



San Jacinto Community College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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

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

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SAN JACINTO COMMUNITY COLLEGE DISTRICT
Organizational Data

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

Officers

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

Members

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

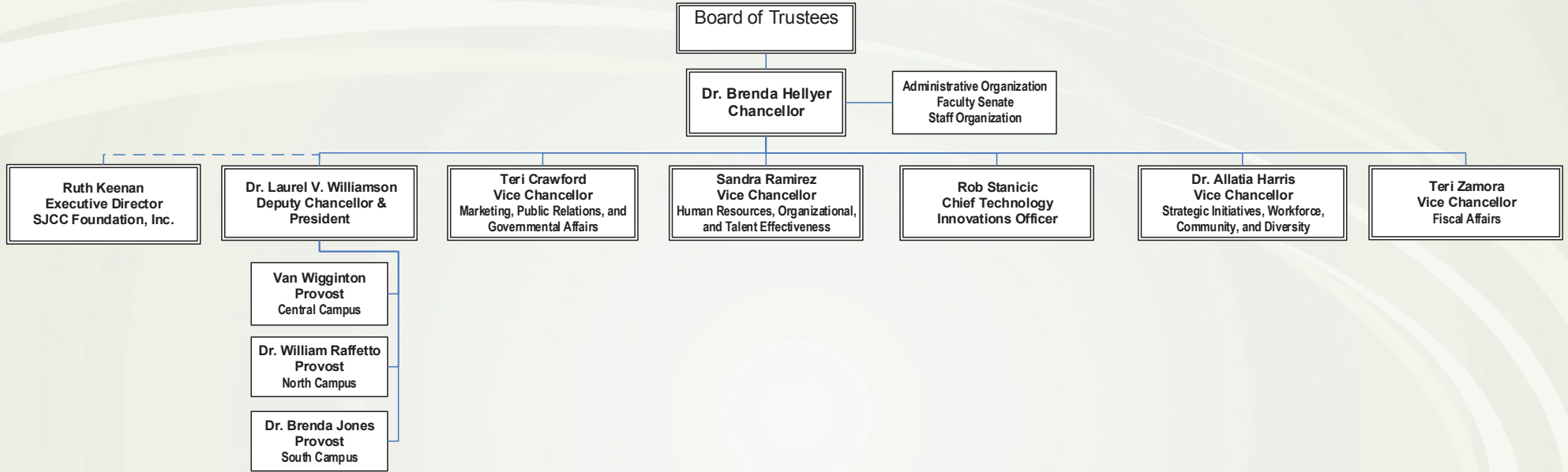
Trustee Emeritus

Mr. Ben Meador

Key Officers

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

San Jacinto College SLT Organizational Structure





December 9, 2019

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the San Jacinto Community College District (College) for the fiscal years ended August 31, 2019 and 2018. The purpose of this report is to provide detailed information about the financial condition and performance of the College to the Board of Trustees, taxpayers, Texas Higher Education Coordinating Board (THECB), grantor agencies, employees and other interested parties. The report consists of management's representations concerning the finances of the College. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control.

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

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

PROFILE OF THE DISTRICT

GETTING STARTED

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

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

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

EXPANSION

By fall 1974, the College was offering seven programs in leased store-front facilities on Federal Road until the North Campus opened in the spring of 1975. This campus was supported by bonds approved in 1972.

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

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

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

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

In November 2015, with a nearly 68 percent approval rate, voters continued their support of the College with approval of a \$425 million general obligation bond referendum to allow the College to continue to update and transform the campuses, with the goal of student success. The first project, the LyondellBasell Center for Petrochemical, Energy, and Technology on Central Campus, opened in Fall 2019. Other funded projects include district-wide infrastructure upgrades, safety and security updates, renovation of nine buildings which are on average 30-years-old or older, construction of a student welcome center and a classroom building on Central Campus, center for culinary and cosmetology on North Campus and both a center for engineering and technology and a cosmetology center on South Campus. The majority of these projects will be complete by 2021. This general obligation bond is also partially funding the initial building at the new Generation Park Campus in the northernmost portion of the College's service area, slated to open Fall 2020.

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

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

REPORTING ENTITY

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

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

ECONOMIC CONDITION AND OUTLOOK LOCAL ECONOMY

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

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

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

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

SAN JACINTO COLLEGE

The College maintains strong fiscal health, and provides a strong return on investment to students, society, and taxpayers. For every \$1 invested in San Jacinto College, society as a whole in Texas sees \$21.80 in benefits. From the student perspective, for every \$1 invested in San Jacinto College, students see a \$6.30 return in higher future income. The average return is 19.8 percent. From the taxpayer perspective, for every \$1 invested in San Jacinto College, taxpayers see a \$4.50 return in benefits. The annual average return is 10.8 percent. The College Board of Trustees is committed to keeping taxes as low as possible, and the College continuously strives to find ways to improve services to students and support all necessary College operations at a lower cost. This constant striving for long term fiscal resiliency and sustainability is intended to poise the College for future success.

San Jacinto College is affordable. Effective Fall 2019, the College instituted a tuition only model, and eliminated all enrollment fees. This change makes all programs available to every student at the same low price and also introduces a new level of transparency and simplicity to the process of registering and paying for College. At \$936 for tuition for 12 semester credit hours, the College in-district tuition rate is one of the most affordable in the Gulf Coast region and in the state of Texas. The College is focused on student success and has increased student completion of degrees and certificates by 47.5 percent since 2014.

LEGAL

Texas statutes require the Comptroller of Public Accounts and the THECB to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the CAFR of the College for the fiscal years ended August 31, 2019 and 2018. Additionally, the College is statutorily required to submit audited financial statements to the THECB by January 1st of each year.

THE AUDIT

A public accounting firm has audited the College's financial statements. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for the years ended August 31, 2019 and 2018 are free from material misstatement. The independent audits involve examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor has concluded, based upon the audits, that there is a reasonable basis for rendering an unmodified opinion that the College's financial statements for the years ended August 31, 2019 and 2018 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

THE REPORT

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

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

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

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

The Federal awards section contains information regarding participation in various Federal programs. The independent auditor is required to conduct a separate audit of Federal programs and the College's system of internal control according to the standards applicable to financial audits contained in *Government Auditing Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This section contains the auditor's report on the system of internal control, a listing of the Federal programs in which the College participates, and the dollar amount of expenditures for each program.

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

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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

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

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

Respectfully submitted,



Teri Zamora
Vice Chancellor of
Fiscal Affairs



Government Finance Officers Association

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

Presented to

**San Jacinto Community College District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental schedules on pages 62 through 65 and statistical section on pages 66 through 88 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of Federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 93 through 95 and the schedule of expenditures of State awards as required by the *State of Texas Single Audit Circular* on page 96 are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

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



Houston, Texas
December 9, 2019

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

About San Jacinto Community College District

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

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

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

The College works side-by-side with industry partners to train the next generation of workers. Our graduates leave here with the skills necessary to move right in to a job in their chosen career field. With more than 80 programs and 200 degree and certificate options, the College will get workers certified and on their way to a high-paying job in a high-demand field. The College partners with hundreds of local companies to help meet the growing needs of industry, whether that means preparing employees for new positions or providing the industry with highly skilled workers to fulfill a shortage. The College maintains partnerships, and design training programs, to provide our industry partners and communities with the workforce they need.

The College's service area encompasses approximately 570,000 citizens and 330 square miles. A seven-member Board of Trustees (the Board), elected for six-year terms by the taxpayers in its taxing district, govern the College. The Board sets the vision, mission, and strategic direction for the College and is responsible for oversight of budgets, policies, and governance.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

One of the most significant events that took place this year was the reaccreditation process with the College accrediting agency - The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). This process occurs every 10 years and is critical, as the College's accreditation assures our students and community of the quality and integrity of our institution and our programs. The College successfully completed the written report and an on-site visit by a peer review committee. The College's reaccreditation was reaffirmed in June 2019.

Overview of the Annual Financial Report

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

The annual financial report consists of three basic financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. While each statement presents a unique set of information, they should be used together and in conjunction with the notes to the basic financial statements. The financial statements for the College's component unit, San Jacinto Community College Foundation, Inc. (the Foundation), are discretely presented with the financial statements of the College since the Foundation raises and holds economic resources for the direct benefit of the College (Notes 1 and 26).

This section of the annual financial report is entitled "Management's Discussion and Analysis." It provides an overview of the College's financial activities for the current year, along with a comparison to the prior year. Reference should be made to the separately issued financial statements of the Foundation for additional information.

Financial Highlights for 2019

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

Financial Highlights for 2018

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

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

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

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

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

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

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

The Statement of Net Position

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

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

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

Fiscal Year 2019 Compared to 2018

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

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

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

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

Total liabilities increased by \$165.5 million in 2019. Bonds payable increased by \$128.5 million and notes payable decreased by \$2.1 million net of new issuance and defeasement. Net pension liability increased by \$22.9 million and net OPEB liability increased by \$4.0 million due to changes in assumptions by the Teachers Retirement System of Texas (TRS - Pensions) and the Employees Retirement System of Texas (ERS - OPEB). Accounts payable increased by \$10.6 million due to pending construction in process payments. Other categories increased by \$1.6 million.

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

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

Fiscal Year 2018 Compared to 2017

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

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

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

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

The Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net position has increased during the year ended August 31, 2019, with comparative information for fiscal year 2018. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year 2019 Compared to 2018

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

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

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

Fiscal Year 2018 Compared to 2017

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

The Statement of Cash Flows

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

The statement helps users assess the College's ability:

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

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

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

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

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Capital Assets and Long-Term Debt Activity

Capital Assets - Fiscal Year 2019

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

Capital Assets - Fiscal Year 2018

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

Long-Term Debt

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

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

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

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

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

Ad Valorem Taxes

On October 7, 2019, the Board approved the adoption of the 2018 tax rate of 17.8169 cents per \$100 valuation which is 0.1160 cents below the prior year rate of 17.9329 cents. The adopted rate is the same as the calculated effective tax rate which is generally considered a “no new tax rate increase rate”. The maintenance and operations tax rate decreased to 11.7251 cents and the debt service tax rate increased to 6.0918 cents. The total taxes imposed on a residence homestead at the current year’s appraised value of \$120,490 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$214.68. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year’s average market value. Certified property tax values for the 2019 tax year were received from the Harris County Appraisal District (HCAD) on August 13, 2019. The certified tax roll values for 2019 are \$61.5 billion, which is \$6.7 billion (12.2%) higher than the prior year valuations.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

On October 1, 2018, the Board approved the adoption of the 2018 tax rate of 17.9329 cents per \$100 valuation which is 0.4006 cents below the prior year rate of 18.335 cents. The adopted rate is the same as the calculated effective tax rate which is generally considered a “no new tax rate increase rate”. The maintenance and operations tax rate decreased to 12.7210 cents and the debt service tax rate decreased to 05.2119 cents. The total taxes imposed on a residence homestead at the current year’s appraised value of \$109,291 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$195.99. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year’s average market value. Certified property tax values for the 2018 tax year were received from the Harris County Appraisal District (HCAD) on August 21, 2018. The certified tax roll values for 2018 are \$54.8 billion which is \$2.4 billion (4.6%) higher than the prior year valuations.

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

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

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

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

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

* The rating on the Combined Fee Revenue Bonds was assigned on July 09, 2015.

** Standard & Poor’s was not requested to assign and does not maintain a rating the on the Combined Fee Revenue Bonds.

Currently Known Facts, Decisions and Conditions

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Contacting the College's Financial Management

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Position
August 31, 2019 and 2018

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

See accompanying notes to basic financial statements.

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

Statements of Financial Position
June 30, 2019 and 2018

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

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

See accompanying notes to basic financial statements.

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

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

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

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

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

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

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

See accompanying notes to basic financial statements.

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

1. Reporting Entity

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

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

2. Summary of Significant Accounting Policies

Reporting Guidelines

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

New Accounting Pronouncements

All GASB Statements up to Statement No. 91 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

GASB Statement No. 83
Certain Asset Retirement Obligations

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

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

2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 84
Fiduciary Activities

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

GASB Statement No. 87
Leases

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

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

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

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

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is effective for the College's fiscal year ending August 31, 2021. The College is currently evaluating the impact of adopting this Statement.

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

2. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 90

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

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

GASB Statement No. 91

Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. This Statement is effective for the College's fiscal year ending August 31, 2022. The College is currently evaluating the impact of adopting this Statement.

Tuition Discounting

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

Budgetary Data

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

Cash and Cash Equivalents

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

Deferred Outflows of Resources

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

Investments

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

Inventories

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

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

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

Capital Assets

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

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

Interest on Capital Related Debt

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

Net Pension Liability - Teachers Retirement System of Texas

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

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

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

Unearned Revenue

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

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

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

Deferred Inflows of Resources

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

Net Position

The College's net position is classified as follows:

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

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

Restricted - expendable: This represents amounts whose use is subject to externally imposed legal or contractual obligations that require the amounts to be spent in accordance with the external restrictions.

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

Classification of Revenues and Expenses

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

Management Estimates

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

Reclassifications

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

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

2. Summary of Significant Accounting Policies (Continued)

Prior Year Restatement

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

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

3. Income Taxes

San Jacinto Community College District is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2019 and 2018.

4. Authorized Investments

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

Deposits and Investments

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

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

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

4. Authorized Investments (Continued)

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

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

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

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

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the Policy sets a maximum maturity of three years. The operating funds have a dollar weighted average maturity (WAM) limit of 365 days and debt service funds have a maximum WAM of six months. The bond fund must maintain a 10% liquidity buffer. During 2019 and 2018, the portfolio contained no investment maturing beyond three years and the dollar weighted average maturity of the total portfolio was 1 day as of August 31, 2019 and 2018.

Credit Risk

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

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

Commercial paper is restricted by State law and the Policy to dual rated A1/P1 paper. The Policy restricts all commercial paper to a maximum maturity of less than 90 days.

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

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

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

4. **Authorized Investments (Continued)**

Concentration of Credit Risk

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

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

As of August 31, 2019, the investment portfolio consisted of 98.85% in investment pools and money market accounts and 1.15% in petty cash and demand deposits. As of August 31, 2018, the investment portfolio consisted of 99.71% in investment pools and money market accounts and 0.29% in petty cash and demand deposits.

Custodial Credit Risk

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

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

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

4. **Authorized Investments (Continued)**

Fair Value of Financial Instruments

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

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

The College had the following investments measured at fair value at August 31, 2019:

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

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

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

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

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

4. Authorized Investments (Continued)

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

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

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

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

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

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

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

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

6. Capital Assets

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

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

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

6. Capital Assets (Continued)

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

7. Construction Commitments

The College has entered into construction commitments for various projects including the renovation of facilities and the construction of buildings. At August 31, 2019 and 2018, the outstanding commitment under construction contracts for facilities and other projects is approximately \$63.8 and \$61.5 million, respectively.

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

8. Noncurrent Liabilities

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

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

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

9. **Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

	2019	2018
<u>General Obligation Bonds</u>		
Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Refunded by Limited Tax General Obligation Refunding Bonds, Series 2019B.	\$ -	\$ 10,293,076
Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Refunded by Limited Tax General Obligation Refunding Bonds, Series 2019B.	-	414,138
Limited Tax General Obligation Bonds, Series 2008A, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued September 1, 2008, in the amount of \$80,000,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2019.	-	1,015,000
Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Partially defeased during fiscal years 2016 and 2017. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Refunded by Limited Tax General Obligation Refunding Bonds, Series 2019B.	-	5,956,429
Limited Tax General Obligation Building and Refunding Bonds, Series 2011, to refund a portion of 2009 General Obligation Bonds, to construct and equip facilities, and to purchase sites for school buildings. Issued July 21, 2011, in the amount of \$68,055,568 plus a premium of \$2,863,979. Partially defeased during fiscal years 2017 and 2019. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2038.	37,505,476	47,507,286

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

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

	2019	2018
Limited Tax General Obligation Refunding Bonds, Series 2012, to refund Series 2003 and 2004 General Obligation Bonds. Issued May 23, 2012, in the amount of \$13,800,000 plus a premium of \$548,973, less a discount of \$90,374. Tax supported bonds. Interest rates range from 2.00% to 5.00%. Due February 2033.	9,966,386	11,808,295
Limited Tax General Obligation Refunding Bonds, Series 2015, to partially refund Series 2008, 2008A, and 2009 General Obligation Bonds. Issued September 10, 2015, in the amount of \$46,505,000 plus a premium of \$5,995,835, less a discount of \$303,503. Tax supported bonds. Interest rates range from 3.625% to 5.00%. Due February 2033.	50,566,228	50,891,504
Limited Tax General Obligation Bonds, Series 2016A, to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, and pay the costs of issuance. Issued April 20, 2016, in the amount of \$138,220,000 plus a premium of \$14,856,886, less a discount of \$675,563. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2046.	146,146,819	148,997,169
Limited Tax General Obligation Refunding Bonds, Series 2016B, to partially refund Series 2008A and 2009 General Obligation Bonds and pay the costs of issuance. Issued April 20, 2016 in the amount of \$50,235,000 plus a premium of \$5,989,839, less a discount of \$246,949. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2038.	55,107,756	55,368,796
Limited Tax General Obligation Refunding Bonds, Series 2016C, to partially refund Series 2009 Limited Tax General Obligation Bonds and Series 2011 Limited Tax Refunding Bonds and pay the costs of issuance. Issued September 22, 2016 in the amount of \$73,770,000 plus a premium of \$9,659,340, less a discount of \$362,867. Tax supported bonds. Interest rates range from 2.50% to 5.00%. Due February 2039.	81,522,334	81,937,048
Limited Tax General Obligation Bonds, Series 2019A, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, and pay the costs of issuance. Issued February 6, 2019 in the amount of \$131,205,000 plus a premium of \$19,828,053. Tax supported bonds. Interest rate 5.00%. Due February 2049.	150,647,508	-

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Notes to Basic Financial Statements
August 31, 2019 and 2018

9. Bonds and Notes Payable (Continued)

	2019	2018
Limited Tax General Obligation Refunding Bonds, Series 2019B, to refund Series 2007 Limited Tax General Obligation Building and Refunding Bonds, Series 2008 Limited Tax Refunding Bonds, 2009 Limited Tax General Obligation Bonds, and pay the costs of issuance. Issued February 6, 2019 in the amount of \$11,520,000 plus a premium of \$1,070,607. Tax supported bonds. Interest rate 5.00%. Due February 2033.	12,545,998	-
<u>Revenue Bonds</u>		
Combined Fee Revenue Bonds, Series 2015, to purchase, construct, equip buildings, purchase sites for school buildings, and pay cost of issuance. Issued July 15, 2015, in the amount of \$47,535,000 plus a premium of \$3,036,445, less a discount of \$316,714. Pledged revenue supported bonds. Interest rates range from 3.75% to 5.00%. Due February 2040.	47,380,694	48,731,702
<u>Maintenance Tax Notes</u>		
Maintenance Tax Refunding Notes, Series 2011, to refund 2003 Maintenance Tax Notes. Issued July 21, 2011, in the amount of \$3,850,000 plus a premium of \$185,600. Tax supported notes. Interest rates range from 2.00% to 3.00%. Defeased during fiscal year 2019.	-	2,072,172
Total bonds and notes payable	\$ <u>591,389,199</u>	\$ <u>464,992,615</u>

10. Debt Obligations

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

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

11. Pledged Revenue Coverage

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

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11. Pledged Revenue Coverage (Continued)

Under the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, the College's pledged revenue for the secured debt outstanding as of and for the years ended August 31, 2019 and 2018 is as follows:

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

12. Refunding Bonds

Limited Tax General Obligation Refunding Bonds, Series 2019B

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

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

Limited Tax General Obligation Refunding Bonds, Series 2016C

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

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

Limited Tax General Obligation Refunding Bonds, Series 2016B

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

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

12. Refunding Bonds (Continued)

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

Limited Tax General Obligation Refunding Bonds, Series 2015

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

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

13. Defeased Bonds Outstanding

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

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

14. Unrestricted Net Position

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Notes to Basic Financial Statements
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15. Operating Lease Commitments and Rental Agreements

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

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

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

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

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

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

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

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

16. Defined Benefit Plan - Teacher Retirement System of Texas

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

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

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

Benefits Provided

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

Contributions

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

Employee contribution rates are set in State Statute, Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2018.

Contribution Rates

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

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

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

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

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS during that fiscal year reduced by the amounts described below which are paid by the employers. The combined percentage contribution for both the State and the College equals 6.8%. The College is required to pay the State contribution rate in the following instances:

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the TRS's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2018, are summarized below:

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

* Target allocations are based on the FY2016 policy model.

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

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

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

Discount Rate Sensitivity Analysis

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

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

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

At August 31, 2019 and 2018, the College reported a liability of \$49,494,145 and \$26,598,961, respectively, for its proportionate share of the TRS's net pension liability. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

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

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Notes to Basic Financial Statements
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16. Defined Benefit Plan - Teacher Retirement System of Texas (Continued)

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

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

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

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

17. Defined Contribution Plan - Optional Retirement Plan

Plan Description

The State has established an optional retirement program (ORP) for institutions of higher education. Faculty, administrators, counselors and librarians may enroll in either TRS or ORP. Secretarial, clerical and professional employees are limited to participation in TRS. Employees who are eligible to participate in ORP have ninety days from the date of employment to select the ORP program in lieu of participation in TRS. Employees who previously had the opportunity to participate in ORP but declined must remain with TRS for the duration of their employment in the Texas education system. ORP provides for the purchase of individual annuity contracts and operates under the provisions of Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C.

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State contribution percentages for fiscal years 2019 and 2018 was 3.30% of ORP related salaries. The College contribution percentages for fiscal years 2019 and 2018 was 3.50%. The combined rate was 6.80% per year. The Employee contribution percentages were 6.65% for fiscal years 2019 and 2018. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

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

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

On-Behalf Payments by the State

These amounts represent the portion of expended appropriations made by the State legislature on behalf of the College. The retirement expense related to ORP contributions paid by the State for the College was \$477,422 and \$513,807 for the fiscal years 2019 and 2018, respectively. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll of employees covered by ORP was \$14,467,328 and \$15,845,799 for the fiscal years 2019 and 2018, respectively.

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

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

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

18. Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State contribution per full-time employees was \$393 and \$369 per month for the years ended August 31, 2019 and 2018, respectively. The State's cost of providing those benefits for 1,365 active employees was \$6,434,767 and for 543 retirees was \$2,318,327, for a total State funded amount of \$8,753,094 for the year ended August 31, 2019. The State's cost of providing those benefits for 1,377 active employees was \$6,102,888 and for 530 retirees was \$2,290,184, for a total State funded amount of \$8,393,072 for the year ended August 31, 2018. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50 percent of eligible employees in the reporting district.

The Board of Trustees of the Employee Retirement System of Texas sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution has been limited to 50% of eligible employees for community colleges.

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

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

Fiscal Year Ended August 31,	State Paid	%	College Paid	%	Employee Paid	%	Total Annual Premiums
2019	\$ 8,753,094	36.25%	\$ 11,706,966	48.48%	\$ 3,689,440	15.27%	\$ 24,149,500
2018	\$ 8,393,072	35.37%	\$ 12,814,904	54.00%	\$ 2,524,338	10.63%	\$ 23,732,314

SAN JACINTO COMMUNITY COLLEGE DISTRICT
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August 31, 2019 and 2018

18. Health Care and Life Insurance Benefits (Continued)

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

HealthSelect of Texas Plan

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

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

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
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19. Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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

Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium Fiscal Year 2018 (Measurement Year)	
Retiree only	\$ 621.90
Retiree and spouse	1,334.54
Retiree and children	1,099.06
Retiree and family	1,811.70

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

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

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

Actuarial Assumptions

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

Valuation date	August 31, 2018
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll - open
Remaining amortization period	30 years
Asset valuation method	Not applicable
Actuarial assumptions:	
Discount rate	3.96%
Projected annual salary increase	2.50% to 9.50%, including inflation
Annual healthcare trend rate per year	7.30% for fiscal year 2020, 7.40% for fiscal year 2021, 7.00% for fiscal year 2022, decreasing 0.5% per year to 4.50% for fiscal year 2027 and later
Inflation assumption rate	2.50%
Ad hoc post-employment benefit changes	None

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Notes to Basic Financial Statements
August 31, 2019 and 2018

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

The mortality assumptions used in the valuation were as follows:

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

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

Investment Policy

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

Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

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

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.96%) in measuring the net OPEB Liability.

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

Healthcare Trend Rate Sensitivity Analysis

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

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

At August 31, 2019 and 2018, the College reported a liability of \$95,083,178 and \$91,125,036, respectively, for its proportionate share of the SRHP net OPEB liability. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows at August 31:

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

The net OPEB liability was measured as of August 31, 2018 and 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. For the August 31, 2019 OPEB liability, the College's proportionate share was based on the College's contributions for employees and retirees to the OPEB plan relative to the contributions of all employers to the plan. For the August 31, 2018 OPEB liability, the College's proportionate share was based on the College's contributions for retirees to the OPEB plan relative to the contributions for retirees for all employers. At the measurement date of August 31, 2018, the College's proportion of the collective net OPEB liability was 0.32081788%, which was an increase of 0.05337737% from its proportion measured as of August 31, 2017 of 0.26744051%. Changes, if any, to the current methodology or actuarial assumptions being utilized by ERS, could result in significant changes in accounting and financial reporting in future periods.

For the year ended August 31, 2019, the College recognized OPEB revenue and expense of \$8,411,856 for support provided by the State for all employees and retirees as of the measurement date of August 31, 2018. For the year ended August 31, 2018, the College recognized OPEB revenue and expense of \$2,211,255 for retirees only as of the measurement date of August 31, 2017. Contributions made by the College subsequent to the measurement dates for retirees have been recorded as deferred outflows of resources as of August 31, 2019 and 2018. Contributions made by the College subsequent to the measurement dates for active employees have been recorded as an expense for the years ended August 31, 2019 and 2018.

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

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

At August 31, 2019, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

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

20. Compensable Absences

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry a maximum of 200 hours of his accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all earned and unused accrued leave. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$1,760,291 and \$1,798,222 as of August 31, 2019 and 2018, respectively.

The College provides retirement incentive pay for unused sick days accumulated prior to August 1, 1988. To receive the incentive pay, the employees must not terminate for reasons other than leave authorized by Board policy, must retire under the terms of the Teacher Retirement System of Texas, or be paid by reason of death. There is no additional accumulation for retirement incentive pay purposes for any sick days that an employee earned after August 1, 1988. The College recognized for those employees who qualify for retirement incentive pay an accrued liability of \$421,097 and \$461,077 as of August 31, 2019 and 2018, respectively.

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

20. Compensable Absences (Continued)

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

21. Deferred Compensation

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2019 and 2018, the College had one employee participant and an accrued liability of \$35,000, respectively.

22. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$480,152 and \$330,149 as of August 31, 2019 and 2018, respectively, has been established as an estimate for unpaid claims and incurred but not reported claims. Accrued liabilities are based on an actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations. The College is not responsible for claims beyond its annual maximum loss limitation.

<u>Liability for Estimated Claims</u>	<u>2019</u>	<u>2018</u>
Beginning Balance, September 1	\$ 330,149	\$ 322,869
Claims incurred and changes in estimates	333,236	169,233
Payments on claims	<u>(183,233)</u>	<u>(161,953)</u>
Ending Balance, August 31	\$ <u>480,152</u>	\$ <u>330,149</u>

23. Ad Valorem Tax

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

At August 31:

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

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

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

23. Ad Valorem Tax (Continued)

Taxes levied for the years ended August 31, 2019 and 2018, amounted to \$96,808,089 and \$94,360,980, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

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

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

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

Tax collections for the years ended August 31, 2019 and 2018, were 99.33 percent and 98.64 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

24. Federal and State Contract and Grant Awards

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

25. Contingent Liabilities

Pending Lawsuits and Claims

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

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

25. Contingent Liabilities (Continued)

State and Federally Assisted Programs

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

26. Related Parties

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

27. Noncash Investing, Capital and Financing Activities

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

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

28. Subsequent Events

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

SUPPLEMENTAL SCHEDULES

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

	Measurement Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportionate share of collective net pension liability based on a measurement period of August 31 of the prior year	0.0899199908%	0.0831877506%	0.0843911031%	0.0847051000%	0.0930021000%
College's proportionate share of collective net pension liability	\$ 49,494,145	\$ 26,598,961	\$ 31,890,143	\$ 29,942,125	\$ 24,842,147
State's proportionate share of net pension liability associated with the College	<u>39,368,786</u>	<u>21,638,412</u>	<u>25,038,783</u>	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 88,862,931</u>	<u>\$ 48,237,373</u>	<u>\$ 56,928,926</u>	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>
College's covered-employee payroll amount related to TRS	\$ 74,969,840	\$ 72,189,559	\$ 65,134,039	\$ 62,293,119	\$ 59,037,644
College's proportionate share of collective net pension liability / College's covered-employee payroll amount related to TRS	66.02%	36.85%	48.96%	48.07%	42.08%
TRS net pension as percentage of total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

See the accompanying notes to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

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

See the accompanying notes to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Proportionate Share of the Net OPEB Liability*
 Employees Retirement System of Texas (ERS)
 State Retiree Health Plan
 (Unaudited)

	Measurement Year	
	<u>2018</u>	<u>2017</u>
College's proportionate share of collective net OPEB liability based on a measurement period of August 31 of the prior year	0.32081788%	0.26744051%
College's proportionate share of the net OPEB liability	\$ 95,083,178	\$ 91,125,036
State's proportionate share of net OPEB liability associated with the College	<u>85,821,662</u>	<u>80,389,330</u>
Total	<u>\$ 180,904,840</u>	<u>\$ 171,514,366</u>
College's covered-employee payroll amount related to ERS	\$ 67,041,131	\$ 66,207,447
College's proportionate share of collective net OPEB liability as a percentage of covered payroll related to ERS	141.83%	137.64%
ERS plan fiduciary net position as a percentage of the total OPEB liability	1.27%	2.04%

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

See the accompanying notes to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

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

See the accompanying notes to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

1. Schedules for Pensions - Net Pension Liability

Changes Since Prior Actuarial Valuation

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

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

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

Changes Since Prior Actuarial Valuation

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

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

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

Changes to Benefit Terms

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section
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Statistical
Supplements

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Position by Component
Last Ten Fiscal Years
(Unaudited)

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

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

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

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

For fiscal years 2018-2010, the amounts for Restricted-Nonexpendable have been restated to reflect the cash balances of the Debt Service Fund not previously included due to an error in the mapping of the balance. Unrestricted was offset for the change that ranges from \$648 thousand (2010) to \$8.6 million (2017)

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source
Last Ten Fiscal Years
(Unaudited)

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function
Last Ten Fiscal Years
(Unaudited)

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees
Last Ten Academic Years
(Unaudited)

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

Non-Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	General Service Fee	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International	
2019	\$ 150	\$ 160	\$ 160	2	-	\$ 2,094	\$ 2,094	1.16%	1.16%	
2018	150	160	160	-	-	2,070	2,070	-	-	
2017	150	160	160	-	-	2,070	2,070	11.83%	11.83%	
2016	140	149	149	-	-	1,851	1,851	0.04%	0.04%	
2015	140	142	142	-	-	1,844	1,844	5.49%	5.49%	
2014	140	134	134	-	-	1,748	1,748	-	-	
2013	140	134	134	-	-	1,748	1,748	17.24%	17.24%	
2012	135	113	113	-	-	1,491	1,491	-	-	
2011	135	113	113	-	-	1,491	1,491	-	-	
2010	135	113	113	-	-	1,491	1,491	4.56%	4.56%	

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year	(Amounts expressed in thousands)				Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of TAV to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2018-19	\$ 64,534,799	\$ 10,550,630	\$ 53,984,169	83.65%	0.127210	0.052119	0.179329
2017-18	61,361,537	9,892,379	51,469,158	83.88%	0.128828	0.054507	0.183335
2016-17	59,423,942	9,224,246	50,199,696	84.48%	0.129194	0.053185	0.182379
2015-16	57,896,864	9,465,130	48,431,734	83.65%	0.129194	0.046589	0.175783
2014-15	53,936,177	9,867,005	44,069,172	81.71%	0.127045	0.058557	0.185602
2013-14	51,689,449	9,911,378	41,778,071	80.83%	0.125460	0.060142	0.185602
2012-13	48,921,297	9,703,352	39,217,945	80.17%	0.121571	0.064031	0.185602
2011-12	46,118,995	9,180,053	36,938,942	80.09%	0.118688	0.066914	0.185602
2010-11	44,981,763	8,340,379	36,641,384	81.46%	0.114293	0.061984	0.176277
2009-10	47,500,387	8,333,505	39,166,882	82.46%	0.114293	0.056507	0.170800

Source: Harris County Appraisal District

Notes: Property is assessed at full market value.

(a) Per \$100 Taxable Assessed Valuation

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

* Fiscal year 2014 Formula Funding Changed Methodology

Source: THECB - Ten Pay Schedule

SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per FTSE
Last Ten Fiscal Years
(Unaudited)

Amounts Expressed in Thousands

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

(a) Fiscal Year (FY) is equal to The sum of State Funded (Fall Semester Credit Hours (SCH) + Spring SCH + Summer SCH for the Current FY/30 SCH) plus State Funded Continuing Education (Fall Credit Hours (CH) + Spring CH + Summer CH for the Current FY/900 CH).

* Fiscal year 2014 Formula Funding Changed Methodology

Source: CBM004 and CBM00C

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Amounts Expressed in Thousands

Fiscal Year	CH - State Appropriation (Unrestricted) (a)	Academic Contact Hours (b)	Vocational - Technical Contact Hours (b)	Continuing Education Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2018-19	\$ 34,252	8,392	3,789	253	12,434	\$ 2.75
2017-18	34,253	8,307	3,858	283	12,448	2.75
2016-17	32,501	8,357	3,829	365	12,551	2.59
2015-16	32,442	8,172	3,752	373	12,297	2.64
2014-15	33,030	7,903	3,772	393	12,068	2.74
2013-14*	33,030	8,092	3,739	327	12,158	2.72
2012-13	36,957	8,254	3,671	384	12,309	3.00
2011-12	36,080	8,493	3,768	433	12,694	2.84
2010-11	36,017	9,058	3,879	357	13,294	2.71
2009-10	36,378	8,047	3,660	392	12,099	3.01

Notes: Contact Hour = State funded Academic, Vocational-Technical and Continuing Education contact hours for Fall, Spring and Summer of the Current Fiscal Year.

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

(b) Source: CBM004 and CBM00C

* Fiscal year 2014 Formula Funding Changed Methodology

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year	Amounts Expressed in Thousands		Three Year Average Student Success Points (b)	Appropriation per Success Point
	SSP - State Appropriation (Unrestricted) (a)			
2018-19	\$	3,865	45,061	\$ 85.77
2017-18		3,865	45,061	85.78
2016-17		3,478	40,304	86.29
2015-16		3,478	40,304	86.29
2014-15		3,613	39,028	92.56
2013-14		3,613	39,028	92.56

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

(b) Source: THECB - Ten Pay Schedule

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

SCH = Semester Contact Hour

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

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

Source: THECB - Ten Pay Schedule

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Top Ten Principal Taxpayers
Last Ten Tax Years
(Unaudited)

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (c+d+e)	Percentage Cumulative Collections of Adjusted Levy (c+d)/b
2019	\$ 96,808	\$ -	\$ 96,808	\$ 96,157	99.33%	\$ 970	\$ 863	\$ 97,990	100.33%
2018	94,361	-	94,361	93,079	98.64%	1,162	1,011	95,252	99.87%
2017	91,554	-	91,554	89,785	98.07%	628	881	91,294	98.75%
2016	85,135	-	85,135	83,919	98.57%	1,059	637	85,615	99.82%
2015	81,793	-	81,793	80,443	98.35%	1,109	619	82,171	99.71%
2014	77,613	-	77,613	76,423	98.47%	562	1,276	78,261	99.19%
2013	72,789	-	72,789	71,498	98.23%	702	937	73,137	99.19%
2012	68,559	-	68,559	67,437	98.36%	954	628	69,019	99.75%
2011	64,590	-	64,590	63,852	98.86%	336	600	64,788	99.38%
2010	66,897	-	66,897	64,656	96.65%	956	588	66,200	98.08%

Source: Harris County Tax Assessor Collector

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

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

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

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

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

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

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

For fiscal years 2018-2010, the amounts for funds restricted for debt services have been restated to reflect the cash balances of the Debt Service Fund not previously included due to an error in the mapping of the bank balance.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

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

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

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

For fiscal years 2018-2010, the amounts for funds restricted for debt services have been restated to reflect the cash balances of the Debt Service Fund not previously included due to an error in the mapping of the bank balance.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Revenue Bonds	Pledged Revenues (\$000 omitted)							Debt Service Requirements (\$000 omitted)			Coverage Ratio	
	Fiscal Year Ended August 31	Tuition	Continuing or Non-Credit Education Tuition/Fees	General Service	IPP Fees	Course Fees	Laboratory Fees	Total	Principal	Interest		Total
	2019	\$ 10,687	\$ 7,072	\$ 11,523	\$ 1,119	\$ 1,171	\$ 850	\$ 32,422	\$ 1,240	\$ 2,032	\$ 3,272	10
	2018	10,715	6,538	11,340	1,101	1,190	806	31,690	1,190	2,080	3,270	10
	2017	10,596	6,995	11,156	1,154	1,122	813	31,836	-	2,104	2,104	15
	2016	9,683	7,040	10,183	1,158	-	790	28,854	-	2,157	2,157	13
	2015	9,308	6,378	9,851	812	-	780	27,129	-	96	96	283
	2014	-	-	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-	-	-	-

Note: Debt service requirements include revenue bonds.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	Harris County Unemployment Rate
2018	569,044	\$ 12,783,004	\$ 22,464	4.40%
2017	570,826	12,373,224	21,676	4.40%
2016	565,708	12,099,362	21,388	5.30%
2015	563,453	12,332,296	21,887	4.60%
2014	555,134	12,094,371	21,786	4.90%
2013	531,977	11,214,359	21,081	6.20%
2012	522,596	10,961,333	20,975	6.90%
2011	478,297	9,462,150	19,783	8.20%
2010	484,546	9,205,003	18,997	8.50%
2009	497,422	9,549,838	19,199	8.20%

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Employer	Number of Employees									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Pasadena ISD	8,135	7,974	7,555	7,404	7,186	7,177	7,177	7,069	7,056	7,062
Lyondell Chemical Co	3,813	5,491	5,491	5,061	2,613	2,613	1,200	1,200	1,200	1,200
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	4,039	4,020	4,639							
Lockheed Martin Corp & Services	3,940	3,940	3,743	3,745	2,300	2,300	1,935	3,359	1,300	1,000
Walmart/ Sam's Club	2,985	2,985	2,715	2,985	2,840	2,540	1,940	1,640	1,640	
Boeing Co	2,830	2,830	2,000	2,000	2,000	2,000	2,000		2,530	
Memorial Healthcare System	2,200	2,500	2,500	2,200	2,200	2,200	2,200	2,200	2,200	1,350
NASA Lyndon B Johnson Space Center	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
HEB	1,881	1,181	1,569	1,199	1,259					
Powell Electrical Systems Inc	1,725	1,725	1,975	1,675	2,070	1,720	1,800	2,020	2,020	1,200
Kroger	1,320	1,720	1,900	1,420	1,570					
Shell Chemical	1,500	1,500	1,500	1,500	1,600	1,700	1,700	1,700	1,000	1,000
San Jacinto College	1,358	1,347	1,367	1,322	1,325	1,297	1,243	1,244	1,195	1,243
University of Houston - Clear Lake	1,287	1,245	1,245	1,245	1,245	1,245	1,245	1,245	1,299	1,092
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
DOW (listed as Rohm & Haas Texas Inc. FY17)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
US Air Force	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tubular Services, Inc.	1,000									
ABC Professional Tree Services Inc.			1,500	1,500	1,500	1,500	1,500			
GE Energy/ Baker Hughes			1,295							
Lubrizol			1,015	1,020						
Wyle Life Science			1,000	1,000	1,000	1,000	1,000			
Bayshore Medical Center *				1,617	1,500	1,500	1,500	1,500	1,500	1,500
Clear Lake Regional Medical Center *				2,422	1,600	1,600	1,600	1,600	1,600	1,600
Equistar Chemicals LP						1,500		1,500	1,500	1,500
Anheuser-Busch Co						1,000		1,000	1,000	1,000
United Space Alliance									6,500	10,185
Aker Industrial Constructors										1,500
Channelview Complex										1,200
Totals	43,613	44,058	48,609	44,915	39,408	38,492	33,640	32,877	39,140	39,232

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

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details
Last Ten Fiscal Years
(Unaudited)

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

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

Average course load	8.9		8.7		8.6		8.6		8.7		8.8		9.0		9.1		9.3		8.9	
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Tuition Status	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	14,962	46.56%	14,591	47.83%	14,122	48.71%	13,957	49.27%	13,996	50.15%	14,274	50.29%	14,409	50.17%	14,666	49.90%	14,312	50.13%	12,891	47.72%
Texas Resident (out-of-District)	10,247	31.89%	9,872	32.36%	9,898	34.13%	9,837	34.73%	9,919	35.54%	10,477	36.91%	10,633	37.02%	10,775	36.65%	10,381	36.36%	9,664	35.78%
Non-Resident Tuition	733	2.63%	804	2.63%	778	2.68%	733	2.59%	651	2.33%	706	2.49%	766	2.67%	919	3.13%	853	2.99%	1,644	6.09%
Tuition Exemption	6,195	19.28%	5,242	17.18%	4,200	14.48%	3,799	13.41%	3,345	11.98%	2,928	10.31%	2,913	10.14%	3,032	10.32%	3,003	10.52%	2,693	9.97%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	119	0.44%
Total	32,137	100.00%	30,509	100.00%	28,998	100.00%	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile
Last Ten Fiscal Years
(Unaudited)

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

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

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

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

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions
Academic Year 2017 - 2018 Students as of Fall 2018
(Unaudited)
(Includes Only Public Senior Colleges in Texas)

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

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

Source: College Facilities Buildings and Land Inventory.

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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Houston, Texas
December 9, 2019

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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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



Houston, Texas
December 9, 2019

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

1. Federal Assistance Reconciliation

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

2. State Assistance Reconciliation

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

3. Significant Accounting Policies Used in Preparing the Schedules

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Section 1

Financial Statements

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

Summary of Auditor's Results

Unmodified
No
None reported
No

Federal and State Awards

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

No
None reported
Unmodified
No

Federal CFDA Number

84.007
84.033
84.063
84.268

84.044A
84.047A

17.268
93.093

Name of Federal Program

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

TRIO Cluster:
TRIO Talent Search
TRIO Upward Bound

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

State - Contract Number

26041
13399

13399

22339
22349

N/A

Name of State Program

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Section 1, Continued

Summary of Auditor's Results

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

Section 2

Financial Statement Findings

None reported

Section 3

Federal and State Award Findings and Questioned Costs

None reported