.

The following chart summarizes the statements of cash flows (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash provided by (used in):			
Operating activities	\$ (99,323)	\$ (90,973)	\$ (62,265)
Non-capital financing activities	109,889	98,416	72,639
Capital and related financing activities	226,818	(4,360)	(8,469)
Investing activities	<u>(29,822)</u>	<u>2,210</u>	<u>989</u>
Net increase in cash and cash equivalents	207,562	5,293	2,894
Cash and cash equivalents - beginning of year	<u>38,317</u>	<u>33,024</u>	<u>30,130</u>
Cash and cash equivalents - end of year	\$ <u>245,879</u>	\$ <u>38,317</u>	\$ <u>33,024</u>

In accordance with generally accepted accounting principles, state appropriations, maintenance ad valorem tax revenues and non-operating federal revenue (Title IV) are reported as revenues from non-exchange transactions and are, therefore, classified as cash flow from non-capital financing activities. State appropriations, maintenance ad valorem tax revenues, and non-operating federal revenue provided cash flows of \$114.5 million in 2009 and \$100 million in 2008. Hurricane Ike resulted in a net use of \$3.1 million pending reimbursements from insurance and federal agencies. Uses of non-capital financing for 2009 and 2008 are \$1.5 million and \$1.6 million, respectively, and were for scheduled interest payments on notes. Net cash provided by capital and related financing activities was \$226.8 million for 2009 and \$4.3 million used in 2008. The increase for 2009 is attributable to the issuance of the 2009 and 2008 bond series. Net cash flows used for investing activities was \$29.8 million for 2009 and \$2.2 million was provided in 2008. This is attributable to changes between pooled investments and securities.

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

### Capital Assets - Fiscal Year 2009

In 2009, the College completed five roofing projects, Central Campus covered walkways, and the North Campus primary feeder tunnel for a total cost of \$3.2 million. At August 31, 2009, \$5.7 million in projects were still under construction consisting of a new Central Childcare Center, a new Central Transportation Building, Central Welding addition, Central Allied Health addition, a new Central Science Building, Central cafeteria remodeling, a new College Workforce Training Center, District Administration building electrical upgrades, a new North Campus Childcare Center, North Student Success Center addition, a new North Allied Health Science Building, South Student Success Center addition, a new South Allied Health Science Building, South cafeteria remodeling, mechanical upgrades on all three campuses, site work related to athletic fields, and site work related to the new construction bond program. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. The approved project list related to the \$295 million authorization is as follows:

### **Central Campus**

#### **New Construction/Renovation/Rehabilitation**

- Science Building – 98,000 square feet for classrooms and laboratories
- Allied Health Science addition – 35,000 square feet for new Allied Health Programs
- Automotive tech center – 75,000 square feet for new vocational labs for Automotive Technology Programs
- Renovations
- Vocational Technical Building 2, Welding – 10,000 square foot addition to expand Welding Program and Truck Driving School
- Vocational Technical Buildings 1 & 3 – 41,741 square foot renovation for replacement of maintenance offices
- Anders Gymnasium – 7,000 square feet renovation to remove pool; renovate lobby and entrance to competition gym; create a fitness center; and upgrade existing facility
- Lee Davis Library – 62,418 square foot update and renovate library
- Site work
- Replace Abshire Drive, Bader Drive, and Schoeler Drive
- Replace parking lots 1, 2, 3, 4 and 5
- Correct drainage and repair sidewalks in the interior of the quadrangle
- Demolition of stadium, retain jogging track and soccer field, and enlarge detention pond
- Right turn lane at Cunningham Drive
- Develop property east of Luella Drive for site of new Automotive Technical Center
- Infrastructure
- Upgrade campus primary electric service to include new switchgear and replace primary underground feeders
- Provide new primary electrical gear to serve Davis Library, Anders Gymnasium and Ball Technical buildings
- Extend second service to Slocomb Building and replace existing primary electrical gear
- Replace old York chiller in the Central Plant
- Upgrade and expand District Data Center network
- Provide new electrical service to support Automotive Program across Luella Drive

## **North Campus**

### **New Construction/Renovation/Rehabilitation**

- Allied Health Science Building – 128,000 square feet for classrooms and laboratories
- Spencer addition – 40,000 square feet to house student services center
- Renovations
- Nichols Gymnasium – 9,600 square feet for the Physical Education program and Fitness Center
- Lehr Library – 19,000 square feet to update and renovate library
- Site work
- Construct new parking lot adjacent to the tennis courts to serve the new Allied Health Science Building and provide added detention
- Improve parking and entrance drive to Cobb Drive, improve drainage to Cravens Drive
- Repair sidewalks, pave plazas and correct drainage in the courtyard. Install covered walkway between Slovacek and Wheeler Buildings
- Jogging trail
- New sanitary lift station at southwest corner of campus
- Infrastructure
- Replace existing chiller with new 800 ton energy efficient chiller
- Replace two original cooling towers with new stainless steel towers
- Replace two central plant boilers
- Update and expand District Data Center network

## **South Campus**

### **New Construction/Renovation/Rehabilitation**

- Allied Health Science Building – 155,500 square feet for classrooms and laboratories
- Longenecker addition – 40,000 square feet to house student services center
- Renovations
- Smallwood Gymnasium - 13,700 square feet for the PE program, fitness center and upgrade the existing facility
- Williams Library – 24,000 square feet to update and renovate the library
- Site Work
- New water connection and sanitary sewer upgrades
- Construct a detention pond on the south side of Rick Sneider Drive
- Construct a new parking lot, drives and drainage at southwest corner of campus
- Jogging trail
- Infrastructure
- Create a satellite cooling and heating plant for the new portion of campus
- Replace 240 tons of air cooled chillers
- Install new primary electrical service for campus expansion
- Demo obsolete boilers in the courtyard
- Update and expand District Data Center network

## **District**

### **New Construction/Renovation/Rehabilitation**

- Business industry training center – 68,000 square feet

Capital Assets - Fiscal Year 2008

In 2008, the College completed three roofing projects and Central Campus bookstore renovations for a total cost of \$1.5 million. At August 31, 2008, \$2.9 million in projects were still under construction consisting of four roofing projects, a College workforce training center, a new North Campus childcare center, a primary feeder tunnel, and site work related to athletic fields. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. For the short term, management is focusing on maintaining and repairing aging facilities. For the long term, management is completing a master planning study for all three campuses. With its completion, decisions will be made as to immediate projects and those long-term building projects which will require a financing combination of pay-as-you-go and the use of general obligation bond proceeds.

Long-Term Debt

On May 10, 2008 a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters by a margin of 3,335 "Yes" votes to 1,363 "No" votes. Supporting the call for the election is the 2008 Facilities Master Plan which identified the facility needs of the College in priority order. Among the top construction priorities were the Science Building and the Allied Health Science Building addition on the Central campus, the Allied Health / Science Building and the Spencer addition on the North campus, and, the Science / Allied Health Building and the Longenecker addition on the South campus. Construction of these facilities in particular is necessary to meet instructional capacity needs in the science and allied health curriculums. On August 11, 2008, in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming and other construction activities, the Board of Trustees approved an initial issuance of \$80 million. On July 15, 2009, the College issued an additional \$150 million of the \$295 million bond authorization leaving a balance of \$65 million authorized but not issued.

The Bonds were issued with a September 1, 2008 effective date and the delivery/settlement date was September 16, 2008. On October 16, 2008, the Board of Trustees approved the adoption of the 2008 tax rate of \$0.163411 cents per \$100 valuation of taxable property in the San Jacinto Community College District. The Maintenance and Operations tax rate remains the same at \$0.115927 and the debt service tax rate was increased to \$0.047484, a 61.35% increase in the debt service rate or a 1.24% overall increase. This increase represents an increase of \$18 to a home owner for a home with a taxable assessed value of \$100,000. The tax rate increase was necessary to fund the increase in debt service requirements related to the newly issued 2008 and 2009 general obligation bonds. The College is committed to progressing with its construction, facilities management and technology programs while still maintaining an aggressive debt payment schedule.

At August 31, 2008, the College had \$4.2 million in unexpended bond proceeds. The unexpended proceeds were to be used to construct child care facilities at the North and Central campuses as well as to provide ongoing support for the College's major repair and renovation projects. The College is committed to progressing with its construction, facilities management and technology programs while still maintaining an aggressive debt payment schedule. On May 7, 2007, the College issued the remaining \$4.0 million in unissued bonds from the 1999 bond authorization. At August 31, 2007, the College has \$6.0 million in unexpended bond proceeds. The unexpended proceeds will be used to construct child care facilities at the North and Central campuses as well as to provide ongoing support for the College's major repair and renovation projects. The College is committed to progressing with its construction, facilities management and technology programs while still maintaining an aggressive debt payment schedule.

At August 31, 2009, the College's credit ratings have been affirmed as follows:

	<u>Moody's Investor's Service</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds	Aa3	AA
Maintenance and Tax Notes	Aa3	AA



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

Looking ahead to fiscal year 2010 and beyond, management sees continuing challenges regarding the levels of State support, increased resistance to property tax increases, and increased pressure to keep tuition and fees affordable for students. Consequently, the College is committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks while maintaining a clear focus on quality instructional programs. A clear indication of its focus on quality is the College's emphasis in 2010 on redefining expectations, encouraging the exploration of new opportunities and empowering students to achieve their goals.

The College will continue to focus on strengthening the teaching and learning process while maintaining its sound financial position. San Jacinto Community College District is a dynamic institution that is an integral part of the success of East Harris County and the surrounding communities.

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

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Assets  
August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 24,538,401	\$ 31,043,380
Deposits held by others	21,601	21,601
Other short-term investments	12,842,030	29,023,750
Accounts receivable, net	19,622,797	15,189,794
Deferred charges	539,034	555,976
Inventories	362,714	349,448
Total current assets	<u>57,926,577</u>	<u>76,183,949</u>
Noncurrent assets:		
Restricted cash and cash equivalents	221,340,150	7,273,520
Other long-term investments	56,144,791	26,938,524
Restricted long-term investments	20,034,380	-
Bond issuance costs	1,809,949	855,872
Bond discount	914,702	-
Capital assets net of accumulated depreciation	132,167,475	135,042,634
Capital assets not being depreciated	12,633,472	9,361,400
Total noncurrent assets	<u>445,044,919</u>	<u>179,471,950</u>
Total assets	<u>502,971,496</u>	<u>255,655,899</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	8,677,848	7,622,708
Accrued liabilities	1,444,052	1,332,655
Accrued compensable absences	316,930	1,393,493
Deferred compensation	63,333	28,000
Deferred revenues	16,332,336	15,292,731
Notes payable - current portion	1,225,000	1,225,000
Bonds payable - current portion	12,455,000	3,775,000
Total current liabilities	<u>40,514,499</u>	<u>30,669,587</u>
Noncurrent liabilities:		
Accrued compensable absences	2,266,951	1,560,006
Bond premium payable	7,346,396	897,634
Notes payable	5,070,000	6,295,000
Bonds payable	263,035,000	54,655,000
Total noncurrent liabilities	<u>277,718,347</u>	<u>63,407,640</u>
Total liabilities	<u>318,232,846</u>	<u>94,077,227</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	80,868,924	78,718,634
Expendable, restricted for:		
Grants	1,192,545	1,332,684
Unexpended bond proceeds	2,080,810	243,967
Debt service	8,856,149	4,137,889
Unrestricted	91,740,222	77,145,498
Total net assets (Schedule D)	<u>\$ 184,738,650</u>	<u>\$ 161,578,672</u>

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets  
Years Ended August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Operating Revenues</u>		
Student tuition and fees, (net of scholarship allowances and discounts of \$9,647,250 and \$9,809,462, respectively)	\$ 30,068,715	\$ 29,220,128
Federal grants and contracts	5,810,085	6,473,542
State and local grants and contracts	3,089,817	3,816,402
Non-governmental grants and contracts	1,013,841	794,979
Sales and services of educational and non-educational activities	735,247	734,089
Auxiliary enterprises, (net of discounts)	3,667,801	3,581,159
General operating revenues	<u>-</u>	<u>22,213</u>
Total operating revenues (Schedule A)	<u>44,385,506</u>	<u>44,642,512</u>
<u>Operating Expenses</u>		
Instruction	55,592,552	57,486,803
Public service	3,408,698	3,881,854
Academic support	10,556,786	12,485,944
Student services	12,343,454	11,829,664
Institutional support	26,367,228	25,643,311
Operation and maintenance of plant	14,162,743	14,820,830
Scholarships and fellowships	21,152,384	16,507,852
Auxiliary enterprises	3,929,299	3,656,326
Depreciation	<u>7,625,931</u>	<u>6,764,932</u>
Total operating expenses (Schedule B)	<u>155,139,075</u>	<u>153,077,516</u>
Operating loss	<u>(110,753,569)</u>	<u>(108,435,004)</u>
<u>Non-operating revenues (expenses)</u>		
State appropriations	47,838,243	47,658,028
Maintenance ad valorem taxes	46,492,505	42,518,691
Debt service ad valorem taxes	18,895,337	10,797,774
Federal revenue, non-operating	24,743,586	19,511,315
Investment income (net of investment expenses)	2,623,573	3,363,323
Interest on capital related debt	(6,599,699)	(3,544,135)
Hurricane Ike expenses (net of recoveries)	169,405	-
Other non-operating revenues (expenses)	<u>(249,403)</u>	<u>(162,080)</u>
Total non-operating revenues, net (Schedule C)	<u>133,913,547</u>	<u>120,142,916</u>
Increase in net assets	23,159,978	11,707,912
Net assets, beginning of year	<u>161,578,672</u>	<u>149,870,760</u>
Net assets, end of year	<u>\$ 184,738,650</u>	<u>\$ 161,578,672</u>

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows  
Years Ended August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 33,784,082	\$ 33,614,776
Receipts of grants and contracts	10,416,425	9,742,067
Payments to suppliers for goods or services	(32,156,611)	(32,482,877)
Payments to or on behalf of employees and fellowships	(90,325,335)	(84,455,995)
Payments of scholarships	<u>(21,052,102)</u>	<u>(17,391,102)</u>
Net cash used by operating activities	<u>(99,323,541)</u>	<u>(90,973,131)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from state appropriations	43,848,263	38,563,585
Receipts from ad valorem taxes	45,909,830	41,979,461
Receipts from non-operating federal revenue	24,743,586	19,511,315
Hurricane Ike disbursements	(9,363,382)	-
FEMA proceeds	225,000	-
Insurance proceeds	3,000,000	-
State disaster relief appropriations	3,045,820	-
Payments on notes - principal	(1,225,000)	(1,310,000)
Payments on notes - interest	<u>(294,970)</u>	<u>(327,974)</u>
Net cash provided by non-capital financial activities	<u>109,889,147</u>	<u>98,416,387</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	18,749,668	10,662,966
Purchases of capital assets	(8,272,247)	(4,762,782)
Proceeds from general obligation bonds	230,000,000	12,700,000
Payment on capital debt - principal	(12,940,000)	(20,045,000)
Payment on capital debt - interest	<u>(719,472)</u>	<u>(2,815,637)</u>
Net cash provided/(used) by capital and related financing activities	<u>226,817,949</u>	<u>(4,360,453)</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	75,000,000	70,244,584
Investment income	2,978,806	3,210,984
Purchase of investments	<u>(107,800,710)</u>	<u>(71,245,930)</u>
Net cash provided/(used) by investing activities	<u>(29,821,904)</u>	<u>2,209,618</u>
Increase in cash and cash equivalents	207,561,651	5,292,421
Cash and cash equivalents, beginning of year	<u>38,316,900</u>	<u>33,024,479</u>
Cash and cash equivalents, end of year	<u>\$ 245,878,551</u>	<u>\$ 38,316,900</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (110,753,569)	\$ (108,435,004)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	7,625,931	6,764,932
Tax collection fee	158,462	189,905
State retirement match	3,989,980	2,276,655
State group insurance	-	6,817,788
Changes in assets and liabilities:		
Receivables, net	(1,214,604)	(2,269,035)
Deferred charges	16,942	(318,841)
Inventories	(13,266)	14,173
Deposits	-	9,320
Accounts payable	1,055,140	1,463,868
Accrued liabilities	(893,877)	819,261
Compensated absences	(334,285)	342,556
Deferred revenues	<u>1,039,605</u>	<u>1,351,291</u>
Net cash used by operating activities	<u>\$ (99,323,541)</u>	<u>\$ (90,973,131)</u>

See accompanying notes to basic financial statements.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements August 31, 2009 and 2008

### 1. Reporting Entity

San Jacinto Community College District (the College) was established in 1960, in accordance with the laws of the State of Texas, to serve the educational needs of the Taxing Entity and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

### 2. Summary of Significant Accounting Policies

#### Reporting guidelines

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

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

#### Tuition discounting

*Texas Public Education Grants* - Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

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

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

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

### Basis of accounting

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

Net assets: The College's net assets are classified as follows:

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

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

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

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

### Budgetary data

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

### Cash and cash equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The governing board has designated public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Investments

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

### Inventories

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

### Capital assets

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment and library books. Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The College annually evaluates impairment of capital assets. The College does not believe any impairments exist as of December 31, 2009 and 2008. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

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

### Deferred revenues

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

### Classification of revenues and expenses

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

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Management estimates

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

### Income taxes

San Jacinto Community College District is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2009 and 2008.

### Reclassifications

Certain 2008 amounts have been reclassified to conform to the 2009 presentation.

### **3. Authorized Investments**

The Board of Trustees of the College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Trustees' investment policy and the Public Funds Investment Act. Such investments include (1) obligations of the United States and its agencies, (2) directed obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and, (5) other instruments and obligations authorized by statute.

Continued



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

4. **Deposits and Investments**

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

Cash and Deposits

	2009	2008
Cash and Cash Equivalents:		
Petty Cash on Hand	\$ 42,876	\$ 37,500
Investment Pools	225,574,065	4,310,345
Money Market	17,584,984	30,335,380
Sub Total Cash and Cash Equivalents	\$ 243,201,925	\$ 34,683,225
Bank Deposits – Demand Deposits	2,676,626	3,633,675
Total Cash and Deposits, August 31	\$ 245,878,551	\$ 38,316,900

Reconciliation of Cash, Deposits and Investments to Exhibit 1

	Market Value	
	2009	2008
U.S. Government Securities	\$ 76,179,171	\$ 29,962,274
Certificates of Deposit	12,842,030	26,000,000
Total Investments	\$ 89,021,201	\$ 55,962,274
Total Cash, Deposits and Investments	\$ 334,899,752	\$ 94,279,174

Exhibit 1 – Cash, Cash Equivalents and Investments:

Cash and Cash Equivalents –		
Current and Noncurrent	\$ 245,878,551	\$ 38,316,900
Investments – Short Term and Long Term	89,021,201	55,962,274
Total Cash, Cash Equivalents and Investments	\$ 334,899,752	\$ 94,279,174

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

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

<u>2009</u> <u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Weighted Average Maturity (Days)</u>	<u>Moody's Rating</u>
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>		
Fannie Mae US Domestic Multi Step Coupon Bond	\$ 4,996,875	\$ -	\$ -	\$ 4,996,875	14.43	Aaa
Fannie Mae US Domestic Notes Multi Step Coupon Structured Bonds	15,021,875	-	15,021,875	-	34.19	Aaa
Federal Home Loan Bank US Domestic Bonds Multi Step Coupon Structured Bonds	35,090,630	-	25,067,190	10,023,440	72.49	Aaa
Federal Home Loan Bank Structured Note Multi Step Coupon Bonds	5,009,375	-	5,009,375	-	13.22	Aaa
Federal Home Loan Bank US Domestic Structured Note Multi Step Coupon	15,023,445	-	15,023,445	-	34.42	Aaa
Freddie Mac Domestic MTN Notes	1,036,971	-	1,036,971	-	1.76	Aaa
Certificates of Deposit	<u>12,842,030</u>	<u>12,842,030</u>	-	-	<u>8.04</u>	
<b>Totals</b>	<b>\$ <u>89,021,201</u></b>	<b>\$ <u>12,842,030</u></b>	<b>\$ <u>61,158,856</u></b>	<b>\$ <u>15,020,315</u></b>	<b><u>178.55</u></b>	
 <u>2008</u> 						
Fannie Mae Global Notes	\$ 1,008,125	\$ 1,008,125	\$ -	\$ -	1.51	Aaa
Fannie Mae Notes	2,972,812	-	-	2,972,812	29.34	Aaa
Fannie Mae Notes Series 1 Multi Step Coupon Bond	4,987,500	-	4,987,500	-	31.06	Aaa
Fannie Mae Notes Street Convention	5,017,188	-	-	5,017,188	54.73	Aaa
Fannie Mae Structured Note MSCPN Multi Step Coupon Bond	6,991,250	-	4,996,875	1,994,375	53.74	Aaa
Federal Home Loan Bank Bonds	2,015,625	2,015,625	-	-	2.49	Aaa
Federal Home Loan Bank Global Bonds	2,007,500	-	2,007,500	-	8.92	Aaa
Freddie Mac Domestic MTN Notes	1,978,783	-	-	1,978,783	19.87	Aaa
Freddie Mac Domestic MTN Notes MSCPN	2,983,491	-	-	2,983,491	30.92	Aaa
Certificates of Deposit	<u>26,000,000</u>	<u>26,000,000</u>	-	-	<u>30.76</u>	
<b>Totals</b>	<b>\$ <u>55,962,274</u></b>	<b>\$ <u>29,023,750</u></b>	<b>\$ <u>11,991,875</u></b>	<b>\$ <u>14,946,649</u></b>	<b><u>263.34</u></b>	

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Interest rate risk

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

As of August 31, the portfolio contained no investment maturing beyond three (3) years and the dollar weighted average maturity of the total portfolio was 179 days and 264 days for as of August 31, 2009 and 2008, respectively.

### Credit risk

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

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

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

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

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

### Concentration of credit risk

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

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
Constant Dollar Pools	100 %
US Treasury Obligations	90 %
US Agency Obligations	85 %
Repurchase Agreements	75 %
Commercial Paper	25 %

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

As of August 31, 2009:

Investment pools and money market accounts represented 72.61%; US Government securities represented 22.75%; and insured or collateralized certificates of deposit represented 3.8% of the investment portfolio.

As of August 31, 2008:

Investment pools and money market accounts represented 36.75%; US Government securities represented 31.78%; and insured or collateralized certificates of deposit represented 27.58% of the investment portfolio.

### Custodial credit risk

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

Portfolio disclosure as of August 31, 2009:

The portfolio contained four fully insured certificates of deposit with a combined book value of \$12,842,030. The Portfolio did not contain any repurchase agreements. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

Portfolio disclosure as of August 31, 2008:

The portfolio contained four fully insured certificates of deposit with a combined book value of \$26,000,000. The Portfolio did not contain any repurchase agreements. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

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

Accounts receivable consist of the following at August 31:

	<u>2009</u>	<u>2008</u>
Tuition and fees receivables	\$ 15,564,194	\$ 13,782,286
Federal receivables	1,351,858	2,057,796
State and local receivables	721,873	518,617
Interest receivable	175,427	788,877
Other receivables	4,062,480	1,602,175
Less allowance for doubtful accounts	<u>(5,004,814)</u>	<u>(5,741,854)</u>
Total	<u>16,871,018</u>	<u>13,007,897</u>
Property tax receivable	3,395,767	3,221,885
Less allowance for doubtful accounts	<u>(643,988)</u>	<u>(1,039,988)</u>
Total	<u>2,751,779</u>	<u>2,181,897</u>
Total accounts receivables, net	<u>\$ 19,622,797</u>	<u>\$ 15,189,794</u>

Continued

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

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

	<u>2009</u>	<u>2008</u>
Vendors payable	\$ 8,093,545	\$ 7,190,392
Students payable	235,246	134,964
Other payables	349,057	297,352
Benefits payable	314,670	1,208,547
Accrued interest payable	<u>1,129,382</u>	<u>124,108</u>
<b>Total accounts payable and accrued liabilities</b>	<b>\$ <u>10,121,900</u></b>	<b>\$ <u>8,955,363</u></b>

**6. Capital Assets**

Capital assets activities for the years ended August 31:

	2009			Balance August 31, 2009
	Balance September 1, 2008	<u>Increase</u>	<u>Decrease</u>	
<b>Not depreciated:</b>				
Land	\$ 6,427,404	\$ -	\$ -	\$ 6,427,404
Construction in progress	<u>2,933,996</u>	<u>8,596,174</u>	<u>5,324,102</u>	<u>6,206,068</u>
<b>Total not depreciated</b>	<u>9,361,400</u>	<u>8,596,174</u>	<u>5,324,102</u>	<u>12,633,472</u>
<b>Other capital assets:</b>				
Buildings	158,860,805	2,230,380	521,041	160,570,144
Land improvements	24,425,176	1,224,981	-	25,650,157
Furniture, equipment and vehicles	14,155,729	861,335	-	15,017,064
Telecommunications and computer peripheral equipment	12,688,970	290,984	-	12,979,954
Library books	<u>6,856,690</u>	<u>392,494</u>	<u>653,681</u>	<u>6,595,503</u>
<b>Total depreciated</b>	<u>216,987,370</u>	<u>5,000,174</u>	<u>1,174,722</u>	<u>220,812,822</u>
<b>Less accumulated depreciation:</b>				
Buildings	48,662,139	3,815,134	271,639	52,205,634
Land improvements	8,597,496	1,128,866	-	9,726,362
Furniture, equipment and vehicles	10,761,449	985,817	-	11,747,266
Telecommunications and computer peripheral equipment	9,364,512	1,454,640	-	10,819,152
Library books	<u>4,559,140</u>	<u>241,474</u>	<u>653,681</u>	<u>4,146,933</u>
<b>Total accumulated depreciation</b>	<u>81,944,736</u>	<u>7,625,931</u>	<u>925,320</u>	<u>88,645,347</u>
<b>Net capital assets</b>	<b>\$ <u>144,404,034</u></b>	<b>\$ <u>5,970,417</u></b>	<b>\$ <u>5,573,504</u></b>	<b>\$ <u>144,800,947</u></b>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2008			Balance August 31, 2008
	Balance September 1, 2007	Increase	Decrease	
<b>Not depreciated:</b>				
Land	\$ 6,427,404	\$ -	\$ -	\$ 6,427,404
Construction in progress	<u>1,689,731</u>	<u>2,816,216</u>	<u>1,571,951</u>	<u>2,933,996</u>
Total not depreciated	<u>8,117,135</u>	<u>2,816,216</u>	<u>1,571,951</u>	<u>9,361,400</u>
<b>Other capital assets:</b>				
Buildings	157,718,451	1,451,216	308,862	158,860,805
Land improvements	24,425,176	-	-	24,425,176
Furniture, equipment and vehicles	13,642,843	512,886	-	14,155,729
Telecommunications and computer peripheral equipment	11,791,877	897,093	-	12,688,970
Library books	<u>6,252,665</u>	<u>657,329</u>	<u>53,304</u>	<u>6,856,690</u>
Total depreciated	<u>213,831,012</u>	<u>3,518,524</u>	<u>362,166</u>	<u>216,987,370</u>
<b>Less accumulated depreciation:</b>				
Buildings	45,052,637	3,756,277	146,775	48,662,139
Land improvements	7,465,180	1,132,316	-	8,597,496
Furniture, equipment and vehicles	10,093,073	668,376	-	10,761,449
Telecommunications and computer peripheral equipment	8,376,112	988,400	-	9,364,512
Library books	<u>4,392,881</u>	<u>219,563</u>	<u>53,304</u>	<u>4,559,140</u>
Total accumulated depreciation	<u>75,379,883</u>	<u>6,764,932</u>	<u>200,079</u>	<u>81,944,736</u>
<b>Net capital assets</b>	<b>\$ <u>146,568,264</u></b>	<b>\$ <u>(430,192)</u></b>	<b>\$ <u>1,734,038</u></b>	<b>\$ <u>144,404,034</u></b>

**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, 2009 and 2008, the outstanding commitment under construction contracts for facilities and other projects are approximately \$18,082,500 and \$905,700, respectively.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

8. **Noncurrent Liabilities**

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

	2009				
	Balance September 1, 2008	Increase	Decrease	Balance August 31, 2009	Current Portion
Bonds payable - general obligation bonds	\$ 58,430,000	\$ 230,000,000	\$ 12,940,000	\$ 275,490,000	\$ 12,455,000
Notes payable - general obligation notes	7,520,000	-	1,225,000	6,295,000	1,225,000
Accrued compensable absences and deferred compensation	<u>2,981,499</u>	<u>433,989</u>	<u>768,274</u>	<u>2,647,214</u>	<u>380,263</u>
<b>Total</b>	<b>\$ <u>68,931,499</u></b>	<b>\$ <u>230,433,989</u></b>	<b>\$ <u>14,933,274</u></b>	<b>\$ <u>284,432,214</u></b>	<b>\$ <u>14,060,263</u></b>

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

	2008				
	Balance September 1, 2007	Increase	Decrease	Balance August 31, 2008	Current Portion
Bonds payable:					
General obligation bonds	\$ 64,450,000	\$ 12,700,000	\$ 18,720,000	\$ 58,430,000	\$ 3,775,000
Revenue bonds	<u>1,325,000</u>	<u>-</u>	<u>1,325,000</u>	<u>-</u>	<u>-</u>
Subtotal	<u>65,775,000</u>	<u>12,700,000</u>	<u>20,045,000</u>	<u>58,430,000</u>	<u>3,775,000</u>
Notes payable - General obligation notes	<u>8,830,000</u>	<u>-</u>	<u>1,310,000</u>	<u>7,520,000</u>	<u>1,225,000</u>
Subtotal	<u>8,830,000</u>	<u>-</u>	<u>1,310,000</u>	<u>7,520,000</u>	<u>1,225,000</u>
Accrued compensable absences and deferred compensation	<u>2,638,943</u>	<u>1,008,988</u>	<u>666,432</u>	<u>2,981,499</u>	<u>1,421,493</u>
<b>Total</b>	<b>\$ <u>77,243,943</u></b>	<b>\$ <u>13,708,988</u></b>	<b>\$ <u>22,021,432</u></b>	<b>\$ <u>68,931,499</u></b>	<b>\$ <u>6,421,493</u></b>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

9. **Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

	<u>2009</u>	<u>2008</u>
<u>General Obligation Bonds</u>		
Limited Tax General Obligation Bonds, Series 2001, to construct, improve, renovate, and equip facilities. Issued November 5, 2001, in the amount of \$40,000,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2011.	2,870,000	4,180,000
Limited Tax General Obligation Bonds, Series 2003, to construct, improve, renovate, and equip facilities. Issued January 31, 2003, in the amount of \$6,560,000. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2031.	3,595,000	3,780,000
Limited Tax General Obligation Bonds, Series 2004, to construct, improve, renovate, and equip facilities. Issued February 2, 2004, in the amount of \$20,835,000. Tax supported bonds. Interest rates range from 3.125% to 5.125%. Due February 2033.	16,540,000	17,560,000
Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2033.	19,060,000	20,210,000
Limited Tax Refunding Bonds, Series 2008A, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2025.	12,590,000	12,700,000
Limited Tax General Obligation Bonds, Series 2008, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued September 1, 2008, in the amount of \$80,000,000. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2038.	70,835,000	-
Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Tax supported bonds. Interest rates range from 3.500% to 5.000%. Due February 2039.	150,000,000	-

Continued



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Maintenance Tax Notes

Maintenance Tax Notes, Series 2001, to repair and renovate major building system components and to purchase and install equipment. Issued November 5, 2001, in the amount of \$4,645,000. Tax supported notes. Interest rates range from 3.50% to 3.875%. Due February 2010.

650,000            1,300,000

Maintenance Tax Notes, Series 2003, to repair and renovate major building system components and to purchase and install equipment. Issued January 31, 2003, in the amount of \$10,440,000. Tax supported notes. Interest rates range from 2.80% to 4.80%. Due February 2022.

5,645,000            6,220,000

Total bonds and notes payable            \$ 281,785,000            \$ 65,950,000

**10. Debt Obligations**

Debt service requirements as of August 31, 2009 were as follows:

Year Ended <u>August 31</u>	<u>General Obligation Bonds/Notes</u>		<u>Total Bonds</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 13,680,000	\$ 14,676,125	\$ 28,356,125
2011	11,000,000	12,162,023	23,162,023
2012	15,365,000	11,654,876	27,019,876
2013	11,025,000	11,157,399	22,182,399
2014	9,475,000	12,557,027	22,032,027
2015-2019	42,070,000	52,256,259	94,326,259
2020-2024	42,490,000	40,187,701	82,677,701
2025-2029	30,150,000	30,621,314	60,771,314
2030-2034	51,865,000	20,353,116	72,218,116
2035-2039	<u>54,665,000</u>	<u>6,588,747</u>	<u>61,253,747</u>
Total	<u>\$ 281,785,000</u>	<u>\$ 212,214,587</u>	<u>\$ 493,999,587</u>

Continued

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**Notes to Basic Financial Statements, Continued**

**11. Pledged Revenue Coverage**

The College has pledged a portion of maintenance and operating tax revenues for repayment of 2001 and 2003 Maintenance Tax Notes as detailed in Note 9. The period covered is from fiscal year 2002 to fiscal year 2022.

Fiscal Year Ended August 31	Total Maintenance and Operating Tax Recognized	Amount of Pledged Revenue			Percent of M&O Taxes Recognized to Total Pledged
		Principal	Interest	Total	
2002	\$ 25,717,675	\$ -	\$ 107,826	\$ 107,826	0.4193%
2003	26,355,326	500,000	161,131	661,131	2.5085%
2004	29,827,208	2,460,000	510,467	2,970,467	9.9589%
2005	30,668,749	1,290,000	450,370	1,740,370	5.6747%
2006	33,439,538	1,495,000	400,501	1,895,501	5.6684%
2007	37,666,186	510,000	364,018	874,018	2.3204%
2008	42,518,691	1,225,000	330,146	1,555,146	3.6576%
2009	46,492,505	1,225,000	284,065	1,509,065	3.2458%
2010-2022	-	6,295,000	1,692,203	7,987,203	-
<b>Total</b>	<b>\$ 272,685,878</b>	<b>\$ 15,000,000</b>	<b>\$ 4,300,727</b>	<b>\$ 19,300,727</b>	

**12. Refunding Bonds**

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

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

**13. Defeased Bonds Outstanding**

For the fiscal year ended August 31, 2009 and 2008, the College had the following defeased bonds outstanding:

Bond Issue	Year Refunded	Par Value Outstanding	
		2009	2008
Limited Tax General Obligation Bonds, Series 2001	2007	\$ 28,950,000	\$ 28,950,000

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 14. Unrestricted Net Assets

The College designates a portion of unrestricted net assets to indicate management's tentative plans for future use of financial resources. At August 31, 2009 and 2008, the College maintained designated \$25,000,000 of unrestricted net assets for deferred maintenance and repairs, and enhancements to technology and education.

### 15. Operating Lease Commitments and Rental Agreements

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

	<u>2009</u>	<u>2008</u>
2009	-	\$ 760,605
2010	\$ 986,922	717,786
2011	1,314,884	717,786
2012	1,289,745	17,243
2013	555,535	17,243
2014	133,352	-
2015	<u>53,364</u>	<u>-</u>
Total	\$ <u>4,333,802</u>	\$ <u>2,230,663</u>

Computer leases permit automatic renewal at three-month intervals and must be terminated in writing no less than ninety days prior to the end of the lease term. Two expire in 2011 and three agreements expire in 2012. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect. Leases include purchase options at the end of the lease term at fair market value.

Office space leases have term expiration dates ranging from 2012 to 2014. Each agreement contains an escalation clause allowing the landlord to allocate additional direct costs related to the operation of the leased sites with the exception of the Galena Park Resource and Training Center leases. Leases currently in effect contain options to renew and allow for subleasing property with landlord's written consent with the exception of the Galena Park Resource and Training Center leases.

Bowling alley facilities leases expire in 2011 with renewal options of two one-year time periods. The contracts allows for termination by giving thirty days notice in writing. The agreements contain exhibits detailing specific per student rates for each semester.

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

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

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

Leases for copiers and mailing equipment expire in 2010 and allow for renewal periods ranging from one to three years. Monthly rental fees are based on model and number of units leased.

Operating expenses include \$986,922 and \$452,157 of lease payments paid during fiscal years 2009 and 2008, respectively.

### 16. Employees' Retirement Plan

The State of Texas (State) has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas (TRS).

#### Teacher Retirement System of Texas (TRS)

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a State contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2009, 2008, and 2007 and a State contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for the fiscal year 2007. In certain instances the reporting district is required to make all or a portion of the State's 6.58% contribution for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007.

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Optional Retirement Plan (ORP)

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The percentage of participant salaries currently contributed by the State and each participant are 6.58% and 6.65%, respectively, for fiscal years 2009 and 2008. The State contribution for fiscal year 2007 was 6.00%. The College contributed 1.92% for fiscal years 2009 and 2008 and 2.5% for fiscal year 2007 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

The retirement expense to the State for the College was \$3,989,980, \$3,717,228 and \$2,951,109 for the fiscal years ended August 31, 2009, 2008 and 2007, respectively. This amount represents the portion of expended appropriations made by the State legislature on behalf of the College. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll for all College employees was \$76,126,461, \$75,143,132, and \$66,520,291 for fiscal years 2009, 2008, and 2007, respectively. The total payroll of employees covered by the State for TRS was \$39,473,463, \$34,599,616, and \$28,976,772 and the total payroll of employees covered by the State for ORP was \$21,158,879, \$21,893,206, and \$20,208,378 for fiscal years 2009, 2008, and 2007, respectively. See Schedules B and C.

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

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through a State sponsored program with premiums based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums.

The State contribution per full-time employees was \$331, \$338 and \$281 per month for the years ended August 31, 2009, 2008, and 2007, respectively. The State's cost of providing those benefits for 1,171 active employees was \$4,656,475 and 417 retirees was \$2,068,771 for a total State funded amount of \$6,725,246 for the year ended August 31, 2009. The State's cost of providing those benefits for 1,192 active employees was \$4,835,969 and 398 retirees was \$1,981,819 for a total State funded amount of \$6,817,788 for the year ended August 31, 2008. The State's cost of providing those benefits for 1,232 active employees was \$4,150,114 and 369 retirees was \$2,005,149 for a total State funded amount of \$6,155,263 for the year ended August 31, 2007. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. See Schedules B and C.

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

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

Fiscal Year Ended August 31,	State Paid	%	College Paid	%	Employee Paid	%	Total Annual Premiums
2009	\$6,725,246	52.52%	\$4,320,467	33.74%	\$1,759,089	13.74%	\$12,804,802
2008	\$6,817,788	56.10%	\$3,718,457	30.59%	\$1,617,769	13.3%	\$12,154,014
2007	\$6,155,263	50.87%	\$4,300,195	35.54%	\$1,643,120	13.59%	\$12,098,578

The Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, has been issued and is effective for the fiscal year ended August 31, 2009. The following information is provided to comply with the requirements of the new statement.

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

*Funding Policy.* Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement 45. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The College's contributions to the plan for the years ended August 31, are detailed in the table above and equal the required contributions each year.

### 18. Compensable Absences

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry a maximum of 200 hours of his accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all annual leave earned in the current year. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$895,039 and \$759,404 as of August 31, 2009, and 2008, respectively.

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

The College provides retirement incentive pay for unused sick days accumulated prior to August 1, 1988. To receive the incentive pay, the employees must not terminate for reasons other than leave authorized by Board policy, must retire under the terms of the Teacher Retirement System of Texas, or be paid by reason of death. There is no additional accumulation for retirement incentive pay purposes for any sick days that an employee earned after August 1, 1988. The College recognized for those employees who qualify for retirement incentive pay an accrued liability of \$1,688,842 and \$1,780,751 as of August 31, 2009 and 2008, 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.

As of August 31, 2008, the College recognized a liability of \$413,344 related to the Board approved early exit program for 2008.

### 19. Deferred Compensation

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2009, the College had seven employee participants and an accrued liability of \$63,333. For the year ended August 31, 2008, the College had one employee participant and an accrued liability of \$28,000.

### 20. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$315,448 and \$457,217 as of August 31, 2009 and 2008, 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>2009</u>	<u>2008</u>
Beginning Balance, September 1	\$ 457,217	\$ 372,714
Claims incurred and changes in estimates	(26,933)	600,955
Payments on claims	(114,836)	(516,452)
Ending Balance, August 31	\$ <u>315,448</u>	\$ <u>457,217</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

**21. Ad Valorem Tax**

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

At August 31:

	<u>2009</u>	<u>2008</u>
Assessed valuation of the College:	\$ 47,918,939,586	\$ 43,571,836,764
Less: Exemptions	(8,436,860,386)	(7,403,077,641)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	\$ <u>39,482,079,200</u>	\$ <u>36,168,759,123</u>

	<u>2009</u>			<u>2008</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation	\$ 0.20000	\$ 0.50000	\$ 0.70000	\$ 0.20000	\$ 0.50000	\$ 0.70000
Assessed tax rate per \$100 valuation (Maximum per Enabling legislation)	\$ 0.115927	\$ 0.047484	\$ 0.163411	\$ 0.115927	\$ 0.029438	\$ 0.145365

Taxes levied for the years ended August 31, 2009 and 2008 amounted to \$64,518,060 and \$52,576,717, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

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

Taxes collected for the year	<u>2009</u>			<u>2008</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes	\$ 44,245,449	\$ 18,093,132	\$ 62,338,581	\$ 40,837,864	\$ 10,377,568	\$ 51,215,432
Delinquent taxes	1,093,490	427,203	1,520,693	648,827	162,206	811,033
Penalties and interest	<u>570,891</u>	<u>229,333</u>	<u>800,224</u>	<u>492,770</u>	<u>123,192</u>	<u>615,962</u>
Total collections	\$ <u>45,909,830</u>	\$ <u>18,749,668</u>	\$ <u>64,659,498</u>	\$ <u>41,979,461</u>	\$ <u>10,662,966</u>	\$ <u>52,642,427</u>

Continued



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

Tax collections for the years ended August 31, 2009, and 2008 were 96.62 percent and 97.41 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

### 22. Contract and Grant Awards

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 Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. 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. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2009 and 2008 for which monies have not been received nor funds expended totaled \$21,234,177 and \$15,334,749, respectively. Of these amounts, \$18,892,970 and \$12,745,362 were from federal contract and grant awards; \$2,341,207 and \$2,589,387 were from State contract and grant awards for the fiscal years ended August 31, 2009 and 2008, respectively.

### 23. Contingent Liabilities

#### Pending lawsuits and claims

As of August 31, 2009, 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.

### 24. Related Parties

The San Jacinto Community College Foundation (Foundation) incorporated in 1996, is a nonprofit organization with the purpose of supporting the educational and general activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation paid grants of \$1,146,297 and \$974,331 to the College's students and programs during the years ended August 31, 2009 and 2008, respectively. The College furnished certain services, such as office space, utilities, and staff assistance to the Foundation. The cost of these un-reimbursed services was \$368,769 and \$413,266 for the fiscal years ended August 31, 2009 and 2008, respectively. The financial position of the Foundation is not significant to the College, therefore, it is not included in the College's basic financial statements.

Continued

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 25. Recent Accounting Pronouncements – Governmental Accounting Standards Board

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement became effective for fiscal periods beginning after December 15, 2007. The College has not incurred costs or obligations associated with pollution cleanup efforts as of August 31, 2009 and 2008.

The GASB has issued Statement No. 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The requirements of the new statement became effective for fiscal periods beginning after June 15, 2007 except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007. The College does not have any contractual liabilities related to pension plans as of August 31, 2009 and 2008, respectively from implementation of this statement.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of the new statement are effective for fiscal periods beginning after June 15, 2009. Management of the College is considering the effects of this new standard, which will be applied in the fiscal year 2010 financial statements, and management does not believe this standard will have a material effect to the College.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new statement are effective for financial statements for periods beginning after June 15, 2009. Management of the College is considering the effects of this new standard, which will be applied in the fiscal year 2010 financial statements, and management does not believe this standards will have a material effect to the College.

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes the accounting and financial reporting requirements for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. Management of the College is considering the effects of this new standard, application will first be applied in the fiscal year 2011 financial statements, and management does not believe such standards will have a material effect to the College.

### 26. Subsequent Events

Management has evaluated subsequent events through December 14, 2009, the date which the financial statement were available to be issued.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues  
Year Ended August 31, 2009  
(With Memorandum Totals for the Year Ended August 31, 2008)

	2009				2008	
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
<b>Tuition</b>						
State funded courses:						
In-district resident tuition	\$ 8,553,521	\$ -	\$ 8,553,521	\$ -	\$ 8,553,521	\$ 8,216,017
Out-of-district resident tuition	12,214,344	-	12,214,344	-	12,214,344	11,678,566
Non-resident tuition	2,783,092	-	2,783,092	-	2,783,092	2,526,364
TPEG - credit (set aside) *	768,753	-	768,753	-	768,753	674,034
State funded non credit continuing education courses	3,338,098	-	3,338,098	-	3,338,098	3,975,416
TPEG - non - credit (set aside) *	156,216	-	156,216	-	156,216	239,485
Non - state funded educational programs	1,505,301	-	1,505,301	-	1,505,301	1,535,185
Total tuition	<u>29,319,325</u>	<u>-</u>	<u>29,319,325</u>	<u>-</u>	<u>29,319,325</u>	<u>28,845,027</u>
<b>Fees</b>						
General service	7,912,414	-	7,912,414	-	7,912,414	7,545,852
Incidental	213,679	-	213,679	-	213,679	122,408
Instructional	1,598,136	-	1,598,136	-	1,598,136	1,891,682
Laboratory	674,411	-	674,411	-	674,411	624,621
Total fees	<u>10,396,640</u>	<u>-</u>	<u>10,396,640</u>	<u>-</u>	<u>10,396,640</u>	<u>10,184,583</u>
<b>Scholarship allowances and discounts</b>						
Remissions and exemptions - state	(302,732)	-	(302,732)	-	(302,732)	(442,061)
Remissions and exemptions - local	(837,376)	-	(837,376)	-	(837,376)	(754,607)
Scholarship allowances	(500,914)	-	(500,914)	-	(500,914)	(470,305)
TPEG awards	(480,845)	-	(480,845)	-	(480,845)	(435,176)
Federal grants to students	(6,191,616)	-	(6,191,616)	-	(6,191,616)	(5,368,652)
State grants to students	(1,333,767)	-	(1,333,767)	-	(1,333,767)	(2,338,661)
Total scholarship allowances and discounts	<u>(9,647,250)</u>	<u>-</u>	<u>(9,647,250)</u>	<u>-</u>	<u>(9,647,250)</u>	<u>(9,809,462)</u>
Total net tuition and fees	<u>30,068,715</u>	<u>-</u>	<u>30,068,715</u>	<u>-</u>	<u>30,068,715</u>	<u>29,220,128</u>
<b>Other operating revenues</b>						
Federal grants and contracts	352,592	5,457,493	5,810,085	-	5,810,085	6,473,542
State grants and contracts	53,674	3,036,143	3,089,817	-	3,089,817	3,816,402
Non-governmental grants and contracts	2,794	1,011,047	1,013,841	-	1,013,841	794,979
Sales and services of educational activities	435,578	-	435,578	-	435,578	259,217
Sales and services of non-educational activities	299,669	-	299,669	-	299,669	474,872
Investment income (program restricted)	-	-	-	-	-	22,213
Total other operating revenues	<u>1,144,307</u>	<u>9,504,683</u>	<u>10,648,990</u>	<u>-</u>	<u>10,648,990</u>	<u>11,841,225</u>
<b>Auxiliary enterprises</b>						
Bookstores	-	-	-	1,159,048	1,159,048	1,278,194
Less bookstore discounts	-	-	-	-	-	-
Child care centers	-	-	-	897,250	897,250	866,556
Less child care center discounts	-	-	-	(68,835)	(68,835)	(134,027)
Food services	-	-	-	496,201	496,201	477,073
Less food service discounts	-	-	-	(90,976)	(90,976)	(66,118)
Student services/other services	-	-	-	1,275,113	1,275,113	1,159,481
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,667,801</u>	<u>3,667,801</u>	<u>3,581,159</u>
Total operating revenues	<u>\$ 31,213,022</u>	<u>\$ 9,504,883</u>	<u>\$ 40,717,705</u>	<u>\$ 3,667,801</u>	<u>\$ 44,385,506</u>	<u>\$ 44,642,512</u>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$924,969 and \$913,499 for years ended August 31, 2009 and 2008, 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, 2009  
 (With Memorandum Totals for the Year Ended August 31, 2008)

	2009					2008
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 41,724,298	\$ -	\$ 2,139,352	\$ 4,832,953	\$ 48,696,603	\$ 50,391,922
Public service	1,772,953	-	101,052	860,389	2,734,394	3,156,142
Academic support	5,709,753	-	350,823	2,241,649	8,302,225	9,864,180
Student services	7,278,236	-	412,028	1,255,865	8,945,929	8,623,506
Institutional support	11,508,849	-	1,203,691	10,904,048	23,616,588	22,890,929
Operation and maintenance of plant	4,092,938	-	1,297,851	8,771,954	14,162,743	14,820,830
Total unrestricted educational activities	<u>72,087,027</u>	<u>-</u>	<u>5,504,797</u>	<u>28,866,658</u>	<u>106,458,482</u>	<u>109,747,509</u>
<u>Restricted - educational activities</u>						
Instruction	658,493	5,731,249	233,859	272,348	6,895,949	7,094,881
Public service	241,972	331,337	36,443	64,552	674,304	725,712
Academic support	472,066	1,078,265	54,208	650,022	2,254,561	2,821,764
Student services	1,385,590	1,665,530	81,485	264,920	3,397,525	3,206,158
Institutional support	106,088	1,908,845	5,748	729,959	2,750,640	2,752,382
Scholarships and fellowships	-	-	-	21,152,364	21,152,364	16,507,852
Total restricted educational activities	<u>2,864,209</u>	<u>10,715,226</u>	<u>411,743</u>	<u>23,134,185</u>	<u>37,125,383</u>	<u>32,906,749</u>
Total educational activities	<u>74,951,236</u>	<u>10,715,226</u>	<u>5,916,540</u>	<u>52,000,843</u>	<u>143,583,845</u>	<u>142,656,258</u>
Auxiliary enterprises	1,175,225	-	328,926	2,425,148	3,929,299	3,656,326
Depreciation expense - buildings and improvements	-	-	-	4,944,000	4,944,000	4,888,593
Depreciation expense - equipment, furniture and library books	-	-	-	2,681,931	2,681,931	1,676,339
Total operating expenses	<u>\$ 76,126,461</u>	<u>\$ 10,715,226</u>	<u>\$ 6,245,466</u>	<u>\$ 62,051,922</u>	<u>\$ 155,139,075</u>	<u>\$ 153,077,516</u>
				Exhibit 2		Exhibit 2

## SAN JACINTO COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses  
 Year Ended August 31, 2009  
 (With Memorandum Totals for the Year Ended August 31, 2008)

	2009			2008
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general state support	\$ 37,123,017	\$ -	\$ 37,123,017	\$ 37,123,012
State group insurance	-	6,725,246	6,725,246	6,817,788
State retirement matching	-	3,989,980	3,989,980	3,717,228
Total state appropriations	<u>37,123,017</u>	<u>10,715,226</u>	<u>47,838,243</u>	<u>47,658,028</u>
Ad valorem taxes:				
Taxes for maintenance and operations	46,492,505	-	46,492,505	42,518,691
Taxes for general obligation bonds	-	18,895,337	18,895,337	10,797,774
Federal revenue, non-operating	-	24,743,586	24,743,586	19,511,315
Investment income	<u>1,633,717</u>	<u>989,856</u>	<u>2,623,573</u>	<u>3,363,323</u>
Total non-operating revenues	<u>48,126,222</u>	<u>44,628,779</u>	<u>92,755,001</u>	<u>76,191,103</u>
<u>Non-operating expenses</u>				
Interest on capital related debt	-	6,599,699	6,599,699	3,544,135
Hurricane Ike disbursements	3,592,562	5,770,820	9,363,382	-
FEMA proceeds	-	(2,725,000)	(2,725,000)	-
Insurance proceeds	(3,761,967)	-	(3,761,967)	-
State disaster relief appropriations	-	(3,045,820)	(3,045,820)	-
Loss on disposal of capital assets	<u>249,403</u>	<u>-</u>	<u>249,403</u>	<u>162,080</u>
Total non-operating expenses	<u>79,998</u>	<u>6,599,699</u>	<u>6,679,697</u>	<u>3,706,215</u>
Net non-operating revenues, net	<u>\$ 85,169,241</u>	<u>\$ 48,744,306</u>	<u>\$ 133,913,547</u>	<u>\$ 120,142,916</u>
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Assets by Source and Availability  
Year Ended August 31, 2009

(With Memorandum Totals for the Year Ended August 31, 2008)

	Detail by Source				Total	Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation and Related Debt			Yes	No
<u>Current</u>							
Unrestricted Board designated	\$ 51,713,468	\$ -	\$ -	\$ 51,713,468	\$ 51,713,468	\$ -	\$ -
Restricted Auxiliary	25,000,000	-	-	25,000,000	-	25,000,000	-
	-	1,192,545	-	1,192,545	-	-	1,192,545
	15,026,754	-	-	15,026,754	15,026,754	-	-
<u>Plant</u>							
Unexpended bond proceeds	-	2,080,810	-	2,080,810	-	-	2,080,810
Debt service	-	8,856,149	-	8,856,149	-	-	8,856,149
Investment in plant	-	-	80,868,924	80,868,924	-	-	80,868,924
Total net assets, August 31, 2009	91,740,222	12,129,504	80,868,924	184,738,650	66,740,222	117,998,428	
Total net assets, August 31, 2008	77,145,498	5,714,540	78,718,634	161,578,672	52,145,498	109,433,174	
Net increase in net assets	\$ 14,594,724	\$ 6,414,964	\$ 2,150,290	\$ 23,159,978	\$ 14,594,724	\$ 8,565,254	

Exhibit 2

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Assets by Component  
Fiscal years 2002 to 2009  
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)							
	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 80,869	\$ 78,719	\$ 65,385	\$ 64,389	\$ 60,990	\$ 54,161	\$ 40,752	\$ 44,699
Restricted - expendable	12,130	5,715	10,067	13,957	9,892	27,636	10,996	1,087
Restricted - nonexpendable	-	-	-	12	12	12	12	12
Unrestricted	<u>91,740</u>	<u>77,145</u>	<u>74,419</u>	<u>60,851</u>	<u>55,981</u>	<u>39,144</u>	<u>64,248</u>	<u>69,695</u>
Total primary government net assets	<u>\$ 184,739</u>	<u>\$ 161,579</u>	<u>\$ 149,871</u>	<u>\$ 139,209</u>	<u>\$ 126,875</u>	<u>\$ 120,953</u>	<u>\$ 116,008</u>	<u>\$ 115,493</u>
Prior year change	\$ 23,160	\$ 11,708	\$ 10,662	\$ 12,334	\$ 5,922	\$ 4,945	\$ 515	

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source  
Fiscal Years 2002 to 2009  
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)							
	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 30,069	\$ 29,220	\$ 28,361	\$ 27,358	\$ 24,446	\$ 28,868	\$ 19,667	\$ 18,619
Governmental grants and contracts:								
Federal grants and contracts	5,810	6,474	5,187	5,089	3,734	3,054	4,440	4,848
State and local grants and contracts	3,090	3,816	2,354	805	449	761	1,244	1,597
Non-governmental grants and contracts	1,014	795	831	638	783	425	962	251
Sales and services of educational activities	735	734	582	659	1,121	796	398	336
Auxiliary enterprises	3,668	3,581	5,748	9,463	8,154	11,299	6,931	8,658
Other operating revenues	-	22	43	35	26	13	261	41
Total operating revenues	<u>44,386</u>	<u>44,642</u>	<u>43,086</u>	<u>44,047</u>	<u>38,713</u>	<u>45,216</u>	<u>33,923</u>	<u>34,350</u>
State appropriations	47,838	47,858	44,310	43,906	41,472	41,457	42,978	44,950
Ad valorem taxes	65,388	53,316	47,231	42,073	38,777	37,984	33,848	32,897
Federal revenue, non-operating	24,744	19,511	19,763	22,629	22,646	19,802	10,766	8,564
Investment income	2,623	3,363	4,908	3,213	2,019	1,636	1,471	2,281
Total nonoperating revenues	<u>140,593</u>	<u>123,848</u>	<u>116,212</u>	<u>111,821</u>	<u>104,914</u>	<u>100,879</u>	<u>89,061</u>	<u>88,672</u>
Total revenues	<u>\$ 184,979</u>	<u>\$ 168,490</u>	<u>\$ 159,298</u>	<u>\$ 155,868</u>	<u>\$ 143,627</u>	<u>\$ 146,085</u>	<u>\$ 122,984</u>	<u>\$ 123,022</u>
Tuition and fees (net of discounts)	16.25%	17.38%	17.80%	17.55%	17.02%	19.76%	15.99%	15.14%
Governmental grants and contracts:								
Federal grants and contracts	3.14%	3.85%	3.26%	3.27%	2.60%	2.09%	3.61%	3.94%
State and local grants and contracts	1.67%	2.27%	1.48%	0.52%	0.31%	0.52%	1.01%	1.30%
Non-governmental grants and contracts	0.55%	0.47%	0.52%	0.41%	0.54%	0.29%	0.78%	0.20%
Sales and services of educational activities	0.40%	0.44%	0.35%	0.42%	0.78%	0.55%	0.32%	0.27%
Auxiliary enterprises	1.98%	1.91%	3.61%	6.07%	5.68%	7.73%	5.64%	7.04%
Other operating revenues	0.00%	0.01%	0.03%	0.02%	0.02%	0.01%	0.23%	0.03%
Total operating revenues	<u>23.99%</u>	<u>26.33%</u>	<u>27.05%</u>	<u>28.26%</u>	<u>26.95%</u>	<u>30.95%</u>	<u>27.58%</u>	<u>27.92%</u>
State appropriations	25.86%	28.35%	27.81%	28.17%	28.87%	28.38%	34.95%	36.54%
Ad valorem taxes	35.35%	31.71%	29.65%	26.99%	27.00%	26.00%	27.52%	26.74%
Federal revenue, non-operating	13.38%	11.61%	12.41%	14.52%	15.77%	13.55%	8.75%	6.96%
Investment income	1.42%	2.00%	3.08%	2.06%	1.41%	1.12%	1.20%	1.84%
Total nonoperating revenues	<u>76.01%</u>	<u>73.67%</u>	<u>72.95%</u>	<u>71.74%</u>	<u>73.05%</u>	<u>69.05%</u>	<u>72.42%</u>	<u>72.08%</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>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function  
Fiscal Years 2002 to 2009  
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)							
	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 55,593	\$ 57,487	\$ 48,927	\$ 46,147	\$ 43,506	\$ 40,122	\$ 44,550	\$ 40,201
Public service	3,409	3,882	2,376	2,638	2,342	2,629	3,073	4,053
Academic support	10,557	12,486	8,978	6,514	6,143	5,870	6,667	7,026
Student services	12,343	11,830	8,108	7,724	7,619	7,199	7,660	7,284
Institutional support	26,367	25,643	29,608	27,287	24,294	25,268	23,240	21,689
Operation and maintenance of plant	14,163	14,821	14,218	12,251	12,781	10,705	9,920	10,972
Scholarships and fellowships	21,152	16,508	18,335	16,417	16,595	17,624	5,953	6,867
Auxiliary enterprises	3,929	3,656	5,832	13,107	10,137	10,181	9,608	9,048
Depreciation	7,626	6,764	6,811	6,929	6,923	7,103	2,999	3,361
Total operating expenses	<u>155,139</u>	<u>153,077</u>	<u>143,193</u>	<u>139,014</u>	<u>130,340</u>	<u>126,701</u>	<u>113,670</u>	<u>110,501</u>
Interest on capital related debt	6,599	3,544	3,872	3,645	3,953	3,282	3,062	1,746
Loss on disposal of capital assets	249	162	59	348	2,747	-	241	-
Other non-operating	(169)	-	1,510	526	666	6,002	5,497	3,707
Total non-operating expenses	<u>6,679</u>	<u>3,706</u>	<u>5,441</u>	<u>4,519</u>	<u>7,366</u>	<u>9,284</u>	<u>8,800</u>	<u>5,453</u>
Total expenses	<u>\$ 161,818</u>	<u>\$ 156,783</u>	<u>\$ 148,634</u>	<u>\$ 143,533</u>	<u>\$ 137,706</u>	<u>\$ 135,985</u>	<u>\$ 122,470</u>	<u>\$ 115,954</u>
Instruction	34.36%	36.75%	32.92%	32.15%	31.59%	29.51%	36.37%	34.67%
Public service	2.11%	2.48%	1.60%	1.84%	1.70%	1.93%	2.51%	3.50%
Academic support	6.53%	7.98%	6.04%	4.54%	4.46%	4.32%	5.44%	6.06%
Student services	7.63%	7.56%	5.46%	5.38%	5.53%	5.30%	6.25%	6.28%
Institutional support	16.29%	16.40%	19.92%	19.01%	17.64%	18.58%	18.98%	18.70%
Operation and maintenance of plant	8.75%	9.48%	9.56%	8.53%	9.28%	7.87%	8.10%	9.46%
Scholarships and fellowships	13.07%	11.12%	12.33%	11.44%	12.05%	12.96%	4.86%	5.92%
Auxiliary enterprises	2.43%	1.53%	3.92%	9.13%	7.36%	7.49%	7.85%	7.80%
Depreciation	4.71%	4.33%	4.58%	4.83%	5.03%	5.22%	2.45%	2.90%
Total operating expenses	<u>95.88%</u>	<u>97.63%</u>	<u>96.33%</u>	<u>96.85%</u>	<u>94.64%</u>	<u>93.18%</u>	<u>92.81%</u>	<u>95.29%</u>
Interest on capital related debt	4.07%	2.27%	2.61%	2.54%	2.87%	2.41%	2.50%	1.51%
Loss on disposal of capital assets	0.15%	0.10%	0.04%	0.24%	2.00%	0.00%	0.20%	0.00%
Other non-operating	-0.10%	0.00%	1.02%	0.37%	0.49%	4.41%	4.49%	3.20%
Total non-operating expenses	<u>4.12%</u>	<u>2.37%</u>	<u>3.67%</u>	<u>3.15%</u>	<u>5.36%</u>	<u>6.82%</u>	<u>7.19%</u>	<u>4.71%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees  
Last Ten Academic Years  
(Unaudited)

Academic Year (Fall)	Resident										Increase from Prior Year Out-of-District
	Fees per Semester Credit Hour (SCH)										
	Matriculation Fee	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	
2009	\$ -	130	33	58	-	-	526	826	-	-	-
2008	-	130	33	58	-	-	526	826	-	-	-
2007	-	130	33	58	-	-	526	826	7.35%	4.56%	-
2006	-	130	30	55	-	-	490	790	-	-	-
2005	-	130	30	55	-	-	490	790	13.16%	11.42%	-
2004	15	60	22	45	6	14	433	709	-	-	-
2003	15	60	22	45	6	14	433	709	16.09%	20.37%	-
2002	32	7	20	38	6	14	373	589	14.07%	13.49%	-
2001	32	7	18	34	5	10	327	519	24.81%	20.70%	-
2000	15	7	16	30	3	10	262	430	-	-	-

Academic Year (Fall)	Non-Resident										Increase from Prior Year International
	Fees per Semester Credit Hour (SCH)										
	Matriculation Fee	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	
2009	\$ -	130	108	108	-	-	1,426	1,426	-	-	-
2008	-	130	108	108	-	-	1,426	1,426	-	-	-
2007	-	130	108	108	-	-	1,426	1,426	38.45%	38.45%	-
2006	-	130	75	75	-	-	1,030	1,030	-	-	-
2005	-	130	75	75	-	-	1,030	1,030	4.57%	4.57%	-
2004	15	60	68	68	6	14	985	985	-	-	-
2003	15	60	68	68	6	14	985	985	15.47%	15.47%	-
2002	32	7	60	60	6	14	853	853	2.65%	2.65%	-
2001	32	7	60	60	5	10	831	831	5.19%	5.19%	-
2000	15	7	60	60	3	10	790	790	-	-	-

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year	(Amounts expressed in thousands)				Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of TAV to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2008-09	\$ 47,918,939	\$ 8,436,860	\$ 39,482,079	82.39%	0.115927	0.047484	0.163411
2007-08	43,571,837	7,403,078	36,168,759	83.01%	0.115927	0.029438	0.145365
2006-07	39,245,803	7,035,225	32,210,578	82.07%	0.115927	0.029438	0.145365
2005-06	34,824,332	6,030,925	28,793,407	82.68%	0.115927	0.029438	0.145365
2004-05	31,370,541	3,928,408	27,442,133	87.48%	0.109700	0.029430	0.139130
2003-04	30,129,024	3,576,980	26,552,044	88.13%	0.109700	0.029430	0.139130
2002-03	28,882,123	3,281,633	25,600,490	88.64%	0.101280	0.029430	0.130710
2001-02	28,294,370	3,260,583	25,033,787	88.48%	0.101280	0.029430	0.130710
2000-01	26,750,533	2,811,274	23,939,259	89.49%	0.096570	0.029430	0.126000
1999-00	25,469,382	2,513,382	22,956,000	90.13%	0.096570	0.013430	0.110000

Source: Harris County Appraisal District

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per FTSE and Contact Hour  
Fiscal Years 2004 to 2009

(Unaudited)

(Amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc-Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2008-09	\$ 37,123	38	\$ 977	7,191	3,097	10,288	\$ 3.61
2007-08	37,123	36	1,031	6,852	3,119	9,971	3.72
2006-07	35,203	36	978	6,781	3,148	9,929	3.55
2005-06	35,203	36	978	6,739	3,288	10,027	3.51
2004-05	32,999	36	917	6,395	3,447	9,842	3.35
2003-04	32,999	35	943	6,497	3,367	9,864	3.35

Notes: FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

(a) Source CBM001 for FTSE

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Taxpayers  
Fiscal Years 2002 to 2009  
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)							
		2009	2008	2007	2006	2005	2004	2003	2002
Shell Oil Co.	Refinery	\$ 1,677,717	\$ 2,322,379	\$ 2,259,147	\$ 2,023,449	\$ 1,535,652	\$ 1,357,730	\$ 1,583,189	\$ 1,221,691
Houston Refining	Refinery	1,101,988	1,149,523	925,293	-	-	-	-	388,605
Dow Chemical	Refinery	776,994	309,893	285,665	-	-	275,072	-	254,918
Equistar Chemicals LP	Chemicals	732,388	1,355,749	1,237,873	-	988,731	887,592	1,035,598	1,071,895
Lyondell Chemical Co.	Chemicals	550,065	878,319	842,833	1,548,025	1,125,395	849,833	1,058,868	739,259
Chevron Chemical Co.	Refinery	442,761	433,345	301,017	238,414	197,235	-	-	-
Oxy Vinyls LP	Petrochemical	402,232	420,549	425,328	394,494	399,150	373,580	410,875	529,838
Centerpoint Energy, Inc.	Energy	373,904	368,282	395,178	424,297	426,292	475,685	494,853	-
Air Liquide	Chemicals	331,289	354,719	-	-	-	-	-	-
Albemarle Corp	Chemicals	320,710	-	-	-	-	-	-	-
Rohm & Haas Co.	Petrochemical	-	601,731	593,949	558,543	565,260	536,652	560,545	330,957
Amoco Chemical	Chemicals	-	-	-	-	-	-	-	-
Calpine Central LP	Energy	-	-	-	225,987	412,795	308,600	-	-
Celanese LTD	Chemicals	-	-	-	-	-	-	268,933	328,449
Conoco Phillips	Refinery	-	-	416,796	-	376,933	-	480,783	-
GE Aero Energy Products	Petrochemical	-	-	-	-	-	-	200,424	-
GE Packaged Power	Energy	-	-	-	211,958	-	-	288,933	328,449
H L & P Co.	Electric Utility	-	-	-	-	-	-	-	368,605
Lubrizol Corp	Chemicals	-	-	-	-	-	-	-	-
Lyondell Citgo Ref Co LTD	Refinery	-	-	-	-	-	275,072	-	254,918
Phillips 66 Company	Refinery	-	-	-	233,513	-	364,037	-	287,977
Reliant Energy Channelview	Energy	-	-	-	208,486	205,189	277,286	228,000	250,000
<b>Totals</b>		<b>\$ 6,910,048</b>	<b>\$ 8,192,489</b>	<b>\$ 7,863,279</b>	<b>\$ 6,067,969</b>	<b>\$ 6,242,832</b>	<b>\$ 5,781,149</b>	<b>\$ 6,628,556</b>	<b>\$ 6,331,557</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 39,482,079</b>	<b>\$ 38,168,759</b>	<b>\$ 32,210,578</b>	<b>\$ 28,793,407</b>	<b>\$ 27,442,133</b>	<b>\$ 28,552,044</b>	<b>\$ 25,800,490</b>	<b>\$ 25,033,787</b>

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year							
		2009	2008	2007	2006	2005	2004	2003	2002
Shell Oil Co.	Refinery	4.76%	6.42%	7.01%	7.03%	5.60%	5.11%	6.18%	4.88%
Houston Refining	Refinery	2.79%	3.18%	2.87%	0.00%	0.00%	0.00%	0.00%	1.47%
Dow Chemical	Refinery	1.97%	0.88%	0.89%	0.00%	0.00%	1.04%	0.00%	1.02%
Equistar Chemicals LP	Chemicals	1.85%	3.75%	3.84%	0.00%	3.64%	3.34%	4.05%	4.28%
Lyondell Chemical Co.	Chemicals	1.39%	2.43%	2.62%	5.38%	4.10%	2.45%	4.13%	2.95%
Chevron Chemical Co.	Refinery	1.12%	1.20%	0.94%	0.83%	0.72%	0.00%	0.00%	0.00%
Oxy Vinyls LP	Petrochemical	1.02%	1.18%	1.32%	1.37%	1.46%	1.41%	1.60%	2.12%
Centerpoint Energy, Inc.	Energy	0.95%	1.01%	1.23%	1.47%	1.55%	1.78%	1.83%	0.00%
Air Liquide	Chemicals	0.84%	0.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Albemarle Corp	Chemicals	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rohm & Haas Co.	Petrochemical	0.00%	1.68%	1.84%	1.94%	2.08%	2.02%	2.18%	1.32%
Amoco Chemical	Chemicals	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calpine Central LP	Energy	0.00%	0.00%	0.00%	0.78%	1.50%	1.18%	0.00%	0.00%
Celanese LTD	Chemicals	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.13%	1.30%
Conoco Phillips	Refinery	0.00%	0.00%	1.29%	0.00%	1.37%	0.00%	1.88%	0.00%
GE Aero Energy Products	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%	0.00%
GE Packaged Power	Energy	0.00%	0.00%	0.00%	0.74%	0.00%	0.00%	1.13%	1.31%
H L & P Co.	Electric Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.47%
Lubrizol Corp	Chemicals	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lyondell Citgo Ref Co LTD	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	1.04%	0.00%	1.02%
Phillips 66 Company	Refinery	0.00%	0.00%	0.00%	0.81%	0.00%	1.37%	0.00%	1.15%
Reliant Energy Channelview	Energy	0.00%	0.00%	0.00%	0.72%	0.75%	1.04%	0.89%	1.00%
<b>Totals</b>		<b>17.50%</b>	<b>22.85%</b>	<b>23.65%</b>	<b>21.07%</b>	<b>22.75%</b>	<b>21.77%</b>	<b>25.89%</b>	<b>25.29%</b>

Source: Harris County Appraisal District

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Property Tax Levies and Collections  
Last Ten Tax Years

(Unaudited)

(amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Total Collections (c+d)	Percentage Cumulative Collections of Adjusted Levy
2009	\$ 64,518	\$ -	\$ 64,518	\$ 62,339	96.62%	\$ 1,521	\$ 63,860	98.98%
2008	52,577	-	52,577	51,215	97.41%	811	52,026	98.95%
2007	46,823	-	46,823	45,515	97.21%	1,150	46,665	99.66%
2006	41,856	-	41,856	40,729	97.31%	839	41,568	99.31%
2005	38,182	1,881	40,063	37,574	98.41%	1,335	38,909	97.12%
2004	36,945	1,168	38,113	35,487	96.05%	975	36,462	95.67%
2003	33,462	1,243	34,705	32,618	97.48%	702	33,320	96.01%
2002	32,722	700	33,422	31,700	96.88%	597	32,297	96.63%
2001	30,163	1,335	31,498	29,302	97.15%	678	29,980	95.18%
2000	25,252	1,071	26,323	24,702	97.82%	258	24,960	94.82%

Source: Harris County Tax Assessor Collector

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Bonded Debt:</b>										
General obligation bonds	\$ 275,490	\$ 58,430	\$ 64,450	\$ 72,800	\$ 75,380	\$ 77,845	\$ 59,095	\$ 56,900	\$ 20,800	\$ 26,000
Notes	6,295	7,520	8,830	9,340	10,835	12,125	14,585	4,845	-	-
Less: funds restricted for debt service	(8,855)	(4,138)	(1,527)	(8,541)	(6,250)	(3,940)	(710)	(4)	-	-
Net general bonded debt	272,929	61,812	71,753	73,599	79,965	86,030	72,970	61,541	20,800	26,000
Revenue bonds	-	-	1,325	2,615	5,325	7,940	10,475	5,590	190	945
Notes	-	-	-	555	980	1,388	1,780	2,156	-	-
Less: funds restricted for debt service	-	-	(1,344)	(1,342)	(2,595)	(2,755)	-	-	-	-
Total outstanding debt	\$ 272,929	\$ 61,812	\$ 71,734	\$ 75,427	\$ 83,675	\$ 92,603	\$ 85,225	\$ 69,287	\$ 20,990	\$ 26,945
<b>General Bonded Debt Ratios:</b>										
Per Capita	\$ 573	\$ 134	\$ 151	\$ 171	\$ 181	\$ 191	\$ 158	\$ 134	\$ 46	\$ 58
Per FTSE	7,404	1,820	2,028	2,263	2,355	2,544	2,076	1,545	556	740
As a percentage of taxable assessed value	0.95%	0.21%	0.25%	0.26%	0.29%	0.32%	0.29%	0.25%	0.09%	0.11%
<b>Total Outstanding Debt Ratios:</b>										
Per Capita	\$ 555	\$ 126	\$ 147	\$ 157	\$ 176	\$ 197	\$ 183	\$ 151	\$ 46	\$ 60
Per FTSE	7,172	1,706	1,966	2,078	2,286	2,619	2,401	1,739	561	767
As a percentage of taxable assessed value	0.95%	0.21%	0.25%	0.26%	0.30%	0.35%	0.33%	0.28%	0.09%	0.12%

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



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2009	2006	2007	2006	2005	2004	2003	2002	2001	2000
Taxable Assessed Value	\$ 39,482,079	\$ 36,168,759	\$ 32,210,578	\$ 28,793,407	\$ 27,442,133	\$ 26,552,044	\$ 25,600,490	\$ 25,033,787	\$ 23,939,259	\$ 22,966,000
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 197,410	\$ 180,844	\$ 161,053	\$ 143,987	\$ 137,211	\$ 132,760	\$ 128,002	\$ 125,169	\$ 119,696	\$ 114,780
Less: funds restricted for repayment of general obligation bonds	(8,856)	(4,138)	(1,527)	(8,305)	(5,399)	(2,952)	(1,000)	(1,000)	(1,000)	(1,000)
Total net general obligation debt	188,554	176,706	159,526	135,662	131,812	129,808	127,002	124,169	118,696	113,780
Current year debt service requirements	12,940	9,844	6,822	6,488	5,731	5,492	5,544	6,546	5,428	6,143
Excess of statutory limit for debt service over current requirement	\$ 175,614	\$ 166,862	\$ 152,704	\$ 129,174	\$ 126,081	\$ 124,316	\$ 121,458	\$ 117,623	\$ 113,268	\$ 107,637
Net current requirements as a % of statutory limit	6.55%	5.44%	4.24%	4.51%	4.18%	4.14%	4.33%	5.23%	4.63%	5.35%

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

\* The amount of funds restricted for repayment have been estimated for Fiscal Years ended 2000 thru 2003.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

Revenue Bonds	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			
	Fiscal Year Ended August 31	Tuition	Technology Fee	General Service/Other Fees	Laboratory Fees	Continuing or Non-Credit Education Tuition/Fees	General Fund Interest Income	Food Service Revenue	Bookstore Revenue	Total	Principal	Interest	Total	Coverage Ratio
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	4,816	-	-	10,532	620	5,075	4,908	396	3,346	29,693	1,732	66	1,798	16.51
2006	4,744	-	-	11,435	724	2,391	3,213	344	7,276	30,127	3,135	147	3,282	9.18
2005	4,392	2,999	-	6,770	719	2,928	1,707	300	8,917	28,732	3,023	254	3,277	8.77
2004	4,409	4,159	2,999	5,369	600	3,315	1,220	313	10,808	30,193	2,927	355	3,282	9.20
2003	2,783	3,140	477	4,060	477	3,955	718	200	8,506	23,839	1,410	195	1,605	14.85
2002	809	2,223	399	3,288	399	3,322	2,372	333	9,228	21,974	1,610	14	1,624	13.53
2001	754	1,891	391	3,224	391	3,257	2,325	330	9,047	21,219	755	20	775	27.38
2000	714	1,854	383	3,160	383	3,193	2,126	326	8,699	20,455	760	50	810	25.25

Debt service requirements include revenue bonds.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	Harris County Unemployment Rate
2008	491,929	\$ 9,332,877	\$ 18,972	5.50%
2007	486,664	9,104,016	18,707	5.10%
2006	481,398	8,877,766	18,442	5.50%
2005	476,133	8,654,310	18,176	5.70%
2004	470,868	8,433,649	17,911	6.00%
2003	465,602	8,215,782	17,646	6.40%
2002	460,337	8,000,710	17,380	6.10%
2001	455,071	7,788,433	17,115	4.80%
2000	449,806	7,578,950	16,849	4.30%
1999	443,401	7,293,503	16,449	4.70%

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Employers for the Service Area  
Fiscal Years 2005 to 2008  
(Unaudited)

Employer	Number of Employees			
	2008	2007	2006	2005
Pasadena ISD	7,000	7,000	7,000	7,000
United Space Alliance	6,600	3,000	3,000	3,000
Lockheed Martin Corp	3,250	5,000	-	-
NASA Lyndon B Johnson Space Ctr	2,750	2,500	3,200	3,200
Boeing Co	2,000	2,000	-	-
Gulf Stream Marine	1,700	1,700	-	-
CHCA Clear Lake, LP	1,550	1,800	1,300	1,300
Equistar Chemicals LP	1,500	1,500	1,500	1,500
IKON Office Solutions	1,400	-	-	-
Pasadena Bayshore Hospital Inc	1,350	1,500	1,200	1,200
Lyondell Chemical Co	1,200	1,200	-	-
San Jacinto College	1,200	1,200	1,200	1,200
Channelview Complex	1,200	1,200	-	-
Powell Electrical Systems Inc	1,200	1,200	-	-
Pasadena City Hall	1,100	1,100	-	-
International Business	1,100	-	-	-
Pasadena Paper Co	1,100	1,100	-	-
University of Houston - Clear Lake	1,100	1,092	1,200	1,200
Wyle Life Science	1,000	1,000	1,000	1,000
East Houston Regional Med Ctr	1,000	1,000	-	-
Rohm & Haas Texas Inc	1,000	1,000	1,000	1,000
Lockheed Martin Corp	1,000	1,000	-	-
Shell Chemical	1,000	1,000	-	-
Kellogg Brown & Root	-	-	1,700	1,700
Memorial Healthcare System	-	1,350	1,200	1,200
Memorial 55 Plus	-	1,000	-	-
Totals	\$ 43,300	\$ 41,242	\$ 24,500	\$ 24,500

Employer	Percentage of Total Employment			
	2008	2007	2006	2005
Pasadena ISD	3.88%	2.39%	4.17%	4.17%
United Space Alliance	3.83%	1.02%	1.79%	1.79%
Lockheed Martin Corp	1.79%	1.71%	0.00%	0.00%
NASA Lyndon B Johnson Space Ctr	1.51%	0.86%	1.90%	1.90%
Boeing Co	1.10%	0.88%	0.00%	0.00%
Gulf Stream Marine	0.94%	0.58%	0.00%	0.00%
CHCA Clear Lake, LP	0.85%	0.55%	0.78%	0.78%
Equistar Chemicals LP	0.83%	0.51%	0.89%	0.89%
IKON Office Solutions	0.77%	0.00%	0.00%	0.00%
Pasadena Bayshore Hospital Inc	0.74%	0.51%	0.72%	0.72%
Lyondell Chemical Co	0.66%	0.41%	0.00%	0.00%
San Jacinto College	0.66%	0.41%	0.72%	0.72%
Channelview Complex	0.66%	0.41%	0.00%	0.00%
Powell Electrical Systems Inc	0.66%	0.41%	0.00%	0.00%
Pasadena City Hall	0.61%	0.38%	0.00%	0.00%
International Business	0.61%	0.00%	0.00%	0.00%
Pasadena Paper Co	0.61%	0.38%	0.00%	0.00%
University of Houston - Clear Lake	0.60%	0.37%	0.72%	0.72%
Wyle Life Science	0.55%	0.34%	0.60%	0.60%
East Houston Regional Med Ctr	0.55%	0.34%	0.00%	0.00%
Rohm & Haas Texas Inc	0.55%	0.34%	0.60%	0.60%
Lockheed Martin Corp	0.55%	0.34%	0.00%	0.00%
Shell Chemical	0.55%	0.34%	0.00%	0.00%
Kellogg Brown & Root	0.00%	0.00%	1.01%	1.01%
Memorial Healthcare System	0.00%	0.46%	0.71%	0.71%
Memorial 55 Plus	0.00%	0.34%	0.00%	0.00%
Totals	23.84%	14.08%	14.61%	14.61%

Source: D &amp; B Million Dollar and InfoUSA Databases

Note: Based on businesses with 1,000 or more full time employees for a total of 181,540 local employees.

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Faculty, Staff, and Administrators Statistics  
Fiscal Years 2004 to 2009  
(Unaudited)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Faculty:</b>						
Full-time	454	463	440	439	428	426
Part-time	763	648	685	680	720	696
<b>Total</b>	<u>1,217</u>	<u>1,111</u>	<u>1,125</u>	<u>1,119</u>	<u>1,148</u>	<u>1,122</u>
<b>Percent:</b>						
Full-time	37.3%	41.7%	39.1%	39.2%	37.3%	38.0%
Part-time	62.7%	58.3%	60.9%	60.8%	62.7%	62.0%
<b>Staff and Administrators:</b>						
Full-time	703	759	739	694	687	667
Part-time	526	583	518	571	502	553
<b>Total</b>	<u>1,229</u>	<u>1,342</u>	<u>1,257</u>	<u>1,265</u>	<u>1,189</u>	<u>1,220</u>
<b>Percent:</b>						
Full-time	57.2%	56.6%	58.8%	54.9%	57.8%	54.7%
Part-time	42.8%	43.4%	41.2%	45.1%	42.2%	45.3%
 FTSE per full-time faculty	84	78	82	83	86	83
FTSE per full-time staff member	54	48	49	52	53	53
 Average over 9 months faculty salary	\$55,722	\$55,944	\$49,000	\$46,166	\$47,686	\$46,821

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details  
Fiscal Years 2003 to 2008  
(Unaudited)

Student Classification	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 30 hours	14,856	60.35%	14,135	60.02%	13,968	58.85%	14,611	60.63%	15,632	61.71%	14,706	60.82%
31 - 60 hours	6,430	26.12%	6,237	26.48%	6,548	27.59%	6,793	28.19%	6,944	27.41%	6,152	25.44%
> 60 hours	3,330	13.53%	3,179	13.50%	3,218	13.56%	2,693	11.18%	2,757	10.88%	3,323	13.74%
Total	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	25,333	100.00%	24,181	100.00%

Semester Hour Load	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	190	0.77%	146	0.62%	156	0.66%	150	0.62%	214	0.84%	179	0.74%
3 - 5 semester hours	4,294	17.45%	4,317	18.33%	4,056	17.09%	4,013	16.65%	5,220	20.61%	5,136	21.24%
6 - 8 semester hours	5,777	23.47%	5,484	23.29%	5,468	23.04%	5,601	23.24%	6,206	24.50%	6,054	25.04%
9 - 11 semester hours	4,513	18.33%	4,235	17.98%	4,446	18.73%	4,395	18.24%	4,553	17.97%	4,275	17.68%
12 - 14 semester hours	6,853	27.84%	6,505	27.62%	6,737	28.39%	6,821	28.31%	7,101	28.03%	6,578	27.20%
15 - 17 semester hours	2,184	8.87%	2,144	9.10%	2,208	9.30%	2,387	9.91%	1,861	7.35%	1,797	7.43%
18 & over	805	3.27%	720	3.06%	663	2.79%	730	3.03%	178	0.70%	162	0.67%
Total	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	25,333	100.00%	24,181	100.00%

Average course load

9.8

9.7

9.4

8.8

8.8

Tuition Status	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	11,736	47.68%	11,523	48.93%	11,967	50.42%	12,483	51.80%	13,541	53.45%	13,713	56.71%
Texas Resident (out-of-District)	8,867	36.02%	8,286	35.18%	8,374	35.28%	8,453	35.08%	9,035	35.67%	9,283	38.39%
Non-Resident Tuition	4,013	16.30%	3,742	15.89%	3,393	14.30%	3,161	13.12%	2,757	10.88%	1,185	4.90%
Total	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	25,333	100.00%	24,181	100.00%

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

Source: Data from the CBM001.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile  
Fiscal Years 2003 to 2008  
(Unaudited)

	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender												
Female	14,127	57.39%	13,437	57.05%	13,670	57.60%	14,008	58.13%	14,599	57.63%	13,890	57.44%
Male	10,489	42.61%	10,114	42.95%	10,064	42.40%	10,089	41.87%	10,734	42.37%	10,291	42.56%
Total	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	25,333	100.00%	24,181	100.00%

Ethnic Origin	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	10,566	42.88%	10,577	44.91%	10,809	45.54%	11,247	46.67%	12,367	48.82%	12,213	50.51%
Hispanic	8,965	36.42%	8,157	34.64%	8,053	33.93%	7,977	33.10%	7,706	30.42%	6,904	28.55%
African American	2,496	10.14%	2,334	9.91%	2,424	10.21%	2,497	10.36%	2,735	10.80%	2,524	10.44%
Asian	1,419	5.76%	1,327	5.63%	1,275	5.37%	1,192	4.95%	1,421	5.61%	1,442	5.96%
Foreign	986	4.01%	859	3.65%	868	3.66%	934	3.88%	883	3.48%	857	3.54%
Native American	131	0.53%	115	0.49%	94	0.40%	69	0.29%	122	0.48%	89	0.37%
Other	63	0.26%	182	0.77%	211	0.89%	181	0.75%	99	0.39%	152	0.63%
Total	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	25,333	100.00%	24,181	100.00%

Age	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,784	7.25%	1,644	6.98%	1,344	5.66%	1,123	4.66%	1,029	4.06%	758	3.14%
18 - 21	11,329	46.02%	10,851	46.07%	10,786	45.44%	10,653	44.21%	11,229	44.33%	10,568	43.70%
22 - 24	3,901	15.85%	3,813	16.19%	3,956	16.67%	4,178	17.34%	4,384	17.31%	4,182	17.29%
25 - 35	5,149	20.92%	4,834	20.53%	5,135	21.64%	5,457	22.65%	5,746	22.68%	5,579	23.07%
36 - 50	2,043	8.30%	2,021	8.58%	2,139	9.01%	2,305	9.56%	2,504	9.88%	2,638	10.91%
51 & over	410	1.66%	388	1.65%	374	1.58%	381	1.58%	441	1.74%	456	1.89%
Total	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	25,333	100.00%	24,181	100.00%

Average age	24	24	24	25	25	25
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This schedule does not include non-credit Continuing and Professional Development enrollment.

Source: Data from the CBM001.

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions  
Institutions Attended Fall 2008  
(Unaudited)

(Includes only public senior colleges in Texas)

	Total Transfer Student Count Academic	Total Transfer Student Count Technical	Total Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Student
1 University of Houston - Clear Lake	1,269	33	43	1,345	25.15%
2 University of Houston	1,227	40	32	1,299	24.29%
3 Texas A&M University	402	8	2	412	7.70%
4 University of Texas - Austin	378	4	2	384	7.18%
5 University of Houston - Downtown	275	15	39	329	6.15%
6 Texas State University	232	9	6	247	4.62%
7 Sam Houston State University	211	5	19	235	4.39%
8 Stephen F. Austin State University	120	3	1	124	2.32%
9 University of Texas - San Antonio	110	2	5	117	2.19%
10 University of Texas Medical Branch Galveston	89	23	2	114	2.13%
11 Texas Tech University	108	-	2	110	2.06%
12 Texas Southern University	76	7	4	87	1.63%
13 Lamar University Institute of Technology	72	3	3	78	1.46%
14 University of Texas Health Science Center - Houston	53	9	-	62	1.16%
15 Texas Woman's University	58	1	2	61	1.14%
16 Prairie View A&M University	42	6	2	50	0.93%
17 University of North Texas	40	1	1	42	0.79%
18 Texas A&M University - Galveston	40	-	-	40	0.75%
19 Texas A&M University - Corpus Christi	32	1	-	33	0.62%
20 University of Texas - Arlington	22	1	1	24	0.45%
21 University of Texas - Dallas	23	-	-	23	0.43%
22 University of Texas M.D. Anderson Cancer Center	20	1	-	21	0.39%
23 University of Houston - Victoria	18	1	1	20	0.37%
24 University of Texas - Tyler	15	-	-	15	0.28%
25 Midwestern State University	5	8	-	13	0.24%
26 Texas Tech University Health Science Center	9	2	-	11	0.21%
27 Texas A&M University - Kingsville	9	-	-	9	0.17%
28 Tarleton State University	6	-	2	8	0.15%
29 Angelo State University	5	-	-	5	0.09%
30 University of Texas - El Paso	5	-	-	5	0.09%
31 University of Texas - Pan American	4	1	-	5	0.09%
32 Texas A&M University - Commerce	4	-	-	4	0.07%
33 University of Texas Health Science Center - San Antonio	4	-	-	4	0.07%
34 Texas A&M University Health Science Center	3	-	-	3	0.06%
35 Sul Ross State University	2	-	-	2	0.04%
36 Texas A&M International University	2	-	-	2	0.04%
37 University of Texas - Permian Basin	2	-	-	2	0.04%
38 Baylor College of Medicine	1	-	-	1	0.02%
39 Texas A&M University - Texarkana	1	-	-	1	0.02%
40 University of North Texas Health Science Center - Fort Worth	1	-	-	1	0.02%
<b>Totals</b>	<b>4,995</b>	<b>184</b>	<b>169</b>	<b>5,348</b>	<b>100.00%</b>

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

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



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information  
Fiscal Years 2006 to 2009  
(Unaudited)

	2009	2008	2007	2006
Academic Buildings	32	32	32	32
Square footage (in thousands)	1,457,408	1,457,408	1,457,408	1,457,408
Libraries	3	3	3	3
Square footage (in thousands)	163,615	163,615	163,615	163,615
Number of Volumes (in thousands)	259,434	259,434	238,489	275,713
Administrative and Support Buildings	4	4	4	4
Square footage (in thousands)	265,906	265,906	265,906	265,906
Dormitories	1	1	1	1
Square footage (in thousands)	6,050	6,050	6,050	6,050
Athletic Facilities	10	10	10	10
Square footage (in thousands)	165,527	165,527	165,527	165,527
Stadiums	3	3	3	3
Fitness Centers/Gymnasiums	4	4	4	4
Tennis Courts	1	1	1	1
Other	2	2	2	2
Plant Facilities	14	14	14	14
Square footage (in thousands)	49,137	49,137	49,137	49,137
Transportation:				
Cars	8	11	12	12
Light Trucks/Vans	56	50	47	40

Source: Master property schedule.

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



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

Board of Trustees  
San Jacinto Community College District:

We have audited the basic financial statements of San Jacinto Community College District (the College) as of and for the year ended August 31, 2009, and have issued our report thereon dated December XX, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's basic financial statements that is more than inconsequential will not be prevented or detected by the College's internal control. A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the College's internal control.

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

**Compliance and Other Matters**

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

**Texas Public Funds Investment Act**

We have performed tests designed to verify the College's compliance with the requirements of the Texas Public Funds Investment Act (the Act). During the year ended August 31, 2009, the results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

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

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

December 14, 2009



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**INDEPENDENT AUDITORS'  
REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees  
San Jacinto Community College District:

**Compliance**

We have audited the compliance of San Jacinto Community College District (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal and State of Texas (State) programs for the year ended August 31, 2009. The College's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal and State programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal and State programs for the year ended August 31, 2009.

**Internal Control over Compliance**

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal and State programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major Federal and State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal and State program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal and State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal and State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal or State program will not be prevented or detected by the entity's internal control.

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

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

A handwritten signature in black ink, appearing to read "M.J.R. P.C.", is centered on the page. The signature is written in a cursive, flowing style.

December 14, 2009

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2009

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<b>U. S. Department of Education:</b>			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A084114	\$ 839,363
Higher Education-Institutional Aid: Title V	84.031S	P031S050003	741,172
Federal Family Education Loans - Subsidized Loans	84.032	91-4251-0-1-502	3,530,323
Federal Family Education Loans - Unsubsidized Loans	84.032	91-4251-0-1-502	4,475,172
Federal Family Education Loans - PLUS Loans	84.032	91-4251-0-1-502	73,651
			<u>8,079,146</u>
Federal Work-Study Program	84.033	P033A084114	438,598
Federal Pell Grant Program	84.063	P063P082303	15,193,004
Academic Competitiveness Grants	84.375	P375A082303	193,475
TRIO-Student Support Services	84.042A	P042A050182	224,079
TRIO-Talent Search II	84.044A	P044A070353	199,469
TRIO Upward Bound III	84.047A	P047A070042	284,045
TRIO-Upward Bound: Math & Science	84.047M	P047M070003	247,806
Fund for the Improvement of Postsecondary Education	84.116Z	P116Z080320	62,733
Gaining Early Awareness and Readiness for Undergraduate Programs: Gear-Up	84.334A	P334A020014	85,444
Hurricane Ike Recovery Project	84.938R	P938R090004	158,538
Pass-Through From:			
Texas Education Agency			
Clear Creek ISD			
Adult Education - Basic Grant to States	84.002	SAS#ABEDAA09	38,978
Pass-Through From:			
Harris County Juvenile Board			
Title I Grants to Local Educational Agencies - Harris County JJAEP 08-09	84.010A	P148668	191,440
Pass-Through From:			
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grant to States - Carl Perkins Basic 08/09	84.048	94238	648,665
Career and Technical Education - Basic Grant to States - Carl Perkins/Dist 44 Rsrv FY09	84.048	9115	9,975
			<u>658,640</u>
Leveraging Educational Assistance Partnership (LEAP)	84.069A	91-0200-0-1-502	21,485
Special Leveraging Educational Assistance Partnership (SLEAP)	84.069B	91-0200-0-1-502	27,636
Pass-Through From:			
Pasadena ISD			
Gaining Early Awareness and Readiness for Undergraduate Programs: Gear-Up	84.334A	PISD/Gear Up	3,895
Total U. S. Department of Education			<u>27,685,944</u>
<b>U. S. Department of Housing and Urban Development:</b>			
Direct Programs - Hispanic Serving Institution Assisting Communities Program	14.514	HSIAC-06-TX-28	<u>185,709</u>
<b>U. S. Department of Labor:</b>			
Pass-Through From:			
Texas Workforce Commission			
Workforce Investment Act/Adult Prog/Youth Activities/Dislocated Workers- BioTech (YR2)	17.258/17.259/17.260	2807WSW001	3,133
Workforce Investment Act/Adult Prog/Youth Activities/Dislocated Workers- LEP Grant	17.258/17.259/17.260	2808WSW003	66,554
Workforce Investment Act/Adult Prog/Youth Activities/Dislocated Workers- Summer Merit	17.258/17.259/17.260	2808WSW005	11,172
Workforce Investment Act Dislocated Workers- Summer Merit Program 09	17.260	2809WSW005	49,203
Workforce Investment Act Dislocated Workers- Texas Youth in Technology Grant Prog	17.260	2809WSW003	19,122
Lee College - Workforce Investment Act/Adult Prog/Youth Activities/Dislocated Workers- GC-PI	17.258/17.259/17.260	2707WSW005	96,624
Bay Area Houston Economic Partnership -			
Workforce Investment Act/Adult Prog/Youth Activities/Dislocated Workers- AWIN	17.258/17.259/17.260	2807WSW002	537,731
Texas Higher Education Coordinating Board -			
University of Houston - Clear Lake -			
Workforce Investment Act/Adult Prog/Youth Activities/Dislocated Workers -CSS Phase II	17.258/17.259/17.280	07-05	(1,063)
Pass-Through From:			
Lee College			
Community Based Job Training Grants	17.269	DOL/CBJT	24,960
Total U. S. Department of Labor			<u>807,436</u>

Continued

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended August 31, 2009

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<b><u>National Aeronautics and Space Administration:</u></b>			
Direct Programs:			
Aerospace Education Services Program- STEM Grant	43.001	NNJ05JL47G	(6,751)
Aerospace Education Services Program- Strategic Education Alliance Grant (SEA)	43.001	NNX07AP99A	1,310,280
Total National Aeronautics and Space Administration (NASA)			1,309,529
<b><u>National Science Foundation:</u></b>			
Direct Programs:			
Engineering Grants- Partnership for Innovation in Biotechnology and Life Sciences (PIBLS)	47.041	IIP-0649713	191,138
Education and Human Resources- STEP UP	47.076	DUE-0849391	4,011
Education and Human Resources- NaMAS	47.076	ESI-0422698	53,564
Pass-Through From:			
University of Houston:			
Education and Human Resources- Houston Alliance for Minority Participation Project (AMP)	47.076	HRD-0402623	41,466
Education and Human Resources- Expanding Pathways to Success in Science (EPSS)	47.076	DUE-00336612	53,256
Pass-Through From:			
Lee College			
Education and Human Resources - Analyzer Technician Opportunities Project	47.076	DUE-0801907	4,888
			157,185
Total National Science Foundation			348,323
<b><u>U. S. Small Business Administration:</u></b>			
Pass-Through From:			
The University of Houston-Central:			
Small Business Development Center 08/09	59.037	R-09-0109	133,318
Small Business Development Center 07/08	59.037	8-603001-Z-0047-24	13,923
Total U. S. Small Business Administration			147,241
<b><u>U. S. Department of Veterans Affairs:</u></b>			
Direct Programs - Veteran's Administration Admin. Allowance			
	64.124	362/242D	6,131
<b><u>U. S. Department of Health and Human Services:</u></b>			
Pass-Through From:			
Texas Workforce Commission:			
Houston-Galveston Area Council			
Child Care and Development Block Grant II	93.575	06260C260FY09	51,187
Texas Education Agency			
The University of Texas Health Science Center at Houston			
Child Care and Development Block Grant - Higher Demonstration	93.575	PO/0000285725	12,171
Total U. S. Department of Health and Human Services			63,358
<b><u>Federal Emergency Management Agency</u></b>			
Pass-Through From:			
Texas Department of Public Safety's Division of Emergency Management			
Disaster Grants - Public Assistance	97.036	1791 DR	2,725,000
Total Federal Financial Assistance			\$ 33,278,671

See accompanying notes to Schedules of Expenditures of Federal Awards and State Awards.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards  
For the Year Ended August 31, 2009

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission:		
Aerospace Consortium Grant	2808SDF002	\$ 411,500
Association for Plant Inspection Professionals	2807SDF002	846,250
Total Texas Workforce Commission		<u>1,257,750</u>
Texas Higher Education Coordinating Board:		
College G Force Workstudy	#740	75,890
P-16 College Readiness Special Advisors Program	P-16 SA-SJCD	1,465
State Military Tuition Assistance	26041	(132)
Texas Grant Program - Initial	13099	738,710
Texas Grant Program - Renewal	13099	243,930
		<u>982,640</u>
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	115,910
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	64,010
		<u>179,920</u>
Financial Aid - Professional Nursing	13025	15,911
Financial Aid - Licensed Vocational Nursing	13026	2,067
College Work Study Program	22339	68,219
Early High School - HB1479	33080	225,510
Certified Education Aide Program	33081	26,634
Health Educational Loan Program		7,650
College Access Loan		80,377
Professional Nursing Shortage Reduction Program FY06	NSRD-FY06	61,880
Professional Nursing Shortage Reduction Program FY09	NSRD-FY09	71,989
Professional Nursing Shortage Reduction Program FY08	NSRD-FY08	2,937
Total Texas Higher Education Coordinating Board		<u>1,802,957</u>
Texas Education Agency		
Pass-Through From:		
Clear Creek ISD		
Early College High School Grant	SAS #828-07	28,110
Total Texas Education Agency		<u>28,110</u>
Texas Commission on the Arts		
Pass-Through From:		
Houston Alliance		
Touring & Neighborhood Arts Program (TNAP)	FY09-6183-TNAP1	1,000
Total Texas Commission on the Arts		<u>1,000</u>
Total State Financial Assistance		<u>\$ 3,089,817</u>

See accompanying notes to Schedule of Expenditures of Federal Awards and State Awards.



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Schedules of Expenditures of Federal Awards and State Awards Year Ended August 31, 2009

### 1. Federal Assistance Reconciliation

Total Federal Financial Assistance - Schedule E	\$ <u>33,278,671</u>
Total Federal grants and contracts per Schedule A	\$ 5,810,085
Less Plus indirect costs	(352,592)
Federal revenue, non-operating - Schedule C	24,743,586
FEMA - Hurrican Ike - Schedule C	<u>2,725,000</u>
Total Federal grants and contracts per Schedule E	\$ <u>32,926,079</u>

### 2. State Assistance Reconciliation

Total State Financial Assistance - Schedule F	\$ <u>3,089,817</u>
Total State grants and contracts included in Schedule A	\$ 1,756,050
Plus tuition fees	<u>1,333,767</u>
Total State grants and contracts per Schedule F	\$ <u>3,089,817</u>

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

The schedules of expenditures of federal and state awards present the activity of federal and state programs of the College for the year ended August 31, 2009. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

### 4. Relationship to Federal and State Financial Reports

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules of expenditures of federal and state awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs  
Year Ended August 31, 2009

Section 1	Summary of Auditors' Results
<u>Financial Statements</u>	
1. Type of auditors' report issued:	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No
<u>Federal and State Awards</u>	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
2. Type of auditors' report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and the <i>State of Texas Single Audit Circular</i> , Section 510(a)?	No
4. Identification of major programs:	
<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
84.007A	Federal Supplemental Educational Opportunity Grants
84.063P	Federal Pell Grant Program
84.375	Academic Competitiveness Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.048	Career and Technical Education
43.001	Aerospace Education Services Program
97.036	Disaster Grants - Public Assistance
<u>State - Contract Number</u>	<u>Name of State Program</u>
13099	TEXAS Grant Program
13399	Texas Educational Opportunity Grant
33080	Early High School
5. Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$755,986
State	\$300,000
6. Auditee qualified as a low-risk auditee?	
Federal	Yes
State	Yes

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Schedule of Findings and Questioned Costs, Continued  
Year Ended August 31, 2009

Section 2

Financial Statement Findings

None reported

Section 3

Federal and State Award Findings and Questioned Costs

None reported

Section 4

Schedule of Prior Year Audit Findings

The audit of Federal and State of Texas awards disclosed no findings that were required to be reported for the year ended August 31, 2008.