

San Jacinto Community College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
AUGUST 31, 2011 AND 2010**

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, 2011 and 2010

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SAN JACINTO COMMUNITY COLLEGE DISTRICT
Organizational Data

Board of Trustees and Key Officers
Year Ended August 31, 2011

Officers

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

Members

		Term Expires <u>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

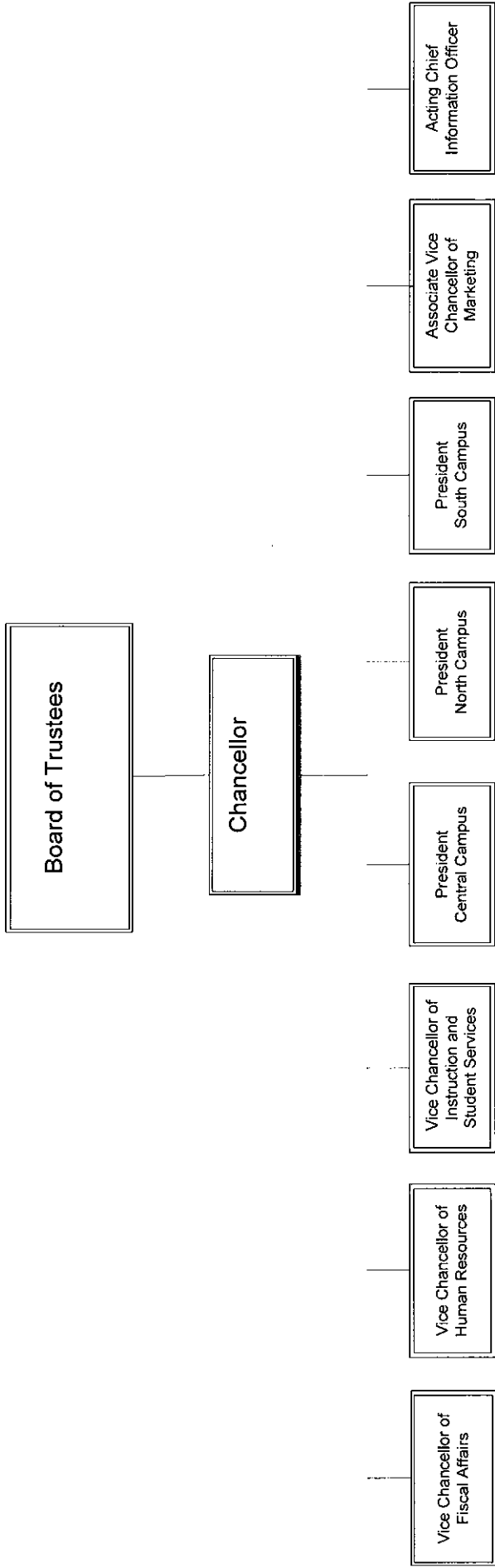
Mr. J.D. Bruce
Mr. Ben Meador
Mr. C. Wayne Slovacek
Mr. W.L. "Levi" Smallwood

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
Dr. Neil Matkin	President, Central Campus
Dr. Allatia Harris	President, North Campus
Dr. Maureen Murphy	President, South Campus
Ms. Teri Fowle	Associate Vice Chancellor of Marketing
Mr. Rob Stanicic	Acting Chief Information Officer

San Jacinto Community College District

August 31, 2011



Vice Chancellor of Fiscal Affairs

December 12, 2011

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, 2011 and 2010.

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, 2011 and 2010 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, 2011 and 2010 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 8,900 continuing and professional development students. The College offers over 140 academic programs 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 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 San Jacinto Community College.

In addition to the quality and rounded education experience offered to our students, San Jacinto Community College also partners with businesses in the community to provide continuing development for 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.

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

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

San Jacinto Community College, established 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.

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

Cash Management Practices

Cash was invested in certificates of deposit, obligations of U.S. agencies, and local government money market pools. The maturities of investments range from 1 month to 35 months. Coupon rates range from 0.50% to 1.00%. Investment income includes the increase or decrease in the fair value. The fair value of securities will increase or decrease due to changes in market interest rates during the year. As individual securities come closer to their maturity date, the fair value of the security moves toward its par value. As the price moves toward its par value, the unrealized gain or loss is reduced proportionally and is eliminated by the time the security matures. The College generally holds securities to maturity.

Debt Management

The College is authorized to sell bonds and to levy an ad valorem tax in payment of the debt by the Constitution and the laws of the State of Texas. At August 31, 2011, the College had \$329,521,790 in general obligation debt outstanding. Ad valorem property taxes to support outstanding debt are limited to a maximum rate of \$0.50 tax per hundred dollars of taxable assessed valuation. Proceeds from general obligation debt may be used to purchase land for sites, construct, improve, renovate, and equip College facilities; to refund certain bonds of the College; and to pay the issuance costs of bonds. The College's uninsured general obligation debt is currently rated AA by Standard and Poor's and Aa3 by Moody's.

Bond Referendum

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

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its comprehensive annual financial reports for the fiscal years ended August 31, 2010. This was the fourth 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 blue ink, appearing to read 'K. Lynn', with a long horizontal 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, 2010

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.



Linda C. Danson

President

Jeffrey R. Emer

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, 2011 and 2010, 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, 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, 2011 and 2010, 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 12, 2011 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.

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

Our audits were conducted for the purpose of forming an opinion on the 2011 and 2010 basic financial statements of the College, taken as a whole. The supplemental schedules (schedule A through D) and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Supplemental schedules A through D have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audits of the 2011 and 2010 basic financial statements and, accordingly, we express no opinion on it.

Our 2011 audit was conducted for the purpose of forming an opinion on the 2011 basic financial statements. The accompanying schedule of expenditures of Federal awards (Schedule E) and schedule of expenditures of State awards (Schedule F) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* and the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and are not a required part of the 2011 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2011 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 2011 basic financial statements or to the 2011 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 schedule of expenditures of Federal awards (Schedule E) and schedule of expenditures of State awards (Schedule F) are fairly stated in all material respects in relation to the 2011 basic financial statements taken as a whole.

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

December 12, 2011

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis
Fiscal Year Ended August 31, 2011
(Unaudited)

About San Jacinto Community College District

The San Jacinto Community College District (the College) has served east Harris County in Texas since the early 1960s, demonstrating a partnership between a growing community college and a sprawling area rich in history. The diverse college district has now grown to include three campuses, a network of off-campus learning centers, and online offerings. Total credit enrollment exceeds 29,500 students with approximately 8,900 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 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 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 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, 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, 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, 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, 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, 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 \$1,000,000 which is payable as an earnest money deposit of \$10,100 of which \$10,000 is refundable in the event the College, during its' due diligence period, decides for any reason not to consummate the purchase. The remaining \$990,000 plus buyer's closing costs are payable at closing. The entire purchase price will be paid from operating net assets and capitalized as a land purchase. The closing on the purchase of this land has not been determined as of the date of this report.

Financial Highlights for 2010

- The College has three primary sources of revenue - State appropriations, ad valorem taxes, and tuition and fees. Historically, the College has endeavored to maintain a balance between the revenue sources so that responsibility for funding College operations is to some extent equally shared. For Fiscal Year 2009-2010, the percentages of the total among the revenue streams were: State Appropriations 34.7% or \$47,399,957, ad valorem taxes 33% or \$45,349,704, and tuition and fees (before discounts) 32.3% or \$43,807,352, for a total of \$136,557,013.
- The College had an increase of \$20.5 million in Federal Title IV funds. The Pell Grant increased by 79.4% (\$15.5 million) in the amount paid and 42.4% (2,434) in the number of recipients. The increases were primarily attributed to an increase in enrolled students who were eligible for the Pell Grant. Federal regulations eased the eligibility criteria and increased the maximum amount of Pell Grant students could receive. The College also had an increase in the number of students who participated in the Federal Family Education Loan Program. The College had 30.4% (479) more borrowers and a 40% (\$5 million) increase in the amount paid. The increase can be attributed to an increase in unemployed students and/or parents.
- The College purchased a 23.8596 acre tract of land located directly across from the San Jacinto College North campus for \$979,160. Options for best use of the land are still being evaluated and will be determined in future facilities master planning activities. The land was acquired for expansion of the North campus footprint and will provide flexibility in planning for future land use.

- At the end of Fiscal Year 2009-2010, the College had approximately \$19.6 million in undesignated unrestricted net assets. On August 2, 2010, the Board approved two designations totaling \$50 million, with one designation of \$25 million for Business Continuity and Emergency Recovery and the other designation of \$25 million for Repair and Renovation of Facilities. The need for the designated net assets arises from the Board's desire to establish, through the financial records of the College, its intention to "set aside" financial resources. Designation of unrestricted net assets will establish the reserves in the accounting records of the College and preserve the expression of the Board's intention to fund these potential future cash flow needs.
- The State of Texas is experiencing budget difficulties because of the current economic conditions. In February 2010, the Governor asked State agencies to prepare and submit written plans to reduce their State revenue budgets by 5% for each year of the biennium. This reduction in State revenue would encompass both years of the biennium (2009 - 2010 and 2010- 2011). The February 2010 proposal submitted by San Jacinto Community College District indicated that the College would satisfy the requirement to reduce the State revenue appropriation by executing a reclassification of budgeted revenue rather than a reduction. This is possible because during the budget development process for 2009-2010, conservative projections were used for property tax revenues due to economic uncertainties. It was anticipated that tax revenue collection issues might arise related to the economic downturn, either through reduced collection rates or possibly by taxpayer bankruptcies. As a result, a reserve of \$3 million was created in the adopted tax revenue budget to ensure conservatism. This reserve remains unused as collection rates have remained at historical averages and no major taxpayers have filed bankruptcy.
- In March 2010, the Board approved a \$5 per semester credit hour increase in tuition for all resident statuses and a \$5 increase in the general service fee effective with the Fall 2010 semester. The last tuition increase for the College occurred in April 2007. The tuition rates of the College are comparable with the eight community colleges in the Gulf Coast area and are below the State averages published by the Texas Association of Community Colleges. The tuition increase will produce approximately \$3.5 million additional revenue for Fiscal Year 2010-2011 which may be offset by potential cuts in State funding. The proposed revenue increase will be included in the budget development process to address instructional staffing, prioritized needs, and annual goals established during the strategic planning process.

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>2011</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 76,660	\$ 74,505	\$ 57,927
Noncurrent assets:			
Capital assets, net of depreciation	236,471	173,747	144,801
Other (includes 2011 and 2009 bond issues)	<u>266,704</u>	<u>258,473</u>	<u>299,329</u>
Total assets	<u>\$ 579,835</u>	<u>\$ 506,725</u>	<u>\$ 502,057</u>
Current liabilities	\$ 57,051	\$ 44,578	\$ 40,506
Noncurrent liabilities	<u>318,602</u>	<u>263,843</u>	<u>276,812</u>
Total liabilities	<u>\$ 375,653</u>	<u>\$ 308,421</u>	<u>\$ 317,318</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 121,440	\$ 109,326	\$ 89,074
Expendable – restricted	4,199	4,624	6,549
Unrestricted	<u>78,543</u>	<u>84,354</u>	<u>89,116</u>
Total net assets	<u>\$ 204,182</u>	<u>\$ 198,304</u>	<u>\$ 184,739</u>

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.

Fiscal Year 2010 Compared to 2009

Total assets increased \$4.7 million during the fiscal year ended August 31, 2010, a modest 1% increase. Cash, cash equivalents, and investments decreased \$26 million, primarily due to purchase of capital assets and increase in capital debt interest. Responding to declining interest rate fluctuations over the past year, the College maintained a conservative approach and invested a greater portion of the bond proceeds in restricted long term investments, as well maintaining appropriate liquidity through investment pools included in the cash and cash equivalents category by definition.

The College's current ratio increased to 1.67 in 2010 from 1.43 in 2009 due to increases in pooled investments of operating funds and a decrease in the current portion of bonds payable.

Total liabilities decreased by \$8.9 million to \$308.4 million in 2010 or 2.8%, from \$317.3 million in 2009. Current liabilities increased by \$4.1 million to \$44.6 million or 10.12% for 2010, from \$40.5 million in 2009 primarily due to outstanding construction payments. Noncurrent liabilities decreased by \$13.4 million to \$264 million or 4.8% in 2010, from \$277 million in 2009. The decrease was due primarily from the decrease in bonds payable. Net assets increased by \$13.6 million, by \$23.2 million, and by \$11.7 million for 2010, 2009, and 2008, respectively.

The Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net assets have increased during the year ended August 31, 2011, with comparative information for fiscal year 2010. 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>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of scholarship allowances and discounts	\$ 34,233	\$ 31,298	\$ 30,069
Federal grants and contracts	7,913	6,722	5,810
State grants and contracts	4,495	3,521	3,090
Non-government grants and contracts	1,470	1,265	1,014
Sales and services of educational activities	1,124	869	735
Auxiliary enterprises, net of discounts	3,923	3,755	3,667
General operating revenues	<u>2</u>	<u>2</u>	<u>-</u>
Total operating revenues	<u>53,160</u>	<u>47,432</u>	<u>44,385</u>
Expenses:			
Operating expenses:			
Instruction	68,296	60,430	55,593
Public service	3,702	4,446	3,409
Academic support	12,620	10,088	10,557
Student services	13,471	13,239	12,343
Institutional support	31,638	30,855	26,367
Operation and maintenance of plant	15,487	13,427	14,163
Scholarships and fellowships	42,060	34,194	21,152
Auxiliary enterprises	4,125	4,044	3,929
Depreciation	<u>7,798</u>	<u>6,816</u>	<u>7,626</u>
Total operating expenses	<u>199,197</u>	<u>177,539</u>	<u>155,139</u>
Operating loss	<u>(146,037)</u>	<u>(130,107)</u>	<u>(110,754)</u>

Non-operating revenues (expenses):			
State appropriations	47,123	47,400	47,838
Maintenance ad valorem taxes	43,432	45,350	46,493
Debt service ad valorem taxes	21,374	22,027	18,895
Federal revenue, non-operating	51,385	40,151	24,744
Investment income (net of investment expenses)	1,100	1,649	2,624
Interest on capital related debt	(12,144)	(12,355)	(6,600)
Hurricane Ike expenses (net of recoveries)	-	620	169
Other non-operating revenues (expenses)	<u>(355)</u>	<u>(1,170)</u>	<u>(249)</u>
Total non-operating revenue, net	<u>151,915</u>	<u>143,672</u>	<u>133,914</u>
Increase in net assets	5,878	13,565	23,160
Net assets, beginning of year	<u>198,304</u>	<u>184,739</u>	<u>161,579</u>
Net assets, end of year	\$ <u>204,182</u>	\$ <u>198,304</u>	\$ <u>184,739</u>

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 increase 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.

Fiscal Year 2010 Compared to 2009

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$43.8 million in 2010 from \$39.7 million in 2009. This 10.33% increase of \$4.1 million is a result of a 9.7% increase in enrollment while maintaining the same tuition rate as 2009. It includes tuition and fees for both State-funded academic and non-State funded contract training and workforce development instructional activities. Contact hours for fiscal year 2010 increased by 0.44 million to 10.7 million from 10.3 million contact hours for 2009. Non-State funded contract training and workforce development instruction revenues remained steady at \$1.3 million for 2010 and \$1.5 million for 2009.

Operating expenses increased by \$22.5 million to \$177.5 million for 2010 from \$155 million for 2009. Operating expenses related to instruction through operation and maintenance of plant increased by \$10 million; this is attributable to reclassification of expenses related to Hurricane Ike in 2009 as non-operating as well as related increase in expenses due to the 9.7% increase in enrollment in 2010. Scholarships and Fellowships increased by \$13 million, attributable primarily to an increase of over 2,900 Federal Title IV recipients. Auxiliary enterprises remained unchanged at \$4 million and depreciation decreased by \$0.8 million.

Increases in net non-operating revenue and expenses totaled \$9.76 million in 2010 from 2009. Ad valorem tax revenue increased a total of \$2 million. The College's tax rate for maintenance and operations per \$100 valuation decreased to 11.4293 cents for 2010 from 11.5927 cents for 2009, while the debt service increased to 5.6507 cents for 2010 from 4.7484 cents to offset the increase in debt service payment requirements. Net investment income continued to decline due to lower rates. The portfolio yielded \$0.97 million less for 2010 than for 2009. Interest on capital related debt increased by \$5.76 million due to payments due on the 2009 and 2008 bond series included a full year of interest on the \$150 million of bonds issued in July of 2009.

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

The following chart summarizes the Statements of Cash Flows (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash (used by) provided by:			
Operating activities	\$ (122,474)	\$ (106,267)	\$ (102,416)
Non-capital financing activities	131,370	120,744	112,982
Capital and related financing activities	(4,827)	(41,992)	226,818
Investing activities	<u>35,760</u>	<u>(95,360)</u>	<u>(29,822)</u>
Net increase (decrease) in cash and cash equivalents	39,829	(122,875)	207,562
Cash and cash equivalents - beginning of year	<u>123,004</u>	<u>245,879</u>	<u>38,317</u>
Cash and cash equivalents - end of year	\$ <u>162,833</u>	\$ <u>123,004</u>	\$ <u>245,879</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.

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 \$132 million in 2011, \$122 million in 2010, and \$114.5 million in 2009. 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. For 2010 and 2009, the uses of non-capital financings were steady at \$1.5 million for scheduled interest payments on notes.

The College received in 2011, \$70.9 million from the sale of general obligation bonds and used \$70.9 million in payments for purchases of capital assets as part of the on-going construction related projects. Net cash flows from capital and related financing activities was \$42 million used in 2010 and \$226.8 million provided in 2009. The increase for 2009 is attributable to the issuance of the 2009 and 2008 bond series. Net cash flows from investing activities were an increase of \$35.8 million for 2011 and decreases of \$95.4 million for 2010 and \$29.8 in 2009. This is attributable to changes between pooled investments and securities.

Net cash provided by operating and non-capital financing activities resulted in an increase of \$8.9 million for 2011, \$14.5 million for 2010, and \$10.4 million for 2009, while net cash used for capital and related financing activities plus investing activities resulted in an increase of \$30.9 million for 2011, a decrease of \$137.4 million for 2010, and a \$197 million increase for 2009. The 2009 increase is primarily due to the sale of general obligation bonds.

Capital Assets and Long-Term Debt Activity

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.

Capital Assets - Fiscal Year 2010

In 2010, the College completed three roofing projects, new Childcare Centers for Central and North Campus, Café remodeling for Central and South Campus, Phase 1 athletic field improvements for North and South Campus, mechanical work on all three campuses, North Campus pavement and drainage improvements, and District Administration building electrical upgrades, for a total cost of \$16.1 million. At August 31, 2010, \$22.8 million remained in Construction in Process for a new Central Transportation Building, Central Welding addition, Central Allied Health addition, a new Central Science Building, a new College Workforce Training Center, North Student Success Center addition, a new North Allied Health Science Building, South Student Success Center addition, a new South Allied Health Science Building, network upgrades on all three campuses, pavement and drainage improvements for Central and South Campus, District Human Resources Office expansion and remodeling, 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 an additional 23.8596 acres for \$979,160 at the North Campus.

Long-Term Debt

On October 3, 2011, the Board of Trustees 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 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 prior 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 will be \$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 would incur 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 of Trustees approved the adoption of the 2010 tax rate of \$17.6277 cents per \$100 valuation. The 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 by a margin of 3,335 "Yes" votes to 1,363 "No" votes. Supporting the call for the election is the 2008 Facilities Master Plan which identified the facility needs of the College in priority order. Among the top construction priorities were the Science Building and the Allied Health Science Building addition on the Central campus, the Allied Health/Science Building and the Spencer addition on the North campus, and, the Science/Allied Health Building and the Longenecker addition on the South campus. Construction of these facilities in particular is necessary to meet instructional capacity needs in the science and allied health curriculums. On August 11, 2008, in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming, and other construction activities, the Board of Trustees approved an initial issuance of \$80 million. On July 15, 2009, the College issued an additional \$150 million of the \$295 million bond authorization, leaving a balance of \$65 million authorized but not issued.

The 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, 2011, the balance of the College Notes and Bonds Payable is \$329,521,790.

At August 31, 2011, 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 2011 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 2011 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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 42,837,558	\$ 38,015,065
Deposits held by others	21,601	21,601
Other short-term investments	7,067,160	14,102,513
Accounts receivable, net	24,155,695	20,554,264
Deferred charges	2,215,133	1,412,608
Inventories	363,139	399,003
Total current assets	<u>76,660,286</u>	<u>74,505,054</u>
Noncurrent assets:		
Restricted cash and cash equivalents	119,995,497	84,988,604
Restricted short-term investments	14,416,688	-
Other long-term investments	45,510,220	48,005,130
Restricted long-term investments	84,264,802	123,753,207
Bond issuance costs	2,516,804	1,726,507
Capital assets net of accumulated depreciation	170,357,927	143,563,317
Capital assets not being depreciated	66,113,428	30,183,629
Total noncurrent assets	<u>503,175,166</u>	<u>432,220,394</u>
Total assets	<u>579,835,452</u>	<u>506,725,448</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	22,580,561	12,710,564
Accrued liabilities	609,732	1,528,123
Accrued compensable absences	256,636	258,766
Deferred compensation	452,325	80,000
Deferred revenues	19,942,492	18,771,419
Notes payable - current portion	526,873	690,000
Bonds payable - current portion	12,682,266	10,539,512
Total current liabilities	<u>57,050,885</u>	<u>44,578,384</u>
Noncurrent liabilities:		
Accrued compensable absences	2,289,996	2,345,281
Notes payable	4,018,727	4,380,000
Bonds payable	312,293,924	257,117,665
Total noncurrent liabilities	<u>318,602,647</u>	<u>263,842,946</u>
Total liabilities	<u>375,653,532</u>	<u>308,421,330</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	121,440,491	109,325,755
Expendable, restricted for:		
Grants	1,511,504	1,533,284
Debt service	2,687,249	3,090,752
Unrestricted	78,542,676	84,354,327
Total net assets (Schedule D)	<u>\$ 204,181,920</u>	<u>\$ 198,304,118</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Operating Revenues</u>		
Student tuition and fees, (net of scholarship allowances and discounts of \$16,494,958 and \$12,509,330 , respectively)	\$ 34,233,232	\$ 31,298,022
Federal grants and contracts	7,912,674	6,722,223
State grants and contracts	4,494,887	3,520,431
Non-governmental grants and contracts	1,470,213	1,265,130
Sales and services of educational and non-educational activities	1,124,440	869,143
Auxiliary enterprises, (net of discounts)	3,922,490	3,755,281
General operating revenues	<u>2,048</u>	<u>1,693</u>
Total operating revenues (Schedule A)	<u>53,159,984</u>	<u>47,431,923</u>
<u>Operating Expenses</u>		
Instruction	68,296,241	60,430,231
Public service	3,701,650	4,445,946
Academic support	12,620,285	10,087,688
Student services	13,470,745	13,238,676
Institutional support	31,638,055	30,854,583
Operation and maintenance of plant	15,486,765	13,427,527
Scholarships and fellowships	42,060,513	34,194,427
Auxiliary enterprises	4,124,852	4,043,762
Depreciation	<u>7,797,949</u>	<u>6,815,803</u>
Total operating expenses (Schedule B)	<u>199,197,055</u>	<u>177,538,643</u>
Operating loss	<u>(146,037,071)</u>	<u>(130,106,720)</u>
<u>Non-operating revenues (expenses)</u>		
State appropriations	47,123,286	47,399,957
Maintenance ad valorem taxes	43,431,527	45,349,704
Debt service ad valorem taxes	21,374,140	22,027,384
Federal revenue, non-operating	51,385,403	40,150,985
Investment income (net of investment expenses)	1,099,473	1,649,239
Interest on capital related debt	(12,144,364)	(12,355,349)
Hurricane Ike expenses (net of recoveries)	-	620,355
Other non-operating revenues (expenses)	<u>(354,592)</u>	<u>(1,170,087)</u>
Total non-operating revenues, net (Schedule C)	<u>151,914,873</u>	<u>143,672,188</u>
Increase in net assets	5,877,802	13,565,468
Net assets, beginning of year	<u>198,304,118</u>	<u>184,738,650</u>
Net assets, end of year	<u>\$ 204,181,920</u>	<u>\$ 198,304,118</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows
Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 36,509,035	\$ 39,082,491
Receipts of grants and contracts	13,962,399	10,986,076
Payments to suppliers for goods or services	(31,171,619)	(30,190,715)
Payments to or on behalf of employees and fellowships	(99,958,390)	(92,533,370)
Payments of scholarships	(41,815,386)	(34,231,517)
Hurricane Ike disbursements	-	(56,665)
Insurance proceeds	-	677,020
Net cash used by operating activities	<u>(122,473,961)</u>	<u>(106,266,680)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from state appropriations	37,306,726	37,694,436
Receipts from ad valorem taxes - maintenance and operating	43,373,604	44,364,499
Receipts from non-operating Federal revenue	51,385,403	40,150,985
Proceeds from notes	4,035,600	-
Payments on notes - principal	(4,560,000)	(1,225,000)
Payments on notes - interest	(171,336)	(240,596)
Net cash provided by non-capital financial activities	<u>131,369,997</u>	<u>120,744,324</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	21,414,138	21,835,505
Purchases of capital assets	(70,876,950)	(36,931,889)
Proceeds from general obligation bonds	70,919,546	-
Payment on capital debt - principal	(13,600,533)	(14,035,000)
Payment on capital debt - interest	(12,682,705)	(12,861,098)
Net cash used by capital and related financing activities	<u>(4,826,504)</u>	<u>(41,992,482)</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	420,522,144	245,842,030
Investment income	1,389,978	1,617,854
Purchase of investments	<u>(386,152,268)</u>	<u>(342,819,928)</u>
Net cash provided by investing activities	<u>35,759,854</u>	<u>(95,360,044)</u>
Increase/(Decrease) in cash and cash equivalents	39,829,386	(122,874,882)
Cash and cash equivalents, beginning of year	123,003,669	245,878,551
Cash and cash equivalents, end of year	<u>\$ 162,833,055</u>	<u>\$ 123,003,669</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (146,037,071)	\$ (130,106,720)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	7,797,949	6,815,803
Tax collection fee	217,916	217,690
State retirement match	3,153,945	2,792,061
State group insurance	6,662,615	6,913,460
Hurricane Ike disbursements	-	(56,665)
Insurance proceeds	-	677,020
Changes in assets and liabilities:		
Receivables, net	(3,859,623)	197,561
Deferred charges	(802,525)	(873,574)
Inventories	35,864	(36,289)
Accounts payable	8,578,716	4,761,972
Accrued liabilities	292,270	(44,915)
Compensated absences	314,910	36,833
Deferred revenues	<u>1,171,073</u>	<u>2,439,083</u>
Net cash used by operating activities	<u>\$ (122,473,961)</u>	<u>\$ (106,266,680)</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements August 31, 2011 and 2010

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, 2011 and 2010. 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, 2011 and 2010.

Reclassifications

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

3. Authorized Investments

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

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:

	2011	2010
Cash and Deposits		
Cash and cash equivalents:		
Petty cash on hand	\$ 19,025	\$ 44,380
Investment pools	115,771,506	84,374,413
Money market	46,401,793	38,114,133
Sub total cash and cash equivalents	\$ 162,192,324	\$ 122,532,926
Bank deposits - demand deposits	640,731	470,743
Total cash and deposits, August 31	\$ 162,833,055	\$ 123,003,669

Reconciliation of Cash, Deposits and Investments to Exhibit 1

	Market Value	
	2011	2010
U.S. government securities and municipal bonds	\$ 151,258,670	\$ 172,775,922
Certificates of deposit	-	13,084,928
Total investments	\$ 151,258,670	\$ 185,860,850
Total cash, deposits and investments	\$ 314,091,725	\$ 308,864,519
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents -		
current and noncurrent	\$ 162,833,055	\$ 123,003,669
Investments -- short-term and long-term	151,258,670	185,860,850
Total cash, cash equivalents and investments	\$ 314,091,725	\$ 308,864,519

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

<u>2011</u> Investment Type	<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.S. Agencies - Freddie Mac	\$ 106,193,000	\$ -	\$ 106,193,000	\$ -	236.47	Aaa
Municipal Obligations	<u>45,065,670</u>	<u>25,786,081</u>	<u>19,279,589</u>	<u>-</u>	<u>56.23</u>	MIG1/Aa2
Totals	\$ <u>151,258,670</u>	\$ <u>25,786,081</u>	\$ <u>125,472,589</u>	\$ <u>-</u>	<u>292.70</u>	

<u>2010</u>						
U.S. Agencies:						
Fannie Mae	\$ 9,990,625	\$ -	\$ -	\$ 9,990,625	84.19	Aaa
Federal Home Loan Bank	91,745,542	-	86,743,980	5,001,562	169.17	Aaa
Freddie Mac	71,039,755	1,017,585	70,022,170	-	144.03	Aaa
Certificates of Deposit	<u>13,084,928</u>	<u>13,084,928</u>	<u>-</u>	<u>-</u>	<u>4.45</u>	
Totals	\$ <u>185,860,850</u>	\$ <u>14,102,513</u>	\$ <u>156,766,150</u>	\$ <u>14,992,187</u>	<u>401.84</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 2011 and 2010, the portfolio contained no investment maturing beyond three (3) years and the dollar weighted average maturity of the total portfolio was 293 days and 402 days as of August 31, 2011 and 2010, 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Concentration of credit risk

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

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
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, 2011:

Investment pools and money market accounts represented 51.63% and U.S. Government and Municipal securities represented 48.16% of the investment portfolio.

As of August 31, 2010:

U.S. Government securities represented 55.94%; investment pools and money market accounts represented 39.66%; and insured or collateralized certificates of deposit represented 4.24% of the investment portfolio.

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, 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.

Portfolio disclosure as of August 31, 2010:

The portfolio contained two fully insured certificates of deposit with a combined book value of \$13,084,928. The Portfolio did not contain any repurchase agreements. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

	<u>2011</u>	<u>2010</u>
Tuition and fees receivables	\$ 21,474,811	\$ 16,984,276
Federal receivables	1,308,645	1,486,205
State and local receivables	1,268,234	1,109,234
Interest receivable	286,860	345,061
Other receivables	1,126,562	1,466,061
Less allowance for doubtful accounts	<u>(4,820,599)</u>	<u>(4,547,746)</u>
Total	<u>20,644,513</u>	<u>16,843,091</u>
Property tax receivable	3,762,562	3,962,553
Less allowance for doubtful accounts	<u>(251,380)</u>	<u>(251,380)</u>
Total	<u>3,511,182</u>	<u>3,711,173</u>
Total accounts receivables, net	<u>\$ 24,155,695</u>	<u>\$ 20,554,264</u>

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

	<u>2011</u>	<u>2010</u>
Vendors payable	\$ 20,894,204	\$ 11,984,642
Students payable	443,283	198,156
Other payables	681,049	1,257,022
Benefits payable	562,025	269,755
Accrued interest payable	<u>609,732</u>	<u>529,112</u>
Total accounts payable and accrued liabilities	<u>\$ 23,190,293</u>	<u>\$ 14,238,687</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

6. Capital Assets

	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>
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>

Capital assets activities for the years ended August 31:

	2010			
	Balance September 1, 2009	Increase	Decrease	Balance August 31, 2010
Not depreciated:				
Land	\$ 6,427,404	\$ 979,160	\$ -	\$ 7,406,564
Construction in progress	<u>6,206,068</u>	<u>32,686,570</u>	<u>16,115,573</u>	<u>22,777,065</u>
Total not depreciated	<u>12,633,472</u>	<u>33,665,730</u>	<u>16,115,573</u>	<u>30,183,629</u>
Other capital assets:				
Buildings	160,570,144	12,048,859	3,442,756	169,176,247
Land improvements	25,650,157	5,643,288	543,696	30,749,749
Furniture, equipment and vehicles	15,017,064	1,659,424	2,003,275	14,673,213
Telecommunications and computer peripheral equipment	12,979,954	893,794	515,811	13,357,937
Library books	<u>6,595,503</u>	<u>391,360</u>	<u>271,033</u>	<u>6,715,830</u>
Total depreciated	<u>220,812,822</u>	<u>20,636,725</u>	<u>6,776,571</u>	<u>234,672,976</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Less accumulated depreciation:

Buildings	52,205,634	3,843,028	1,192,954	54,855,708
Land improvements	9,726,362	1,185,566	543,696	10,368,232
Furniture, equipment and vehicles	11,747,266	710,030	1,841,685	10,615,611
Telecommunications and computer peripheral equipment	10,819,152	757,282	502,123	11,074,311
Library books	<u>4,146,933</u>	<u>319,897</u>	<u>271,033</u>	<u>4,195,797</u>
Total accumulated depreciation	<u>88,645,347</u>	<u>6,815,803</u>	<u>4,351,491</u>	<u>91,109,659</u>
Net capital assets	<u>\$ 144,800,947</u>	<u>\$ 47,486,652</u>	<u>\$ 18,540,653</u>	<u>\$ 173,746,946</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, 2011 and 2010, the outstanding commitment under construction contracts for facilities and other projects is approximately \$107,778,000 and \$22,471,000, respectively.

8. Noncurrent Liabilities

Long-term liability activity for the years 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>

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

	2010				
	Balance September 1, 2009	Increase	Decrease	Balance August 31, 2010	Current Portion
Bonds payable - general obligation bonds	\$ 281,921,694	\$ -	\$ 14,264,517	\$ 267,657,177	\$ 10,539,512
Notes payable - general obligation notes	6,295,000	-	1,225,000	5,070,000	690,000
Accrued compensable absences and deferred compensation	<u>2,647,214</u>	<u>94,997</u>	<u>58,164</u>	<u>2,684,047</u>	<u>338,766</u>
Total	<u>\$ 290,863,908</u>	<u>\$ 94,997</u>	<u>\$ 15,547,681</u>	<u>\$ 275,411,224</u>	<u>\$ 11,568,278</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

9. **Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

<u>General Obligation Bonds</u>	<u>2011</u>	<u>2010</u>
Limited Tax General Obligation Bonds, Series 2001, to construct, improve, renovate, and equip facilities. Issued November 5, 2001, in the amount of \$40,000,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2011.	\$ -	1,460,000
Limited Tax General Obligation Bonds, Series 2003, to construct, improve, renovate, and equip facilities. Issued January 31, 2003, in the amount of \$6,560,000. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2031.	3,220,000	3,405,000
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.	13,805,000	15,490,000
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.	17,973,085	18,805,865
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.	12,598,971	12,736,932
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.	59,890,193	60,963,012
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.	146,569,394	154,796,368

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	<u>2011</u>	<u>2010</u>
Limited Tax General Obligation Building and Refunding Bonds, Series 2011, to refund a portion of 2009 General Obligation Bonds, to construct and equip facilities, and to purchase sites for school buildings. Issued July 21, 2011, in the amount of \$68,055,568 plus a premium of \$2,863,979. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2032.	70,919,547	-
<u>Maintenance Tax Notes</u>		
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.	510,000	5,070,000
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.	<u>4,035,600</u>	<u>-</u>
Total bonds and notes payable	<u>\$329,521,790</u>	<u>\$272,727,177</u>

10. Debt Obligations

Debt service requirements as of August 31, 2011 were as follows:

Year Ending <u>August 31,</u>	General Obligation Bonds/Notes		<u>Total Bonds</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 13,209,139	\$ 13,735,952	\$ 26,945,091
2013	11,385,146	13,252,164	24,637,310
2014	10,265,868	14,669,290	24,935,158
2015	9,355,149	16,446,140	25,801,289
2016	9,957,378	13,756,744	23,714,122
2017-2021	51,988,877	60,052,168	112,041,045
2022-2026	57,062,292	52,887,229	109,949,521
2027-2031	61,521,574	33,256,936	94,778,510
2032-2036	63,615,133	18,547,631	82,162,764
2037-2040	<u>41,161,234</u>	<u>3,335,219</u>	<u>44,496,453</u>
Total	<u>\$ 329,521,790</u>	<u>\$ 239,939,473</u>	<u>\$ 569,461,263</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

11. Pledged Revenue Coverage

The College has pledged a portion of maintenance and operating tax revenues for repayment of 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%
2012-2022	-	4,545,600	950,314	5,495,914	
Total	\$ 335,749,434	\$ 15,165,600	\$ 3,897,416	\$ 19,063,016	

12. Refunding Bonds

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%.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2011 and 2010, the College had the following defeased bonds outstanding:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>	
		<u>2011</u>	<u>2010</u>
Limited Tax General Obligation Bonds, Series 2001	2007	\$ 28,950,000	\$ 28,950,000
Limited Tax General Obligation Bonds, Series 2009	2011	<u>3,060,000</u>	<u>-</u>
Total		\$ <u>32,010,000</u>	\$ <u>28,950,000</u>

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, 2011 and 2010, 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:

<u>Year Ending August 31,</u>	<u>2011</u>	<u>2010</u>
2011	\$ -	\$ 2,109,077
2012	1,392,450	1,296,396
2013	882,904	600,830
2014	404,577	201,798
2015	298,162	20,539
2016	<u>266,962</u>	<u>-</u>
Total	\$ <u>3,245,055</u>	\$ <u>4,228,640</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 2011 to 2014. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect. Leases include purchase options at the end of the lease term at fair market value.

Office space leases have term expiration dates ranging from 2012 to 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Leases for copiers and mailing equipment have term expiration dates ranging from 2012 to 2014. Monthly rental fees are based on model and number of units leased.

Operating expenses include \$1,887,219 and \$1,752,325 of lease payments paid during fiscal years 2011 and 2010, respectively.

16. Employees' Retirement Plan

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

Teacher Retirement System of Texas

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 year 2011, 2010, and 2009 respectively. The percentage of participant salaries currently contributed by the State are 6.644% for fiscal year 2011, 6.644% January 2010 through August 2010, 6.4% September 2009 through December 2009 for fiscal year 2010, and 6.58% for fiscal year 2009. In certain instances the College is required to make all or a portion of the State's contribution for fiscal years 2011, 2010, and 2009.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Optional Retirement Plan (ORP)

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The percentage of participant salaries currently contributed by the State for each participant are, 6.4% for fiscal years 2011, 2010 and 6.58% for fiscal year 2009. Employee contributions percentage was 6.65% for fiscal years 2011, 2010, and 2009, respectively. The College contributed 2.1% for fiscal years 2011, 2010, and 1.92% for fiscal year 2009, for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

The retirement expense related to TRS and ORP contributions paid by the State for the College was \$4,443,773, \$4,108,280 and \$3,989,980 for the fiscal years ended August 31, 2011, 2010, and 2009, respectively. This amount represents the portion of expended appropriations made by the State legislature on behalf of the College. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll for all College employees was \$87,199,904, \$82,796,028, and \$76,126,461 for fiscal years 2011, 2010, and 2009, respectively. The total payroll of employees covered by the State for TRS was \$47,472,362, \$42,548,465, and \$39,473,463 and the total payroll of employees covered by the State for ORP was \$20,172,978, \$21,142,154, and \$21,158,879 for fiscal years 2011, 2010, and 2009, 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 were \$291, \$343, and \$331 per month for the years ended August 31, 2011, 2010, and 2009, respectively. 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 State's cost of providing those benefits for 1,171 active employees was \$4,656,475 and 417 retirees was \$2,068,771 for a total State funded amount of \$6,725,246 for the year ended August 31, 2009. The 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

Fiscal Year Ended <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>
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
2009	\$ 6,725,246	52.52%	\$ 4,320,467	33.74%	\$ 1,759,089	13.74%	\$ 12,804,802

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, 2011, 2010, and 2009. The following information is provided to comply with the requirements of the new statement.

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

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement 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 for twenty years 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, 2011, 2010, and 2009, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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 \$1,250,212 and \$1,050,317 as of August 31, 2011, and 2010, 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 \$1,296,420 and \$1,553,730 as of August 31, 2011 and 2010, 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.

For the year ended August 31, 2010, the College recognized an expense of \$548,313 related to the Board approved early exit program for 2010.

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, 2011, the College had one employee participant and an accrued liability of \$10,000. As of August 31, 2010, the College had eight employee participants and an accrued liability of \$80,000. Payment to a third-party provider on behalf of the participants was paid in November 2011 and October 2010, 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

20. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$564,042 and \$271,983 as of August 31, 2011 and 2010, 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>2011</u>	<u>2010</u>
Beginning Balance, September 1	\$ 271,983	\$ 315,388
Claims incurred and changes in estimates	496,377	195,114
Payments on claims	<u>(204,318)</u>	<u>(238,519)</u>
Ending Balance, August 31	\$ <u>564,042</u>	\$ <u>271,983</u>

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>2011</u>	<u>2010</u>
Assessed valuation of the College:	\$ 44,981,763,334	\$ 47,500,386,677
Less: Exemptions	(8,340,379,176)	(8,333,504,537)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	\$ <u>36,641,384,158</u>	\$ <u>39,166,882,140</u>

	<u>2011</u>			<u>2010</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)	\$ 0.114293	\$ 0.061984	\$ 0.176277	\$ 0.114293	\$ 0.056507	\$ 0.170800

Taxes levied for the years ended August 31, 2011 and 2010, amounted to \$64,590,772 and \$66,897,035, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

Taxes collected for the year	2011			2010		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 42,742,577	\$ 21,109,257	\$ 63,851,834	\$ 43,329,909	\$ 21,325,932	\$ 64,655,841
Delinquent taxes	226,811	109,584	336,395	640,359	315,400	955,759
Penalties and interest	<u>404,216</u>	<u>195,297</u>	<u>599,513</u>	<u>394,231</u>	<u>194,173</u>	<u>588,404</u>
Total collections	\$ <u>43,373,604</u>	\$ <u>21,414,138</u>	\$ <u>64,787,742</u>	\$ <u>44,364,499</u>	\$ <u>21,835,505</u>	\$ <u>66,200,004</u>

Tax collections for the years ended August 31, 2011 and 2010, were 98.86 percent and 96.65 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 2011 and 2010 for which monies have not been received nor funds expended, totaled \$26,730,564 and \$44,148,626, respectively. Of these amounts, \$21,403,777 and \$37,676,993 were from Federal contract and grant awards; \$5,326,787 and \$6,471,633 were from State contract and grant awards for the fiscal years ended August 31, 2011 and 2010, respectively. The decrease for fiscal year 2011 in Federal Awards is attributable to a change in the authorization of Pell grants. Previously, the authorization occurred in July and for fiscal year 2012, the authorization has been delayed until September.

23. Contingent Liabilities

Pending lawsuits and claims

As of August 31, 2011, the College is a defendant in various legal actions. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

State and Federally assisted programs

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

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 \$1,107,687 and \$1,038,317 to the College's students and programs during the years ended August 31, 2011 and 2010, 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 \$445,213 and \$434,071 for the fiscal years ended August 31, 2011 and 2010, 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

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

The GASB has issued Statement No. 59, *Financial Instruments Omnibus*. This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. Management of the College implemented this standard during fiscal year 2011, and this standard did not have a material effect to the College.

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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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. 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.

26. Subsequent Events

Management has evaluated subsequent events through December 12, 2011, 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, 2011
 (With Memorandum Totals for the Year Ended August 31, 2010)

	2011				2010	
	Educational Activity		Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
Tuition						
State funded courses:						
In-district resident tuition	\$ 12,381,841	\$ -	\$ 12,381,841	\$ -	\$ 12,381,841	\$ 10,000,682
Out-of-district resident tuition	15,708,265	-	15,708,265	-	15,708,265	13,560,584
Non-resident tuition	2,659,671	-	2,659,671	-	2,659,671	2,639,193
TPEG-credit (set aside) *	784,869	-	784,869	-	784,869	853,716
State funded non credit continuing education courses	3,959,793	-	3,959,793	-	3,959,793	3,090,834
TPEG-non-credit (set aside) *	177,653	-	177,653	-	177,653	121,953
Non-state funded educational programs	1,502,809	-	1,502,809	-	1,502,809	1,272,843
Total tuition	37,174,901	-	37,174,901	-	37,174,901	31,539,805
Fees						
General service	9,697,245	-	9,697,245	-	9,697,245	8,791,987
Incidental	815,146	-	815,146	-	815,146	727,337
Instructional	2,162,878	-	2,162,878	-	2,162,878	1,962,469
Laboratory	878,020	-	878,020	-	878,020	785,754
Total fees	13,553,289	-	13,553,289	-	13,553,289	12,267,547
Scholarship allowances and discounts						
Remissions and exemptions - state	(473,479)	-	(473,479)	-	(473,479)	(374,048)
Remissions and exemptions - local	(1,209,538)	-	(1,209,538)	-	(1,209,538)	(1,057,954)
Scholarship allowances	(851,411)	-	(851,411)	-	(851,411)	(452,200)
TPEG awards	(486,047)	-	(486,047)	-	(486,047)	(337,199)
Federal grants to students	(12,159,163)	-	(12,159,163)	-	(12,159,163)	(9,004,112)
State grants to students	(1,315,320)	-	(1,315,320)	-	(1,315,320)	(1,283,817)
Total scholarship allowances and discounts	(16,494,958)	-	(16,494,958)	-	(16,494,958)	(12,509,330)
Total net tuition and fees	34,233,232	-	34,233,232	-	34,233,232	31,298,022
Other operating revenues						
Federal grants and contracts	355,890	7,556,784	7,912,674	-	7,912,674	6,722,223
State grants and contracts	66,063	4,428,824	4,494,887	-	4,494,887	3,520,431
Non-governmental grants and contracts	6,163	1,464,050	1,470,213	-	1,470,213	1,265,130
Sales and services of educational activities	613,341	-	613,341	-	613,341	529,429
Sales and services of non-educational activities	511,099	-	511,099	-	511,099	339,714
Investment income (program restricted)	-	2,048	2,048	-	2,048	1,693
Total other operating revenues	1,552,556	13,451,706	15,004,262	-	15,004,262	12,378,620
Auxiliary enterprises						
Bookstores	-	-	-	1,127,128	1,127,128	1,248,069
Child care centers	-	-	-	374,781	374,781	358,538
Less child care center discounts	-	-	-	(125,021)	(125,021)	(83,783)
Food services	-	-	-	1,195,415	1,195,415	1,013,704
Less food service discounts	-	-	-	(147,592)	(147,592)	(108,777)
Student services/other services	-	-	-	1,497,779	1,497,779	1,327,530
Total auxiliary enterprises	-	-	-	3,922,490	3,922,490	3,755,281
Total operating revenues	\$ 35,785,788	\$ 13,451,706	\$ 49,237,494	\$ 3,922,490	\$ 53,159,984	\$ 47,431,923
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$962,522 and \$975,669 for years ended August 31, 2011 and 2010, 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, 2011
 (With Memorandum Totals for the Year Ended August 31, 2010)

	2011					2010
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 49,340,973	\$ -	\$ 5,371,148	\$ 4,589,555	\$ 59,301,676	\$ 52,982,935
Public service	1,786,266	-	140,934	947,414	2,874,614	3,391,061
Academic support	6,872,001	-	1,180,697	1,738,190	9,790,888	8,016,735
Student services	8,491,678	-	1,056,140	1,364,116	10,911,934	9,758,142
Institutional support	13,643,904	-	1,979,373	12,238,523	27,861,800	27,477,843
Operation and maintenance of plant	3,180,139	-	1,728,039	10,578,587	15,486,765	13,427,527
Total unrestricted educational activities	<u>83,314,961</u>	<u>-</u>	<u>11,456,331</u>	<u>31,456,385</u>	<u>126,227,677</u>	<u>115,054,243</u>
<u>Restricted - educational activities</u>						
Instruction	951,992	5,968,468	220,137	1,853,968	8,994,565	7,447,296
Public service	298,553	312,931	27,975	187,577	827,036	1,054,885
Academic support	685,724	1,155,559	89,552	898,562	2,829,397	2,070,953
Student services	681,797	1,608,927	18,518	249,569	2,558,811	3,480,534
Institutional support	132,760	2,060,503	11,567	1,571,425	3,776,255	3,376,740
Scholarships and fellowships	-	-	-	42,060,513	42,060,513	34,194,427
Total restricted educational activities	<u>2,750,826</u>	<u>11,106,388</u>	<u>367,749</u>	<u>46,821,614</u>	<u>61,046,577</u>	<u>51,624,835</u>
Total educational activities	<u>86,065,787</u>	<u>11,106,388</u>	<u>11,824,080</u>	<u>78,277,999</u>	<u>187,274,254</u>	<u>166,679,078</u>
Auxiliary enterprises	1,134,117	-	251,758	2,738,977	4,124,852	4,043,762
Depreciation expense - buildings and improvements	-	-	-	5,511,047	5,511,047	5,028,594
Depreciation expense - equipment, furniture and library books	-	-	-	2,286,902	2,286,902	1,787,209
Total operating expenses	<u>\$ 87,199,904</u>	<u>\$ 11,106,388</u>	<u>\$ 12,075,838</u>	<u>\$ 88,814,925</u>	<u>\$ 199,197,055</u>	<u>\$ 177,538,643</u>
				Exhibit 2		Exhibit 2

SAN JACINTO COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses
 Year Ended August 31, 2011
 (With Memorandum Totals for the Year Ended August 31, 2010)

	2011			2010
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 36,016,898	\$ -	\$ 36,016,898	\$ 36,378,217
State group insurance	-	6,662,615	6,662,615	6,913,460
State retirement matching	-	4,443,773	4,443,773	4,108,280
Total State appropriations	36,016,898	11,106,388	47,123,286	47,399,957
Ad valorem taxes:				
Taxes for maintenance and operations	43,431,527	-	43,431,527	45,349,704
Taxes for general obligation bonds	-	21,374,140	21,374,140	22,027,384
Federal revenue, non-operating	113,965	51,271,438	51,385,403	40,150,985
Investment income	419,653	679,820	1,099,473	1,649,239
Total non-operating revenues	79,982,043	84,431,786	164,413,829	156,577,269
<u>Non-operating expenses</u>				
Interest on capital related debt	-	12,144,364	12,144,364	12,355,349
Hurricane Ike disbursements	-	-	-	56,665
Insurance proceeds	-	-	-	(677,020)
Loss on disposal of capital assets	354,592	-	354,592	1,170,087
Total non-operating expenses	354,592	12,144,364	12,498,956	12,905,081
Net non-operating revenues, net	\$ 79,627,451	\$ 72,287,422	\$ 151,914,873	\$ 143,672,188
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Assets by Source and Availability
Year Ended August 31, 2011

(With Memorandum Totals for the Year Ended August 31, 2010)

	Detail by Source				Total	Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation and Related Debt			Yes	No
<u>Current</u>							
Unrestricted -							
Non-designated	\$ 13,983,488	\$ -	\$ -	\$ 13,983,488	\$ 13,983,488	\$ -	-
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	-	1,511,504	-	1,511,504	-	-	1,511,504
Auxiliary	14,559,188	-	-	14,559,188	14,559,188	-	-
<u>Plant</u>							
Debt service	-	2,687,249	-	2,687,249	-	-	2,687,249
Investment in plant	-	-	121,440,491	121,440,491	-	-	121,440,491
Total net assets, August 31, 2011	78,542,676	4,198,753	121,440,491	204,181,920	28,542,676	175,639,244	
Total net assets, August 31, 2010	84,354,327	4,624,036	109,325,755	198,304,118	34,354,327	163,949,791	
Net (decrease) increase in net assets	\$ (5,811,651)	\$ (425,283)	\$ 12,114,736	\$ 5,877,802	\$ (5,811,651)	\$ 11,689,453	

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)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 121,440	\$ 109,326	\$ 89,074	\$ 78,719	\$ 65,385	\$ 64,389	\$ 60,990	\$ 54,161	\$ 40,752	\$ 44,699
Restricted - expendable	4,199	4,624	6,549	5,715	10,067	13,957	9,892	27,636	10,996	1,087
Restricted - nonexpendable	-	-	-	-	-	12	12	12	12	12
Unrestricted	78,543	84,354	89,116	77,145	74,419	60,851	55,981	39,144	64,248	69,695
Total primary government net assets	\$ 204,182	\$ 198,304	\$ 184,739	\$ 161,579	\$ 149,871	\$ 139,209	\$ 126,875	\$ 120,953	\$ 116,008	\$ 115,493
Prior Year Change	\$ 5,878	\$ 13,565	\$ 23,160	\$ 11,708	\$ 10,662	\$ 12,334	\$ 5,922	\$ 4,945	\$ 515	

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of scholarship allowances and discounts)	\$ 34,233	\$ 31,298	\$ 30,069	\$ 29,220	\$ 28,361	\$ 27,358	\$ 24,446	\$ 28,868	\$ 19,667	\$ 18,619
Governmental grants and contracts:										
Federal grants and contracts	7,913	6,722	5,810	6,474	5,187	6,089	3,734	3,054	4,440	4,848
State and local grants and contracts	4,495	3,621	3,090	3,816	2,354	805	449	761	1,244	1,597
Non-governmental grants and contracts	1,470	1,265	1,014	795	831	638	783	425	962	251
Sales and services of educational activities	1,124	869	735	734	562	659	1,121	796	398	336
Auxiliary enterprises	3,923	3,755	3,668	3,581	5,748	9,463	8,154	11,299	6,931	8,658
Other operating revenues	2	2	-	22	43	35	26	13	281	41
Total operating revenues	<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>	<u>34,350</u>
State appropriations	47,123	47,400	47,838	47,658	44,310	43,906	41,472	41,457	42,976	44,950
Ad valorem taxes	64,806	67,377	65,388	53,316	47,231	42,073	38,777	37,984	33,848	32,897
Federal revenue, non-operating	51,385	40,151	24,744	19,511	19,763	22,629	22,646	19,802	10,766	8,564
Investment income	1,100	1,649	2,623	3,363	4,908	3,213	2,019	1,636	1,471	2,261
Total nonoperating revenues	<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>89,061</u>	<u>88,672</u>
Total revenues	<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>	<u>\$ 123,022</u>
Prior Year Change	\$ 13,565	\$ 19,030	\$ 16,489	\$ 9,192	\$ 3,430	\$ 12,241	\$ (2,468)	\$ 23,111	\$ (38)	
Tuition and fees (net of discounts)	15.73%	15.35%	16.25%	17.38%	17.80%	17.55%	17.02%	19.76%	15.99%	15.14%
Governmental grants and contracts:										
Federal grants and contracts	3.64%	3.30%	3.14%	3.85%	3.26%	3.27%	2.60%	2.09%	3.61%	3.94%
State and local grants and contracts	2.06%	1.73%	1.67%	2.27%	1.48%	0.52%	0.31%	0.52%	1.01%	1.30%
Non-governmental grants and contracts	0.67%	0.62%	0.55%	0.47%	0.52%	0.41%	0.54%	0.29%	0.78%	0.20%
Sales and services of educational activities	0.51%	0.43%	0.40%	0.44%	0.35%	0.42%	0.78%	0.55%	0.32%	0.27%
Auxiliary enterprises	1.80%	1.84%	1.98%	1.91%	3.61%	6.07%	5.68%	7.73%	5.64%	7.04%
Other operating revenues	0.01%	0.00%	0.00%	0.01%	0.03%	0.02%	0.02%	0.01%	0.23%	0.03%
Total operating revenues	<u>24.42%</u>	<u>23.27%</u>	<u>23.99%</u>	<u>26.33%</u>	<u>27.05%</u>	<u>28.26%</u>	<u>26.95%</u>	<u>30.95%</u>	<u>27.58%</u>	<u>27.92%</u>
State appropriations	21.66%	23.22%	25.86%	28.35%	27.81%	28.17%	28.87%	28.38%	34.95%	36.54%
Ad valorem taxes	29.79%	33.03%	35.35%	31.71%	29.65%	26.99%	27.00%	26.00%	27.52%	26.74%
Federal revenue, non-operating	23.62%	19.68%	13.38%	11.61%	12.41%	14.52%	15.77%	13.55%	8.75%	6.96%
Investment income	0.51%	0.80%	1.42%	2.00%	3.08%	2.06%	1.41%	1.12%	1.20%	1.84%
Total nonoperating revenues	<u>75.58%</u>	<u>76.73%</u>	<u>76.01%</u>	<u>73.67%</u>	<u>72.95%</u>	<u>71.74%</u>	<u>73.05%</u>	<u>69.05%</u>	<u>72.42%</u>	<u>72.08%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<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)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 68,296	\$ 60,430	\$ 55,593	\$ 57,487	\$ 48,927	\$ 46,147	\$ 43,506	\$ 40,122	\$ 44,550	\$ 40,201
Public service	3,701	4,446	3,409	3,882	2,376	2,638	2,342	2,629	3,073	4,053
Academic support	12,620	10,088	10,557	12,486	8,978	6,514	6,143	5,870	6,667	7,026
Student services	13,471	13,239	12,343	11,830	8,108	7,724	7,619	7,199	7,660	7,284
Institutional support	31,639	30,855	26,367	25,643	29,608	27,287	24,294	25,268	23,240	21,689
Operation and maintenance of plant	15,487	13,427	14,163	14,820	14,218	12,251	12,781	10,705	9,920	10,972
Scholarships and fellowships	42,061	34,194	21,152	16,508	18,335	16,417	16,595	17,624	5,953	6,867
Auxiliary enterprises	4,125	4,044	3,929	3,656	5,832	13,107	10,137	10,181	9,608	9,048
Depreciation	7,798	6,816	7,626	6,765	6,811	6,929	6,923	7,103	2,999	3,361
Total operating expenses	<u>199,197</u>	<u>177,539</u>	<u>155,139</u>	<u>153,077</u>	<u>143,193</u>	<u>139,014</u>	<u>130,340</u>	<u>126,701</u>	<u>113,670</u>	<u>110,501</u>
Interest on capital related debt	12,144	12,355	6,600	3,544	3,872	3,645	3,953	3,282	3,062	1,746
Loss on disposal of capital assets	355	1,170	249	162	59	348	2,747	-	241	-
Other non-operating	-	(620)	(189)	-	1,510	526	666	6,002	5,497	3,707
Total non-operating expenses	<u>12,499</u>	<u>12,905</u>	<u>6,680</u>	<u>3,706</u>	<u>5,441</u>	<u>4,519</u>	<u>7,366</u>	<u>9,284</u>	<u>8,800</u>	<u>5,453</u>
Total expenses	<u>\$ 211,696</u>	<u>\$ 190,444</u>	<u>\$ 161,819</u>	<u>\$ 156,783</u>	<u>\$ 148,634</u>	<u>\$ 143,533</u>	<u>\$ 137,706</u>	<u>\$ 135,985</u>	<u>\$ 122,470</u>	<u>\$ 115,954</u>
Prior Year Change	\$ 21,252	\$ 28,625	\$ 5,036	\$ 8,149	\$ 5,101	\$ 5,827	\$ 1,721	\$ 13,515	\$ 6,516	
Instruction	32.26%	31.73%	34.36%	36.75%	32.92%	32.15%	31.59%	29.51%	36.37%	34.67%
Public service	1.74%	2.33%	2.11%	2.48%	1.60%	1.84%	1.70%	1.93%	2.51%	3.50%
Academic support	5.96%	5.30%	6.53%	7.98%	6.04%	4.54%	4.46%	4.32%	5.44%	6.06%
Student services	6.36%	6.95%	7.63%	7.56%	5.46%	5.38%	5.53%	5.30%	6.25%	6.28%
Institutional support	14.95%	16.20%	16.29%	16.40%	19.92%	19.01%	17.64%	18.58%	18.98%	18.70%
Operation and maintenance of plant	7.32%	7.05%	8.75%	9.48%	9.56%	8.53%	9.28%	7.87%	8.10%	9.46%
Scholarships and fellowships	19.87%	17.96%	13.07%	11.12%	12.33%	11.44%	12.05%	12.96%	4.86%	5.92%
Auxiliary enterprises	1.95%	2.12%	2.43%	1.53%	3.92%	9.13%	7.36%	7.49%	7.85%	7.80%
Depreciation	3.68%	3.58%	4.71%	4.33%	4.58%	4.83%	5.03%	5.22%	2.45%	2.90%
Total operating expenses	<u>94.09%</u>	<u>93.22%</u>	<u>95.88%</u>	<u>97.63%</u>	<u>96.33%</u>	<u>96.85%</u>	<u>94.64%</u>	<u>93.18%</u>	<u>92.81%</u>	<u>95.29%</u>
Interest on capital related debt	5.74%	6.49%	4.07%	2.27%	2.61%	2.54%	2.87%	2.41%	2.50%	1.51%
Loss on disposal of capital assets	0.17%	0.61%	0.15%	0.10%	0.04%	0.24%	2.00%	0.00%	0.20%	0.00%
Other non-operating	0.00%	-0.32%	-0.10%	0.00%	1.02%	0.37%	0.49%	4.41%	4.49%	3.20%
Total non-operating expenses	<u>5.91%</u>	<u>6.78%</u>	<u>4.12%</u>	<u>2.37%</u>	<u>3.67%</u>	<u>3.15%</u>	<u>5.36%</u>	<u>6.82%</u>	<u>7.19%</u>	<u>4.71%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees
Last Ten Academic Years
(Unaudited)

Academic Year (Fall)	Resident										Increase from		
	Fees per Semester Credit Hour (SCH)										Prior Year	In-District	Out-of-District
	Matriculation Fee	General Service Fee	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	SCH In-District	SCH Out-of-District	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Prior Year In-District	Prior Year Out-of-District	International
2011	\$ -	135	38	63	-	-	591	891	591	891	-	-	-
2010	-	135	38	63	-	-	591	891	591	891	12.36%	7.87%	-
2009	-	130	33	58	-	-	526	826	526	826	-	-	-
2008	-	130	33	58	-	-	526	826	526	826	-	-	-
2007	-	130	33	58	-	-	526	826	526	826	7.35%	4.56%	-
2006	-	130	30	55	-	-	490	790	490	790	-	-	-
2005	-	130	30	55	-	-	490	790	490	790	13.16%	11.42%	-
2004	15	60	22	45	6	14	433	709	433	709	-	-	-
2003	15	60	22	45	6	14	433	709	433	709	16.09%	20.37%	-
2002	32	7	20	38	6	14	373	589	373	589	14.07%	13.49%	-

Academic Year (Fall)	Non-Resident										Increase from		
	Fees per Semester Credit Hour (SCH)										Prior Year	Out-of-State	International
	Matriculation Fee	General Service Fee	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	SCH Out-of-State	SCH International	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Prior Year Out-of-State	Prior Year International	International
2011	\$ -	135	113	113	-	-	1,491	1,491	1,491	1,491	-	-	-
2010	-	135	113	113	-	-	1,491	1,491	1,491	1,491	4.56%	4.56%	-
2009	-	130	108	108	-	-	1,426	1,426	1,426	1,426	-	-	-
2008	-	130	108	108	-	-	1,426	1,426	1,426	1,426	-	-	-
2007	-	130	108	108	-	-	1,426	1,426	1,426	1,426	38.45%	38.45%	-
2006	-	130	75	75	-	-	1,030	1,030	1,030	1,030	-	-	-
2005	-	130	75	75	-	-	1,030	1,030	1,030	1,030	4.57%	4.57%	-
2004	15	60	68	68	6	14	985	985	985	985	-	-	-
2003	15	60	68	68	6	14	985	985	985	985	15.47%	15.47%	-
2002	32	7	60	60	6	14	853	853	853	853	2.65%	2.65%	-

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)	
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	
2001-02	28,294,370	3,260,583	25,033,787	88.48%	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 2011

(Unaudited)

(Amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc-Tech Contact Hours (b)	Total Contact Hours	
2010-11	\$ 36,017	47	\$ 766	8,200	3,435	11,635	\$ 3.10
2009-10	36,378	43	846	7,455	3,284	10,739	3.39
2008-09	37,123	39	952	7,191	3,097	10,288	3.61
2007-08	37,123	37	1,003	6,852	3,119	9,971	3.72
2006-07	35,203	37	951	6,781	3,148	9,929	3.55
2005-06	35,203	37	951	6,739	3,288	10,027	3.51
2004-05	32,999	37	892	6,395	3,447	9,842	3.35
2003-04	32,999	36	917	6,497	3,367	9,864	3.35

Notes: Full Time Student Equivalent (FTSE) is defined as the number of full time students plus total hours taken by part-time students divided by 12. The College previously did not present this schedule. Information is being presented for the past eight years, and the College will continue to implement prospectively.

(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

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
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%
2002	32,722	700	33,422	31,700	96.88%	597	32,297	96.63%

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)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Bonded Debt:										
General obligation bonds	\$ 324,976	\$ 267,657	\$ 281,922	\$ 58,471	\$ 64,470	\$ 72,800	\$ 75,380	\$ 77,845	\$ 59,095	\$ 56,900
Notes	4,546	5,070	6,295	7,520	8,830	9,340	10,835	12,125	14,585	4,645
Less: funds restricted for debt service	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)	(8,541)	(6,250)	(3,940)	(710)	(4)
Net general bonded debt	326,835	269,636	282,860	61,853	71,773	73,599	79,965	86,030	72,970	61,541
Revenue bonds										
Notes	-	-	-	-	1,325	2,615	5,325	7,940	10,475	5,590
Less: funds restricted for debt service	-	-	-	-	(1,344)	(1,342)	(2,595)	(2,755)	-	-
Total outstanding debt	\$ 326,835	\$ 269,636	\$ 282,860	\$ 61,853	\$ 71,754	\$ 75,427	\$ 83,675	\$ 92,603	\$ 85,225	\$ 69,287
General Bonded Debt Ratios:										
Per Capita	\$ 680	\$ 545	\$ 582	\$ 134	\$ 151	\$ 171	\$ 181	\$ 191	\$ 158	\$ 134
Per FTSE	6,986	7,059	7,220	1,751	1,956	2,182	2,274	2,443	2,076	1,545
As a percentage of taxable assessed value	0.89%	0.69%	0.72%	0.17%	0.22%	0.26%	0.29%	0.32%	0.29%	0.25%
Total Outstanding Debt Ratios:										
Per Capita	\$ 675	\$ 542	\$ 584	\$ 126	\$ 147	\$ 157	\$ 176	\$ 197	\$ 183	\$ 151
Per FTSE	6,899	6,186	6,490	1,642	1,915	2,004	2,207	2,514	2,401	1,739
As a percentage of taxable assessed value	0.89%	0.69%	0.72%	0.21%	0.25%	0.26%	0.30%	0.35%	0.33%	0.28%

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable Assessed Value	\$ 36,641,384	\$ 39,166,882	\$ 39,482,079	\$ 38,168,759	\$ 32,210,578	\$ 28,793,407	\$ 27,442,133	\$ 26,552,044	\$ 25,600,490	\$ 25,033,787
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 183,207	\$ 195,834	\$ 197,410	\$ 180,844	\$ 161,053	\$ 143,967	\$ 137,211	\$ 132,760	\$ 128,002	\$ 125,169
Less: funds restricted for repayment of general obligation bonds	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)	(8,305)	(5,399)	(2,952)	(1,000)	(1,000)
Total net general obligation debt	185,894	192,743	192,053	176,706	159,526	135,662	131,812	129,808	127,002	124,169
Current year debt service requirements	23,144	25,625	18,590	9,138	6,843	6,488	5,731	5,492	5,544	6,548
Excess of statutory limit for debt service over current requirement	\$ 162,750	\$ 167,118	\$ 173,463	\$ 167,568	\$ 152,683	\$ 129,174	\$ 126,081	\$ 124,316	\$ 121,458	\$ 117,623
Net current requirements as a % of statutory limit	12.63%	13.09%	9.42%	5.05%	4.25%	4.51%	4.18%	4.14%	4.33%	5.23%

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	
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
2002	809	2,223	3,288	399	3,322	2,372	333	9,228	21,974	1,610	14	1,624	13.53

Note: Debt service requirements include revenue bonds.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years

(Unaudited)

<u>Calendar Year</u>	<u>District Population</u>	<u>District Personal Income (a) (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>Harris County Unemployment Rate</u>
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%
2001	455,071	7,788,433	17,115	4.80%

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 2010
(Unaudited)

Employer	Number of Employees					
	2010	2009	2008	2007	2006	2005
United Space Alliance	10,185	10,185	6,600	3,000	3,000	3,000
Pasadena ISD	7,056	7,062	7,000	7,000	7,000	7,000
Boeing Co	2,530	2,000	2,000	2,000	-	-
NASA Lyndon B Johnson Space Ctr	2,500	2,500	2,750	2,500	3,200	3,200
Memorial Healthcare System	2,200	1,350	1,350	1,350	1,200	1,200
Powell Electrical Systems Inc	2,020	1,200	1,200	1,200	-	-
Walmart	1,640	-	-	-	-	-
Aker Industrial Constructors	1,500	-	-	-	-	-
CHCA Clear Lake, LP	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
Lockheed Martin Corp	1,300	1,000	3,000	3,000	1,600	1,600
University of Houston - Clear Lake	1,299	1,092	1,100	1,092	1,200	1,200
Channelview Complex	1,200	1,200	1,200	1,200	-	-
Lyondell Chemical Co	1,200	1,200	1,200	1,200	-	-
Pasadena Bayshore Hospital Inc	1,200	1,200	1,350	1,500	1,200	1,200
San Jacinto College	1,200	1,200	1,200	1,200	1,200	1,200
Pasadena City Hall	1,100	970	1,100	1,100	-	-
Anheuser-Busch Co	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
Shell Chemical	1,000	1,000	1,000	1,000	-	-
US Air Force	1,000	-	-	-	-	-
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	-	-	-
Pasadena Paper Co	-	1,100	1,100	1,100	-	-
Wyle Life Science	-	1,000	1,000	1,000	1,000	1,000
Kellogg Brown & Root	-	-	-	-	1,700	1,700
Memorial 55 Plus	-	-	-	1,000	-	-
Totals	45,130	45,559	44,400	39,242	27,100	27,100

Employer	Percentage of Total Employment					
	2010	2009	2008	2007	2006	2005
United Space Alliance	4.22%	5.61%	3.86%	2.39%	4.17%	4.17%
Pasadena ISD	2.92%	3.89%	3.63%	1.02%	1.79%	1.79%
Boeing Co	1.05%	1.10%	1.10%	0.68%	0.00%	0.00%
NASA Lyndon B Johnson Space Ctr	1.04%	1.38%	1.51%	0.86%	1.90%	1.90%
Memorial Healthcare System	0.91%	0.74%	0.74%	0.51%	0.72%	0.72%
Powell Electrical Systems Inc	0.84%	0.66%	0.61%	0.38%	0.00%	0.00%
Walmart	0.68%	0.00%	0.00%	0.00%	0.00%	0.00%
Aker Industrial Constructors	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%
CHCA Clear Lake, LP	0.62%	0.88%	0.85%	0.55%	0.78%	0.78%
Equistar Chemicals LP	0.62%	0.83%	0.83%	0.51%	0.89%	0.89%
Lockheed Martin Corp	0.54%	2.75%	1.79%	1.71%	0.00%	0.00%
University of Houston - Clear Lake	0.54%	0.60%	0.60%	0.37%	0.72%	0.72%
Channelview Complex	0.50%	0.66%	0.66%	0.41%	0.00%	0.00%
Lyondell Chemical Co	0.50%	0.66%	0.66%	0.41%	0.72%	0.72%
Pasadena Bayshore Hospital Inc	0.50%	0.66%	0.66%	0.41%	0.72%	0.72%
San Jacinto College	0.50%	0.66%	0.66%	0.41%	0.72%	0.72%
Pasadena City Hall	0.46%	0.53%	0.61%	0.38%	1.01%	1.01%
Anheuser-Busch Co	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Rohm & Haas Texas Inc	0.41%	0.55%	0.55%	0.34%	0.60%	0.60%
Shell Chemical	0.41%	0.55%	0.55%	0.34%	0.00%	0.00%
US Air Force	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%
East Houston Regional Med Ctr	0.00%	0.55%	0.55%	0.34%	0.00%	0.00%
Gulf Stream Marine	0.00%	0.94%	0.94%	0.58%	0.00%	0.00%
IKON Office Solutions	0.00%	0.77%	0.77%	0.00%	0.00%	0.00%
International Business	0.00%	0.61%	0.61%	0.00%	0.00%	0.00%
Pasadena Paper Co	0.00%	0.61%	0.61%	0.38%	0.00%	0.00%
Wyle Life Science	0.00%	0.55%	0.55%	0.34%	0.60%	0.60%
Kellogg Brown & Root	0.00%	0.00%	0.00%	0.46%	0.71%	0.71%
Memorial 55 Plus	0.00%	0.00%	0.00%	0.34%	0.00%	0.00%
Totals	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 241,463 local employees.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Faculty, Staff, and Administrators Statistics
Fiscal Years 2004 to 2011
(Unaudited)

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Faculty:								
Full-time	492	511	454	463	440	439	428	426
Part-time	729	763	763	648	685	680	720	696
Total	<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	40.3%	40.1%	37.3%	41.7%	39.1%	39.2%	37.3%	38.0%
Part-time	59.7%	59.9%	62.7%	58.3%	60.9%	60.8%	62.7%	62.0%
Staff and Administrators:								
Full-time	703	732	703	759	739	694	687	667
Part-time	431	577	526	583	518	571	502	553
Total	<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	62.0%	55.9%	57.2%	56.6%	58.8%	54.9%	57.8%	54.7%
Part-time	38.0%	44.1%	42.8%	43.4%	41.2%	45.1%	42.2%	45.3%
FTSE per full-time faculty	89	93	84	78	82	83	86	83
FTSE per full-time staff member	60	62	54	48	49	52	53	53
Average over 9 months faculty salary	\$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 eight years, and the College will continue to implement prospectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Enrollment Details
Fiscal Years 2005 to 2010
(Unaudited)

Student Classification	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-29 hours	17,023	59.63%	16,467	60.98%	14,854	60.35%	14,134	60.01%	13,968	58.85%	14,611	60.63%
30-72 hours	7,589	26.58%	7,879	29.17%	7,265	29.51%	7,008	29.76%	7,170	30.21%	6,799	28.22%
> 72 hours	3,937	13.79%	2,665	9.87%	2,497	10.14%	2,409	10.23%	2,596	10.94%	2,687	11.15%
Total	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	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	286	1.04%	297	1.10%	190	0.77%	146	0.62%	156	0.66%	150	0.62%
3 - 5 semester hours	4,485	15.71%	5,077	18.80%	4,294	17.44%	4,317	18.33%	4,056	17.09%	4,013	16.65%
6 - 8 semester hours	7,079	24.80%	6,809	25.21%	5,777	23.47%	5,484	23.29%	5,468	23.04%	5,601	23.24%
9 - 11 semester hours	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	8,635	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	1,837	6.43%	1,746	6.46%	2,184	8.87%	2,144	9.10%	2,208	9.30%	2,387	9.91%
18 & over	554	1.94%	168	0.62%	805	3.28%	720	3.06%	663	2.79%	730	3.03%
Total	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

Tuition Status	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	14,312	50.13%	12,891	47.72%	11,736	47.67%	11,523	48.93%	11,966	50.42%	12,482	51.80%
Texas Resident (out-of-District)	10,381	36.36%	9,664	35.78%	8,866	36.02%	8,286	35.18%	8,374	35.28%	8,453	35.08%
Non-Resident Tuition	853	2.99%	1,644	6.09%	1,584	6.43%	1,398	5.94%	1,358	5.72%	1,260	5.23%
Tuition Exemption	3,003	10.52%	2,693	9.97%	2,399	9.75%	2,299	9.76%	1,989	8.38%	1,826	7.58%
Other	0	0.00%	119	0.44%	31	0.13%	45	0.19%	47	0.20%	76	0.31%
Total	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	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	9.3		8.9		9.8		9.7		9.7		9.4	

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

Source: Data from the CBME01.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile
Fiscal Years 2005 to 2010
(Unaudited)

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender												
Female	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	12,433	43.55%	11,904	44.07%	10,489	42.61%	10,114	42.95%	10,064	42.40%	10,089	41.87%
Total	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	10,711	37.52%	11,114	41.15%	10,556	42.88%	10,577	44.91%	10,809	45.54%	11,247	46.67%
Hispanic	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	3,027	10.60%	2,975	11.01%	2,496	10.14%	2,334	9.91%	2,424	10.21%	2,497	10.36%
Asian	1,628	5.70%	1,590	5.89%	1,419	5.76%	1,327	5.63%	1,275	5.37%	1,192	4.95%
Foreign	662	2.39%	791	2.93%	986	4.01%	859	3.65%	868	3.66%	934	3.88%
Native American	258	0.91%	144	0.53%	131	0.53%	115	0.49%	94	0.40%	69	0.29%
Other	629	2.20%	-	0.00%	63	0.26%	182	0.77%	211	0.89%	181	0.75%
Total	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	2,057	7.21%	2,594	9.61%	1,784	7.25%	1,644	6.98%	1,344	5.66%	1,123	4.66%
18 - 21	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	4,575	16.02%	3,947	14.61%	3,901	15.85%	3,813	16.19%	3,956	16.67%	4,178	17.34%
25 - 35	6,234	21.84%	5,571	20.62%	5,149	20.92%	4,834	20.53%	5,135	21.64%	5,457	22.65%
36 - 50	2,380	8.34%	2,135	7.90%	2,043	8.30%	2,021	8.58%	2,139	9.01%	2,305	9.56%
51 & over	498	1.74%	402	1.49%	410	1.66%	388	1.65%	374	1.57%	381	1.58%
Total	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		25	

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

Source: Data from the CBM001.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions
Institutions Attended Fall 2010

(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	1,521	30	90	1,641	28.52%
2 University of Houston	1,226	31	51	1,308	22.73%
3 Texas A&M University	368	9	12	389	6.76%
4 University of Houston - Downtown	290	19	20	329	5.72%
5 The University of Texas - Austin	312	5	7	324	5.63%
6 Texas State University - San Marcos	256	9	4	269	4.67%
7 Sam Houston State University	193	8	14	215	3.74%
8 Stephen F. Austin State University	146	3	8	157	2.73%
9 Texas Tech University	131	3	2	136	2.36%
10 The University of Texas Medical Branch at Galveston	111	9	-	120	2.09%
11 The University of Texas - San Antonio	101	5	10	116	2.02%
12 Texas Southern University	91	6	3	100	1.74%
13 Lamar University Institute of Technology	82	10	-	92	1.60%
14 The University of Texas - Arlington	66	12	-	78	1.35%
15 The University of Texas Health Science Center - Houston	54	4	-	58	1.01%
16 Texas A&M University - Galveston	50	1	1	52	0.90%
17 University of North Texas	48	1	1	50	0.87%
18 Prairie View A&M University	34	6	-	40	0.70%
19 University of Houston - Victoria	34	2	4	40	0.70%
20 The University of Texas M.D. Anderson Cancer Center	32	4	-	36	0.63%
21 Texas Tech University Health Science Center	12	18	-	30	0.52%
22 Texas Woman's University	26	3	1	30	0.52%
23 The University of Texas - Dallas	25	1	-	26	0.45%
24 Texas A&M University - Corpus Christi	23	1	1	25	0.43%
25 The University of Texas - Tyler	21	1	-	22	0.38%
26 Tarleton State University	14	-	-	14	0.24%
27 Texas A&M University - Kingsville	9	-	-	9	0.16%
28 The University of Texas - Pan American	8	-	-	8	0.14%
29 Angelo State University	5	1	-	6	0.10%
30 Midwestern State University	4	1	1	6	0.10%
31 Sul Ross State University	5	-	-	5	0.09%
32 The University of Texas - Brownsville	2	3	-	5	0.09%
33 West Texas A&M University	5	-	-	5	0.09%
34 The University of Texas Health Science Center -	4	-	-	4	0.07%
35 Texas A&M University - Commerce	1	-	2	3	0.05%
36 The University of Texas - El Paso	1	2	-	3	0.05%
37 Texas A&M University - International	2	-	-	2	0.03%
38 University of Texas Southwestern Medical Center at Dallas	1	-	-	1	0.02%
Totals	5,314	208	232	5,754	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 2011
(Unaudited)

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
Academic Buildings	33	34	32	32	32	32
Square footage (in thousands)	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
Square footage (in thousands)	163,615	163,615	163,615	163,615	163,615	163,615
Number of Volumes (in thousands)	243,340	243,695	244,602	259,434	238,489	275,713
Administrative and Support Buildings	5	4	4	4	4	4
Square footage (in thousands)	288,613	265,906	265,906	265,906	265,906	265,906
Dormitories	1	1	1	1	1	1
Square footage (in thousands)	6,050	6,050	6,050	6,050	6,050	6,050
Athletic Facilities	10	10	10	10	10	10
Square footage (in thousands)	165,527	165,527	165,527	165,527	165,527	165,527
Stadiums	3	3	3	3	3	3
Fitness Centers/Gymnasiums	4	4	4	4	4	4
Tennis Courts	3	3	3	3	3	3
Other	2	2	2	2	2	2
Plant Facilities	14	14	14	14	14	14
Square footage (in thousands)	49,137	49,137	49,137	49,137	49,137	49,137
Transportation:						
Cars	6	9	11	11	12	12
Light Trucks/Vans	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 six 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 San Jacinto Community College District (the College) as of and for the year ended August 31, 2011, and have issued our report thereon dated December 12, 2011. 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 above.

Compliance and Other Matters

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

Texas Public Funds Investment Act

We have performed tests designed to verify the College's compliance with the requirements of the Texas Public Funds Investment Act (the Act). During the year ended August 31, 2011, no instances of noncompliance were found.

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

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

December 12, 2011



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* 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, 2011. 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, 2011.

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 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 12, 2011

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2011

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U. S. Department of Education:</u>			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A094114	\$ 751,900
Federal Family Education Loans - Unsubsidized Loans	84.032	91-4251-0-1-502	(1,313)
Federal Work-Study Program	84.033	P033A104114	526,061
Federal Pell Grant Program	84.063	P063P102303	36,020,970
Federal Direct Student Loans - Subsidized	84.268	P268K112303	6,743,123
Federal Direct Student Loans - Unsubsidized	84.268	P268K112303	7,221,385
Federal Direct Student Loans - Plus Loans	84.268	P268K112303	69,199
Total Federal Direct Student Loans			<u>14,033,707</u>
Academic Competitiveness Grants	84.375	P375A092303	(6)
Pass-Through From:			
Texas Higher Education Coordinating Board -			
Leveraging Educational Assistance Partnership	84.069A	91-0200-0-1-502	22,880
Special Leveraging Educational Assistance Partnership	84.069A	91-0200-0-1-502	31,204
Total Leveraging Education Assistance Partnership			<u>54,084</u>
Total Student Financial Aid Cluster - Schedule C			<u>51,385,403</u>
Direct Programs -			
Higher Education Institutional Aid	84.031S	P031S050003	2,554
TRIO Cluster:			
TRIO Student Support Services	84.042A	P042A050182	27,550
TRIO Talent Search	84.044A	P044A070353	254,819
TRIO Upward Bound	84.047A	P047A070042	287,148
TRIO Upward Bound - Math & Science	84.047M	P047M070003	253,552
Total TRIO Cluster			<u>823,069</u>
Fund for the Improvement of Postsecondary Education (FIPSE):			
Fund for the Improvement of Postsecondary Education -			
Veterans Center	84.116G	P116G100242	68,685
Fund for the Improvement of Postsecondary Education -			
Maritime Equipment	84.116Z	P116Z100163	93,484
Total Funds for the Improvement of Postsecondary Education			<u>162,169</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2011

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
Pass-Through From - Texas Education Agency Pass-Through From - Clear Creek Independent School District - Adult Education - Basic Grants to States - English Literacy and Civics Education Grant 3	84.002	2010.017	65,710
Harris County Juvenile Board - Title I Part D Grants to Local Educational Agencies - Title I Grants to Local Educational Agencies	84.010 A	P180122	232,140
Texas Higher Education Coordinating Board - Career and Technical Education/Basic Grants to States: Carl Perkins Vocational Education Basic 10-11 Statewide Data System Total U. S. Department of Education	84.048 84.375	10042 3892	537,552 3,177 <u>53,211,774</u>
<u>U. S. Department of Agriculture</u>			
Pass-Through From - Texas Department of Agriculture - Child and Adult Care Food Program Total U. S. Department of Agriculture			27,973 <u>27,973</u>
<u>U. S. Department of Housing and Urban Development:</u>			
Direct Program - Hispanic Serving Institution Assisting Communities Program Total U. S. Department of Housing and Urban Development	14.514	HSIAC-06-TX-28	57,051 <u>57,051</u>
<u>U. S. Department of Labor:</u>			
Direct Programs: Program of Competitive Grants for Worker Training and and Placement in High Growth and Emerging Industry Sectors (ARRA) High Growth and Community Based Job Training Grant	ARRA 17.275 17.269	GJ-20047-10-60-A-48 CB-20567-10-60-A-48	1,689,203 1,304,316
Pass-Through From - Lee College - Community Based Job Training Grants - High Growth and Community Based Job Training Grant Total High Growth and Community Based Job Training Grant	17.269	CB-18226-06-60-A-48	175,455 <u>1,479,771</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2011

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
Workforce Investment Act Cluster:			
Texas Workforce Commission:			
Workforce Investment Act/Dislocated Workers - Summer Merit Program 2010 - EV/INSPIRE	17.260	2810WSW002	54,516
Workforce Investment Act/Dislocated Workers - Texas Youth in Technology Grant Program	17.260	2809WSW003	33,577
Workforce Investment Act/Dislocated Workers - Partnership with Center Point Energy (ARRA)	ARRA 17.260	2810XSD000	<u>176,303</u>
Total Workforce Investment Act/Dislocated Workers			<u>264,396</u>
Houston-Galveston Area Council - WIA Adult Program/WIA Dislocated Workers (ARRA)	ARRA 17.258 and 17.260	742-10	212,840
Alvin Community College - WIA Adult Program - Licensed Vocational Nursing Instruction (ARRA)	ARRA 17.258	NA	<u>13,629</u>
Total Workforce Investment Act Cluster			<u>490,865</u>
Total U.S. Department of Labor			<u>3,659,839</u>
<u>National Aeronautics and Space Administration:</u>			
Direct Program - Aerospace Education Service Program - NASA Strategic Education Alliance	43.001	NNX07AP99A	<u>1,816,644</u>
<u>National Science Foundation:</u>			
Direct Program - Education and Human Resources - Students Expanding Possibilities Undergraduate Program	47.076	DUE-0849391	78,178
Pass-Through From:			
University of Houston:			
Education and Human Resources - IASNRCDUE	47.076	R-09-0147	12,673
Education and Human Resources - Houston Alliance for Minority Participation Project (PH III)	47.076	R-09-0172	20,907
Lee College - Education and Human Resources - Analyzer Technician Opportunities Project	47.076	DUE-0801907	<u>80,141</u>
Total Education and Human Resources			<u>191,899</u>
Total National Science Foundation			<u>191,899</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2011

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>U. S. Small Business Administration:</u>			
Pass-Through From:			
The University of Houston-Central:			
Small Business Development Center 09/10	59.037	R-10-0075-53826	15,045
Small Business Development Center 10/11	59.037	R-09-0109	134,921
Total Small Business Development Center			<u>149,966</u>
Total U. S. Small Business Administration			<u>149,966</u>
<u>U. S. Department of Veterans Affairs -</u>			
Direct Program - All-Volunteer Force Educational Assistance	64.124	362/242D	<u>8,572</u>
<u>U. S. Department of Health and Human Services:</u>			
Pass-Through From:			
Texas Workforce Commission -			
Temporary Assistance for Needy Families (TANF)			
First Tech Challenge -			
First Tech Challenge Qualifier Partner Grant	93.558	0611TAN002	7,000
Child Care and Development Block (CCDB) Cluster:			
The University of Texas Health Science Center at Houston -			
Child Care and Development Block Grant - Higher			
ED Grant FY11			
	93.575	NA	5,000
Texas Workforce Commission:			
Child Care and Development Block Grant 09-10			
	93.575	06260C267FY10	107,084
Child Care and Development Block Grant 10-11			
	93.575	06260C260FY11	14,129
Total Child Care and Development Block Grant			<u>126,213</u>
Child Care and Development Fund (CCDF) Cluster:			
Texas Education Agency -			
The University of Texas Health Science Center at Houston:			
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund - Texas School			
Ready! Program II			
	93.596	NA	40,784
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund - TSR Sub			
Reimbursement			
	93.596	NA	362
Total Child Care Mandatory and Matching Funds of the			<u>41,146</u>
Child Care and Development Fund			<u>174,359</u>
Total U. S. Department of Health and Human Services			<u>174,359</u>
Total Federal Financial Assistance			<u>\$ 59,298,077</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards
Year Ended August 31, 2011

Grantor Agency/Pass-Through Grantor/Program Title	Grant Contract Number	General Ledger Account	Expenditures
Texas Workforce Commission - Skills Development Fund:			
Direct Programs:			
West Gulf Maritime Association II	2809SDF008	541001	\$ 27,529
Aerospace Consortium II	2810SDF004	551003	336,059
Maritime Consortium 2010	2810SDF005	551002	189,546
Skills for Small Business	2810SSD001	551004	1,113
San Jacinto College in Partnership with a Petrochemical Manufacturing Consortium	2810SDF007	551005	693,265
San Jacinto College in Partnership with Turner Industries	2810SDF009	551007	120,435
Pass-Through From -			
Texas State Technical College, Waco - A Partnership with Hospital Corporation of America and United Health Services	1310SDF000	551006	109,382
Total Texas Workforce Commission - Skills Development Fund			<u>1,477,329</u>
Texas Higher Education Coordinating Board:			
Student Financial Aid:			
State Military Tuition Assistance	26041	245127	3,207
Texas Grant I - Initial	13099	245606	825,030
Texas Grant I - Renewal	13099	245610	366,680
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	245706	199,360
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	245710	105,020
Financial Aid - Professional Nursing	13025	245301	17,151
Financial Aid - Licensed Vocational Nursing	13026	245302	2,191
College Work Study Program	22339	245506	55,471
Early High School - House Bill 1479	33080	245125	102,461
Certified Education Aide Program	33081	245126	23,214
Top Ten Percent	20356	245129	120,000
College for all Texans	17719	245140	4,500
College Access Loan	NA	245216	68,730
Direct Programs:			
P-16 Initiatives - First Year Experience Calling Program	P-16 SA-SJCD	555005/555006/555007	40,000
Developmental Education Demonstration Project	02778	555008	401,839
Alternative Teacher Certification	NA	555012/245134	25,432
Nursing Innovation Central Campus	05664	555013	7,948
Professional Nursing Shortage Reduction Program FY09	HB 3034 FY09 - (prog # 9978)	245121	55,861
Professional Nursing Shortage Reduction Program FY10 - S.C.	HB 3034 FY10 REGULAR	555002	17,406
Professional Nursing Shortage Reduction Program FY10 - C.C.	HB 3034 FY10 Under 70	555003	5,941
Professional Nursing Shortage Reduction Program FY10 - C.C.	HB 3034 FY10 Under 70	555004	83,919
Professional Nursing Shortage Reduction Program FY11 - C.C.	HB 3034 FY11 Under 70	555009	9,821
Professional Nursing Shortage Reduction Program FY11 - S.C.	HB 3034 FY11 Under 70	555010	437
Pass-Through From:			
El Paso Community College - Community College Develop Education Initiative Program	NA	545001	58,061
Texas State University - Success Initiative in Developmental Education - Mathematics	2641	555011	850
Total Texas Higher Education Coordinating Board			<u>2,600,530</u>
Texas Comptroller of Public Accounts -			
Direct Programs:			
Jobs and Education for Texans Block Grant	3572-39	550002	123,023
Jobs and Education for Texans Equipment Grant	4776-13	550001	294,005
Total Texas Comptroller of Public Accounts			<u>417,028</u>
Total State Financial Assistance			<u>\$ 4,494,887</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards Year Ended August 31, 2011

1. Federal Assistance Reconciliation

Direct Federal grants and contracts per Schedule A	\$ 7,556,784*
Add: Indirect/Administrative Cost Recoveries - per Schedule A	355,890
Direct Federal revenue, non-operating - Schedule C	51,271,438
Add: Indirect/Administrative Cost Recoveries - per Schedule C	<u>113,965</u>
Total Federal Revenues per Schedule E – Schedule of Expenditures of Federal Awards	\$ <u>59,298,077</u>

2. State Assistance Reconciliation

Direct State grants and contracts per Schedule A	\$ 4,428,824*
Add: Indirect/Administrative Cost Recoveries - per Schedule A	<u>66,063</u>
Total State Revenues per Schedule F – Schedule of Expenditures of State Awards	\$ <u>4,494,887</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, 2011. 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 & 2 above.

Federal Programs:

Brazosport College	CFDA	17.258	U.S. Department of Labor	WIA Adult Program	\$ 42,485
Lee College	CFDA	17.258	U.S. Department of Labor	WIA Adult Program	(6,721)
Brazosport College	CFDA	17.260	U.S. Department of Labor	WIA Dislocated Workers	24,257
Lee College	CFDA	17.260	U.S. Department of Labor	WIA Dislocated Workers	(2,481)
College of the Mainland	CFDA	17.260	U.S. Department of Labor	WIA Dislocated Workers	148
Brazosport College	CFDA	17.260	U.S. Department of Labor	WIA Dislocated Workers	5,360
Lee College	CFDA	17.260	U.S. Department of Labor	WIA Dislocated Workers	10,560
Oklahoma State University Center	CFDA	17.260	U.S. Department of Labor	WIA Dislocated Workers	36,000
Brazosport College	CFDA	17.269	U.S. Department of Labor	Community Based Job Training	337,316
Lee College	CFDA	17.269	U.S. Department of Labor	Community Based Job Training	247,493
College of the Mainland	CFDA	17.269	U.S. Department of Labor	Community Based Job Training	176,479
Houston-Galveston Area Council	CFDA	17.269	U.S. Department of Labor	Community Based Job Training	27,371
Brazosport College	CFDA	17.275	U.S. Department of Labor	Program of Competitive Grants	265,539
Lee College	CFDA	17.275	U.S. Department of Labor	Program of Competitive Grants	585,472
Universities Space Research Association	CFDA	43.001	NASA	Aerospace Education Service Program	908,561
Rice University	CFDA	43.001	NASA	Aerospace Education Service Program	12,494

State Programs:

Lee College	TWC	2810SDF007	Texas Workforce Commission	SJCD in Partnership with EHCMA	308,391
Alvin Community College	COPA	4776-13	Texas Comptroller of Public Accounts	JET Equipment Grant	<u>53,982</u>
					\$ <u>3,032,706</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards, Continued Year Ended August 31, 2011

5. Insurance Coverage

During the year ended August 31, 2011, 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 - \$64,000 annually and \$372,000 loss fund maximum

SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2011**

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? | 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? | 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 and 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
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
Workforce Investment Act Cluster:	
17.258	WIA Adult Program
17.260	WIA Dislocated Workers
AARA 17.260	WIA Dislocated Workers
17.269	Community Based Job Training Grants
17.275	Competitive Grants for Worker Training and Placement in the High Growth and Emerging Industry

State - Contract Number

Name of State Program

02788	Developmental Education Demonstration Project
3572-39/4776-13	Jobs and Education for Texans Block and Equipment Grant
13099	Texas Grant I - Initial and Renewal

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs, Continued
Year Ended August 31, 2011

5. Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$1,357,970
State	\$ 300,000
6. Auditee qualified as a low-risk auditee?	
Federal	Yes
State	Yes

Section 2

Financial Statement Findings

No matters were reported

Section 3

Federal and State Award Findings and Questioned Costs

None reported

Section 4

Schedule of Prior Year Audit Findings

Finding 2010-1

SUB-RECIPIENT MONITORING

CFDA #17.258 and CFDA #17.260

Workforce Investment Act Adult Program/Dislocated Workers (ARRA)

U.S. Department of Labor; Pass-through from Houston – Galveston Area Council

Criteria: The OMB Circular A-133 states that a recipient of Federal assistance which passes that assistance to another recipient is responsible to monitor the Federal assistance activities of that sub-recipient, as well as assure that they are both complying with laws and regulations. It is essential that the College comply with Federal regulations regarding sub-recipient monitoring of Federal programs.

Condition: During our audit, we noted that the College provided funds to sub-recipients during the year and did not perform adequate monitoring of said sub-recipients of Federal funds.

Questioned costs: None

Context: The program had a total of 3 sub-recipients and all were tested; we noted a lack of sub-recipient monitoring in all. The total findings to the sub-recipients was \$178,247, during 2010.

Effect: The College did not properly monitor the sub-recipients in accordance with Federal regulations. There could be potential non-compliance with the program requirements and the College could potentially be liable for any reimbursement necessary.

Cause: In our judgment, the College does not have proper internal processes in place regarding sub-recipient monitoring.

Current status: The College developed and implemented internal processes regarding sub-recipient monitoring during fiscal year 2011.