



San Jacinto Community College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
AUGUST 31, 2012 AND 2011**

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, 2012 and 2011

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**SAN JACINTO COMMUNITY COLLEGE DISTRICT
Organizational Data**

**Board of Trustees and Key Officers
Year Ended August 31, 2012**

Officers

Mrs. Marie Flickinger	Chair
Mr. Dan Mims	Vice Chair
Mr. Larry Wilson	Secretary
Mr. John Moon, Jr.	Assistant Secretary

Members

		<u>Term Expires May 31,</u>
Mrs. Marie Flickinger	Houston, Texas	2013
Mr. Larry Wilson	Pasadena, Texas	2013
Mr. Dan Mims	Channelview, Texas	2015
Mr. John Moon, Jr.	Pasadena, Texas	2015
Mr. Keith Sinor	Deer Park, Texas	2015
Mr. Brad Hance	Pasadena, Texas	2017
Dr. Ruede Wheeler	La Porte, Texas	2017

Trustee Emeritus

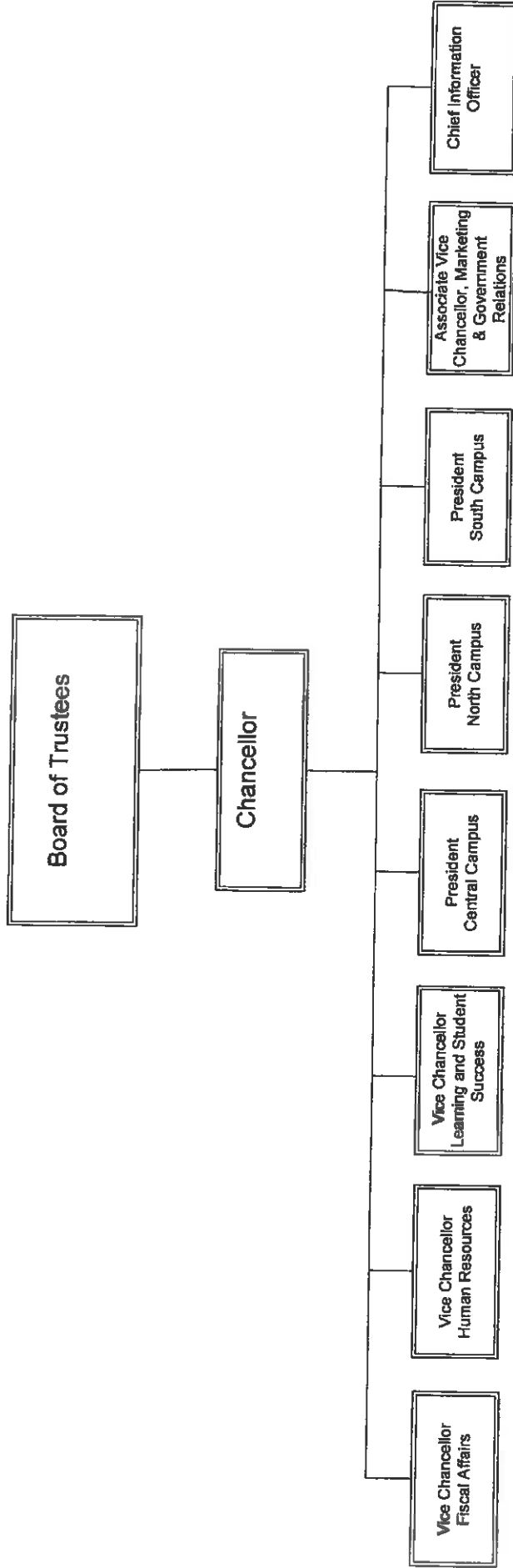
Mr. J.D. Bruce
Mr. Ben Meador
Mr. C. Wayne Slovacek
Mr. W.L. "Levi" Smallwood

Key Officers

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

San Jacinto Community College District

August 31, 2012



Vice Chancellor of Fiscal Affairs

December 11, 2012

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

Texas statutes require the Comptroller of Public Accounts and the Texas Higher Education Coordinating Board to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the comprehensive annual financial report (CAFR) of the San Jacinto Community College District ("the College") for the fiscal years ended August 31, 2012 and 2011.

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

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

The College's financial statements have been audited by MFR, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for the years ended August 31, 2012 and 2011 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor has concluded, based upon the audit, that there is a reasonable basis for rendering an unqualified opinion that the College's financial statements for the years ended August 31, 2012 and 2011 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

College Profile

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

By 1974 the College opened its North campus on Uvalde Road near the communities of Galena Park and Channelview which are north of the Houston Ship Channel. In 1979 the College opened its South campus near the intersection of Beamer Road and Dixie Farm Road.

From the initial enrollment of 850 students, the College has grown to three campuses, five outreach centers, approximately 30,000 credit students and approximately 11,900 continuing and professional development students. The College offers over 200 degree and certificate options and provides students the opportunity to be involved in inter-collegiate sports, intramural sports, and the fine arts.

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

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

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

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

The College, established 50 years ago, has been serving the Bay Area Houston community by educating the workforce. We are proud to be a part of this community and look forward to another 50 more years of serving the people of our community through quality and well-rounded education.

Local Economy

Harris County is located in southeast Texas within the Houston-Sugar Land-Baytown metropolitan area. Harris County is named for John Richardson Harris, an early settler of the area. According to the U.S. Census Bureau's 2010 estimates there were 4,092,459 people in Harris County making it the largest county by population in Texas and the third most populous county in the United States. The population

density was 2,367 people per square mile. There were 1,598,698 housing units at an average density of 924 per square mile. The racial makeup of the county was 56.6% White, 18.9% Black or African American, 6.2% Asian, 0.7% Native American, 0.7% Pacific Islander, 14.2% Other and 1.2% from two or more races. In 2006 Harris County had 3,886,207 residents - a 5.3% growth since 2006.

The 2008 median income for a household in the county was \$52,391 while 15.3% of the population was below the poverty line.

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

Debt Management

The College is authorized to sell bonds and to levy an ad valorem tax in payment of the debt by the Constitution and the laws of the State of Texas. At August 31, 2012, the College had \$318,240,695 in general obligation debt outstanding. Ad valorem property taxes to support outstanding debt are limited to a maximum rate of \$0.50 tax per hundred dollars of taxable assessed valuation. Proceeds from general obligation debt may be used to purchase land for sites, construct, improve, renovate, and equip College facilities; to refund certain bonds of the College; and to pay the issuance costs of bonds. The College's uninsured general obligation debt is currently rated AA by Standard and Poor's and Aa2 by Moody's.

Bond Referendum

On May 22, 2008, the College conducted a successful bond referendum in which the voters of the District authorized the issuance of \$295 million of general obligation bonds for site improvements, construction, and equipping facilities throughout the District. The successful election was the culmination of a comprehensive facilities review and evaluation focused on providing facilities and infrastructure for the College's three campuses which was conducted during the 2006-2007 year. The planning process included a College leadership group, faculty and staff, architects and the College's financial advisors. During the fiscal year ended August 31, 2008, the College issued \$230 million of the \$295 million authorization bonds, with the remaining \$65 million bond issue being completed during the 2010-2011 fiscal year.

To date, the College has completed construction and occupied a 40,000 square foot each one-stop Student Services facility on both the North and South campuses; a 75,000 square foot Central Automotive Technology Center; a 35,000 square foot addition to the Central Allied Health building; and, a 98,000 square foot Central Science Building. In addition to new construction, the College is aggressively planning highest and best academic use renovations for existing square footage made available by transitioning to new facilities.

By the end of the 2013 fiscal year, two additional new facilities will be completed and occupied – a 128,000 square foot North Science and Allied Health Center and a 155,000 square foot South Science and Allied Health Center. Academic program planning continues for a maritime training facility on 13 acres of Port of Houston waterfront property owned by the College.

Long-Range Planning

The College is beginning the next phase of the long-range planning process by implementing several new studies that will inform future planning processes in terms of changing academic, economic and demographic factors within the College service area and the surrounding metroplex.

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, 2011. This was the fifth 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. Credit should also be given to the Chancellor and the Board of Trustees for their support in maintaining the highest standards of professionalism with regard to the College's financial operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Lynn', with a stylized flourish extending to the right.

Kenneth D. Lynn, CPA

Vice Chancellor of Fiscal Affairs

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Merrill

President

Jeffrey R. Egan

Executive Director

INDEPENDENT AUDITORS' REPORT

Board of Trustees
San Jacinto Community College District:

We have audited the accompanying basic financial statements of San Jacinto Community College District (the College) as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 supplementary information 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. This information is the responsibility of the College's management. 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 principally of inquiries of management regarding the methods of preparing the financial 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the College, taken as a whole. The required supplemental schedules A through D are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards (schedule E) and State awards (schedule F) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* and the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The required supplemental schedules A through D and schedules of expenditures of Federal and State awards are the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section as listed in the table of contents is the responsibility of the College's management and is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

December 11, 2012

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2012 (Unaudited)

About San Jacinto Community College District

The San Jacinto Community College District (the College) has served east Harris County in Texas and celebrated its 50th anniversary during fiscal year 2011-2012, demonstrating a partnership between a growing community college and a sprawling area rich in history. The diverse college district has now grown to include three campuses, a network of off-campus learning centers, and online offerings. Total credit enrollment exceeds 30,000 students with approximately 11,900 adult learners enrolled in continuing education classes for personal enrichment or professional development. In order to serve these students, the College employs over 2,400 full-time and part-time personnel. Most faculty have earned master's and doctoral degrees, and many have been nationally recognized for their teaching, research, or authorship.

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

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

The College is governed by a seven-member Board of Trustees (the Board) elected for six-year terms by the taxpayers within its taxing district, which encompasses more than 497,000 citizens and 320 square miles. The Board is responsible for oversight of academic programs, budgets, general administration, and employment of staff and faculty.

Overview of the Annual Financial Report

The College presents its annual financial report in a "business type activity" format, in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The statements are prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided 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 Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. While each statement presents a unique set of information, they should be used together and in conjunction with the notes to the basic financial statements. This section of the annual financial report is entitled "Management's Discussion and Analysis". It provides an overview of the College's financial activities for the current year along with a comparison to the prior year. In addition, the annual financial report includes an unqualified opinion letter from the College's independent auditors.

Financial Highlights for 2012

- Community colleges in Texas have 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. During the 82nd Texas Legislature, funding to community colleges was reduced significantly. This reduction is compounded by unfunded enrollment growth, reduced funding for benefits, and increased costs for implementing mandates. The average funding in contact hour reimbursement is at an all-time low of \$2.78 representing a 21.8% decrease from the prior biennium rate of \$3.56.

The College balanced the 2011-2012 budget through a combination of expense reduction strategies (budget reductions, funds and projects repurposed, and a hiring freeze) rather than by increasing tuition or property taxes.

- In the fall of 2010, the College Board of Trustees (the Board) authorized a compensation study to be conducted to provide a comprehensive evaluation of the external market position for the college's jobs, review and develop pay structures and salary grade ranges, and review and recommend compensation practices.

In May of 2012, the Board took a significant step to recognize our employees by moving forward with the study despite the difficult economic times and the reduction in state revenue. They also decided to continue with the project when many other colleges in the state chose not to provide merit or COLA (cost of living adjustments) for their employees.

Internal and external market equities have been addressed, to the extent possible, with the budgeted allotment, as part of the College's overall compensation study conducted in 2012. Recommendations for changes to compensation practices will be addressed in the future based on obtaining an additional understanding of the fiscal, competitive, and strategic impacts. The salary ranges and market competitiveness will not be stagnant, but will be reviewed and monitored on a regular basis.

- In March of 2012, the Board ratified the purchase of 13 acres, more or less, on the Bayport ship channel for one million dollars. The College intends to develop the property as part of a new Maritime Technology program for the Central Campus.

The College leadership proposed a full range of certificates culminating in an Associate of Applied Science (AAS) degree in Maritime Technology. The Associate of Applied Science consists of 61 semester credit hours (SCH); the Able Bodied Seaman certificate of technology consists of 27 SCH; the Professional Mariner C2-level certificate consists of 43 SCH; the Competent Mariner certificate of technology consists of 28 SCH; and the Maritime Dual Credit Career Interest certificate of technology consists of 17 SCH. The degree has multiple exit points wherein each exit point provides a certificate up to the associate degree. The curriculum follows the United States Coast Guard curriculum and regulations pertaining to instruction.

The Gulf Coast is one of the largest regional employers of professional mariners. Over half of the workforce is greater than 50 years of age and replacement workers will be needed. The expansion of the Panama Canal slated for completion in 2014 will require additional employees. The Bureau of Labor and Statistics (BLS) projects an overall increase of 12,000 jobs or 15% for all Water Transportation Occupations (from 81,100 to 93,100) for the period of 2008-2018. The BLS projects a 12% increase (3,800) in positions for Sailors and Marine Oilers, an increase of 16% (6,000) for Ship and Boat Captains and Operators, and an increase of 17% (5,700) for the same time period.

The Texas Labor Market Information source, TRACER, estimates an increase from 3,110 to 3,720 (19.6%) for 2008-2018 for the Gulf Coast. Standardized Occupational Components for Research and Analysis of Trends in Employment System (SOCRATES) projects 21.6% increase from 3,110 to 3,720 for 2008-2018. The program is also supported by industry which participated in at least two advisory committee meetings during the curriculum development process.

There are no other college programs on the Texas Gulf Coast that offer certificates of technology or associate's degrees in maritime technology. Texas A&M University offers a bachelor degree in maritime administration and College representatives have met with its administrators several times to discuss alignment and partnerships. Additionally, the College has been actively working with local high schools in the development of maritime programs that engage high school students to explore potential career opportunities in the maritime industry. Dual credit offerings in maritime courses will be offered as part of the new programming.

- During the 2011 legislative session, the Texas legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges. In satisfaction of this requirement, in the so-called "Rider 13" to the community college appropriations, the State's contribution to Teachers Retirement System of Texas (TRS)/Optional Retirement Plan (ORP) on behalf of community colleges was restricted to only six percent of each district's unrestricted General Revenue appropriation for each year of the biennium state budget.

Since each community college's unrestricted General Revenue appropriation for the biennium was significantly less than the anticipated total of the college's compensation to be paid to employees who are TRS or ORP participants, the State appropriation was less than that apparently required by the state constitution.

The TRS System of Texas has expectations that the College will provide the difference between the formula required contribution and the amount provided by the State, which is less than the amount believed to be required by the constitution. The College estimates the contribution shortage to be \$1,902,150. It is the College's contention that the State is the employer government legally responsible for the required contributions under GASB Statement No. 27.

Financial Highlights for 2011

- For the year ended August 31, 2011, the College realized record revenues related to Federal, State, and local grants. Funding from Federal grants (excluding Federal Title IV) totaled \$7,904,101 or 72%, State grants (excluding student financial aid) totaled \$2,601,873 or 24%, and local grants totaled \$307,233 or 3% of grant activity. Fiscal year 2011 marked the first year the College exceeded the \$10 million dollar barrier, with a total of \$10,813,207 in grant revenue/expenses. It also marked the highest total number of project grants maintained in the Office of Grants Management for a single year with 77.
- In January 2011, the State of Texas notified the College that the State is experiencing budget difficulties because of the current economic conditions. In December 2010, the Governor asked state agencies to make additional reductions to State appropriations equal to 2.5 percent of the original appropriation for fiscal year 2011. Based on the 2.5 percent reduction, the College's State appropriation payment schedule has been adjusted. The impact on the fiscal year 2010 – 2011 budget is a reduction of the College's unrestricted revenue and expenditure budgets by \$972,087.
- In January 2011, the College approved the parameter order authorizing the issuance of \$65 million of Series 2011 General Obligation bonds. The Series 2011 General Obligation Bond issue of \$65 million is the final issue of the bond authorization approved by the voters in May 2008. Projects to be funded by this issue will include renovations of the libraries and gymnasiums on all three campuses as well as providing funds to begin renovations of instructional space vacated by the completion of new construction projects.

- In April 2011, the College approved the sale of five acres, more or less, of surplus property in the amount of \$338,338. The College no longer had any intentions of developing the real estate and at the March 7, 2011 regular Board meeting, the Board approved the property be declared as surplus property and authorized to offer the land for sale or exchange. The College obtained an Opinion of Value assessing the current value of the property to be \$1.50 per square foot. In accordance with Local Government Code Section 272.001, the College initiated the action to dispose of the property by issuing an Invitation for Bids to sell the property.
- In April 2011, the College approved the Voluntary Separation and Severance Plan (VSSP) and approved modifications to select human resource policies and guidelines. Components of the VSSP were:

Phase 1:

A cost-saving program has been instituted to reduce current budget year (2010-2011) spending by \$4 million dollars. This amount is in addition to the \$2.9 million in cuts already submitted to the State and \$1.7 million in lower projected maintenance and operations tax collections. The \$4 million is being set aside to assist with a Voluntary Separation and Severance Plan (see Phase 3 below), and to address potential shortfalls for next year.

Phase 2:

A cost-saving program for 2011-2012 is being instituted to achieve \$6 million dollars from the College's operating budget (non-full-time personnel categories). Employees have been asked to submit cost savings ideas. Those and many more will be assessed and implemented as part of this reduction effort.

Phase 3:

The College will offer the VSSP to all full-time employees with three or more years of service with the College. The purpose of this plan is to encourage employees who are considering retirement or a career change or a different path to consider seriously those options at this point. The hope from implementation of this plan is that full-time personnel related costs will be reduced by \$6 million.

Phase 4:

In the event that the necessary cost reductions are not realized through the above actions, the College will implement other initiatives including business process enhancements, outsourcing, and involuntary personnel reductions, as part of a college-wide reorganization. Any decisions regarding involuntary reductions have not yet been made and could be affected by the number of employees who participate in the voluntary program.

- In May 2011, the College purchased 2.008 acres, more or less, and the office building located thereon at 4620 Fairmont Parkway, Pasadena, Texas 77504. The College had leased space at the 4620 Fairmont location for at least the past 12 years. In fiscal year 2010-2011, the College leased approximately 6,900 square feet of office space in the building at a cost of over \$134,000 annually. Purchasing the building reduced the operating expenses by the amount of the annual lease obligations. The purchase was made from maintenance and operating reserves and will be depreciated over a 50 year life in compliance with State accounting and financial reporting guidelines. The purchase price of the building was \$1,750,000.

- In May 2011, the Chancellor recommended that the Board of Trustees authorize the Chancellor or designee to execute an earnest money contract and to deposit sufficient funds into escrow to secure the transaction, complete the inspection of and to effect the purchase of 13.060 acres, more or less, in the W. P. Harris League, Abstract 30. Purchase of the 13.060 acres will provide a waterfront site on the Houston ship channel for construction of a maritime training facility. The specific curriculum to be taught at this location is still under evaluation, but likely courses of study would be those that are United States Coast Guard approved and range from preparing someone to be a deckhand through the various stages of tankerman, mate, engineer, captain, and pilot. Those embarking on a new career, recertifying at a particular mariner level, and those striving for higher-wage jobs will receive quality training in a sophisticated environment that is guided by the San Jacinto College Maritime Advisory Committee, composed of industry leaders. The negotiated purchase price of the land is one million dollars. The entire purchase price was paid from operating net assets and capitalized as a land purchase.

The Statement of Net Assets

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

Increases or decreases to net assets 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 Assets is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year. The following is prepared from the College's Statement of Net Assets and provides a summary of its assets, liabilities, and net assets for the years ended August 31:

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 119,522	\$ 76,660	\$ 74,505
Noncurrent assets:			
Capital assets, net of depreciation	326,940	236,471	173,747
Other	<u>129,653</u>	<u>266,704</u>	<u>258,473</u>
Total assets	\$ <u>576,115</u>	\$ <u>579,835</u>	\$ <u>506,725</u>
Current liabilities	\$ 54,059	\$ 57,051	\$ 44,578
Noncurrent liabilities	<u>309,704</u>	<u>318,602</u>	<u>263,843</u>
Total liabilities	\$ <u>363,763</u>	\$ <u>375,653</u>	\$ <u>308,421</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 130,942	\$ 121,440	\$ 109,326
Expendable – restricted	3,197	4,199	4,624
Unrestricted	<u>78,213</u>	<u>78,543</u>	<u>84,354</u>
Total net assets	\$ <u>212,352</u>	\$ <u>204,182</u>	\$ <u>198,304</u>

Fiscal Year 2012 Compared to 2011

Total assets decreased \$3.7 million during 2012, a 0.06% decrease. The relatively modest change in total assets resulted from a \$93 million decrease in cash, cash equivalents and investments and were offset by a \$90 million increase in capital assets related to the on-going construction projects. The College continued its conservative approach to investments through a mixture of Federal agency and municipal securities as well as liquidity in investment pools and money market funds.

The College's current ratio increased to 2.21 in 2012 from 1.34 in 2011 due to decreases in current liabilities related to vendor payments as of August 31, 2012, primarily in construction projects.

Total liabilities decreased by \$11.9 million during 2012, a 3.2% decrease due to a decrease in bonds and vendors payable.

Total net assets increased by \$8 million during 2012, a modest 4% increase.

Fiscal Year 2011 Compared to 2010

Total assets increased \$73 million during 2011, a 14% increase, primarily due to capitalization of completed construction projects. Current assets remained relatively unchanged as an increase in cash from the sale of bonds approximated the decrease in cash related to the on-going construction projects. The College continued its conservative approach to investments through a mixture of Federal agency and municipal securities as well as liquidity in investment pools and money market funds.

The College's current ratio decreased to 1.34 in 2011 from 1.67 in 2010 due to increases in current liabilities related to vendors payable as of August 31, 2011, primarily in construction projects.

Total liabilities increased \$67 million during 2011, a 22% increase due to an increase in bonds and vendors payable.

Total net assets increased by \$6 million during 2011, a modest 3% increase. Net assets invested in capital assets, net of related debt had a \$12 million increase while unrestricted net assets declined by \$6 million.

The Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net assets have increased during the year ended August 31, 2012, with comparative information for fiscal year 2011. 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 scholarship allowances and discounts, depreciation is provided for capital assets, and there is a required subtotal for net operating income or loss. This required subtotal will generally reflect a "loss" for community colleges in Texas. This is primarily due to the way operating and non-operating items are defined by generally accepted accounting principles. For community colleges, State appropriations, ad valorem taxes, and Federal Title IV revenues, while budgeted for operations, are non-exchange transactions and, as such, are treated as non-operating revenues for financial statement purposes.

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of scholarship allowances and discounts	\$ 32,746	\$ 34,233	\$ 31,298
Federal grants and contracts	8,322	7,913	6,722
State grants and contracts	4,824	4,495	3,521
Non-government grants and contracts	1,260	1,470	1,265
Sales and services of educational activities	1,510	1,124	869
Auxiliary enterprises, net of discounts	3,895	3,923	3,755
General operating revenues	<u>1</u>	<u>2</u>	<u>2</u>
Total operating revenues	<u>52,558</u>	<u>53,160</u>	<u>47,432</u>
Expenses:			
Operating expenses:			
Instruction	64,118	68,296	60,430
Public service	4,343	3,702	4,446
Academic support	12,750	12,620	10,088
Student services	12,453	13,471	13,239
Institutional support	33,560	31,638	30,855
Operation and maintenance of plant	17,168	15,487	13,427
Scholarships and fellowships	45,304	42,060	34,194
Auxiliary enterprises	3,980	4,125	4,044
Depreciation	<u>9,627</u>	<u>7,798</u>	<u>6,816</u>
Total operating expenses	<u>203,303</u>	<u>199,197</u>	<u>177,539</u>
Operating loss	<u>(150,745)</u>	<u>(146,037)</u>	<u>(130,107)</u>
Non-operating revenues (expenses):			
State appropriations	42,513	47,123	47,400
Maintenance ad valorem taxes	43,476	43,432	45,350
Debt service ad valorem taxes	25,173	21,374	22,027
Federal revenue, non-operating	56,053	51,385	40,151
Investment income (net of investment expenses)	942	1,100	1,649
Interest on capital related debt	(9,135)	(12,144)	(12,355)
Hurricane Ike expenses (net of recoveries)	-	-	620
Other non-operating revenues (expenses)	<u>(107)</u>	<u>(355)</u>	<u>(1,170)</u>
Total non-operating revenue, net	<u>158,915</u>	<u>151,915</u>	<u>143,672</u>
Increase in net assets	8,170	5,878	13,565
Net assets, beginning of year	<u>204,182</u>	<u>198,304</u>	<u>184,739</u>
Net assets, end of year	\$ <u>212,352</u>	\$ <u>204,182</u>	\$ <u>198,304</u>

Fiscal Year 2012 Compared to 2011

Tuition and fee revenue (before the allowance for scholarships and discounts) increased by \$700 thousand in 2012 to \$51.4 million from \$50.7 million in 2011. This modest increase is the result of consistent enrollment and no increase to tuition in 2012. It includes tuition and fees for both State-funded academic and non-State funded contract training and workforce development instructional activities. Contact hours for 2012 increased by 0.7 million to 12.3 million from 11.6 million contact hours for 2011. Although the contact hours increased, the State appropriation per contact hour decreased by an average of \$0.16 per contact hour. Continuing education courses increased by \$1.3 million overall between state funded and non-funded courses.

Operating expenses increased by \$4.1 million to \$203.3 million for 2012 from \$199.2 million for 2011. Operating expenses related to instruction through operation and maintenance of plant increased by only \$822 thousand. Scholarships and Fellowships increased by \$3.2 million, attributable primarily to an increase in payments to Federal Title IV recipients for direct loans and grant programs. Auxiliary enterprises remained unchanged at \$4 million, and depreciation increased by \$1.8 million.

Increases in net non-operating revenue and expenses totaled \$7 million in 2012 from 2011. Ad valorem tax revenue remained unchanged. The College's tax rate for maintenance and operations per \$100 valuation increased to 11.8688 cents for 2012 from 11.4293. The debt service increased to 6.6914 cents for 2012 from 6.1984 cents to offset the increase in debt service payment requirements. Net investment income remained steady at \$1.0 million due to the continuation of lower rates. Interest on capital related debt declined by \$3 million for 2012. Federal revenue increased by \$4.6 million to \$56 million for 2012 as compared to \$51.4 million for 2011 related to Federal Title IV direct loans and grant programs.

Fiscal Year 2011 Compared to 2010

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$50.7 million in 2011 from \$43.8 million in 2010. This 14.18% increase of \$6.9 million is a result of a 5.7% increase in enrollment and in increase of \$5 per semester credit hour in tuition rates plus a \$5 per term increase in the general service fee. It includes tuition and fees for both State-funded academic and non-State funded contract training and workforce development instructional activities. Contact hours for 2011 increased by 0.09 million to 11.6 million from 10.7 million contact hours for 2010. Although the contact hours increased the State appropriation per contact hour decreased by an average of \$0.29 per contact hour. Non-State funded contract training and workforce development instruction revenues reversed the 2010 decline with \$1.5 million for 2011 and \$1.3 million for 2010.

Operating expenses increased by \$21.7 million to \$199.2 million for 2011 from \$177.5 million for 2010. Operating expenses related to instruction through operation and maintenance of plant increased by \$12.7 million; this is attributable to increases in instruction and academic support as well as payments related to the Voluntary Separation and Severance Plan. Scholarships and Fellowships increased by \$7.9 million, attributable primarily to an increase in payments to Federal Title IV recipients for direct loans and grant programs. Auxiliary enterprises remained unchanged at \$4 million, and depreciation increased by \$0.9 million.

Increases in net non-operating revenue and expenses totaled \$8.2 million in 2011 from 2010. Ad valorem tax revenue decreased a total of \$2 million due to a decline in assessed valuations. The College's tax rate for maintenance and operations per \$100 valuation remained at 11.4293 cents for 2011. The debt service increased to 6.1984 cents for 2011 from 5.6507 cents to offset the increase in debt service payment requirements. Net investment income declined by \$0.5 million for 2011 from 2010 due to lower rates. Interest on capital related debt remained stable at \$12 million for 2011 and 2010. Federal revenue increased by \$11 million to \$51 million for 2011 as compared to \$40 million for 2010 related to Federal Title IV direct loans and grant programs.

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 Exhibit 3 (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash (used by) provided by:			
Operating activities	\$ (136,473)	\$ (122,474)	\$ (106,267)
Non-capital financing activities	136,443	131,370	120,744
Capital and related financing activities	(94,620)	(4,827)	(41,992)
Investing activities	<u>105,051</u>	<u>35,760</u>	<u>(95,360)</u>
Net increase (decrease) in cash and cash equivalents	10,401	39,829	(122,875)
Cash and cash equivalents - beginning of year	<u>162,833</u>	<u>123,004</u>	<u>245,879</u>
Cash and cash equivalents - end of year	\$ <u>173,234</u>	\$ <u>162,833</u>	\$ <u>123,004</u>

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

State appropriations, maintenance ad valorem tax revenues, and non-operating Federal revenue provided cash flows of \$136 million in 2012, \$131 million in 2011, and \$121 million in 2010. The increases for the three years are due primarily from increases in Federal Title IV activities related to Direct Loans and Pell grants. The College received \$4.035 million from the sale of maintenance tax notes in 2011. Uses of non-capital financing for 2011 increased to \$4.7 million as proceeds from the new issues were used to retire all but \$0.5 million of the 2003 maintenance tax notes.

The College received in 2012, \$14.6 million from the sale of General Obligation Unlimited Tax Refunding bonds to retire bonds in the 2003 and 2004 series. The College used \$100 million in 2012 and \$70.9 million in 2011 in payments for purchases of capital assets as part of the on-going construction related projects. The College received in 2011, \$70.9 million from the sale of general obligation bonds. Net cash flows from capital and related financing activities used \$94.6 million in 2012, \$5 million in 2011 and \$42 million in 2010. Net cash flows from investing activities were \$105 million for 2012, \$35.8 million for 2011 and a use of \$95.4 million for 2010. This is attributable to changes between pooled investments and securities and use of funds for capital projects.

Net cash provided by operating and non-capital financing activities resulted in no increase or decrease for 2012 and provided \$8.9 million for 2011 and \$14.5 million for 2010. Net cash used for capital and related financing activities plus investing activities provided \$10.4 million for 2012 and \$30.9 million for 2011, and a use of \$137.4 million for 2010.

Capital Assets and Long-Term Debt Activity

Capital Assets - Fiscal Year 2012

In 2012, the College completed the Central Welding Addition, Central Allied Health Addition, Central Science Building, North Student Success Center, South Student Success Center, and District Wide Graphics for a total cost of \$72 million. At August 31, 2012, \$82.7 million remained in Construction in Process for Central Davis Library, Central Ander's Gym, Central Maintenance and Police Building, Central Transportation Center Build-Out, Central Primary Service Retrofit, a new North Allied Health Science Building, North Nichol's Gym Renovation, North Lehr Library, a new South Allied Health Science Building, South Smallwood Gym, Parker Williams Library, South Infrastructure, South pavement and drainage improvements, network upgrades and building renovations on all three campuses, site work related to Phase 2 athletic field improvements, and a Maritime Center. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. Land located on the Bayport Turning Basin, consisting of 13.06 acres, was purchased for \$1 million.

Capital Assets - Fiscal Year 2011

In 2011, the College completed the Central Campus Transportation Building and Central Campus Pavement and Drainage for a total cost of \$29 million. At August 31, 2011, \$58.6 million remained in Construction in Process for a Central Welding addition, Central Allied Health addition, a new Central Science Building, Central Davis Library, Central Ander's Gym, Central Maintenance and Police Building, a new College Workforce Training Center, North Student Success Center addition, a new North Allied Health Science Building, North Nichol's Gym Renovation, North Lehr Library, South Student Success Center addition, a new South Allied Health Science Building, South Smallwood Gym, Parker Williams Library, network upgrades on all three campuses, pavement and drainage improvements for South Campus, site work related to Phase 2 athletic field improvements, and site work related to the new construction bond program. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. The College purchased the District Annex land and building for \$1,740,618. Land located at Fairmont Parkway and Federal Road, consisting of 5.01 acres, was sold for \$338,338 resulting in a loss of \$286,931.

Long-Term Debt

On October 1, 2012, the Board approved the adoption of the 2012 tax rate of \$18.5602 cents per \$100 valuation. The Maintenance and Operations tax rate was increased to \$0.121571 cents and the debt service tax rate was decreased to \$0.064031 cents. The recommended 2012 tax rate of 18.5602 cents per \$100 valuation is the same as the total effective tax rate for 2011.

The maintenance and operation tax rate was established to generate approximately \$1.1 million additional revenue as in the prior year which resulted in the adoption of the maintenance and operation effective tax rate (11.9966 cents versus prior rate of 11.8688 cents). The total taxes imposed on a residence homestead with a market value of \$100,000 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$187.51, an increase of \$2.88 from 2011. 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 appraised at the current year's average appraised value.

On June 6, 2012, the Board approved the sale of \$13.8 million of General Obligation Unlimited Tax Refunding Bonds – Series 2012 on May 23, 2012. The Refunding Bonds were used to extinguish all of the Limited Tax General Obligation Bonds, Series 2003 and a significant portion of the Limited Tax General Obligation Bonds, Series 2004. The Refunding Bonds will generate debt service savings in excess of \$1.3 million over the next 20 years. The present value of the stream of future savings is \$1.02 million.

On October 3, 2011, the Board approved the adoption of the 2011 tax rate of \$18.5602 cents per \$100 valuation. The Maintenance and Operations tax rate was increased to \$0.118688 cents and the debt service tax rate was increased to \$0.066914 cents. The debt service tax rate increase was necessary to fund the increase in debt service requirements related to the \$65 million dollars of newly issued 2011 general obligation bonds. The recommended 2011 tax rate of 18.5602 cents per \$100 valuation is less than the total effective tax rate for 2011.

The 2011 maintenance and operation tax rate was established to generate approximately the same tax revenue as in the prior year which resulted in the adoption of the maintenance and operation effective tax rate (11.8688 cents versus the 2010 rate of 11.4293 cents). The total taxes imposed on a residence homestead at the current year's average market value of \$106,030 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate was \$187.51, an increase of \$6.87 from 2010. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption incurred no taxes (\$0.00) to the College on a residence appraised at the current year's average appraised value.

On October 4, 2010, the Board approved the adoption of the 2010 tax rate of \$17.6277 cents per \$100 valuation. The 2010 maintenance and operations tax rate remained the same as 2009 at \$0.114293 cents and the debt service tax rate was increased from 2009 to \$0.061984 cents. Due to average appraised values on a residence homestead being reduced from \$109,879 in 2009 to \$107,473 in 2010, this resulted in a \$7.03 reduction in overall tax to the homeowner. The tax rate increase was necessary to fund the increase in debt service requirements related to the \$150 million dollars of newly issued 2009 general obligation bonds.

On May 10, 2008, a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters. On August 11, 2008, in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming, and other construction activities, the Board approved an initial issuance of \$80 million. On July 15, 2009, the College issued an additional \$150 million of the \$295 million bond authorization, leaving a balance of \$65 million authorized but not issued.

The College is committed to progressing with its construction, facilities management, and technology programs, while still maintaining an aggressive debt payment schedule. As of August 31, 2012, the balance of the College Notes and Bonds Payable is \$318,240,695.

At August 31, 2012, the College's credit ratings have been affirmed as follows:

	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>
General Obligation Bonds	Aa2	AA
Maintenance and Tax Notes	Aa2	AA

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

Currently Known Facts, Decisions and Conditions

Looking ahead to fiscal year 2012 and beyond, management sees continuing challenges regarding the levels of State support, increased resistance to property tax increases, and increased pressure to keep tuition and fees affordable for students. Consequently, the College is committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks, while maintaining a clear focus on quality instructional programs. A clear indication of its focus on quality is the College's emphasis in 2012 on redefining expectations, encouraging the exploration of new opportunities, and empowering students to achieve their goals. The College will continue to focus on strengthening the teaching and learning process while maintaining its sound financial position. San Jacinto Community College District is a dynamic institution which is an integral part of the success of East Harris County and the surrounding communities.

Contacting the College's Financial Management

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Assets
August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 78,086,413	\$ 42,837,558
Deposits held by others	21,601	21,601
Other short-term investments	15,277,681	7,067,160
Accounts receivable, net	23,515,189	24,155,695
Deferred charges	2,167,685	2,215,133
Inventories	453,787	363,139
Total current assets	<u>119,522,356</u>	<u>76,660,286</u>
Noncurrent assets:		
Restricted cash and cash equivalents	95,147,389	119,995,497
Restricted short-term investments	22,154,208	14,416,688
Other long-term investments	-	45,510,220
Restricted long-term investments	10,004,230	84,264,602
Bond issuance costs	2,346,606	2,516,804
Capital assets net of accumulated depreciation	235,731,597	170,357,927
Capital assets not being depreciated	91,208,327	66,113,428
Total noncurrent assets	<u>456,592,357</u>	<u>503,175,166</u>
Total assets	<u>576,114,713</u>	<u>579,835,452</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	19,138,205	22,580,561
Accrued liabilities	579,434	609,732
Accrued compensable absences	154,221	256,636
Deferred compensation	10,000	452,325
Deferred revenues	23,219,117	19,942,492
Notes payable - current portion	251,792	526,873
Bonds payable - current portion	10,706,605	12,682,266
Total current liabilities	<u>54,059,374</u>	<u>57,050,885</u>
Noncurrent liabilities:		
Accrued compensable absences	2,421,153	2,289,996
Notes payable	3,766,132	4,018,727
Bonds payable	303,516,166	312,293,924
Total noncurrent liabilities	<u>309,703,451</u>	<u>318,602,647</u>
Total liabilities	<u>363,762,825</u>	<u>375,653,532</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	130,941,830	121,440,491
Expendable, restricted for:		
Grants	2,492,490	1,511,504
Debt service	704,089	2,687,249
Unrestricted	78,213,479	78,542,676
Total net assets (Schedule D)	<u>\$ 212,351,888</u>	<u>\$ 204,181,920</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Operating Revenues</u>		
Student tuition and fees, (net of scholarship allowances and discounts of \$18,692,369 and \$16,494,958, respectively)	\$ 32,746,050	\$ 34,233,232
Federal grants and contracts	8,321,473	7,912,674
State grants and contracts	4,823,456	4,494,887
Non-governmental grants and contracts	1,260,427	1,470,213
Sales and services of educational and non-educational activities	1,510,234	1,124,440
Auxiliary enterprises, (net of discounts)	3,894,798	3,922,490
General operating revenues	1,443	2,048
Total operating revenues (Schedule A)	<u>52,557,881</u>	<u>53,159,984</u>
<u>Operating Expenses</u>		
Instruction	64,117,436	68,296,241
Public service	4,342,374	3,701,650
Academic support	12,750,284	12,620,285
Student services	12,453,085	13,470,745
Institutional support	33,560,335	31,638,055
Operation and maintenance of plant	17,168,307	15,486,765
Scholarships and fellowships	45,303,998	42,060,513
Auxiliary enterprises	3,979,520	4,124,852
Depreciation	9,627,286	7,797,949
Total operating expenses (Schedule B)	<u>203,302,625</u>	<u>199,197,055</u>
Operating loss	<u>(150,744,744)</u>	<u>(146,037,071)</u>
<u>Non-operating revenues (expenses)</u>		
State appropriations	42,513,037	47,123,286
Maintenance ad valorem taxes	43,476,293	43,431,527
Debt service ad valorem taxes	25,172,501	21,374,140
Federal revenue, non-operating	56,053,391	51,385,403
Investment income (net of investment expenses)	941,926	1,099,473
Interest on capital related debt	(9,135,053)	(12,144,364)
Other non-operating revenues (expenses)	<u>(107,383)</u>	<u>(354,592)</u>
Total non-operating revenues, net (Schedule C)	<u>158,914,712</u>	<u>151,914,873</u>
Increase in net assets	8,169,968	5,877,802
Net assets, beginning of year	<u>204,181,920</u>	<u>198,304,118</u>
Net assets, end of year	<u>\$ 212,351,888</u>	<u>\$ 204,181,920</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows
Years Ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 41,584,359	\$ 36,509,035
Receipts of grants and contracts	14,129,811	13,962,399
Payments to suppliers for goods or services	(47,255,478)	(31,171,819)
Payments to or on behalf of employees and fellowships	(99,422,450)	(99,958,390)
Payments of scholarships	(45,508,906)	(41,815,386)
Net cash used by operating activities	<u>(136,472,664)</u>	<u>(122,473,961)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from state appropriations	37,228,983	37,306,726
Receipts from ad valorem taxes - maintenance and operating	43,751,889	43,373,604
Receipts from non-operating Federal revenue	56,053,391	51,385,403
Proceeds from notes	-	4,035,600
Payments on notes - principal	(527,676)	(4,560,000)
Payments on notes - interest	(63,945)	(171,336)
Net cash provided by non-capital financial activities	<u>136,442,642</u>	<u>131,369,997</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	25,267,297	21,414,138
Purchases of capital assets	(100,203,238)	(70,876,950)
Proceeds from general obligation bonds	15,125,040	70,919,546
Payment on capital debt - principal	(25,878,459)	(13,600,533)
Payment on capital debt - interest	(8,931,208)	(12,682,705)
Net cash used by capital and related financing activities	<u>(94,620,568)</u>	<u>(4,826,504)</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	157,550,000	420,522,144
Investment income	1,984,325	1,389,978
Purchase of investments	(54,482,988)	(386,152,268)
Net cash provided by investing activities	<u>105,051,337</u>	<u>35,759,854</u>
Increase in cash and cash equivalents	10,400,747	39,829,386
Cash and cash equivalents, beginning of year	162,833,055	123,003,869
Cash and cash equivalents, end of year	<u>\$ 173,233,802</u>	<u>\$ 162,833,055</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (150,744,744)	\$ (146,037,071)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	9,627,286	7,797,949
Tax collection fee	103,590	217,916
State retirement match	1,015,973	3,153,945
State group insurance	4,268,081	6,662,615
Changes in assets and liabilities:		
Receivables, net	(120,336)	(3,859,623)
Deferred charges	47,448	(802,525)
Inventories	(90,648)	35,864
Accounts payable	(4,176,783)	8,578,716
Accrued liabilities	734,427	292,270
Compensated absences	(413,583)	314,910
Deferred revenues	3,276,625	1,171,073
Net cash used by operating activities	<u>\$ (136,472,664)</u>	<u>\$ (122,473,961)</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements August 31, 2012 and 2011

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 the Taxing Entity and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. While the College receives funding from local, State, and Federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

Reporting guidelines

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

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

Tuition discounting

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

Basis of accounting

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

Budgetary data

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

Cash and cash equivalents

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

Investments

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

Inventories

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, 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 are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The College annually evaluates impairment of capital assets. The College does not believe any impairment exists as of August 31, 2012 and 2011. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

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

Deferred revenues

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

Net assets

The College's net assets are classified as follows:

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Classification of revenues and expenses

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

Management estimates

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

Income taxes

San Jacinto Community College District is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2012 and 2011.

3. Authorized Investments

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

4. Deposits and Investments

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

	Cash and Deposits	
	2012	2011
Cash and cash equivalents:		
Petty cash on hand	\$ 18,025	\$ 19,025
Investment pools	90,613,928	115,771,506
Money market	<u>77,645,138</u>	<u>46,401,793</u>
Sub total cash and cash equivalents	\$ 168,277,091	\$ 162,192,324
Bank deposits - demand deposits	<u>4,956,711</u>	<u>640,731</u>
Total cash and deposits, August 31	\$ <u>173,233,802</u>	\$ <u>162,833,055</u>

Reconciliation of Cash, Deposits and Investments to Exhibit 1

	Market Value	
	2012	2011
U.S. government securities and municipal bonds	\$ 47,436,119	\$ 151,258,670
Certificates of deposit	<u>-</u>	<u>-</u>
Total investments	\$ <u>47,436,119</u>	\$ <u>151,258,670</u>
Total cash, deposits and investments	\$ <u>220,669,921</u>	\$ <u>314,091,725</u>
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents - current and noncurrent	\$ 173,233,802	\$ 162,833,055
Investments – short-term and long-term	<u>47,436,119</u>	<u>151,258,670</u>
Total cash, cash equivalents and investments	\$ <u>220,669,921</u>	\$ <u>314,091,725</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Weighted Average (Days)</u>	<u>Moody's Rating</u>
	<u>Fair Value</u>	<u>Maturity Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>		
<u>2012</u>						
U.S. Agencies - Fannie Mae	\$ 10,004,230	\$ -	\$ 10,004,230	\$ -	20.21	Aaa
Municipal Obligations	<u>37,431,889</u>	<u>37,431,889</u>	-	-	<u>13.48</u>	MIG1/Aa2
Totals	\$ <u>47,436,119</u>	\$ <u>37,431,889</u>	\$ <u>10,004,230</u>	\$ -	<u>33.69</u>	
<u>2011</u>						
U.S. Agencies - Freddie Mac	\$ 106,193,000	\$ -	\$ 106,193,000	\$ -	236.47	Aaa
Municipal Obligations	<u>45,065,670</u>	<u>21,483,848</u>	<u>23,581,822</u>	-	<u>56.23</u>	MIG1/Aa2
Totals	\$ <u>151,258,670</u>	\$ <u>21,483,848</u>	\$ <u>129,774,822</u>	\$ -	<u>292.70</u>	

Interest rate risk

In order to limit interest and market rate risk from changes in interest rates, the College's adopted Investment Policy (the Policy) sets a maximum maturity of three (3) years. The operating funds have a dollar weighted average maturity (WAM) limit of 365 days and debt service funds have a maximum WAM of six (6) months. The bond fund must maintain a 10% liquidity buffer.

During 2012 and 2011, the portfolio contained no investment maturing beyond three (3) years and the dollar weighted average maturity of the total portfolio was 34 days and 293 days as of August 31, 2012 and 2011, respectively.

Credit risk

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

Concentration of credit risk

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

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	90 %
U.S. Agency Obligations	85 %
Commercial Paper	25 %
Limit per issuer	5 %
Constant Dollar Pools	100 %
Participation per pool	10 % of pool
Repurchase Agreements	75 %
Flex Repurchase (bond funds)	100 % of issue
SEC Registered Money Market Funds	60 %
Collateralized/Insured Certificates of Deposits	20 %
Negotiable Certificates of Deposits	15 %
Limit per bank	5 %
Municipal Obligations	30 %
Limit per issuer or geographical region	5 %
Corporate Obligations	30 %
Limit per issuer	5 %

As of August 31, 2012:

The investment portfolio consisted of:
76.25% in investment pools and money market accounts
21.50% in U.S. Government and Municipal securities and
2.25% in petty cash and demand deposits.

As of August 31, 2011:

The investment portfolio consisted of:
51.63% in investment pools and money market accounts
48.16% in U.S. Government and Municipal securities and
0.21% in petty cash and demand deposits.

Custodial credit risk

To control custody risk, state law and the College's adopted Investment 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Portfolio disclosure as of August 31, 2012 and 2011:

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.

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

	<u>2012</u>	<u>2011</u>
Tuition and fees receivables	\$ 23,973,786	\$ 21,474,811
Federal receivables	2,225,716	1,308,645
State and local receivables	626,708	1,268,234
Interest receivable	-	286,860
Other receivables	395,154	1,126,562
Less allowance for doubtful accounts	<u>(6,743,375)</u>	<u>(4,820,599)</u>
Total	<u>20,477,989</u>	<u>20,644,513</u>
Property tax receivable	3,288,580	3,762,562
Less allowance for doubtful accounts	<u>(251,380)</u>	<u>(251,380)</u>
Total	<u>3,037,200</u>	<u>3,511,182</u>
Total accounts receivables, net	<u>\$ 23,515,189</u>	<u>\$ 24,155,695</u>

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

	<u>2012</u>	<u>2011</u>
Vendors payable	\$ 16,882,667	\$ 20,894,204
Students payable	238,375	443,283
Other payables	720,711	681,049
Benefits payable	1,296,452	562,025
Accrued interest payable	<u>579,434</u>	<u>609,732</u>
Total accounts payable and accrued liabilities	<u>\$ 19,717,639</u>	<u>\$ 23,190,293</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

6. Capital Assets

	2012			
	Balance September 1, 2011	Increase	Decrease	Balance August 31, 2012
Not depreciated:				
Land	\$ 7,484,278	\$ 1,012,834	\$ -	\$ 8,497,112
Construction in progress	<u>58,629,150</u>	<u>95,769,377</u>	<u>71,687,312</u>	<u>82,711,215</u>
Total not depreciated	<u>66,113,428</u>	<u>96,782,211</u>	<u>71,687,312</u>	<u>91,208,327</u>
Other capital assets:				
Buildings	189,317,116	62,079,785	531,445	250,865,456
Land improvements	40,134,042	1,625,440	-	41,759,482
Furniture, equipment and vehicles	16,118,597	5,691,445	366,961	21,443,081
Telecommunications and computer peripheral equipment	16,272,309	5,469,551	66,206	21,675,654
Library books	<u>6,852,902</u>	<u>296,358</u>	<u>114,478</u>	<u>7,034,782</u>
Total depreciated	<u>268,694,966</u>	<u>75,162,579</u>	<u>1,079,090</u>	<u>342,778,455</u>
Less accumulated depreciation:				
Buildings	58,743,631	4,518,567	374,270	62,887,928
Land improvements	11,760,676	1,869,416	-	13,630,092
Furniture, equipment and vehicles	11,335,661	1,173,243	362,513	12,146,391
Telecommunications and computer peripheral equipment	12,223,973	1,727,322	66,206	13,885,089
Library books	<u>4,273,098</u>	<u>338,738</u>	<u>114,478</u>	<u>4,497,358</u>
Total accumulated depreciation	<u>98,337,039</u>	<u>9,627,286</u>	<u>917,467</u>	<u>107,046,858</u>
Net capital assets	<u>\$ 236,471,355</u>	<u>\$ 162,317,504</u>	<u>\$ 71,848,935</u>	<u>\$ 326,939,924</u>
	2011			
	Balance September 1, 2010	Increase	Decrease	Balance August 31, 2011
Not depreciated:				
Land	\$ 7,406,564	\$ 702,984	\$ 625,270	\$ 7,484,278
Construction in progress	<u>22,777,065</u>	<u>64,665,561</u>	<u>28,813,476</u>	<u>58,629,150</u>
Total not depreciated	<u>30,183,629</u>	<u>65,368,545</u>	<u>29,438,746</u>	<u>66,113,428</u>
Other capital assets:				
Buildings	169,176,247	20,513,166	372,297	189,317,116
Land improvements	30,749,749	9,384,293	-	40,134,042
Furniture, equipment and vehicles	14,673,213	1,547,562	102,178	16,118,597
Telecommunications and computer peripheral equipment	13,357,937	2,914,372	-	16,272,309
Library books	<u>6,715,830</u>	<u>378,752</u>	<u>241,680</u>	<u>6,852,902</u>
Total depreciated	<u>234,672,976</u>	<u>34,738,145</u>	<u>716,155</u>	<u>268,694,966</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Less accumulated depreciation:

Buildings	54,855,708	4,118,603	230,680	58,743,631
Land improvements	10,368,232	1,392,444	-	11,760,676
Furniture, equipment and vehicles	10,615,611	818,259	98,209	11,335,661
Telecommunications and computer peripheral equipment	11,074,311	1,149,662	-	12,223,973
Library books	<u>4,195,797</u>	<u>318,981</u>	<u>241,680</u>	<u>4,273,098</u>
Total accumulated depreciation	<u>91,109,659</u>	<u>7,797,949</u>	<u>570,569</u>	<u>98,337,039</u>
Net capital assets	<u>\$ 173,746,946</u>	<u>\$ 92,308,741</u>	<u>\$29,584,332</u>	<u>\$ 236,471,355</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, 2012 and 2011, the outstanding commitment under construction contracts for facilities and other projects is approximately \$27,252,231 and \$107,778,000, respectively.

8. Noncurrent Liabilities

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

	2012				
	Balance September 1, 2011	Increase	Decrease	Balance August 31, 2012	Current Portion
Bonds payable - general obligation bonds	\$ 324,976,190	\$ 15,838,599	\$ 26,592,018	\$ 314,222,771	\$ 10,706,605
Notes payable - general obligation notes	4,545,600	-	527,676	4,017,924	251,792
Accrued compensable absences and deferred compensation	<u>2,998,957</u>	<u>142,964</u>	<u>556,547</u>	<u>2,585,374</u>	<u>164,221</u>
Total	<u>\$ 332,520,747</u>	<u>\$ 15,981,563</u>	<u>\$ 27,676,241</u>	<u>\$ 320,826,069</u>	<u>\$ 11,122,618</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

	2011				
	Balance September 1, 2010	Increase	Decrease	Balance August 31, 2011	Current Portion
Bonds payable - general obligation bonds	\$ 267,657,177	\$ 70,919,546	\$ 13,600,533	\$ 324,976,190	\$ 12,682,266
Notes payable - general obligation notes	5,070,000	4,035,600	4,560,000	4,545,600	526,873
Accrued compensable absences and deferred compensation	<u>2,684,047</u>	<u>908,182</u>	<u>593,272</u>	<u>2,998,957</u>	<u>708,961</u>
Total	\$ <u>275,411,224</u>	\$ <u>75,863,328</u>	\$ <u>18,753,805</u>	\$ <u>332,520,747</u>	\$ <u>13,918,100</u>

9. Bonds and Notes Payable

Bonds and notes payable at August 31 are as follows:

<u>General Obligation Bonds</u>	<u>2012</u>	<u>2011</u>
Limited Tax General Obligation Bonds, Series 2003, to construct, improve, renovate, and equip facilities. Issued January 31, 2003, in the amount of \$6,560,000. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2031.	\$ -	\$ 3,220,000
Limited Tax General Obligation Bonds, Series 2004, to construct, improve, renovate, and equip facilities. Issued February 2, 2004, in the amount of \$20,835,000. Tax supported bonds. Interest rates range from 3.125% to 5.125%. Due February 2033.	1,710,000	13,805,000
Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2033.	17,105,308	17,973,085
Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2025.	12,456,007	12,598,971

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

<p>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. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2038.</p>	60,402,369	59,890,193
<p>Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Tax supported bonds. Interest rates range from 3.500% to 5.000%. Due February 2039.</p>	137,471,430	146,569,394
<p>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. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2032.</p>	70,819,058	70,919,547
<p>Limited Tax General Obligation Refunding Bonds, Series 2012, to refund 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</p>	14,258,599	-
<u>Maintenance Tax Notes</u>		
<p>Maintenance Tax Notes, Series 2003, to repair and renovate major building system components and to purchase and install equipment. Issued January 31, 2003, in the amount of \$10,440,000. Tax supported notes. Interest rates range from 2.80% to 4.80%. Stated maturity date February 2022, but to be paid in full February 2012 due to refunding with Series 2011.</p>	-	510,000
<p>Maintenance Tax 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%. Due February 2022.</p>	4,017,924	4,035,600
<p>Total bonds and notes payable</p>	<u>\$318,240,695</u>	<u>\$329,521,790</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

10. Debt Obligations

Debt service requirements as of August 31, 2012 were as follows:

Year Ending August 31,	General Obligation Bonds/Notes		Total Bonds
	Principal	Interest	
2013	\$ 10,958,397	\$ 13,132,336	\$ 24,090,733
2014	10,360,626	14,552,215	24,912,841
2015	9,444,906	16,332,375	25,777,281
2016	10,042,136	13,648,369	23,690,505
2017	10,707,547	12,013,608	22,721,155
2018-2022	53,228,343	58,572,042	111,800,385
2023-2027	59,556,970	49,508,251	109,065,221
2028-2032	59,108,645	30,206,641	89,315,286
2033-2037	65,999,536	15,394,250	81,393,786
2038-2040	<u>28,833,589</u>	<u>1,573,975</u>	<u>30,407,564</u>
Total	\$ <u>318,240,695</u>	\$ <u>224,934,062</u>	<u>543,174,757</u>

11. Pledged Revenue Coverage

The College has pledged a portion of maintenance and operating tax revenues for repayment of 2003 and 2011 Maintenance Tax Notes as detailed in Note 9. The period covered is from fiscal year 2003 to fiscal year 2022.

Fiscal Year Ended August 31,	Total Maintenance and Operating Tax Recognized	Amount of Pledged Revenue			Percent of M&O Taxes Recognized to Total Pledged
		Principal	Interest	Total	
2003	\$ 26,355,326	\$ 500,000	\$ 161,131	\$ 661,131	2.5085%
2004	29,827,208	2,460,000	510,467	2,970,467	9.9589%
2005	30,668,749	1,290,000	450,370	1,740,370	5.6747%
2006	33,439,538	1,495,000	400,501	1,895,501	5.6684%
2007	37,666,186	510,000	364,018	874,018	2.3204%
2008	42,518,691	1,225,000	330,146	1,555,146	3.6576%
2009	46,492,505	1,225,000	284,065	1,509,065	3.2458%
2010	45,349,704	1,225,000	240,596	1,465,596	3.2318%
2011	43,431,527	690,000	205,808	895,808	2.0625%
2012	43,476,293	527,676	140,814	668,490	1.4969%
2013-2022	-	<u>4,017,924</u>	<u>809,500</u>	<u>4,827,424</u>	
Total	\$ <u>379,225,727</u>	\$ <u>15,165,600</u>	\$ <u>3,897,416</u>	\$ <u>19,063,016</u>	

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

12. Refunding Bonds

Maintenance Tax Refunding Bonds, Series 2012

On May 23, 2012, the College issued \$13,800,000 of Limited Tax General Obligation Refunding Bonds, Series 2012. The bonds mature serially through February 2033. The interest rates range from 2.000% to 5.000%. The Bonds are to refund the Limited Tax General Obligation Building Bonds, Series 2003 and 2004. The par value of the refunding bonds was \$13,800,000 with a reoffering premium of \$548,973, less a discount of \$90,374.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$14,966,700. The aggregate debt service payments of the refunding bonds of \$20,493,611 is \$1,615,412 less than the aggregate debt service payments of the refunded bonds of \$22,109,023. The net present value of the refunding transaction is \$1,019,722 or 7.33%.

Maintenance Tax Refunding Bonds, Series 2011

On July 21, 2011, the College issued \$3,850,000 of Maintenance Tax Refunding Bonds, Series 2011. The bonds mature serially through February 2022. The interest rates range from 2.000% to 4.000%. The Bonds are to refund the Maintenance Tax Notes, Series 2003. The par value of the refunding bonds was \$3,850,000 with a reoffering premium of \$185,600.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$4,122,731. The aggregate debt service payments of the refunded bonds of \$5,106,234 is \$315,482 less than the aggregate debt service payments of the refunding bonds of \$4,790,752. The net present value of the refunding transaction is \$272,475 or 07.0407%.

Limited Tax Refunding Bonds, Series 2008

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

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

13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2012 and 2011, the College had the following defeased bonds outstanding:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>	
		<u>2012</u>	<u>2011</u>
Limited Tax General Obligation Bonds, Series 2004	2012	\$ 10,845,000	\$ -
Limited Tax General Obligation Bonds, Series 2009	2011	560,000	3,060,000
Limited Tax General Obligation Bonds, Series 2001	2007	<u>27,395,000</u>	<u>28,950,000</u>
Total		\$ <u>38,800,000</u>	\$ <u>32,010,000</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

14. Unrestricted Net Assets

The College designates a portion of unrestricted net assets to indicate management's tentative plans for future use of financial resources. At August 31, 2012 and 2011, the College has designated \$50 million of accumulated unrestricted net assets. The designations consist of \$25 million for business continuity and emergency recovery and \$25 million for repair and renovation of facilities.

15. Operating Lease Commitments and Rental Agreements

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

Year Ending <u>August 31,</u>	<u>2012</u>	<u>2011</u>
2012	\$ -	\$ 1,392,450
2013	1,952,266	882,904
2014	1,297,639	404,577
2015	325,407	298,162
2016	212,600	266,962
2017	<u>92,346</u>	<u>-</u>
Total	\$ <u>3,880,258</u>	\$ <u>3,245,055</u>

Computer leases permit automatic renewal at three-month intervals and must be terminated in writing no less than ninety days prior to the end of the lease term. The leases have term expiration dates ranging from 2013 to 2017. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect. Leases include purchase options at the end of the lease term at fair market value.

Office space leases have term expiration dates ranging from 2013 to 2015. 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 and mailing equipment have term expiration dates ranging from 2013 to 2014. Monthly rental fees are based on model and number of units leased.

Operating expenses include \$1,847,835 and \$1,887,219 of lease payments paid during fiscal years 2012 and 2011, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

16. Employees' Retirement Plan

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

Teacher Retirement System of Texas

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a State contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011, and 2010. The percentage of participant salaries currently contributed by the State are 6.0% for fiscal year 2012, 6.644% for fiscal year 2011, and 6.4% for September 2009 through December 2009 with an increase to 6.644% from January 2010 through August 2010 for fiscal year 2010. In certain instances the College is required to make all or a portion of the State's contribution for fiscal years 2012, 2011, and 2010.

Optional Retirement Plan (ORP)

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The percentage of participant salaries currently contributed by the State for each participant are, 6.0% for fiscal year 2012 and 6.4% for fiscal years 2011 and 2010. Employee contributions percentages were 6.65% for fiscal years 2012, 2011, and 2010. The College contributed 2.5% for fiscal year 2012 and 2.1% for fiscal years 2011 and 2010 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, 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 TRS and ORP contributions paid by the State for the College was \$2,164,927, \$4,443,773 and \$4,108,280 for the fiscal years ended August 31, 2012, 2011, and 2010, respectively. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll for all College employees was \$86,481,931, \$87,199,904, and \$82,796,028 for fiscal years 2012, 2011, and 2010, respectively. The total payroll of employees covered by the State for TRS was \$48,633,309, \$47,472,362, and \$42,548,465 and the total payroll of employees covered by the State for ORP was \$19,647,658, \$20,172,978, and \$21,142,154 for fiscal years 2012, 2011, and 2010, respectively. See Schedules B and C.

17. Post-Retirement Health Care and Life Insurance Benefits

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

The State contribution per full-time employees was \$87, \$291, and \$343 per month for the years ended August 31, 2012, 2011, and 2010, respectively. The State's cost of providing those benefits for 1,246 active employees was \$1,293,586 and for 479 retirees was \$2,974,495, for a total State funded amount of \$4,268,081 for the year ended August 31, 2012. The State's cost of providing those benefits for 1,239 active employees was \$4,324,614 and for 442 retirees was \$2,338,001, for a total State funded amount of \$6,662,615 for the year ended August 31, 2011. The State's cost of providing those benefits for 1,108 active employees was \$4,558,277 and 436 retirees was \$2,355,183, for a total State funded amount of \$6,913,460 for the year ended August 31, 2010. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. See Schedules B and C.

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

Fiscal Year Ended <u>August 31,</u>	State <u>Paid</u>	<u>%</u>	College <u>Paid</u>	<u>%</u>	Employee <u>Paid</u>	<u>%</u>	Total Annual <u>Premiums</u>
2012	\$ 4,268,081	26.61%	\$ 9,604,172	59.89%	\$ 2,164,989	13.50%	\$ 16,037,242
2011	\$ 6,662,615	43.55%	\$ 6,580,501	43.02%	\$ 2,053,949	13.43%	\$ 15,297,065
2010	\$ 6,913,460	50.78%	\$ 5,164,773	37.93%	\$ 1,536,978	11.29%	\$ 13,615,211

The Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, has been issued and is effective for the fiscal years ended August 31, 2012, 2011, and 2010. The following information is provided to comply with the requirements of the new statement.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement 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 College's contributions to the plan for the years ended August 31 are detailed in the table above and equal the required contributions each year.

The Board of Trustees approved a provision in a former Chancellor's contract in 2007 to pay an annual premium of \$7,685 through July of 2026 to provide for a \$500,000 term life insurance policy. The insured has the discretion to name the beneficiary. The College is current on the premium payments as of August 31, 2012, 2011, and 2010, respectively.

18. Compensable Absences

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry a maximum of 200 hours of his accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all annual leave earned in the current year. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$1,217,337 and \$1,250,212 as of August 31, 2012 and 2011, 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 \$1,358,037 and \$1,296,420 as of August 31, 2012 and 2011, respectively.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

19. Deferred Compensation

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2012 and 2011, the College had one employee participant and an accrued liability of \$10,000. Payment to a third-party provider on behalf of the participants was paid in October 2012 and November 2011, respectively.

On April 4, 2011, the Board approved a Voluntary Separation and Severance Plan (VSSP) to provide the College with an opportunity to reduce full-time labor costs by seeking voluntary separations from its employees. The VSSP offered a monetary severance and enhanced benefit package to employees in exchange for the execution of a standard voluntary and waiver release agreement. Nine hundred ninety three (993) employees were eligible to participate in the VSSP. Program components of the VSSP included: (1) A lump sum monetary severance payment equal to three, four, five or six months of pay dependent upon years of service with the College, (2) Employees who have grandfathered sick leave balances (sick leave earned prior to 1988) paid out at their current hourly rate, and (3) Employees received an enhanced vacation benefit paid for the actual balance of earned vacation hours at separation defined as follows: carryover from one year to the next, plus current year's accrual, prorated for the termination date. For the VSSP, the enhancement is the payment for the prior year vacation carryover which was a one-time revision to the current vacation guidelines. Ninety Five (95) employees participated in the VSSP and fifteen (15) employees elected to have their VSSP payments deferred until January 2012. In connection with the VSSP, the College recognized an expense of \$2,143,627 for the year ended August 31, 2011, with an associated accrued liability of \$442,325 as of August 31, 2011. The liability was paid in January of 2012.

20. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$553,767 and \$564,042 as of August 31, 2012 and 2011, 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>2012</u>	<u>2011</u>
Beginning Balance, September 1	\$ 564,042	\$ 271,983
Claims incurred and changes in estimates	236,868	496,377
Payments on claims	<u>(247,143)</u>	<u>(204,318)</u>
Ending Balance, August 31	\$ <u>553,767</u>	\$ <u>564,042</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

21. Ad Valorem Tax

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

At August 31:

	<u>2012</u>	<u>2011</u>
Assessed valuation of the College:	\$ 46,118,994,941	\$ 44,981,763,334
Less: Exemptions	(9,180,052,695)	(8,340,379,176)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	\$ <u>36,938,942,246</u>	\$ <u>36,641,384,158</u>

	<u>2012</u>			<u>2011</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)	\$ 0.118688	\$ 0.066914	\$ 0.185602	\$ 0.114293	\$ 0.061984	\$ 0.176277

Taxes levied for the years ended August 31, 2012 and 2011, amounted to \$64,559,416 and \$64,590,772, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

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

	<u>2012</u>			<u>2011</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Taxes collected for the year						
Current taxes	\$ 42,748,754	\$ 24,687,973	\$ 67,436,727	\$ 42,742,577	\$ 21,109,257	\$ 63,851,834
Delinquent taxes	604,739	349,245	953,984	226,811	109,584	336,395
Penalties and interest	<u>398,396</u>	<u>230,079</u>	<u>628,475</u>	<u>404,216</u>	<u>195,297</u>	<u>599,513</u>
Total collections	\$ <u>43,751,889</u>	\$ <u>25,267,297</u>	\$ <u>69,019,186</u>	\$ <u>43,373,604</u>	\$ <u>21,414,138</u>	\$ <u>64,787,742</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Tax collections for the years ended August 31, 2012 and 2011, were 104.46 percent and 98.86 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

22. Federal and State Contract and Grant Awards

Federal and State contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audit of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedules A and C. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2012 and 2011 for which monies have not been received nor funds expended, totaled \$25,366,108 and \$26,730,564, respectively. Of these amounts, \$22,079,318 and \$21,403,777 were from Federal contract and grant awards; \$3,286,790 and \$5,326,787 were from State contract and grant awards for the fiscal years ended August 31, 2012 and 2011, respectively.

23. Contingent Liabilities

Pending lawsuits and claims

As of August 31, 2012, 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.

Contingency - State on-behalf appropriations for TRS and ORP

Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system", referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

During the 2011 legislative session, the Texas legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but in the so-called "Rider 13" to the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted General Revenue appropriation for each year of the biennium state budget.

Since each community college's unrestricted General Revenue appropriation for the biennium was significantly less than the anticipated total of the college's compensation to be paid to employees who are TRS or ORP participants, the State appropriation was less than that apparently required by the state constitution.

The TRS has expectations that the College will provide the difference between the formula required contribution and the amount provided by the State, which is less than the amount believed to be required by the constitution. The College estimates the contribution shortage to be \$1,902,150. It is the College's contention that the State is the employer government legally responsible for the required contributions under GASB Statement No. 27.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The accompanying financial statements, specifically Exhibit 2 and Schedule C, report amounts as State restricted revenues and expenses that do not include the disputed \$1,902,150 on-behalf contribution required of the State. It is conceivable that at some future point, the College may be required to pay from local funds the disputed TRS/ORP contributions. Should that occur, the College will record a current period expenditure in the year in which the payment is made.

State and Federally assisted programs

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

24. Related Parties

The San Jacinto Community College Foundation (Foundation), incorporated in 1996, is a nonprofit organization with the purpose of supporting the educational and general activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation paid grants of \$1,080,485 and \$1,107,687 to the College's students and programs during the years ended August 31, 2012 and 2011, 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 \$367,230 and \$445,213 for the fiscal years ended August 31, 2012 and 2011, respectively. The financial position of the Foundation is not significant to the College; therefore, it is not included in the College's basic financial statements.

25. Recent Accounting Pronouncements - Governmental Accounting Standards Board

GASB Statement No. 62

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is intended to enhance the usefulness of the GASB Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. By incorporating and maintaining this guidance in a single source, this statement improves financial reporting and reduces the complexity of locating and using authoritative literature needed to prepare governmental financial reports.

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. Management of the College does not believe that GASB Statement No. 62 will have a material effect on the College's financial statements when adopted in fiscal year 2013.

GASB Statement No. 63

The GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2013.

GASB Statement No. 64

The GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2013.

GASB Statement No. 65

The GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial Statement presentations. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2014.

GASB Statement No. 66

The GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2014.

GASB Statement No. 68

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity and creating additional transparency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. Management of the College is currently evaluating the effects of this statement, which will become effective in fiscal year 2015.

26. Subsequent Events

Management has evaluated subsequent events through December 11, 2012, the date which the financial statements were available to be issued. Management of the College has determined that no subsequent events require disclosure in these financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues
 Year Ended August 31, 2012
 (With Memorandum Totals for the Year Ended August 31, 2011)

	2012				2011	
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
Tuition						
State funded courses:						
In-district resident tuition	\$ 11,778,059	\$ -	\$ 11,778,059	\$ -	\$ 11,778,059	\$ 12,381,841
Out-of-district resident tuition	15,466,013	-	15,466,013	-	15,466,013	15,708,265
Non-resident tuition	2,609,839	-	2,609,839	-	2,609,839	2,659,671
TPEG-credit (set aside) *	1,386,263	-	1,386,263	-	1,386,263	784,869
State funded non credit continuing education courses	5,478,340	-	5,478,340	-	5,478,340	3,959,793
TPEG-non-credit (set aside) *	255,120	-	255,120	-	255,120	177,653
Non-state funded educational programs	1,341,972	-	1,341,972	-	1,341,972	1,502,809
Total tuition	<u>38,315,606</u>	<u>-</u>	<u>38,315,606</u>	<u>-</u>	<u>38,315,606</u>	<u>37,174,901</u>
Fees						
General service	9,655,115	-	9,655,115	-	9,655,115	9,697,245
Incidental	686,338	-	686,338	-	686,338	815,146
Instructional	1,956,789	-	1,956,789	-	1,956,789	2,162,878
Laboratory	824,571	-	824,571	-	824,571	878,020
Total fees	<u>13,122,813</u>	<u>-</u>	<u>13,122,813</u>	<u>-</u>	<u>13,122,813</u>	<u>13,553,289</u>
Scholarship allowances and discounts						
Remissions and exemptions - state	(612,283)	-	(612,283)	-	(612,283)	(473,479)
Remissions and exemptions - local	(1,161,132)	-	(1,161,132)	-	(1,161,132)	(1,209,538)
Scholarship allowances	(1,299,425)	-	(1,299,425)	-	(1,299,425)	(851,411)
TPEG awards	(269,718)	-	(269,718)	-	(269,718)	(486,047)
Federal grants to students	(13,854,577)	-	(13,854,577)	-	(13,854,577)	(12,159,163)
State grants to students	(1,495,234)	-	(1,495,234)	-	(1,495,234)	(1,315,320)
Total scholarship allowances and discounts	<u>(18,692,369)</u>	<u>-</u>	<u>(18,692,369)</u>	<u>-</u>	<u>(18,692,369)</u>	<u>(16,494,958)</u>
Total net tuition and fees	<u>32,746,050</u>	<u>-</u>	<u>32,746,050</u>	<u>-</u>	<u>32,746,050</u>	<u>34,233,232</u>
Other operating revenues						
Federal grants and contracts	395,587	7,925,886	8,321,473	-	8,321,473	7,912,674
State grants and contracts	57,096	4,766,360	4,823,456	-	4,823,456	4,494,887
Non-governmental grants and contracts	-	1,260,427	1,260,427	-	1,260,427	1,470,213
Sales and services of educational activities	539,117	-	539,117	-	539,117	613,341
Sales and services of non-educational activities	971,117	-	971,117	-	971,117	511,099
Investment income (program restricted)	-	1,443	1,443	-	1,443	2,048
Total other operating revenues	<u>1,962,917</u>	<u>13,954,116</u>	<u>15,917,033</u>	<u>-</u>	<u>15,917,033</u>	<u>15,004,262</u>
Auxiliary enterprises						
Bookstores	-	-	-	1,333,498	1,333,498	1,127,128
Child care centers	-	-	-	372,043	372,043	374,781
Less child care center discounts	-	-	-	(133,940)	(133,940)	(125,021)
Food services	-	-	-	1,302,818	1,302,818	1,195,415
Less food service discounts	-	-	-	(246,581)	(246,581)	(147,592)
Student services/other services	-	-	-	1,266,960	1,266,960	1,497,779
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,894,798</u>	<u>3,894,798</u>	<u>3,922,490</u>
Total operating revenues	<u>\$ 34,708,967</u>	<u>\$ 13,954,116</u>	<u>\$ 48,663,083</u>	<u>\$ 3,894,798</u>	<u>\$ 52,557,881</u>	<u>\$ 53,159,984</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$1,641,383 and \$962,522 for years ended August 31, 2012 and 2011, 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, 2012
 (With Memorandum Totals for the Year Ended August 31, 2011)

	2012					2011
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 48,532,122	\$ -	\$ 5,428,661	\$ 3,925,157	\$ 57,885,940	\$ 59,301,676
Public service	1,965,601	-	227,609	1,630,556	3,823,766	2,874,614
Academic support	7,166,024	-	837,495	1,538,399	9,541,918	9,790,888
Student services	8,287,238	-	1,010,475	1,598,200	10,895,913	10,911,934
Institutional support	13,550,542	-	1,821,416	14,148,514	29,520,472	27,861,800
Operation and maintenance of plant	3,124,692	-	2,154,672	11,888,943	17,168,307	15,486,765
Total unrestricted educational activities	<u>82,626,219</u>	<u>-</u>	<u>11,480,328</u>	<u>34,729,769</u>	<u>128,836,316</u>	<u>126,227,677</u>
<u>Restricted - educational activities</u>						
Instruction	879,630	3,497,083	154,411	1,700,372	6,231,496	8,994,565
Public service	208,462	182,048	27,126	100,972	518,608	827,036
Academic support	909,909	647,378	154,615	1,496,464	3,208,366	2,829,397
Student services	493,926	869,098	17,219	176,929	1,557,172	2,558,811
Institutional support	227,992	1,237,401	41,174	2,533,296	4,039,863	3,776,255
Scholarships and fellowships	-	-	-	45,303,998	45,303,998	42,060,513
Total restricted educational activities	<u>2,719,919</u>	<u>6,433,008</u>	<u>394,545</u>	<u>51,312,031</u>	<u>60,859,503</u>	<u>61,046,577</u>
Total educational activities	<u>85,346,138</u>	<u>6,433,008</u>	<u>11,874,873</u>	<u>86,041,800</u>	<u>189,695,819</u>	<u>187,274,254</u>
Auxiliary enterprises	1,135,793	-	237,536	2,606,191	3,979,520	4,124,852
Depreciation expense - buildings and improvements	-	-	-	6,387,983	6,387,983	5,511,047
Depreciation expense - equipment, furniture and library books	-	-	-	3,239,303	3,239,303	2,286,902
Total operating expenses	<u>\$ 86,481,931</u>	<u>\$ 6,433,008</u>	<u>\$ 12,112,409</u>	<u>\$ 98,275,277</u>	<u>\$ 203,302,625</u>	<u>\$ 199,197,055</u>
				(Exhibit 2)	(Exhibit 2)	

SAN JACINTO COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses
 Year Ended August 31, 2012
 (With Memorandum Totals for the Year Ended August 31, 2011)

	2012			2011
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 36,080,029	\$ -	\$ 36,080,029	\$ 36,016,898
State group insurance	-	4,268,081	4,268,081	6,662,615
State retirement matching	-	2,164,927	2,164,927	4,443,773
Total State appropriations	36,080,029	6,433,008	42,513,037	47,123,286
Ad valorem taxes:				
Taxes for maintenance and operations	43,476,293	-	43,476,293	43,431,527
Taxes for general obligation bonds	-	25,172,501	25,172,501	21,374,140
Federal revenue, non-operating	121,001	55,932,390	56,053,391	51,385,403
Investment income	331,462	610,464	941,926	1,099,473
Total non-operating revenues	80,008,785	88,148,363	168,157,148	164,413,829
<u>Non-operating expenses</u>				
Interest on capital related debt	-	9,135,053	9,135,053	12,144,364
Loss on disposal of capital assets	107,383	-	107,383	354,592
Total non-operating expenses	107,383	9,135,053	9,242,436	12,498,956
Net non-operating revenues, net	\$ 79,901,402	\$ 79,013,310	\$ 158,914,712	\$ 151,914,873
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Assets by Source and Availability
 Year Ended August 31, 2012
 (With Memorandum Totals for the Year Ended August 31, 2011)

	Detail by Source			Total	Current Operations	
	Unrestricted	Restricted	Expendable		Yes	No
Current						
Unrestricted -	\$ 13,707,231	\$ -	\$ -	\$ 13,707,231	\$ -	\$ -
Non-designated Board designated:						
Business continuity and emergency recovery	25,000,000	-	-	25,000,000	-	25,000,000
Repair and renovation of facilities	25,000,000	-	-	25,000,000	-	25,000,000
Restricted	-	2,492,490	-	2,492,490	-	2,492,490
Auxiliary	14,506,248	-	-	14,506,248	14,506,248	-
Plant						
Debt service	-	704,089	-	704,089	-	704,089
Investment in plant	-	-	130,941,830	130,941,830	-	130,941,830
Total net assets, August 31, 2012	78,213,479	3,196,579	130,941,830	212,351,888	28,213,479	184,138,409
Total net assets, August 31, 2011	78,542,676	4,198,753	121,440,491	204,181,920	28,542,676	175,639,244
Net (decrease) increase in net assets	\$ (329,197)	\$ (1,002,174)	\$ 9,501,339	\$ 8,169,968	\$ (329,197)	\$ 8,499,165

(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section

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.	
Revenue Capacity	4 - 8
These schedules contain trend information to help the reader assess the factors affecting the College's ability to generate property taxes, tuition, grants, and other revenue.	
Debt Capacity	9 - 11
The debt capacity information will assist the reader in understanding and assessing the College's debt burden and ability to issue debt.	
Demographic and Economic Information	12 - 13
The demographic and economic information is presented to assist users in understanding certain aspects of the environment in which the College operates.	
Operating Information	14 - 18
These schedules contain contextual information to help the reader assess the delivery and effectiveness of College operations.	

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Assets by Component Last Ten Fiscal Years (Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$ 130,942	\$ 121,440	\$ 109,326	\$ 89,074	\$ 78,719	\$ 65,385	\$ 64,389	\$ 60,990	\$ 54,161	\$ 40,752
Restricted - expendable	3,197	4,199	4,624	6,549	5,715	10,067	13,957	9,892	27,636	10,996
Restricted - nonexpendable	-	-	-	-	-	-	12	12	12	12
Unrestricted	78,213	78,543	84,354	89,116	77,145	74,419	60,851	55,981	39,144	64,248
Total primary government net assets	\$ 212,352	\$ 204,182	\$ 198,304	\$ 184,739	\$ 161,579	\$ 149,871	\$ 139,209	\$ 126,875	\$ 120,953	\$ 116,008
Prior Year Change	\$ 8,170	\$ 5,878	\$ 13,565	\$ 23,160	\$ 11,708	\$ 10,662	\$ 12,334	\$ 5,922	\$ 4,945	

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and fees (net of scholarship allowances and discounts)	\$ 32,746	\$ 34,233	\$ 31,298	\$ 30,089	\$ 29,220	\$ 28,381	\$ 27,358	\$ 24,446	\$ 28,868	\$ 19,667
Governmental grants and contracts:										
Federal grants and contracts	8,322	7,913	6,722	5,810	6,474	5,187	5,089	3,734	3,054	4,440
State and local grants and contracts	4,824	4,495	3,521	3,090	3,818	2,354	805	449	761	1,244
Non-governmental grants and contracts	1,260	1,470	1,265	1,014	795	851	638	783	425	962
Sales and services of educational activities	1,510	1,124	889	735	734	582	659	1,121	796	398
Auxiliary enterprises	3,895	3,923	3,755	3,688	3,581	5,748	9,463	8,154	11,299	6,931
Other operating revenues	1	2	2	-	22	43	35	26	13	281
Total operating revenues	<u>52,558</u>	<u>53,160</u>	<u>47,432</u>	<u>44,386</u>	<u>44,642</u>	<u>43,086</u>	<u>44,047</u>	<u>38,713</u>	<u>45,216</u>	<u>33,923</u>
State appropriations	42,513	47,123	47,400	47,838	47,658	44,310	43,906	41,472	41,457	42,976
Ad valorem taxes	68,649	64,806	67,377	65,388	53,316	47,231	42,073	38,777	37,984	33,848
Federal revenue, non-operating	56,053	51,385	40,151	24,744	19,511	19,763	22,629	22,646	19,802	10,766
Investment income	942	1,100	1,649	2,623	3,363	4,908	3,213	2,019	1,636	1,471
Total nonoperating revenues	<u>168,157</u>	<u>164,414</u>	<u>156,577</u>	<u>140,593</u>	<u>123,848</u>	<u>116,212</u>	<u>111,821</u>	<u>104,914</u>	<u>100,879</u>	<u>89,081</u>
Total revenues	<u>\$ 220,715</u>	<u>\$ 217,574</u>	<u>\$ 204,009</u>	<u>\$ 184,979</u>	<u>\$ 168,490</u>	<u>\$ 159,298</u>	<u>\$ 155,868</u>	<u>\$ 143,627</u>	<u>\$ 146,095</u>	<u>\$ 122,984</u>
Prior Year Change	\$ 3,141	\$ 13,565	\$ 19,030	\$ 16,489	\$ 9,192	\$ 3,430	\$ 12,241	\$ (2,468)	\$ 23,111	\$ (97,731)
Tuition and fees (net of discounts)	14.84%	15.73%	15.34%	16.26%	17.34%	17.80%	17.55%	17.02%	19.76%	15.99%
Federal grants and contracts	3.77%	3.64%	3.29%	3.14%	3.84%	3.26%	3.26%	2.60%	2.09%	3.61%
State and local grants and contracts	2.19%	2.07%	1.73%	1.67%	2.26%	1.48%	0.52%	0.31%	0.52%	1.01%
Non-governmental grants and contracts	0.57%	0.68%	0.62%	0.55%	0.47%	0.52%	0.41%	0.55%	0.29%	0.78%
Sales and services of educational activities	0.68%	0.52%	0.43%	0.40%	0.44%	0.35%	0.42%	0.78%	0.54%	0.32%
Auxiliary enterprises	1.76%	1.80%	1.84%	1.98%	2.13%	3.61%	6.07%	5.68%	7.73%	5.84%
Other operating revenues	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%	0.02%	0.02%	0.01%	0.23%
Total operating revenues	<u>23.81%</u>	<u>24.43%</u>	<u>23.25%</u>	<u>24.00%</u>	<u>26.50%</u>	<u>27.05%</u>	<u>28.28%</u>	<u>26.95%</u>	<u>30.95%</u>	<u>27.58%</u>
State appropriations	19.26%	21.66%	23.23%	25.86%	28.28%	27.82%	28.17%	28.87%	28.38%	34.94%
Ad valorem taxes	31.10%	29.79%	33.03%	35.35%	31.64%	29.65%	26.99%	27.00%	26.00%	27.52%
Federal revenue, non-operating	25.40%	23.62%	19.68%	13.38%	11.58%	12.41%	14.52%	15.77%	13.55%	8.75%
Investment income	0.43%	0.51%	0.81%	1.42%	2.00%	3.08%	2.08%	1.41%	1.12%	1.20%
Total nonoperating revenues	<u>76.19%</u>	<u>75.57%</u>	<u>76.75%</u>	<u>76.00%</u>	<u>73.50%</u>	<u>72.95%</u>	<u>71.74%</u>	<u>73.05%</u>	<u>69.05%</u>	<u>72.42%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function
Last Ten Fiscal Years
(Unaudited)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	\$ 64,118	\$ 68,296	\$ 60,430	\$ 55,593	\$ 57,487	\$ 48,927	\$ 46,147	\$ 43,506	\$ 40,122	\$ 44,550
Public service	4,343	3,701	4,446	3,409	3,882	2,376	2,638	2,342	2,629	3,073
Academic support	12,750	12,620	10,088	10,557	12,486	8,978	6,514	6,143	5,870	6,667
Student services	12,453	13,471	13,239	12,343	11,830	8,108	7,724	7,619	7,199	7,660
Institutional support	33,560	31,638	30,855	26,367	25,643	29,608	27,287	24,294	25,268	23,240
Operation and maintenance of plant	17,168	15,487	13,427	14,163	14,820	14,218	12,251	12,781	10,705	9,920
Scholarships and fellowships	45,304	42,061	34,194	21,152	16,508	18,335	16,417	16,595	17,624	5,953
Auxiliary enterprises	3,980	4,125	4,044	3,929	3,656	5,832	13,107	10,137	10,181	9,608
Depreciation	9,627	7,798	8,816	7,828	6,765	6,811	6,929	6,923	7,103	2,999
Total operating expenses	203,303	199,197	177,539	155,139	153,077	143,193	139,014	130,340	126,701	113,670
Interest on capital related debt	9,135	12,144	12,355	6,600	3,544	3,872	3,645	3,953	3,282	3,062
Loss on disposal of capital assets	-	355	1,170	249	162	59	348	2,747	-	241
Other non-operating	107	-	(620)	(169)	-	1,510	526	666	6,002	5,497
Total non-operating expenses	9,242	12,499	12,905	6,680	3,706	5,441	4,519	7,366	9,284	8,800
Total expenses	\$ 212,545	\$ 211,696	\$ 190,444	\$ 161,819	\$ 156,783	\$ 148,634	\$ 143,533	\$ 137,706	\$ 135,985	\$ 122,470
Prior Year Change	\$ 849	\$ 21,252	\$ 28,625	\$ 5,036	\$ 8,149	\$ 5,101	\$ 5,827	\$ 1,721	\$ 13,515	\$ (90,075)
Instruction	30.17%	32.26%	31.73%	34.36%	36.67%	32.92%	32.15%	31.59%	29.50%	36.38%
Public service	2.04%	1.75%	2.33%	2.11%	2.48%	1.60%	1.84%	1.70%	1.93%	2.51%
Academic support	6.00%	5.96%	5.30%	6.52%	7.96%	6.04%	4.54%	4.46%	4.32%	5.44%
Student services	5.86%	6.36%	6.95%	7.63%	7.55%	5.46%	5.38%	5.53%	5.29%	6.25%
Institutional support	15.79%	14.95%	16.20%	16.29%	16.36%	19.92%	19.01%	17.64%	18.58%	18.98%
Operation and maintenance of plant	8.08%	7.32%	7.05%	8.75%	9.45%	9.57%	8.54%	9.28%	7.87%	8.10%
Scholarships and fellowships	21.32%	19.87%	17.95%	13.07%	10.53%	12.34%	11.44%	12.05%	12.96%	4.86%
Auxiliary enterprises	1.87%	1.95%	2.12%	2.43%	2.33%	3.92%	9.13%	7.36%	7.49%	7.85%
Depreciation	4.53%	3.68%	3.58%	4.71%	4.31%	4.58%	4.83%	5.03%	5.22%	2.45%
Total operating expenses	95.65%	94.10%	93.22%	95.87%	97.64%	96.34%	96.85%	94.65%	93.17%	92.81%
Interest on capital related debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on disposal of capital assets	4.30%	5.74%	6.49%	4.08%	2.26%	2.61%	2.54%	2.87%	2.41%	2.50%
Other non-operating	0.00%	0.17%	0.61%	0.15%	0.10%	0.04%	0.24%	1.99%	0.00%	0.20%
Total non-operating expenses	0.05%	0.00%	-0.33%	-0.10%	0.00%	1.02%	0.37%	0.48%	4.41%	4.49%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees
Last Ten Academic Years
(Unaudited)

Academic Year (Fall)	Resident									
	Fees per Semester Credit Hour (SCH)					Fees per Semester Credit Hour (SCH)				
	Matriculation Fee	General Service Fee	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2012	\$ -	135	38	63	-	-	591	891	-	-
2011	-	135	38	63	-	-	591	891	-	-
2010	-	135	38	63	-	-	591	891	12.36%	7.87%
2009	-	130	33	58	-	-	526	826	-	-
2008	-	130	33	58	-	-	526	826	-	-
2007	-	130	33	58	-	-	526	826	7.35%	4.56%
2006	-	130	30	55	-	-	490	790	-	-
2005	-	130	30	55	-	-	490	790	13.16%	11.42%
2004	15	60	22	45	6	14	433	709	-	-
2003	15	60	22	45	6	14	433	709	16.09%	20.37%

Academic Year (Fall)	Non-Resident									
	Fees per Semester Credit Hour (SCH)					Fees per Semester Credit Hour (SCH)				
	Matriculation Fee	General Service Fee	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
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%
2009	-	130	108	108	-	-	1,426	1,426	-	-
2008	-	130	108	108	-	-	1,426	1,426	-	-
2007	-	130	108	108	-	-	1,426	1,426	38.45%	38.45%
2006	-	130	75	75	-	-	1,030	1,030	-	-
2005	-	130	75	75	-	-	1,030	1,030	4.57%	4.57%
2004	15	60	68	68	6	14	985	985	-	-
2003	15	60	68	68	6	14	985	985	15.47%	15.47%

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)				Ratio of TAV to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)			Maintenance & Operations (a)	Debt Service (a)	Total (a)
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	
2008-09	47,918,939	8,436,860	39,482,079	82.39%	0.115927	0.047484	0.163411	
2007-08	43,571,837	7,403,078	36,168,759	83.01%	0.115927	0.029438	0.145365	
2006-07	39,245,803	7,035,225	32,210,578	82.07%	0.115927	0.029438	0.145365	
2005-06	34,824,332	6,030,925	28,793,407	82.68%	0.115927	0.029438	0.145365	
2004-05	31,370,541	3,928,408	27,442,133	87.48%	0.109700	0.029430	0.139130	
2003-04	30,129,024	3,576,980	26,552,044	88.13%	0.109700	0.029430	0.139130	
2002-03	28,882,123	3,281,633	25,600,490	88.64%	0.101280	0.029430	0.130710	

Source: Harris County Appraisal District

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per FTSE and Contact Hour
Fiscal Years 2004 to 2012

(Unaudited)

(Amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc-Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2011-12	\$ 36,080	22	\$ 1,640	8,493	3,768	12,261	\$ 2.94
2010-11	36,017	23	1,566	8,200	3,435	11,635	3.10
2009-10	36,378	21	1,732	7,455	3,284	10,739	3.39
2008-09	37,123	18	2,062	7,191	3,097	10,288	3.61
2007-08	37,123	18	2,062	6,852	3,119	9,971	3.72
2006-07	35,203	18	1,956	6,781	3,148	9,929	3.55
2005-06	35,203	17	2,071	6,739	3,288	10,027	3.51
2004-05	32,999	17	1,941	6,395	3,447	9,842	3.35
2003-04	32,999	16	2,062	6,497	3,367	9,864	3.35

Notes: Full Time Student Equivalent (FTSE) is defined as the number credit hours for the entire fiscal year divided by 30 plus the number of CPD contact hours divided by 900. The College previously did not present this schedule. Information is being presented for the past nine years, and the College will continue to implement prospectively.

(a) Source CBM001 for FTSE

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Taxpayers Last Ten Tax Years (Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Houston Refining	Refinery	1,757,010	862,539	702,549	1,101,988	1,149,523	925,293	-	-	-	-
Shell Oil Co.	Refinery	1,678,231	1,713,216	1,486,769	1,877,717	2,322,379	2,259,147	2,023,449	1,535,652	1,357,730	1,583,169
Equistar Chemicals LP	Chemicals	970,267	918,205	848,797	732,388	1,355,748	1,237,973	-	998,731	887,592	1,035,598
Lyondell Chemical Co.	Chemicals	786,743	705,239	592,522	550,085	878,319	842,933	1,548,825	1,125,395	649,833	1,056,866
Chevron Chemical Co.	Refinery	442,462	404,968	370,234	442,781	433,345	301,017	238,414	197,235	-	-
Rohm & Haas Co.	Petrochemical	418,131	400,723	-	-	601,731	593,949	558,543	565,280	536,652	560,546
Oxy Vinyls LP	Petrochemical	406,133	411,869	404,812	402,232	420,549	425,328	394,494	399,150	373,580	410,675
Centerpoint Energy, Inc.	Energy	345,180	342,704	345,960	373,904	366,282	-	424,297	426,292	475,685	494,653
BP America Production CO	Petrochemical	289,284	-	-	-	-	-	-	-	-	-
Lubrizol Corp	Chemicals	282,813	274,178	-	-	-	-	-	-	-	-
Ineos Corp	Petrochemical	-	255,193	-	-	-	-	-	-	-	-
Air Liquide	Chemicals	-	-	339,915	331,289	354,719	-	-	-	-	-
Albemarle Corp	Chemicals	-	-	290,230	320,710	-	-	-	-	-	-
Calpine Central LP	Energy	-	-	-	-	-	225,987	412,795	308,600	-	-
Calanese LTD	Chemicals	-	-	-	-	-	-	-	-	288,933	-
Conoco Phillips	Refinery	-	-	-	-	-	416,796	-	376,933	480,763	-
Dow Chemical	Refinery	-	-	617,946	776,994	309,893	285,665	-	-	-	-
GE Aero Energy Products	Petrochemical	-	-	-	-	-	-	-	-	-	200,424
GE Packaged Power	Energy	-	-	-	-	-	211,958	-	-	-	-
Lyondell Citgo Ref Co LTD	Refinery	-	-	-	-	-	-	-	-	275,072	-
Phillips 66 Company	Refinery	-	-	-	-	-	-	233,513	-	364,037	-
Reliant Energy Channelview	Energy	-	-	-	-	-	-	208,486	205,189	277,296	228,000
Totals		7,374,254	6,088,834	5,999,734	6,910,048	8,192,489	7,683,279	6,067,966	6,242,532	5,506,077	6,339,626
Total Taxable Assessed Value		\$ 36,938,942	\$ 36,641,384	\$ 39,186,882	\$ 39,482,079	\$ 36,168,759	\$ 32,210,578	\$ 28,793,407	\$ 27,442,133	\$ 26,552,044	\$ 25,600,490

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Houston Refining	Refinery	4.76%	1.81%	1.79%	2.79%	3.18%	2.87%	0.00%	0.00%	0.00%	0.00%
Shell Oil Co.	Refinery	4.54%	4.68%	3.80%	4.76%	6.42%	7.01%	7.03%	5.60%	5.11%	6.18%
Equistar Chemicals LP	Chemicals	2.63%	2.51%	2.17%	1.85%	3.75%	3.84%	0.00%	3.84%	3.34%	4.05%
Lyondell Chemical Co.	Chemicals	2.13%	1.82%	1.51%	1.39%	2.43%	2.82%	5.38%	4.10%	2.45%	4.13%
Shell Oil Co.	Refinery	1.20%	1.11%	0.95%	1.12%	1.20%	0.93%	0.83%	0.72%	0.00%	0.00%
Chevron Chemical Co.	Refinery	1.13%	1.08%	0.00%	0.00%	1.68%	1.84%	1.94%	2.06%	2.02%	2.19%
Oxy Vinyls LP	Petrochemical	1.10%	1.12%	1.03%	1.02%	1.16%	1.32%	1.37%	1.45%	1.41%	1.60%
Rohm & Haas Co.	Petrochemical	0.93%	0.94%	0.88%	0.95%	1.01%	1.23%	1.47%	1.55%	1.79%	1.93%
Centerpoint Energy, Inc.	Energy	0.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BP America Production CO	Petrochemical	0.77%	0.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lubrizol Corp	Chemicals	0.00%	0.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Air Liquide	Chemicals	0.00%	0.00%	0.87%	0.84%	0.98%	0.00%	0.00%	0.00%	0.00%	0.00%
Albemarle Corp	Chemicals	0.00%	0.00%	0.74%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calpine Central LP	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%	1.50%	1.16%	0.00%
Conoco Phillips	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.13%
Dow Chemical	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	1.29%	0.00%	1.37%	0.00%	1.88%
GE Aero Energy Products	Petrochemical	0.00%	0.00%	1.58%	1.97%	0.86%	0.89%	0.00%	0.00%	0.00%	0.00%
GE Packaged Power	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%
Lyondell Citgo Ref Co LTD	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%	0.00%	0.00%	0.00%
Phillips 66 Company	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.04%	0.00%
Reliant Energy Channelview	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.81%	0.00%	1.37%	0.00%
Totals		19.97%	16.63%	15.32%	17.50%	22.65%	23.84%	20.36%	21.99%	19.68%	23.87%

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)	Total Collections (c+d)	Percentage Cumulative Collections of Adjusted Levy
2012	\$ 64,559	\$ -	\$ 64,559	\$ 67,437	104.46%	\$ 954	\$ 68,391	105.94%
2011	64,590	-	64,590	63,852	98.86%	336	64,188	99.38%
2010	66,897	-	66,897	64,656	96.65%	956	65,612	98.08%
2009	64,518	-	64,518	62,339	96.62%	1,521	63,860	98.98%
2008	52,577	-	52,577	51,215	97.41%	811	52,026	98.95%
2007	46,823	-	46,823	45,515	97.21%	1,150	46,665	99.66%
2006	41,856	-	41,856	40,729	97.31%	839	41,568	99.31%
2005	38,182	1,881	40,063	37,574	98.41%	1,335	38,909	97.12%
2004	36,945	1,168	38,113	35,487	96.05%	975	36,462	95.67%
2003	33,462	1,243	34,705	32,618	97.48%	702	33,320	96.01%

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)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	
General Bonded Debt:										
General obligation bonds	\$ 314,223	\$ 324,976	\$ 287,657	\$ 281,922	\$ 58,471	\$ 64,470	\$ 72,800	\$ 75,380	\$ 77,845	
Notes	4,018	4,546	5,070	6,295	7,520	8,830	9,340	10,835	12,125	
Less: funds restricted for debt service	(704)	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)	(8,541)	(6,250)	(3,940)	
Net general bonded debt	\$ 317,537	\$ 326,835	\$ 289,636	\$ 282,860	\$ 61,853	\$ 71,773	\$ 73,599	\$ 79,965	\$ 86,030	
Revenue bonds	-	-	-	-	-	1,325	2,615	5,325	7,940	
Notes	-	-	-	-	-	-	555	980	1,388	
Less: funds restricted for debt service	-	-	-	-	-	(1,344)	(1,342)	(2,595)	(2,755)	
Total outstanding debt	\$ 317,537	\$ 326,835	\$ 289,636	\$ 282,860	\$ 61,853	\$ 71,754	\$ 75,427	\$ 83,675	\$ 92,603	
General Bonded Debt Ratios:										
Per Capita	\$ 665	\$ 680	\$ 545	\$ 582	\$ 134	\$ 151	\$ 171	\$ 181	\$ 191	
Per FTSE	14,733	14,562	13,296	15,653	3,744	4,171	4,717	5,150	5,596	
As a percentage of taxable assessed value	0.86%	0.89%	0.69%	0.72%	0.17%	0.22%	0.26%	0.29%	0.32%	
Total Outstanding Debt Ratios:										
Per Capita	\$ 664	\$ 675	\$ 542	\$ 584	\$ 126	\$ 147	\$ 157	\$ 176	\$ 197	
Per FTSE	14,700	14,443	13,145	15,382	3,510	4,083	4,331	4,805	5,760	
As a percentage of taxable assessed value	0.86%	0.89%	0.69%	0.72%	0.21%	0.25%	0.26%	0.30%	0.35%	

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxable Assessed Value	\$ 36,938,942	\$ 36,641,364	\$ 36,166,882	\$ 36,482,079	\$ 36,168,759	\$ 32,210,576	\$ 28,793,407	\$ 27,442,133	\$ 26,552,044	\$ 25,600,490
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 184,695	\$ 183,207	\$ 196,834	\$ 197,410	\$ 180,844	\$ 161,053	\$ 143,967	\$ 137,211	\$ 132,760	\$ 128,002
Less: funds restricted for repayment of general obligation bonds	(704)	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)	(6,305)	(5,399)	(2,952)	(1,000)
Total net general obligation debt	183,991	180,520	192,743	192,053	176,706	159,526	135,662	131,812	129,808	127,002
Current year debt service requirements	26,822	23,144	25,825	19,560	9,138	6,843	6,488	5,731	5,492	5,544
Excess of statutory limit for debt service over current requirement	\$ 157,169	\$ 157,376	\$ 167,118	\$ 173,463	\$ 167,568	\$ 152,683	\$ 129,174	\$ 126,081	\$ 124,316	\$ 121,458
Net current requirements as a % of statutory limit	14.52%	12.63%	13.09%	9.42%	5.06%	4.25%	4.51%	4.18%	4.14%	4.33%

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

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	Technology Fee	General Service/Other Fees	Laboratory Fees	Continuing or Non-Credit Education Tuition/Fees	General Fund Interest Income	Food Service Revenue	Bookstore Revenue	Total	Principal	Interest		Total	
	2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2007	4,816	-	10,532	620	5,075	4,908	396	3,346	29,693	1,732	66	1,798	16.51	
	2006	4,744	-	11,435	724	2,391	3,213	344	7,276	30,127	3,135	147	3,282	9.18	
	2005	4,392	2,999	6,770	719	2,928	1,707	300	8,917	28,732	3,023	254	3,277	8.77	
	2004	4,409	4,159	5,369	600	3,315	1,220	313	10,808	30,193	2,927	355	3,282	9.20	
	2003	2,783	3,140	4,060	477	3,955	718	200	8,506	23,839	1,410	195	1,605	14.85	

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
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%
2008	491,929	9,332,877	18,972	5.50%
2007	486,664	9,104,016	18,707	5.10%
2006	481,398	8,877,766	18,442	5.50%
2005	476,133	8,654,310	18,176	5.70%
2004	470,868	8,433,649	17,911	6.00%
2003	465,602	8,215,782	17,646	6.40%
2002	460,337	8,000,710	17,380	6.10%

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Principal Employers for the Service Area
Fiscal Years 2005 to 2011
(Unaudited)

Employer	Number of Employees						
	2011	2010	2009	2008	2007	2006	2005
Pasadena ISD	7,069	7,058	7,082	7,000	7,000	7,000	7,000
United Space Alliance	6,500	10,185	10,185	6,600	3,000	3,000	3,000
Lockheed Martin Corp	3,359	1,300	1,000	3,000	3,000	1,600	1,600
NASA Lyndon B Johnson Space Ctr	2,500	2,500	2,500	2,750	2,500	3,200	3,200
Memorial Healthcare System	2,200	2,200	1,350	1,350	1,350	1,200	1,200
Powell Electrical Systems Inc	2,020	2,020	1,200	1,200	1,200	-	-
Shell Chemical	1,700	1,000	1,000	1,000	1,000	-	-
Walmart	1,640	1,640	-	-	-	-	-
Bayshore Medical Center	1,500	1,200	1,200	1,350	1,500	1,200	1,200
CHCA Clear Lake, LP	1,500	1,500	1,600	1,550	1,600	1,300	1,300
Equistar Chemicals LP	1,500	1,500	1,500	1,500	1,500	1,500	1,500
University of Houston - Clear Lake	1,245	1,299	1,092	1,100	1,092	1,200	1,200
ARCO Chemical	1,200	-	-	-	-	-	-
Lyondell Chemical Co	1,200	1,200	1,200	1,200	1,200	-	-
San Jacinto College	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Pasadena City Hall	1,100	1,100	970	1,100	1,100	-	-
Anheuser-Busch Co	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Rohm & Haas Texas Inc	1,000	1,000	1,000	1,000	1,000	1,000	1,000
US Air Force	1,000	1,000	-	-	-	-	-
Aker Industrial Constructors	-	1,500	-	-	-	-	-
Boeing Co	-	2,530	2,000	2,000	2,000	-	-
Channelview Complex	-	1,200	1,200	1,200	1,200	-	-
East Houston Regional Med Ctr	-	-	1,000	1,000	1,000	-	-
Gulf Stream Marine	-	-	1,700	1,700	1,700	-	-
IKON Office Solutions	-	-	1,400	1,400	-	-	-
International Business	-	-	1,100	1,100	-	-	-
Kellogg Brown & Root	-	-	-	-	-	1,700	1,700
Memorial 55 Plus	-	-	-	-	1,000	-	-
Pasadena Paper Co	-	-	1,100	1,100	1,100	-	-
Wyle Life Science	-	-	1,000	1,000	1,000	1,000	1,000
Totals	40,433	45,130	45,559	44,400	39,242	27,100	27,100

Employer	Percentage of Total Employment						
	2011	2010	2009	2008	2007	2006	2005
Pasadena ISD	3.03%	2.92%	3.89%	3.63%	1.02%	1.79%	1.79%
United Space Alliance	2.79%	4.22%	5.61%	3.86%	2.39%	4.17%	4.17%
Lockheed Martin Corp	1.44%	0.54%	2.75%	1.79%	1.71%	0.00%	0.00%
NASA Lyndon B Johnson Space Ctr	1.07%	1.04%	1.38%	1.51%	0.86%	1.90%	1.90%
Memorial Healthcare System	0.94%	0.91%	0.74%	0.74%	0.51%	0.72%	0.72%
Powell Electrical Systems Inc	0.87%	0.84%	0.66%	0.61%	0.38%	0.00%	0.00%
Shell Chemical	0.73%	0.41%	0.55%	0.55%	0.34%	0.00%	0.00%
Walmart	0.70%	0.68%	0.00%	0.00%	0.00%	0.00%	0.00%
Bayshore Medical Center	0.64%	0.50%	0.66%	0.66%	0.41%	0.72%	0.72%
CHCA Clear Lake, LP	0.64%	0.62%	0.88%	0.85%	0.55%	0.78%	0.78%
Equistar Chemicals LP	0.64%	0.62%	0.83%	0.83%	0.51%	0.89%	0.89%
University of Houston - Clear Lake	0.53%	0.54%	0.60%	0.60%	0.37%	0.72%	0.72%
ARCO Chemical	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lyondell Chemical Co	0.52%	0.50%	0.66%	0.66%	0.41%	0.72%	0.72%
San Jacinto College	0.52%	0.50%	0.66%	0.66%	0.41%	0.72%	0.72%
Pasadena City Hall	0.47%	0.46%	0.53%	0.61%	0.38%	1.01%	1.01%
Anheuser-Busch Co	0.43%	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Rohm & Haas Texas Inc	0.43%	0.41%	0.55%	0.55%	0.34%	0.60%	0.60%
US Air Force	0.43%	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Aker Industrial Constructors	0.00%	0.82%	0.00%	0.00%	0.00%	0.00%	0.00%
Boeing Co	0.00%	1.05%	1.10%	1.10%	0.68%	0.00%	0.00%
Channelview Complex	0.00%	0.50%	0.66%	0.66%	0.41%	0.00%	0.00%
East Houston Regional Med Ctr	0.00%	0.00%	0.55%	0.55%	0.34%	0.00%	0.00%
Gulf Stream Marine	0.00%	0.00%	0.94%	0.94%	0.58%	0.00%	0.00%
IKON Office Solutions	0.00%	0.00%	0.77%	0.77%	0.00%	0.00%	0.00%
International Business	0.00%	0.00%	0.61%	0.61%	0.00%	0.00%	0.00%
Kellogg Brown & Root	0.00%	0.00%	0.00%	0.00%	0.46%	0.71%	0.71%
Memorial 55 Plus	0.00%	0.00%	0.00%	0.00%	0.34%	0.00%	0.00%
Pasadena Paper Co	0.00%	0.00%	0.61%	0.61%	0.38%	0.00%	0.00%
Wyle Life Science	0.00%	0.00%	0.55%	0.55%	0.34%	0.60%	0.60%
Totals	17.34%	18.70%	26.74%	23.90%	14.12%	16.05%	16.05%

Source: InfoUSA, Hoover's, and the Dunn & Bradstreet Million Dollar Directory.

Note: Based on businesses with 1,000 or more full time employees for a total of 232,936 local employees.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Faculty, Staff, and Administrators Statistics
Fiscal Years 2004 to 2012
(Unaudited)

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Faculty:									
Full-time	523	492	511	454	463	440	439	428	426
Part-time	713	729	763	763	648	685	680	720	696
Total	<u>1,236</u>	<u>1,221</u>	<u>1,274</u>	<u>1,217</u>	<u>1,111</u>	<u>1,125</u>	<u>1,119</u>	<u>1,148</u>	<u>1,122</u>
Percent:									
Full-time	42.3%	40.3%	40.1%	37.3%	41.7%	39.1%	39.2%	37.3%	38.0%
Part-time	57.7%	59.7%	59.9%	62.7%	58.3%	60.9%	60.8%	62.7%	62.0%
Staff and Administrators:									
Full-time	721	703	732	703	759	739	694	687	667
Part-time	392	431	577	526	583	518	571	502	553
Total	<u>1,113</u>	<u>1,134</u>	<u>1,309</u>	<u>1,229</u>	<u>1,342</u>	<u>1,257</u>	<u>1,265</u>	<u>1,189</u>	<u>1,220</u>
Percent:									
Full-time	64.8%	62.0%	55.9%	57.2%	56.6%	58.8%	54.9%	57.8%	54.7%
Part-time	35.2%	38.0%	44.1%	42.8%	43.4%	41.2%	45.1%	42.2%	45.3%
FTSE per full-time faculty	41	46	40	41	38	40	40	39	38
FTSE per full-time staff member	30	32	28	26	23	24	25	24	24
Average over 9 months faculty salary	\$55,893	\$56,858	\$55,500	\$55,722	\$55,944	\$49,000	\$46,166	\$47,686	\$46,821

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details
Fiscal Years 2005 to 2011
(Unaudited)

Student Classification	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-29 hours	17,142	58.32%	17,023	58.63%	16,487	60.96%	14,854	60.35%	14,134	60.01%	13,968	58.85%	14,811	60.63%
30-72 hours	8,100	27.59%	7,589	26.58%	7,879	29.17%	7,265	29.51%	7,008	28.76%	7,170	30.21%	6,799	28.22%
> 72 hours	4,150	14.12%	3,937	13.79%	2,685	9.87%	2,497	10.14%	2,409	10.23%	2,596	10.94%	2,687	11.15%
Total	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%
Semester Hour Load														
Less than 3	235	0.80%	298	1.04%	297	1.10%	190	0.77%	146	0.62%	156	0.66%	150	0.62%
3 - 5 semester hours	4,673	15.90%	4,485	15.71%	5,077	18.80%	4,294	17.44%	4,317	18.33%	4,058	17.08%	4,013	16.65%
6 - 8 semester hours	7,595	25.84%	7,079	24.80%	6,809	25.21%	5,777	23.47%	5,484	23.28%	5,468	23.04%	5,601	23.24%
9 - 11 semester hours	6,368	21.63%	5,661	19.83%	5,171	19.14%	4,513	18.33%	4,235	17.98%	4,446	18.73%	4,395	18.24%
12 - 14 semester hours	8,327	28.33%	8,635	30.25%	7,743	28.67%	6,853	27.84%	6,505	27.62%	6,737	28.39%	6,821	28.31%
15 - 17 semester hours	1,723	5.86%	1,837	6.43%	1,748	6.46%	2,184	8.87%	2,144	9.10%	2,208	9.30%	2,387	9.81%
18 & over	481	1.64%	554	1.94%	168	0.62%	865	3.28%	720	3.06%	683	2.73%	730	3.03%
Total	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%
Average course load	9.1		9.3		8.9		9.8		9.7		9.7		9.4	
Tuition Status														
Texas Resident (in-District)	14,666	49.90%	14,312	50.13%	12,891	47.72%	11,736	47.67%	11,523	48.93%	11,968	50.42%	12,482	51.80%
Texas Resident (out-of-District)	10,775	36.65%	10,381	36.36%	9,684	35.78%	8,666	36.02%	8,286	35.16%	8,374	35.28%	8,453	35.06%
Non-Resident Tuition	919	3.13%	853	2.99%	1,644	6.09%	1,594	6.43%	1,398	5.94%	1,358	5.72%	1,260	5.23%
Tuition Exemption	3,032	10.32%	3,003	10.52%	2,693	9.97%	2,399	9.75%	2,298	9.76%	1,989	8.38%	1,826	7.58%
Other	-	0.00%	-	0.00%	119	0.44%	31	0.13%	45	0.19%	47	0.20%	76	0.31%
Total	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

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

Source: Data from the CBM001.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile
Fiscal Years 2005 to 2011
(Unaudited)

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender														
Female	16,781	57.09%	16,116	56.45%	15,107	55.93%	14,127	57.39%	13,437	57.05%	13,670	57.60%	14,008	58.13%
Male	12,611	42.91%	12,433	43.55%	11,904	44.07%	10,489	42.61%	10,114	42.95%	10,064	42.40%	10,089	41.87%
Total	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%
Ethnic Origin														
White	9,636	32.78%	10,711	37.52%	11,114	41.15%	10,566	42.88%	10,577	44.91%	10,809	45.54%	11,247	46.67%
Hispanic	11,847	40.32%	11,614	40.68%	10,397	38.49%	8,965	36.42%	8,157	34.64%	8,053	33.93%	7,977	33.10%
African American	3,011	10.24%	3,027	10.60%	2,975	11.01%	2,496	10.14%	2,334	9.91%	2,424	10.21%	2,497	10.36%
Asian	1,538	5.23%	1,628	5.70%	1,590	5.89%	1,419	5.76%	1,327	5.63%	1,275	5.37%	1,192	4.95%
Foreign	581	1.98%	682	2.39%	791	2.93%	986	4.01%	859	3.65%	868	3.66%	934	3.88%
Native American	248	0.84%	258	0.91%	144	0.53%	131	0.53%	115	0.49%	94	0.40%	69	0.29%
Other	2,531	8.61%	629	2.20%		0.00%	63	0.26%	182	0.77%	211	0.89%	181	0.75%
Total	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%
Age														
Under 18	1,991	6.77%	2,057	7.21%	2,594	9.61%	1,784	7.25%	1,644	6.96%	1,344	5.66%	1,123	4.66%
18 - 21	13,163	44.78%	12,805	44.85%	12,362	45.77%	11,329	46.02%	10,851	46.07%	10,786	45.45%	10,653	44.21%
22 - 24	4,805	16.35%	4,575	16.02%	3,847	14.61%	3,901	15.85%	3,813	16.19%	3,956	16.67%	4,178	17.34%
25 - 35	6,489	22.08%	6,234	21.84%	5,571	20.62%	5,149	20.92%	4,834	20.53%	5,136	21.64%	5,467	22.65%
36 - 50	2,465	8.39%	2,390	8.34%	2,135	7.90%	2,043	8.30%	2,021	8.58%	2,139	9.01%	2,305	9.56%
51 & over	479	1.63%	498	1.74%	402	1.48%	410	1.66%	388	1.65%	374	1.57%	361	1.58%
Total	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%
Average age	24		24		24		24		24		24		24	

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

Sources: Data from the CBM001.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions
Institutions Attended Fall 2011

(Unaudited)

(Includes only public senior colleges in Texas)

	Total Transfer Student Count Academic	Total Transfer Student Count Technical	Total Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Student
1 University of Houston - Clear Lake	1,503	35	93	1,631	26.00%
2 University of Houston	1,339	52	69	1,460	23.27%
3 Texas A&M University	472	11	19	502	8.00%
4 The University of Texas at Austin	363	8	16	387	6.17%
5 University of Houston - Downtown	284	23	36	343	5.47%
6 Texas State University - San Marcos	251	10	12	273	4.35%
7 Sam Houston State University	217	7	11	235	3.75%
8 Stephen F. Austin State University	149	5	15	169	2.69%
9 Texas Tech University	141	7	1	149	2.37%
10 The University of Texas at San Antonio	132	9	8	149	2.37%
11 The University of Texas Medical Branch at Galveston	130	8	2	140	2.23%
12 Lamar University	91	9	5	105	1.67%
13 Texas Southern University	81	12	8	101	1.61%
14 The University of Texas at Arlington	73	15	1	89	1.42%
15 Prairie View A&M University	74	10	-	84	1.34%
16 Texas A&M University at Galveston	72	7	3	82	1.31%
17 The University of Texas Health Science Center at Houston	46	6	-	52	0.83%
18 University of North Texas	36	1	4	41	0.65%
19 Texas Woman's University	31	5	1	37	0.59%
20 The University of Texas M.D. Anderson Cancer Center	31	3	-	34	0.54%
21 The University of Texas at Dallas	27	2	1	30	0.48%
22 Texas Tech University Health Science Center	22	7	-	29	0.46%
23 Texas A&M University - Corpus Christi	24	2	1	27	0.43%
24 University of Houston - Victoria	18	-	5	23	0.37%
25 Midwestern State University	15	2	1	18	0.29%
26 The University of Texas at Tyler	10	-	-	10	0.16%
27 Tarleton State University	9	-	-	9	0.14%
28 Angelo State University	7	1	-	8	0.13%
29 Texas A&M University - Kingsville	7	1	-	8	0.13%
30 The University of Texas at Brownsville	6	-	1	7	0.11%
31 Texas A&M University - Commerce	6	-	-	6	0.10%
32 Texas A&M University System Health Science Center	5	-	-	5	0.08%
33 The University of Texas of the Permian Basin	5	-	-	5	0.08%
34 The University of Texas Health Science Center at San Antonio	1	2	2	5	0.08%
35 West Texas A&M University	3	2	-	5	0.08%
36 Sul Ross State University	2	1	-	3	0.05%
37 The University of Texas at El Paso	3	-	-	3	0.05%
38 Baylor College of Medicine	2	-	-	2	0.03%
39 Texas A&M International University	2	-	-	2	0.03%
40 The University of Texas - Pan American	2	-	-	2	0.03%
41 Texas A&M University - Central Texas	1	-	-	1	0.02%
42 University of North Texas at Dallas	1	-	-	1	0.02%
43 University of North Texas Health Science Center	1	-	-	1	0.02%
Totals	5,695	263	315	6,273	100.00%

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information
Fiscal Years 2006 to 2012
(Unaudited)

	Fiscal Year						
	2012	2011	2010	2009	2008	2007	2006
Academic Buildings	34	33	34	32	32	32	32
Square footage (in thousands)	1,590,665	1,553,083	1,476,608	1,457,408	1,457,408	1,457,408	1,457,408
Libraries	3	3	3	3	3	3	3
Square footage (in thousands)	163,615	163,615	163,615	163,615	163,615	163,615	163,615
Number of Volumes (in thousands)	245,932	243,340	243,695	244,602	259,434	238,489	275,713
Administrative and Support Buildings	7	5	4	4	4	4	4
Square footage (in thousands)	369,754	288,613	265,906	265,906	265,906	265,906	265,906
Dormitories	1	1	1	1	1	1	1
Square footage (in thousands)	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Athletic Facilities	10	10	10	10	10	10	10
Square footage (in thousands)	165,527	165,527	165,527	165,527	165,527	165,527	165,527
Stadiums	3	3	3	3	3	3	3
Fitness Centers/Gymnasiums	4	4	4	4	4	4	4
Tennis Courts	3	3	3	3	3	3	3
Other	2	2	2	2	2	2	2
Plant Facilities	14	14	14	14	14	14	14
Square footage (in thousands)	49,137	49,137	49,137	49,137	49,137	49,137	49,137
Transportation:							
Cars	4	6	9	11	11	12	12
Light Trucks/Vans	74	71	68	57	50	47	40

Source: Master property schedule.

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



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

Board of Trustees
San Jacinto Community College District:

We have audited the basic financial statements of the San Jacinto Community College District (the College) as of and for the year ended August 31, 2012, and have issued our report thereon dated December 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

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

A handwritten signature in black ink, appearing to read "MFR.P.C.", written in a cursive style.

December 11, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees
San Jacinto Community College District:

Compliance

We have audited the compliance of San Jacinto Community College District (the College) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *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, 2012. The College's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal and State programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the 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 accompanying schedule of findings and questioned costs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal and State programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major Federal or State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with *OMB Circular A-133* 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 a 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

December 11, 2012

Schedule E

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2012

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U. S. Department of Education:			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A114114	\$ 842,991
Federal Work - Study Program	84.033	P033A114114	434,970
Federal Pell Grant Program	84.063	P063P112303	37,798,042
Federal Direct Student Loans - Subsidized	84.268	P268K122303	8,357,125
Federal Direct Student Loans - Unsubsidized	84.268	P268K122303	8,511,560
Federal Direct Student Loans - Plus Loans	84.268	P268K122303	110,703
Total Federal Direct Student Loans			<u>18,979,388</u>
Total Student Financial Aid Cluster - Schedule C			<u>58,053,391</u>
Direct Programs:			
TRIO Cluster:			
TRIO Talent Search	84.044A	P044A070353	406
TRIO Talent Search	84.044A	P044A110108	227,107
Total TRIO Talent Search			<u>227,513</u>
TRIO Upward Bound	84.047A	P047A070042	319,825
TRIO Upward Bound - Math & Science	84.047M	P047M070003	240,046
Total TRIO Cluster			<u>787,184</u>
Fund for the Improvement of Postsecondary Education (FIPSE):			
Fund for the Improvement of Postsecondary Education - Veterans Center	84.116G	P116G100242	114,862
Fund for the Improvement of Postsecondary Education - Maritime Equipment	84.116Z	P116Z100163	15,886
Total Funds for the Improvement of Postsecondary Education			<u>130,748</u>
Pass-Through From:			
Harris County Juvenile Board -			
Title I Part D Grants to Local Educational Agencies:			
Title I Grants to Local Educational Agencies - HCJJCSVEP 10-11	84.010 A	P180122	1,270
Title I Grants to Local Educational Agencies - HCJJCSVEP 11-12	84.010 A	P195043	287,984
Total Title I Grants to Local Educational Agencies			<u>289,254</u>
Texas Higher Education Coordinating Board -			
Career and Technical Education/Basic Grants to States:			
Carl Perkins Vocational Education Basic 11-12	84.048	12426	562,882
Carl Perkins Tech Prep Education	84.243	08469	14,607
Statewide Data System	84.375	03892	3,388
Total U. S. Department of Education			<u>57,841,452</u>
U. S. Department of Agriculture:			
Pass-Through From:			
Texas Department of Agriculture -			
Child and Adult Care Food Program	10.558	NA	29,170
Total U. S. Department of Agriculture			<u>29,170</u>
U. S. Department of Justice:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.807	445101701	7,035
Total U. S. Department of Justice			<u>7,035</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2012

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U. S. Department of Labor:			
Direct Programs:			
Workforce Investment Act Pilots, Demonstrations, and Research Project	17.261	EA-21471-11-60-A-48	248,638
H-1B Job Training Grants	17.268	HB-22720-12-60-A-48	39,913
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (ARRA)	ARRA 17.275	GJ-20047-10-60-A-48	1,516,367
CBJT Cluster:			
Community Based Job Training Grants - Gulf Coast Healthcare Partnership	17.269	CB-20567-10-60-A-48	1,433,867
Pass-Through From:			
Lee College:			
Community Based Job Training Grants - High Growth and Community Based Job Training Grant	17.269	CB-18226-06-60-A-48	20,195
Total CBJT Cluster			1,454,062
Total U. S. Department of Labor			3,258,980
U. S. Department of Transportation:			
Direct Programs:			
Commerical Motor Vehicle Operator Training Grants	20.235	FM-DTG-0001-11-01-00	48,979
National Aeronautics and Space Administration:			
Direct Programs:			
Aerospace Education Service Program - NASA Strategic Education Alliance	43.008	NNX07AP99A	2,749,680
National Aeronautics and Space Administration	43.008	NNX12AK88A	3,556
Total National Aeronautics and Space Administration			2,753,236
National Endowment for the Humanities:			
Direct Programs:			
Promotion of the Humanities Federal/State Partnership	45.129	NA	3,500
National Science Foundation:			
Direct Programs:			
Education and Human Resources - Students Expanding Possibilities Undergraduate Program	47.076	DUE-0849391	86,751
Pass-Through From:			
University of Houston:			
Education and Human Resources - IASNRCDUE	47.076	R-09-0147	(628)
Houston Alliance for Minority Participation Project (PH III)	47.076	R-09-0172	21,631
Lee College:			
Education and Human Resources - Analyzer Technician Opportunities Project	47.076	DUE-0801907	20
Total Education and Human Resources			107,774
Total National Science Foundation			107,774
U. S. Small Business Administration:			
Pass-Through From:			
The University of Houston-Central:			
Small Business Development Center 10/11	59.037	R-09-0109	16,349
Small Business Development Center 11/12	59.037	R-12-0072-53826	151,070
Total U. S. Small Business Administration			167,419
U. S. Department of Veterans Affairs:			
Direct Programs - All-Volunteer Force Educational Assistance	64.124	362/242D	21,031

Continued

Schedule E

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2012

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U. S. Department of Health and Human Services:			
Pass-Through From:			
Texas Workforce Commission:			
Child Care and Development Block Grant 10-11	93.575	06260C267FY11	18,059
Child Care and Development Fund (CCDF) Cluster:			
TWC Pass-Through From - Texas Education Agency:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Texas School Ready! Program III	93.596	NA	2,000
Texas Workforce Commission:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2812CCMC26	102,143
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2812CCMC38	14,086
Total CCDF Cluster			<u>118,229</u>
Total U. S. Department of Health and Human Services			<u>136,288</u>
Total Federal Financial Assistance			<u>\$ 64,374,864</u>

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, 2012

Grantor Agency/Program Title	Grant Contract Number	General Ledger Account	Expenditures
Texas Workforce Commission (TWC):			
Direct Program:			
TWC College Credit for Heroes - Dislocated Worker Formula Grant	2811WSW003	551009	\$ 108,030
Total Texas Workforce Commission - Workforce Investment Act Fund			<u>108,030</u>
TWC SDF Aerospace Consortium II	2810SDF004	551003	31,539
TWC Maritime Consortium 2010	2810SDF005	551002	74,363
TWC Skills for Small Business	2810SSD001	551004	1,425
San Jacinto College in Partnership with a Petrochemical Manufacturing Consortium	2810SDF007	551005	1,542,247
San Jacinto College in Partnership with Turner Industries	2810SDF009	551007	120,220
TWC Medical Consortium II	2811SDF002	551011	88,093
TWC Maritime Consortium II	2811SDF000	551012	85,722
TWC Hospital Corporation	2811SDF003	551013	16,611
TWC SDF PolyOne	2812SDF001	551014	22,782
Pass through from:			
Texas State Technical College, Waco - A Partnership with Hospital Corporation of America and United Health Services	1310SDF000	551006	45,316
Lamar Institute of Technology - CHRISTUS Hospital Consortium Project	2811SDF001	551010	33,541
Total Texas Workforce Commission - Skills Development Fund			<u>2,061,859</u>
Texas Higher Education Coordinating Board:			
Student Financial Aid:			
State Military Tuition Assistance	26041	245127	(363)
Texas Grant I - Initial	13099	245606	886,398
Texas Grant I - Renewal	13099	245610	285,550
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	245706	89,775
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	245710	63,315
College Work Study Program	22339	245506	68,851
Early High School - House Bill 1479	33080	245125	112,824
Top Ten Percent	20356	245129	70,000
College Access Loan	NA	245216	87,960
Direct Program:			
P-16 Initiatives - First Year Experience Calling Program 2012/Outreach & Success	06892	555015/555016/555017	26,311
Developmental Education Demonstration Project	02778	555008	766,243
Nursing Innovation Central Campus	05664	555013	38,245
Nursing Innovation South Campus	05666	555014	39,157
Professional Nursing Shortage Reduction Program FY10 - C.C.	FY10 Under 70 CC	555004	(2,708)
Professional Nursing Shortage Reduction Program FY11 - C.C.	FY11 Under 70 CC	555009	(9,822)
Professional Nursing Shortage Reduction Program FY11 - S.C.	FY11 Under 70 SC	555010	60,770
Professional Nursing Shortage Reduction Program FY12 - C.C.	FY12 Regular CC	555018	46,610
Pass-Through From:			
El Paso Community College: Community College Develop Education Initiative Program	NA	545001	20,861
Texas State University: Success Initiative in Developmental Education - Mathematics (SIDE- M)	2641	555011	3,590
Total Texas Higher Education Coordinating Board			<u>2,653,567</u>
Total State Financial Assistance			<u>\$ 4,823,456</u>

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, 2012

1. Federal Assistance Reconciliation

Direct Federal grants and contracts per Schedule A	\$ 7,925,886*
Add: Indirect/Administrative Cost Recoveries - per Schedule A	395,587
Direct Federal revenue, non-operating - Schedule C	55,932,390
Add: Indirect/Administrative Cost Recoveries - per Schedule C	<u>121,001</u>
 Total Federal Revenues per Schedule E – Schedule of Expenditures of Federal Awards	 \$ <u>64,374,864</u>

2. State Assistance Reconciliation

Direct State grants and contracts per Schedule A	\$ 4,766,360*
Add: Indirect/Administrative Cost Recoveries - per Schedule A	<u>57,096</u>
 Total State Revenues per Schedule F – Schedule of Expenditures of State Awards	 \$ <u>4,823,456</u>

3. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of Federal and State awards present the activity of Federal and State programs of the College for the year ended August 31, 2012. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

4. Amounts passed through by the College - Sub-Recipients

*The following amounts were passed-through to the listed sub-recipients by the College. These amounts are included in Notes 1 and 2 – Total \$3,739,617. Federal Agencies \$3,117,180 State Agency \$622,437.

Sub-Recipient Name	CFDA/Grant	Grant Agency	Grant Program	Amount
Houston-Galveston Area Council	17.269	U.S. Department of Labor	Community Based job Training	\$ 49,277
College of the Mainland	17.269	U.S. Department of Labor	Community Based job Training	171,836
Brazosport College	17.269	U.S. Department of Labor	Community Based job Training	283,730
Lee College	17.269	U.S. Department of Labor	Community Based job Training	329,044
Lee College	17.275	U.S. Department of Labor	Program Competitive Grants	140,863
Brazosport College	17.275	U.S. Department of Labor	Program Competitive Grants	435,823
Universities Space Research Association	43.008	NASA	Education Services Program	706,607
Lee College	State Grant 2810SDF007	Texas Workforce Commission	SJCD in Partnership with EHCMA	622,437

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards, Continued Year Ended August 31, 2012

5. Insurance Coverage

During the year ended August 31, 2012, the College maintained the following types of insurance:

General liability - \$1,000,000 per occurrence and \$1,000,000 aggregate
Property policy - \$100,000,000 per occurrence
Law enforcement policy - \$1,000,000 per wrongful act and \$1,000,000 aggregate
Excess policy - \$4,000,000 each occurrence and \$4,000,000 aggregate
Educator's legal policy - \$5,000,000 aggregate
Student liability policy - \$1,000,000 per incident and \$3,000,000 aggregate
Non-owned aviation policy - \$1,000,000 per occurrence and \$1,000,000 aggregate
Pollution policy - \$1,000,000 per claim and \$2,000,000 aggregate
Automobile liability - \$1,000,000 per person per accident and \$3,000,000 per accident
Workers compensation - \$54,411 annually and \$339,895 loss fund maximum

SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2012**

Section 1

Summary of Auditors' Results

Financial Statements

- | | |
|---|-------------|
| 1. Type of auditors' report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal and State Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or the <i>State of Texas Single Audit Circular</i> ? | No |
| 4. Identification of major programs: | |

Federal CFDA Number

Name of Federal Program

84.007	Student Financial Aid Cluster: Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
43.008	Aerospace Education Service Program – NASA Strategic Education Alliance
ARRA 17.275	Program for Competitive Grants for Worker Training and Placement in High Growth and Emerging Industries Sector
84.044A	TRIO Cluster: TRIO Talent Search
84.047A	TRIO Upward Bound
84.047M	TRIO Upward Bound - Math and Science
84.048	Career and Technical Education Basic Grants to States - Carl Perkins Vocational Education Basic 11-12

SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Schedule of Findings and Questioned Costs, Continued
Year Ended August 31, 2012**

State - Contract Number

Name of State Program

Texas Workforce Commission Cluster:

2811WSW003

TWC College Credit for Heroes –
Dislocated Worker Formula Grant

2810SDF004

TWC SDF Aerospace Consortium II

2810SDF005

TWC Maritime Consortium 2010

2810SSD001

TWC Skills for Small Business

2810SDF007

San Jacinto College in Partnership
with a Petrochemical Manufacturing
Consortium

2810SDF009

San Jacinto College in Partnership
with Turner Industries

2811SDF002

TWC Medical Consortium II

2811SDF000

TWC Maritime Consortium II

2811SDF003

TWC Hospital Corporation

2811SDF001

TWC SDF PolyOne

5. Dollar threshold used to distinguish
between Type A and Type B programs:

Federal

\$ 300,000

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

Section 4

Schedule of Prior Year Audit Findings

None reported