



San Jacinto Community College District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
AUGUST 31, 2015 AND 2014**

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, 2015 and 2014

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SAN JACINTO COMMUNITY COLLEGE DISTRICT
Organizational Data

Board of Trustees and Key Officers
Year Ended August 31, 2015

Officers

Mr. Dan Mims	Chair
Mr. Larry Wilson	Vice Chair
Mr. John Moon, Jr.	Secretary Assistant
Mr. Keith Sinor	Secretary

Members

		<u>Term Expires</u> <u>May 31,</u>
Mr. Brad Hance	Pasadena, Texas	2017
Dr. Ruede Wheeler, D.D.S.	La Porte, Texas	2017
Mrs. Marie Flickinger	Houston, Texas	2019
Mr. Larry Wilson	Pasadena, Texas	2019
Mr. Dan Mims	Channelview, Texas	2021
Mr. John Moon, Jr.	Pasadena, Texas	2021
Mr. Keith Sinor	Deer Park, Texas	2021

Trustee Emeritus

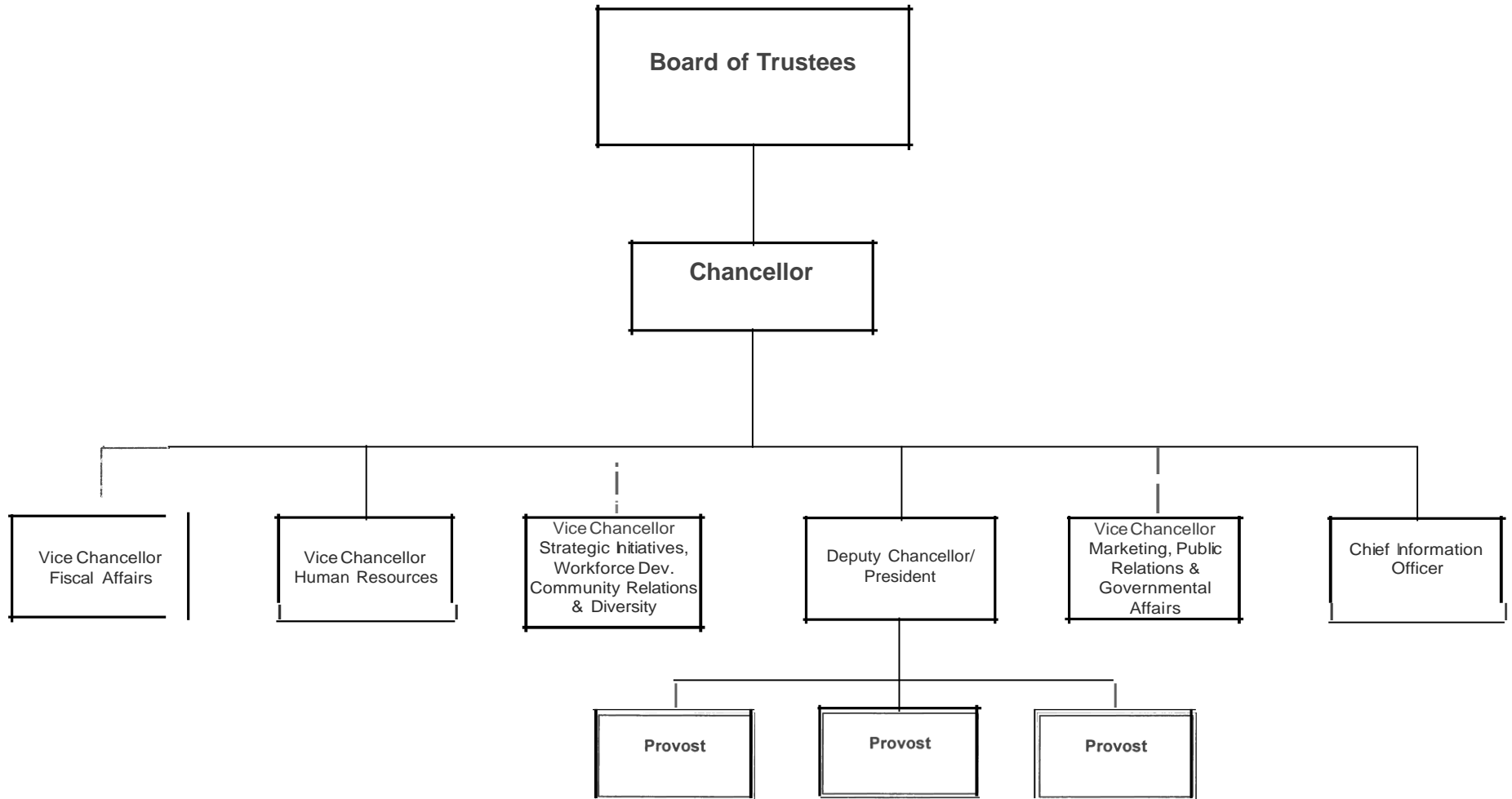
Mr. Ben Meador

Key Officers

Dr. Brenda L. Hellyer	Chancellor
Dr. Laurel V. Williamson	Deputy Chancellor and College President
Mrs. Teri Crawford	Vice Chancellor of Marketing, Public Relations and Governmental Affairs
Dr. Allatia Harris	Vice Chancellor of Strategic Initiatives, Workforce Development, Community Relations and Diversity
Mr. Kenneth D. Lynn, CPA	Vice Chancellor of Fiscal Affairs
Mr. Steve Trncak	Vice Chancellor of Human Resources
Mr. Rob Stanicic	Chief Information Officer
Mr. Van Wigginton, J.D.	Provost
Dr. William Raffetto	Provost
Dr. Brenda Jones	Provost

San Jacinto Community College District

August 31, 2015





Office of the Chancellor

December 16, 2015

Board of Trustees
Citizens of the San Jacinto Community College District

As the Chancellor, I am honored to present the Comprehensive Annual Financial Report (CAFR) of the San Jacinto Community College District ("College") for fiscal years ended August 31, 2015 and 2014. This financial report is submitted by the College's Department of Fiscal Affairs and is published to provide readers with detailed information concerning the financial position and activities of the College. 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 the best of our knowledge and belief, the enclosed financial report is complete and reliable in all material respects. It is organized in a manner designed to fairly present the financial position and results of operations of the College. The accompanying disclosures are necessary to enable the reader to gain an understanding of the College's financial affairs.

HISTORY OF THE COLLEGE

GETTING STARTED

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

In February 1961, the Board changed the name to San Jacinto Junior College District. It was changed again in 1995 from San Jacinto Junior College District to San Jacinto Community College District to better reflect the expanded mission as a community college. The more familiar name used daily throughout the community is San Jacinto College or San Jae.

In September 1961, the College opened its doors and approximately 870 students filed into a handful of renovated buildings in downtown Pasadena to attend the very first classes offered by San Jacinto College. The College passed bonds in the early 1960s to purchase land off of Spencer Highway and begin construction of what is the Central Campus of San Jacinto College.

The College has grown to three campuses and 11 extension centers offering 186 degrees, certificates in 46 technical programs, and a university transfer division. The College currently serves approximately 30,000 credit students in the fall semester and nearly 41,000 unique students annually. Additionally, the College serves approximately 10,000 continuing education students through the Continuing and Professional Development Division.

EXPANSION

Bonds issued in 1972 included funds for a second campus. North Shore High School provided space for classes until the North Campus opened in the fall of 1975. Then, in 1976, bonds were approved for a third campus. J. Frank Dobie High School provided classrooms until San Jacinto College South was ready in September of 1979.

In December 1999, voters approved the issuance of \$91 million in general obligation bonds, allowing the College to add six new buildings including the interactive learning centers, fine arts and music centers, and childhood development centers, along with substantial infrastructure improvements throughout the three campuses. In May 2008, another successful bond election provided \$295 million in funding to create updated science and allied health facilities, library improvements, student welcome centers on two campuses, a transportation facility, a maritime training center, maintenance and police facility, and physical education facility improvements.

In November of this year, with a nearly 68 percent approval, voters approved a \$425 million general obligation bond referendum to allow the College to continue to update and transform for 21st Century education. With the funds from this bond, the College will see much needed infrastructure upgrades, safety and security updates; renovation of nine buildings (most of which are 30-years-old or older); construction of a student welcome center and a classroom building; creation of a center of excellence for petrochemical, energy, and technology training; creation of a center of excellence for culinary and cosmetology; and construction of a center of excellence for engineering and technology. This general obligation bond will also provide funding for expansion of the maritime technology and training center and a potential new campus on the north side of the College district in Sheldon school district, where Houston growth is occurring. Additionally, the College already has a center for industrial technology project under construction through a revenue bond.

San Jacinto College is expanding work with regional independent school districts and has expanded dual credit and early college high school offerings. This fall, the College housed four early college high schools with Clear Creek, Galena Park, Pasadena, and Sheldon Independent School Districts. The College also has modified Early College High Schools with Channelview, Deer Park, and La Porte Independent School Districts. This work is important because dual credit and early college high school students make up approximately 10 percent of the Fall 2015 student enrollment.

Looking back over the accomplishments of the past 54 years, San Jacinto College has displayed a proud tradition of excellence based on the vision, passion and "whatever-it-takes" attitude that has marked this institution's leadership and employees.

ECONOMIC CONDITION AND OUTLOOK

LOCAL ECONOMY

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

Over the last 10 years, the Houston MSA economy has grown at a rate greater than national trends. As is typical across the country, the Houston MSA loses jobs each year in January after increases in seasonal jobs through the November – December Holiday season. One of the economic differences is that Houston recoups those losses rather quickly with the start of the new year.

With lower oil prices, the upstream exploration growth has slowed and the region is seeing layoffs on the exploration side of the oil industry and the job growth is off from the previous years' pace. However, where San Jacinto College is located on the East side of Harris County, most of the industry is part of the downstream processing. Growth in this downstream area is continuing, although at a slower rate. Global

companies are continuing to build processing plants along the Texas Gulf Coast due to the lower feed stock supplies. Industry continues to project, in both the near and long term, the need for a skilled workforce in the industrial and craft trades. Construction workers continue to be in significant demand with the expansion of the Texas Medical Center, Houston Airport System, and the petrochemical industry growth.

The outlook for 2016 shows a slowing of the Houston economy specifically in construction activity for new homes, demand for oil field equipment and services, oil prices supported by hedges, and export demand from emerging markets. However, several bright spots remain, which include:

- U.S. economic growth appears to be strengthening.
- Local consumer confidence remains fairly strong.
- Local population continues to grow.
- There is limited sense of panic.
- Petrochemical plant construction is continuing.
- The Houston economy is more diversified than in the 1980s recession.

SAN JACINTO COLLEGE

The fiscal health of San Jacinto College remains strong. The College provides a strong return on investment to students, society, and taxpayers. From the social perspective, for every \$1 invested in San Jacinto College, Texas sees \$11.20 in state and income savings. From the student perspective, for every \$1 invested in San Jacinto College, students see a \$5.60 return in higher future income. The average return is 19.7 percent. From the taxpayer perspective, for every \$1 invested in San Jacinto College, taxpayers see a \$3.30 return in benefits. The annual average return is 8.1 percent. The College Board of Trustees is committed to keeping taxes as low as possible and in October 2015, was able to reduce the tax rate by one cent per \$100 valuation.

San Jacinto College is affordable. At \$704 for tuition and fees for 12 semester credit hours, the College in-district tuition rate is the most affordable in the Gulf Coast region and is one of the most affordable in the state of Texas. The College is focused on student success and has increased student completion of degrees and certificate by 108.8 percent over the last nine years. The College commitment to success has it ranked number 17 in the country among over 1,100 community colleges for the number of associate degrees awarded. The College is ranked number three in the nation for awarding degrees and certificates in the workforce areas needed by our regional industry partners.

LEGAL

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 CAFR of the College for the fiscal years ended August 31, 2015 and 2014. Additionally, the College is statutorily required to submit audited financial statements to the Texas Higher Education Coordinating Board by January 1st of each year.

THE AUDIT

A public accounting firm has audited the College's financial statements. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for years ended August 31, 2015 and 2014 are free from material misstatement. The independent audits involve examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor has concluded, based upon the audits, that there

is a reasonable basis for rendering an unmodified opinion that the College's financial statements for years ended August 31, 2015 and 2014 are fairly presented in accordance with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

THE REPORT

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

The financial section is prepared in accordance with GAAP. This section of the CAFR includes the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements, explanatory notes to the basic financial statements, and required supplementary information.

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

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

The Federal awards section contains information regarding participation in various Federal programs. The independent auditors are required to conduct a separate audit of Federal programs and the College's system of internal control, according to the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133 (Circular A-133). This section contains the auditors' report on the system of internal control, a listing of the Federal programs in which the College participates and the dollar amount of expenditures for each program.

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

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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

for its comprehensive annual financial report for the fiscal year ended August 31, 2014. This was the eighth consecutive year that the College received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully,

Brenda Hellyer, Ed.D.
Chancellor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

San Jacinto Community College District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2014

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the San Jacinto Community College District (the College) as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, the College adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended August 31, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary schedules on pages 46 through 47 and statistical section on pages 53 through 71 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of Federal awards and State awards are presented for purposes of additional analysis 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, and are not a required part of the basic financial statements.

The supplementary schedules and the schedules of expenditures of Federal awards and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules on pages 49 through 52 and the schedules of expenditures of Federal awards and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Doeren Mayhew".

Houston, Texas
December 16, 2015

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2015 (Unaudited)

About San Jacinto Community College District

San Jacinto Community College District (the College) traces its roots to May 1960, when voters in five independent school districts (ISDs) - Channelview, Deer Park, Galena Park, La Porte and Pasadena (Sheldon ISD was added in 1968) - approved the creation of East Harris County Union Junior College, demonstrating a partnership between a growing community college and a sprawling area rich in history. The College's name was changed in February 1961 to San Jacinto Junior College District and then again in 1995 to San Jacinto Community College District. The diverse college district has now grown to include three campuses, a network of off-campus learning centers, a robust dual credit and early college high school program, and online offerings. A half-century of innovation, diversity and extraordinary growth mark the history of the College. Today, on an annual basis, nearly 41,000 credit students and approximately 10,000 adult learners enrolled in workforce development and personal enrichment classes discover their pathways and achieve their goals at the College. To support their success, the College has invested nearly \$300 million in the last decade to build first-class facilities and partnerships that inspire the next generation of leaders. In order to serve these students, the College employs over 2,500 full-time and part-time personnel. Most faculty have earned master's and doctoral degrees, and many have been nationally recognized for their teaching, innovation, or authorship.

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

Working closely with area school districts, the College has built educational ladders which take students from kindergarten to college within a framework that includes 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 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 over 186 degrees and certificate programs.

The College's taxing district encompasses nearly 563,500 citizens and 320 square miles. A seven-member Board of Trustees (the Board), elected for six-year terms by the taxpayers in its taxing district, govern the College. The Board sets the vision, mission, and strategic direction for the College and is responsible for oversight of budgets, policies, and governance.

Overview of the Annual Financial Report

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

The annual financial report consists of three basic financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. While each statement presents a unique set of information, they should be used together and in conjunction with the notes to the basic financial statements. 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 unmodified opinion letter from the College's independent auditors.

Financial Highlights for 2015

- The College recorded the cumulative effect of change in accounting principle related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date*, related to the College's participation in the Teacher Retirement System of Texas (TRS). The change results in a \$4.5 million increase in assets in deferred outflows of resources related to pensions, a \$24.8 million increase in net pension liabilities and a \$7.6 million increase in deferred inflows of resources related to pensions as of August 31, 2015. This required a restatement (reduction) in the beginning net position of \$28.1 million as of September 1, 2014, from \$208.5 million to \$180.4 million.
- During the year, the Board of Trustees rescinded the designation of \$50 million in unrestricted net position. The College had previously designated a reserve of \$25 million for business continuity and emergency recovery and \$25 million for repair and renovation of facilities. While a future severe emergency may have an impact on operations, the College has adequate insurance coverage and reserves, and can determine appropriate declarations for additional funding at such time, as an unforeseen event occurs. Significant repair and renovation of facilities have been funded through bonds or current operational funds over the past ten years. Additionally, the College will begin its "San Jac Tomorrow" program in fiscal year 2016. This \$425 million capital program will be funded with bonds.
- In December 2014, the College entered into a guaranteed maximum price (GMP) contract to replace the North Campus Library at a cost of \$10.9 million. The 2008 Bond Capital Improvement Program funds this expenditure and completion is anticipated in March 2016.
- In May 2015, the College purchased approximately 57 acres of land located in the northern part of its taxing district in the Sheldon Independent School District. The purchase cost of \$9.9 million was made from operating funds. The land is part of a 4,000 acre planned energy research and development destination known as Generation Park. Acquisition of the land provides an opportunity for the College to serve the growth that is occurring and projected to continue in the College's northern most portion of the taxing district. Future plans for the property is being considered, but may include academic transfer offerings, corporate and workforce training as well as a possible early college high school focused on science technology, engineering, and math. It is expected that there will be a \$400 million increase in tax base at Generation Park within the next two years.
- In August 2015, the College issued \$47.5 million of combined fee revenue bonds (Series 2015), to finance the construction of the Center for Industrial Technology at the North Campus. This facility is approximately 113,000 square feet and will house the welding, pipefitting fabrication, diesel technology, international business and logistics, electrical technology, and heating, ventilation, air conditioning, and refrigeration programs.
- In August 2015, the College approved an order to call an election to authorize the issuance of \$425 million of General Obligation bonds to finance the construction, purchase, renovation, acquisition, and equipping of college buildings in the college district. On November 3, 2015, the bond referendum passed with a 68% approval rate.

- The bonds will fund the “San Jac Tomorrow” building program which will:
 - Construct a Center for Petrochemical, Energy, and Technology to provide the latest instructional labs for the process technology, instrumentation, non-destructive testing, electrical technology, and fire protection programs,
 - Construct a Center for Engineering and Technology to house programs in engineering, biomedical equipment repair technology, engineering design graphics (drafting), electronics, and computer information technology,
 - Construct facilities to house programs in support of careers in cosmetology and culinary arts,
 - Construct a new classroom building,
 - Renovate nine buildings in order to provide updated and flexible classroom, instructional, and office space and repurpose vacated space to increase efficiencies,
 - Provide for maritime training expansion and development,
 - Study and upgrade security and access systems throughout all facilities,
 - Provide significant infrastructure upgrades and replacements for systems at the end of their useful life,
 - Update and expand data and technology capabilities and infrastructure, and
 - Provide capabilities to respond to future partnerships with industry, school districts and universities, and potential campus expansions.

- As of August 31, 2015, the assets of the College exceeded its liabilities by \$176.2 million (net position). Net investment in capital assets increased by \$8.8 million, and restricted net position increased by \$1.5 million related to debt service. Unrestricted net position decreased by \$42.7 million, with \$28.1 million due to restatement attributed to GASB Statement No. 68, \$9.9 million for land purchase, and \$3.9 million for building renovations paid from operating funds. The College’s unrestricted net position is \$35.2 million, at year end.

Financial Highlights for 2014

- In September of 2013, the College allocated an additional \$1.8 million from reserves to fund the Banner Optimization Project as a continuation from 2012. Emphasis included enhancements to admissions, recruiting, communication management, human resources, and supporting key performance indicators.

- The assets of the College exceeded its liabilities by \$208.5 million (net position). Unrestricted and restricted net position increased by \$3.6 million and capital assets net of depreciation and related debt decreased \$9.5 million for a net decline of \$5.9 million from 2013. There is \$77.9 million in unrestricted net position available to meet the College’s ongoing obligations. The Board has designated \$50.0 million to be available for business continuity, emergency recovery, and repair and renovation of facilities.

- The College wrote off \$3 million in uncollectable receivables related to 2004 through 2009. As a result, the College increased the bad debt allowance included in the allowances and discounts to \$2.2 million in 2014 as compared to \$0.8 million in 2013.

- In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for financial statements beginning after December 15, 2012. The College adopted GASB Statement No. 65 for the fiscal year ended August 31, 2014. As a result, a prior period adjustment was required to remove bond issuance costs from the Statements of Net Position.

The Statement of Net Position

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 99,136	\$ 105,068	\$ 103,610
Noncurrent assets:			
Capital assets, net of depreciation	397,964	368,500	361,794
Other	<u>88,061</u>	<u>73,586</u>	<u>104,416</u>
Total assets	\$ <u>585,161</u>	\$ <u>547,154</u>	\$ <u>569,820</u>
Deferred outflows of resources	\$ <u>4,543</u>	\$ _____ -	\$ _____ -
Current liabilities	\$ 51,273	\$ 48,652	\$ 55,891
Noncurrent liabilities	<u>354,629</u>	<u>289,966</u>	<u>299,541</u>
Total liabilities	\$ <u>405,902</u>	\$ <u>338,618</u>	\$ <u>355,432</u>
Deferred inflows of resources	\$ <u>7,599</u>	\$ _____ -	\$ _____ -
Net position:			
Net investment in capital assets	\$ 134,449	\$ 125,621	\$ 135,105
Restricted - expendable	6,528	5,020	3,008
Unrestricted	<u>35,226</u>	<u>77,895</u>	<u>76,275</u>
Total net position	\$ <u>176,203</u>	\$ <u>208,536</u>	\$ <u>214,388</u>

Fiscal Year 2015 Compared to 2014

Total assets increased \$38 million during 2015, a 7 percent increase. The change in total assets resulted from a \$9.7 million increase in cash, cash equivalents, and investments and a decrease of \$1 million in other current assets. Capital assets increased by \$29.5 million related to on-going construction projects and land purchase. 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 (current assets divided by current liabilities) decreased to 1.93 in 2015 from 2.16 in 2014. The decrease is primarily due to cash being used for a land purchase, building renovations (approximately \$13.8 million) and an increase in accounts and bonds payable.

Total liabilities increased by \$67.3 million in 2015. The 20 percent increase is due to \$50 million in new revenue bonds being issued offset by a \$10 million decrease in bonds payable from 2014. Also, \$24.8 million is related to net pension liability due to the implementation of GASB Statement No. 68.

Total net position decreased by \$32.3 million in 2015, a 15.5 percent decrease. Of the decrease, \$28.1 million is attributed to restatement of beginning net position due to GASB Statement No. 68. Deferred outflows of resources and deferred inflows of resources are not compared as this is the first year of implementation of GASB Statement No. 68.

Fiscal Year 2014 Compared to 2013

Total assets decreased \$22.67 million during 2014, a 4 percent decrease. The change in total assets resulted from a \$27.8 million decrease in cash, cash equivalents, and investments. Capital assets increased by \$6.7 million 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 (current assets divided by current liabilities) increased to 2.16 in 2014 from 1.85 in 2013.

Total liabilities decreased by \$16.8 million in 2014, a 4.7 percent decrease. In 2013, total liabilities decreased \$8.3 million, a 2.3 percent decrease. This is primarily due to a decrease in bonds payable of \$10.36 million.

Total net position decreased by \$5.9 million in 2014, a 2.7 percent decrease. Unrestricted and restricted net position increased by \$3.6 million and net investment in capital assets decreased by \$9.5 million.

The Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net position has increased during the year ended August 31, 2015, with comparative information for fiscal year 2014. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College.

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

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of allowances and discounts	\$ 38,825	\$ 35,402	\$ 37,525
Federal grants and contracts	4,070	4,592	7,366
State grants and contracts	3,425	2,671	2,932
Non-government grants and contracts	2,129	2,012	1,817
Sales and services of educational activities	1,440	1,053	1,322
Auxiliary enterprises, net of discounts	3,162	3,884	3,872
General operating revenues	<u>1</u>	<u>2</u>	<u>2</u>
Total operating revenues	<u>53,052</u>	<u>49,616</u>	<u>54,836</u>
Expenses:			
Operating expenses:			
Instruction	67,447	68,220	70,339
Public service	5,698	4,912	5,208
Academic support	13,572	12,968	13,772
Student services	14,425	14,574	13,740
Institutional support	40,839	39,365	34,962
Operation and maintenance of plant	17,556	17,680	17,298
Scholarships and fellowships	33,946	39,284	40,616
Auxiliary enterprises	4,527	4,118	4,012
Depreciation	<u>17,401</u>	<u>16,365</u>	<u>13,107</u>
Total operating expenses	<u>215,411</u>	<u>217,486</u>	<u>213,054</u>
Operating loss	<u>(162,359)</u>	<u>(167,870)</u>	<u>(158,218)</u>
Non-operating revenues (expenses):			
State appropriations	44,428	45,862	45,888
Maintenance ad valorem taxes	56,606	52,961	48,245
Debt service ad valorem taxes	26,115	25,237	25,381
Federal revenue, non-operating	43,459	50,258	51,798
Investment income (net of investment expenses)	246	254	369
Interest on capital related debt	(12,645)	(12,386)	(9,080)
Other non-operating revenues (expenses)	<u>(37)</u>	<u>(168)</u>	<u>-</u>
Total non-operating revenues, net	<u>158,172</u>	<u>162,018</u>	<u>162,601</u>
(Decrease) Increase in net position	<u>(4,187)</u>	<u>(5,852)</u>	<u>4,383</u>
Net position, beginning of year, as previously reported	208,536	214,388	210,005
Cumulative effect of change in accounting principle (note 2)	<u>(28,146)</u>	<u>-</u>	<u>-</u>
Net position, beginning of year, as restated for 2015	<u>180,390</u>	<u>214,388</u>	<u>210,005</u>
Net position, end of year	<u>\$ 176,203</u>	<u>\$ 208,536</u>	<u>\$ 214,388</u>

Fiscal Year 2015 Compared to 2014

Tuition and fee revenue (before allowances and discounts) increased by \$2.4 million in 2015 to \$60 million from \$57.6 million in 2014. This is due to a \$5 per semester credit hour increase in tuition for resident students and \$8 per semester credit hour for non-resident students. The State appropriation per contact hour increased to \$3.18 for 2015 from \$3.14 for 2014.

Operating expenses decreased by \$2 million to \$215.4 million for 2015 from \$217.4 million for 2014. Salaries and wages increased by \$3.2 million, and depreciation increased by \$1 million. The increases were offset by a decrease of \$5.4 million in scholarships and fellowships related to decreases in payments to Federal Title IV recipients. The remaining decrease in operating expenses is attributed to overall decline in operating expenses.

Net non-operating revenues and expenses decreased \$3.8 million in 2015 from 2014. State appropriations decreased by \$1.4 million to \$44.4 million in 2015 from \$45.8 million in 2014. Ad valorem tax revenue increased by \$4.5 million to \$82.7 million in 2015 from \$78.2 million in 2014 due to increases in taxable assessed valuations. The maintenance and operations tax rate was increased to 12.7045 cents and the debt service tax rate was decreased to 5.8557 cents. The total 2014 tax rate of 18.5602 cents per \$100 valuation was the same as the tax rate for 2013. Net investment income remained constant due to the continuation of lower rates. Interest on capital related debt remained constant. Federal revenue decreased by \$6.8 million to \$43.5 million in 2015 as compared to \$50.3 million for 2014 related to Federal Title IV direct loans and grant programs.

Fiscal Year 2014 Compared to 2013

Tuition and fee revenue (before allowances and discounts) decreased by \$1.8 million in 2014 to \$57.6 million from \$59.4 million in 2013. This represents a \$2.1 million decrease in tuition and \$0.2 million increase in fees due to slight decline in semester credit hours and continuing education enrollment as tuition and fee rates remained the same. Contact hours decreased by a modest 0.1 million to 11.8 million for 2014. The State appropriation per contact hour fluctuated to \$3.14 for 2014, \$3.10 for 2013, and \$2.94 for 2012.

Operating expenses increased by \$4.4 million to \$217.4 million for 2014 from \$213 million for 2013 or the increase \$2.4 million is attributable to a 2.1 percent increase in salaries, wages, and benefits. Depreciation increased by \$3.3 million due to new buildings that were placed in service in 2013. Scholarships and fellowships decreased by \$1.3 million, attributable primarily to decreases in payments to Federal Title IV recipients for direct loans and grant programs. Auxiliary enterprises remained unchanged at \$4.1 million.

Decreases in net non-operating revenues and expenses totaled \$583.0 thousand in 2014 from 2013. State appropriations remained the same at \$45.8 million in 2014 and 2013. Ad valorem tax revenue increased by \$4.6 million to \$78.2 million in 2014 from \$73.6 million in 2013 due to increases in taxable assessed valuations. The maintenance and operations tax rate was increased to 12.5460 cents and the debt service tax rate was decreased to 6.0142 cents. The 2013 tax rate of 18.5602 cents per \$100 valuation was the same as the tax rate for 2012. Net investment income decreased to \$254 thousand in 2014 from \$369 thousand in 2013, a decrease of \$115 thousand due to the continuation of lower rates. Interest on capital related debt increased by \$3.3 million to \$12.4 million in 2014 compared \$9.1 million for 2013. Federal revenue decreased by \$1.5 million to \$50.3 million in 2014 as compared to \$51.8 million for 2013 related to Federal Title IV direct loans and grant programs.

The Statement of Cash Flows

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

The statement helps users assess the College's ability:

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

The sources and uses of cash are categorized by operating, non-capital financing, capital and related financing, and investing activities.

The following chart summarizes the Statements of Cash Flows Exhibit 3 (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash provided (used) by:			
Operating activities	\$ (134,864)	\$ (148,548)	\$ (136,067)
Non-capital financing activities	136,847	140,578	137,588
Capital and related financing activities	7,460	(20,090)	(42,194)
Investing activities	<u>17,371</u>	<u>9,560</u>	<u>14,627</u>
Increase(Decrease) in cash and cash equivalents	26,814	(18,500)	(26,046)
Cash and cash equivalents - beginning of year	<u>128,688</u>	<u>147,188</u>	<u>173,234</u>
Cash and cash equivalents - end of year	\$ <u>155,502</u>	\$ <u>128,688</u>	\$ <u>147,188</u>

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

Cash used by the College for operating activities decreased by \$13.7 million in 2015 from 2014 after an increase of \$12.5 million in 2014 from 2013. The \$9.9 million decrease is related to land purchase and \$3.9 million to building renovations. State appropriations, maintenance ad valorem tax revenues, and non-operating Federal revenue provided consistent cash flows of \$137 million in 2015, \$140 million in 2014, and \$137 million in 2013. Maintenance tax revenues increased by \$3.2 million and was offset by a decrease of \$6.8 million in non-operating Federal revenues for 2015.

In 2015, the College received \$50 million from the sale of combined fee revenue bonds (Series 2015), to fund the construction of the Center for Industrial Technology at the North Campus. The College used \$47 million in 2014 and \$23 million in 2013 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 provided in 2015 were \$7.5 million. Net cash flows from capital and related financing activities used were \$20.1 million in 2014 and \$42.2 million in 2013. Net cash flows provided from investing activities were \$17.4 million in 2015, \$9.7 million in 2014, and \$14.6 million in 2013. This is attributable to changes between pooled investments and securities and use of funds for capital projects.

Net cash provided (used) by operating and non-capital financing activities resulted in a \$2 million increase in 2015, a \$8 million decrease in 2014, and a \$1.5 million increase in 2013. Net cash used for capital and related financing activities plus investing activities provided \$24.8 million in 2015, a use of \$10.5 million for 2014, and a use of \$27.6 million for 2013.

Capital Assets and Long-Term Debt Activity

Capital Assets - Fiscal Year 2015

In 2015 the College had the following additions and deletions to net capital assets totaling a \$29.5 million increase: \$9.9 million increase related to the purchase of land at Generation Park; \$3.2 million net decrease in construction in progress, and \$39.6 million net increase to depreciated assets as completed buildings and renovations were placed in service. Net accumulated depreciation increased \$16.8 million.

Capital Assets - Fiscal Year 2014

At August 31, 2014, \$52.2 million remained in Construction in Progress, an increase of \$20.4 million for the College's master building plan. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization.

Long-Term Debt

On June 1, 2015, the Board approved the sale of \$50 million of combined fee revenue bonds (Series 2015). The proceeds will be used by the College to finance construction of the Center for Industrial Technology (CIT) at the North campus. The bonds are secured by a lien on pledged revenues which consist of general fees, laboratory fees, miscellaneous fees, out-of-district fees, technology fees, continuing education fees, tuition, and any additional revenues or receipts of the College which may be pledged to the payment of the bonds.

On October 6, 2014, the Board approved the adoption of the 2014 tax rate of 18.5602 cents per \$100 valuation. The maintenance and operations tax rate was increased to 12.7045 cents and the debt service tax rate was decreased to 5.8557 cents. The recommended 2014 tax rate of 18.5602 cents per \$100 valuation has remained unchanged as the total effective tax rate since 2011. The total taxes imposed on a residence homestead at the current year's appraised value of \$109,265 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$193.52. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year's average market value.

On October 8, 2013, the Board approved the adoption of the 2013 tax rate of 18.5602 cents per \$100 valuation. The maintenance and operations tax rate was increased to 12.5460 cents and the debt service tax rate was decreased to 6.0142 cents. The recommended 2013 tax rate of 18.5602 cents per \$100 valuation has remained unchanged as the total effective tax rate since 2011. The total taxes imposed on a residence homestead at the current year's appraised value of \$103,034 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$181.95 which is an increase of \$0.75 from 2012. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year's average market value.

At August 31, 2015, the College's credit ratings have been affirmed as follows:

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

1. Moody's affirmed the General Obligation Bonds and Maintenance Tax Notes rating on August 11, 2015, and assigned the Revenue Bonds rating on July 9, 2015.
2. Standard & Poor's affirmed the General Obligation Bonds and Maintenance Tax Notes rating on August 12, 2015.

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

Note 6 - Capital Assets

Note 8 - Noncurrent Liabilities

Note 10 - Debt Obligations

Note 12 - Refunding Bonds

Note 7 - Construction Commitments

Note 9 - Bonds and Notes Payable

Note 11 - Pledged Revenue Coverage

Note 13 - Defeased Bonds Outstanding

Currently Known Facts, Decisions and Conditions

San Jacinto Community College District is a dynamic institution that is an integral part of the success of East Harris County and the surrounding communities. The College's leadership continues to build a culture focused on the student. The College's employees work with students to redefine their expectations, encourage the exploration of new opportunities, and empower them to achieve their goals. Looking ahead to fiscal year 2016 and beyond, management sees continuing challenges regarding the levels of State support, resistance to maintenance and operations property taxes increases, and continued pressure to keep tuition and fees affordable for students. Consequently, the College is committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks, while maintaining a clear focus on quality instructional programs. The College will continue to focus on strengthening the teaching and learning process and expanding outreach efforts while maintaining its sound financial position.

With significant support from the voters within the College's taxing district (68 percent voter approval), a \$425 million bond referendum passed on November 3, 2015, which will allow the College to continue to create facilities that provide optimal teaching and learning experiences for our students and community. This bond referendum is focused on meeting the workforce and academic needs of the region.

Contacting the College's Financial Management

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Position
August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 67,440,501	\$ 67,940,272
Other short-term investments	6,747,981	11,034,101
Accounts receivable, net	21,501,228	22,618,723
Prepaid expenses	1,898,237	1,993,371
Deferred charges	1,085,398	959,205
Inventories	<u>462,236</u>	<u>522,096</u>
Total current assets	<u>99,135,581</u>	<u>105,067,768</u>
Noncurrent assets:		
Restricted cash and cash equivalents	88,061,432	60,747,691
Restricted short-term investments	-	1,023,987
Other long-term investments	-	11,814,268
Capital assets net of accumulated depreciation	330,166,249	307,421,619
Capital assets not being depreciated	<u>67,797,684</u>	<u>61,078,216</u>
Total noncurrent assets	<u>486,025,365</u>	<u>442,085,781</u>
Total assets	<u>585,160,946</u>	<u>547,153,549</u>
Deferred outflows of resources - deferred outflow related to pensions	<u>4,542,533</u>	<u>-</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	15,877,315	14,120,938
Accrued liabilities	765,281	911,144
Accrued compensable absences	384,642	257,762
Deferred compensation	10,000	10,000
Unearned revenue	24,085,608	23,909,649
Notes payable - current portion	336,792	326,792
Bonds payable - current portion	<u>9,813,772</u>	<u>9,115,205</u>
Total current liabilities	<u>51,273,410</u>	<u>48,651,490</u>
Noncurrent liabilities:		
Accrued compensable absences	2,207,435	2,489,273
Net pension liability	24,842,147	-
Notes payable	2,785,756	3,122,548
Bonds payable	<u>324,792,268</u>	<u>284,354,218</u>
Total noncurrent liabilities	<u>354,627,606</u>	<u>289,966,039</u>
Total liabilities	<u>405,901,016</u>	<u>338,617,529</u>
Deferred inflows of resources - deferred inflow related to pensions	<u>7,599,287</u>	<u>-</u>
<u>Net Position</u>		
Net investment in capital assets	134,449,507	125,621,217
Restricted for:		
Expendable:		
Grants	3,771,666	3,827,350
Debt service	2,756,339	1,192,541
Unrestricted	<u>35,225,664</u>	<u>77,894,912</u>
Total net position (Schedule D)	<u>\$ 176,203,176</u>	<u>\$ 208,536,020</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Operating Revenues</u>		
Student tuition and fees (net of allowances and discounts of \$21,112,152 and \$22,196,060, respectively)	\$ 38,825,003	\$ 35,402,191
Federal grants and contracts	4,070,061	4,592,172
State grants and contracts	3,425,417	2,671,238
Non-governmental grants and contracts	2,128,435	2,011,564
Sales and services of educational and non-educational activities	1,440,422	1,053,323
Auxiliary enterprises (net of discounts)	3,161,779	3,884,063
General operating revenues	<u>1,142</u>	<u>1,683</u>
Total operating revenues (Schedule A)	<u>53,052,259</u>	<u>49,616,234</u>
<u>Operating Expenses</u>		
Instruction	67,447,276	68,219,936
Public service	5,698,248	4,912,148
Academic support	13,572,433	12,967,872
Student services	14,425,050	14,574,487
Institutional support	40,838,507	39,364,518
Operation and maintenance of plant	17,556,073	17,680,096
Scholarships and fellowships	33,945,467	39,284,305
Auxiliary enterprises	4,526,768	4,117,865
Depreciation	<u>17,401,192</u>	<u>16,364,786</u>
Total operating expenses (Schedule B)	<u>215,411,014</u>	<u>217,486,013</u>
Operating loss	<u>(162,358,755)</u>	<u>(167,869,779)</u>
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	44,427,669	45,862,494
Maintenance ad valorem taxes	56,605,940	52,961,418
Debt service ad valorem taxes	26,115,343	25,237,078
Federal revenue, non-operating	43,458,871	50,257,564
Investment income (net of investment expenses)	246,557	254,333
Interest on capital related debt	(12,645,123)	(12,386,778)
Other non-operating revenues (expenses)	<u>(37,089)</u>	<u>(168,125)</u>
Total non-operating revenues, net (Schedule C)	<u>158,172,168</u>	<u>162,017,984</u>
Decrease in net position	<u>(4,186,587)</u>	<u>(5,851,795)</u>
<u>Net Position</u>		
Net position, beginning of year, as previously reported	208,536,020	214,387,815
Cumulative effect of change in accounting principle	<u>(28,146,257)</u>	<u>-</u>
Net position, beginning of year, as restated for only September 1, 2014	<u>180,389,763</u>	<u>214,387,815</u>
Net position - end of year	<u>\$ 176,203,176</u>	<u>\$ 208,536,020</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows
Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 45,747,074	\$ 41,301,938
Receipts of grants and contracts	9,444,106	10,549,700
Payments to suppliers for goods or services	(43,709,201)	(55,470,068)
Payments to or on behalf of employees and fellowships	(112,182,892)	(105,752,530)
Payments of scholarships	<u>(34,163,080)</u>	<u>(39,176,291)</u>
Net cash used by operating activities	<u>(134,863,993)</u>	<u>(148,547,251)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from State appropriations	37,560,104	37,764,028
Receipts from ad valorem taxes - maintenance and operating	56,170,775	52,976,486
Receipts from non-operating Federal revenue	43,458,871	50,257,564
Payments on notes - principal	(326,792)	(316,792)
Payments on notes - interest	<u>(15,792)</u>	<u>(103,312)</u>
Net cash provided by non-capital financial activities	<u>136,847,166</u>	<u>140,577,974</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	26,000,821	25,284,315
Purchases of capital assets	(46,902,379)	(23,239,107)
Proceeds from revenue bonds	50,019,457	-
Payment on capital debt - principal	(8,882,840)	(10,046,743)
Payment on capital debt - interest	<u>(12,775,194)</u>	<u>(12,088,687)</u>
Net cash provided (used) by capital and related financing activities	<u>7,459,865</u>	<u>(20,090,222)</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	16,850,000	44,295,000
Investment income	520,932	926,127
Purchase of investments	<u>-</u>	<u>(35,661,283)</u>
Net cash provided by investing activities	<u>17,370,932</u>	<u>9,559,844</u>
Increase (Decrease) in cash and cash equivalents	26,813,970	(18,499,655)
Cash and cash equivalents, beginning of year	<u>128,687,963</u>	<u>147,187,618</u>
Cash and cash equivalents, end of year	\$ <u>155,501,933</u>	\$ <u>128,687,963</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (162,358,755)	\$ (167,869,779)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	17,401,192	16,364,786
Tax collection fee	180,260	78,489
State retirement match	178,537	1,866,259
State group insurance	6,689,028	6,232,207
Changes in assets and liabilities:		
Receivables, net	1,486,922	1,346,921
Prepaid expenses and deferred charges	(31,059)	(480,833)
Inventories	59,860	(42,850)
Deferred outflow related to pensions	(4,542,533)	-
Accounts payable	908,536	(9,953,489)
Accrued liabilities	(2,456,269)	3,619,503
Compensated absences	(154,958)	6,771
Unearned revenue	175,959	284,764
Deferred inflow related to pensions	<u>7,599,287</u>	<u>-</u>
Net cash used by operating activities	\$ <u>(134,863,993)</u>	\$ <u>(148,547,251)</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

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 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.

Implementation of New GASB Pronouncements

The College participates in the Teacher Retirement System of Texas (TRS) and as such, implemented the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ended August 31, 2015. These GASB statements require that the College recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. As permitted by GASB Statement No. 68, the College's beginning balances of deferred outflows of resources and deferred inflows of resources related to pensions were not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability, which is required to be reported by GASB Statement No. 71. The College did not report the beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions as of September 1, 2013, since the information was not available to the College. Consequently, the College's fiscal year 2014 financial statements have not been restated for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71. Therefore, the College's fiscal year 2015 financial statements are not comparable to the fiscal year 2014 financial statements with respect to the net pension liability and deferred inflows of resources and deferred outflows of resources related to pensions. As an alternative allowed under GASB Statement No. 68, the cumulative effect of applying the new accounting pronouncements has been reported as a restatement of beginning net position as of September 1, 2014 as follows:

Net position as of August 31, 2014, as previously reported	\$ 208,536,020
Net pension liability as of September 1, 2014	(30,504,119)
Deferred outflows of resources related to contributions made by the College after the measurement date	<u>2,357,862</u>
Net position as of September 1, 2014, as restated	\$ <u>180,389,763</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for the College's fiscal year ending August 31, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This Statement establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements No. 67 and No. 68. This Statement is effective for the College's fiscal year ending August 31, 2016.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit other postemployment benefit (OPEB) plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement is effective for the College's fiscal year ending August 31, 2017.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new required supplementary information includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the College's fiscal year ending August 31, 2018.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. This will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The Statement also is intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance, as is done for other GASB pronouncements. This Statement is effective for the College's fiscal year ending August 31, 2016.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement is effective for the College's fiscal year ending August 31, 2017.

The College is currently evaluating the impact of adopting these GASB Statements.

Tuition Discounting

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

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

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

Basis of Accounting

The 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 an original maturity greater than three months but less than one year at time of purchase or current maturities of less than one year. The governing board has designated public funds investment pools to be cash equivalents, as the investments are redeemable on demand.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the College after the measurement date but before the end of the College's reporting period.

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 or current maturities of less than one year. Long-term investments have an original maturity of greater than one year at the time of purchase and are considered as noncurrent assets.

Inventories

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

Capital Assets

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment, and library books. Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. The College annually evaluates impairment of capital assets. The College does not believe any impairment exists as of August 31, 2015 and 2014. 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

Net Pension Liability

Net pension liability represents the College's portion of the net position of TRS. The fiduciary net position of TRS has been determined based on the flow of economic resource measurement focus and the full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Unearned Revenue

Unearned revenue, primarily consisting of tuition and fees, relates to academic terms in the next fiscal year and, as such, has been deferred.

Net Position

The College's net position is classified as follows:

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

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

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

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

Classification of Revenues and Expenses

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

Management Estimates

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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, 2015 and 2014.

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.

4. **Deposits and Investments**

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

	Cash and Deposits	
	2015	2014
Cash and cash equivalents:		
Petty cash on hand	\$ 18,250	\$ 18,885
Investment pools	10,705,121	53,020,006
Money market	144,050,411	74,846,429
Subtotal cash and cash equivalents	154,773,782	127,885,320
Bank deposits - demand deposits	728,151	802,643
Total cash and deposits, August 31	\$ <u>155,501,933</u>	\$ <u>128,687,963</u>

Reconciliation of Cash, Deposits and Investments to Exhibit 1

	Market Value	
	2015	2014
U.S. government securities and municipal bonds	\$ <u>6,747,981</u>	\$ <u>23,872,356</u>
Total investments	\$ <u>6,747,981</u>	\$ <u>23,872,356</u>
Total cash, deposits and investments	\$ <u>162,249,914</u>	\$ <u>152,560,319</u>
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents - current and noncurrent	\$ 155,501,933	\$ 128,687,963
Investments - short-term and long-term	6,747,981	23,872,356
Total cash, cash equivalents and investments	\$ <u>162,249,914</u>	\$ <u>152,560,319</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Weighted Average (Days)</u>	<u>Moody's Rating</u>
	<u>Fair Value</u>	<u>Maturity Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>		
<u>2015</u>						
Municipal Obligations	\$ <u>6,747,981</u>	\$ <u>6,747,981</u>	\$ <u>-</u>	\$ <u>-</u>	<u>3.5</u>	A2 to Aa-
Totals	\$ <u>6,747,981</u>	\$ <u>6,747,981</u>	\$ <u>-</u>	\$ <u>-</u>	<u>3.5</u>	
<u>2014</u>						
U.S. Agencies -						
FHLB	\$ 4,998,055	\$ -	\$ 4,998,055	\$ -	23.07	Aaa
Municipal Obligations	<u>18,874,301</u>	<u>12,058,088</u>	<u>6,816,213</u>	<u>-</u>	<u>38.34</u>	A2 to Aaa
Totals	\$ <u>23,872,356</u>	\$ <u>12,058,088</u>	\$ <u>11,814,268</u>	\$ <u>-</u>	<u>61.41</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 2015 and 2014, the portfolio contained no investment maturing beyond three (3) years and the dollar weighted average maturity of the total portfolio was 4 days and 61 days as of August 31, 2015 and 2014, 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 independent custodian is contractually liable for monitoring and maintaining the collateral margins.

State law and the Policy limit repurchase agreements to primary dealers. The Policy requires an industry standard written master repurchase agreement, independent safekeeping of collateral, and a 102% margin on collateral. Repurchase agreements are limited to a maximum maturity of ninety (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 less than 90 days.

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Concentration of Credit Risk

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

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

As of August 31, 2015:

The investment portfolio consisted of:

- 95.38% in investment pools and money market accounts
- 4.16% in municipal securities and
- 0.46% in petty cash and demand deposits.

As of August 31, 2014:

The investment portfolio consisted of:

- 83.81% in investment pools and money market accounts
- 15.65% in U.S. Government and municipal securities and
- 0.54% in petty cash and demand deposits

Custodial Credit Risk

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Portfolio disclosure as of August 31, 2015 and 2014:

The Portfolio did not contain any repurchase agreements or certificates of deposit. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company. At August 31, 2015, and 2014, the carrying amount of the College deposits was \$144,778,562 and \$75,649,072, respectively, and total bank balances equaled \$146,672,638 and \$77,448,437, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution and \$70,126,572 and \$75,197,478 was covered by collateral pledged with securities held by the pledging financial institution's trust department or agent in the College's name for the years ended August 31, 2015 and 2014, respectively.

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

	<u>2015</u>	<u>2014</u>
Student receivables	\$ 23,257,046	\$ 23,932,696
Federal receivables	889,933	831,256
State and local receivables	303,270	182,140
Other receivables	703,686	629,394
Less allowances for doubtful accounts	<u>(7,080,288)</u>	<u>(6,014,917)</u>
Total	<u>18,073,647</u>	<u>19,560,569</u>
Property tax receivable	3,660,331	3,290,904
Less allowances for doubtful accounts	<u>(232,750)</u>	<u>(232,750)</u>
Total	<u>3,427,581</u>	<u>3,058,154</u>
Total accounts receivables, net	\$ <u>21,501,228</u>	\$ <u>22,618,723</u>

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

	<u>2015</u>	<u>2014</u>
Vendors payable	\$ 9,352,470	\$ 7,669,122
Students payable	642,948	384,521
Other payables	727,709	1,060,837
Salaries and benefits payable	5,154,188	5,006,458
Accrued interest payable	<u>765,281</u>	<u>911,144</u>
Total accounts payable and accrued liabilities	\$ <u>16,642,596</u>	\$ <u>15,032,082</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

6. Capital Assets

	2015			
	Balance September 1, 2014	Increase	Decrease	Balance August 31, 2015
Not depreciated:				
Land	\$ 8,861,593	\$ 9,967,186	\$ -	\$ 18,828,779
Construction in progress	<u>52,216,623</u>	<u>34,675,022</u>	<u>37,922,740</u>	<u>48,968,905</u>
Total not depreciated	<u>61,078,216</u>	<u>44,642,208</u>	<u>37,922,740</u>	<u>67,797,684</u>
Other capital assets:				
Buildings	325,884,988	28,486,341	-	354,371,329
Land improvements	52,209,011	6,106,886	-	58,315,897
Furniture, equipment and vehicles	23,536,774	4,015,656	314,165	27,238,265
Telecommunications and computer peripheral equipment	22,941,266	1,239,009	232,609	23,947,666
Library books	<u>7,276,286</u>	<u>334,972</u>	<u>51,510</u>	<u>7,559,748</u>
Total depreciated	<u>431,848,325</u>	<u>40,182,864</u>	<u>598,284</u>	<u>471,432,905</u>
Less accumulated depreciation:				
Buildings	77,311,337	8,582,778	-	85,894,115
Land improvements	18,054,983	2,758,981	-	20,813,964
Furniture, equipment and vehicles	10,521,415	2,350,245	281,523	12,590,137
Telecommunications and computer peripheral equipment	14,025,193	3,431,219	228,209	17,228,203
Library books	<u>4,513,778</u>	<u>277,969</u>	<u>51,510</u>	<u>4,740,237</u>
Total accumulated depreciation	<u>124,426,706</u>	<u>17,401,192</u>	<u>561,242</u>	<u>141,266,656</u>
Net capital assets	<u>\$ 368,499,835</u>	<u>\$ 67,423,880</u>	<u>\$ 37,959,782</u>	<u>\$ 397,963,933</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2014			
	Balance September 1, 2013	Increase	Decrease	Balance August 31, 2014
Not depreciated:				
Land	\$ 8,711,501	\$ 150,092	\$ -	\$ 8,861,593
Construction in progress	<u>31,804,477</u>	<u>20,412,146</u>	<u>-</u>	<u>52,216,623</u>
Total not depreciated	<u>40,515,978</u>	<u>20,562,238</u>	<u>-</u>	<u>61,078,216</u>
Other capital assets:				
Buildings	325,925,672	-	40,684	325,884,988
Land improvements	52,209,011	-	-	52,209,011
Furniture, equipment and vehicles	23,710,301	768,302	941,829	23,536,774
Telecommunications and computer peripheral equipment	21,821,845	1,549,106	429,685	22,941,266
Library books	<u>7,226,789</u>	<u>359,461</u>	<u>309,964</u>	<u>7,276,286</u>
Total depreciated	<u>430,893,618</u>	<u>2,676,869</u>	<u>1,722,162</u>	<u>431,848,325</u>
Less accumulated depreciation:				
Buildings	68,920,873	8,393,944	3,480	77,311,337
Land improvements	15,576,937	2,478,046	-	18,054,983
Furniture, equipment and vehicles	9,272,460	2,090,937	841,982	10,521,415
Telecommunications and computer peripheral equipment	11,285,529	3,138,275	398,611	14,025,193
Library books	<u>4,560,158</u>	<u>263,584</u>	<u>309,964</u>	<u>4,513,778</u>
Total accumulated depreciation	<u>109,615,957</u>	<u>16,364,786</u>	<u>1,554,037</u>	<u>124,426,706</u>
Net capital assets	<u>\$ 361,793,639</u>	<u>\$ 6,874,321</u>	<u>\$ 168,125</u>	<u>\$ 368,499,835</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, 2015 and 2014, the outstanding commitment under construction contracts for facilities and other projects is approximately \$19.2 and \$9.8 million, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

8. **Noncurrent Liabilities**

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

	2015				
	Balance September 1, 2014	Increase	Decrease	Balance August 31, 2015	Current Portion
Bonds payable -					
general obligation bonds	\$ 293,469,423	\$ -	\$ 9,118,114	\$ 284,351,309	\$ 9,705,344
revenue bonds	-	50,254,731	-	50,254,731	108,428
Notes payable -					
maintenance tax notes	3,449,340	-	326,792	3,122,548	336,792
Deferred compensation	10,000	10,000	10,000	10,000	10,000
Accrued compensable absences	2,747,035	179,684	334,642	2,592,077	384,642
Net pension liability	-	<u>24,842,147</u>	-	<u>24,842,147</u>	-
Total	<u>\$ 299,675,798</u>	<u>\$ 75,286,562</u>	<u>\$ 9,789,548</u>	<u>\$ 365,172,812</u>	<u>\$ 10,545,206</u>
	2014				
	Balance September 1, 2013	Increase	Decrease	Balance August 31, 2014	Current Portion
Bonds payable -					
general obligation bonds	\$ 303,516,166	\$ -	\$ 10,046,743	\$ 293,469,423	\$ 9,115,205
Notes payable -					
maintenance tax notes	3,766,132	-	316,792	3,449,340	326,792
Deferred compensation	10,000	10,000	10,000	10,000	10,000
Accrued compensable absences	<u>2,740,264</u>	<u>214,532</u>	<u>207,761</u>	<u>2,747,035</u>	<u>257,762</u>
Total	<u>\$ 310,032,562</u>	<u>\$ 224,532</u>	<u>\$ 10,581,296</u>	<u>\$ 299,675,798</u>	<u>\$ 9,709,759</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>2015</u>	<u>2014</u>
<p>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%. Originally due February 2033.</p>	\$ -	\$ 420,000
<p>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.</p>	13,966,692	15,074,564
<p>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.</p>	11,998,852	12,156,237
<p>Limited Tax General Obligation Bonds, Series 2008A, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued September 1, 2008, in the amount of \$80,000,000. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2038.</p>	57,226,327	58,283,341
<p>Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2039.</p>	117,173,166	123,148,404
<p>Limited Tax General Obligation Building and Refunding Bonds, Series 2011, to refund a portion of 2009 General Obligation Bonds, to construct and equip facilities, and to purchase sites for school buildings. Issued July 21, 2011, in the amount of \$68,055,568 plus a premium of \$2,863,979. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2032.</p>	70,092,250	70,190,946

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Limited Tax General Obligation Refunding Bonds, Series 2012, to refund 2003 and 2004 General Obligation Bonds. Issued May 23, 2012, in the amount of \$13,800,000 plus a premium of \$548,973, less a discount of \$90,374. Tax supported bonds. Interest rates range from 2.00% to 5.00%. Due February 2033.

13,894,022 14,195,931

Revenue Bonds

Combined Fee Revenue Bonds, Series 2015, to purchase, construct, equip buildings, purchase sites for school buildings, and pay cost of issuance. Issued July 15, 2015, in the amount of \$47,535,000 plus a premium of \$3,036,445, less a discount of \$316,714. Pledged revenue supported bonds. Interest rates range from 3.75% to 5.00%. Due February 2040.

50,254,731 -

Maintenance Tax Notes

Maintenance Tax Refunding Notes, Series 2011, to refund 2003 Maintenance Tax Notes. Issued July 21, 2011, in the amount of \$3,850,000 plus a premium of \$185,600. Tax supported notes. Interest rates range from 2.00% to 3.00%. Due February 2022.

3,122,548 3,449,340

Total bonds and notes payable \$ 337,728,588 \$ 296,918,763

10. Debt Obligations

Debt service requirements as of August 31, 2015 were as follows:

Year Ending August 31,	General Obligation Bonds/Notes		Total Bonds
	Principal	Interest	
2016	\$ 10,150,564	\$ 15,805,072	\$ 25,955,636
2017	10,815,975	14,117,708	24,933,683
2018	11,956,506	13,688,751	25,645,257
2019	11,942,432	13,755,686	25,698,118
2020	11,760,627	13,937,610	25,698,237
2021-2025	62,932,405	64,307,141	127,239,546
2026-2030	71,190,092	43,983,055	115,173,147
2031-2035	74,860,878	25,942,200	100,803,078
2036-2040	<u>72,119,109</u>	<u>7,310,716</u>	<u>79,429,825</u>
Total	\$ <u>337,728,588</u>	\$ <u>212,847,939</u>	\$ <u>550,576,527</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 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,	Maintenance and Operations Tax	Amount of Pledged Revenue			Percent of Total Pledged to M&O Taxes Recognized
		Principal	Interest	Total	
2003	\$ 26,355,326	\$ 500,000	\$ 161,131	\$ 661,131	2.5085%
2004	29,827,208	2,460,000	510,467	2,970,467	9.9589%
2005	30,668,749	1,290,000	450,370	1,740,370	5.6747%
2006	33,439,538	1,495,000	400,501	1,895,501	5.6684%
2007	37,666,186	510,000	364,018	874,018	2.3204%
2008	42,518,691	1,225,000	330,146	1,555,146	3.6576%
2009	46,492,505	1,225,000	284,065	1,509,065	3.2458%
2010	45,349,704	1,225,000	240,596	1,465,596	3.2318%
2011	43,431,527	690,000	205,808	895,808	2.0625%
2012	43,476,293	527,676	140,814	668,490	1.5376%
2013	48,245,405	251,792	126,750	378,542	0.7846%
2014	52,961,418	316,792	119,900	436,692	0.8245%
2015	56,325,662	326,792	110,750	437,542	0.7768%
2016-2022*	<u>385,000,000</u>	<u>3,122,548</u>	<u>452,100</u>	<u>3,574,648</u>	0.9284%
Total	\$ <u>921,758,212</u>	\$ <u>15,165,600</u>	\$ <u>3,897,416</u>	\$ <u>19,063,016</u>	

* Estimated

The College has pledged a portion of tuition and fee revenues for repayment of 2015 Combined Fee Revenue Bonds as detailed in Note 9. The period covered is from fiscal year 2016 to fiscal year 2040.

Fiscal Year Ended August 31,	Tuition and Fee Revenue	Amount of Pledged Revenue			Percent of Total Pledged to Tuition and Fee Revenue
		Principal	Interest	Total	
2016-2040*	\$ <u>626,259,906</u>	\$ <u>47,535,000</u>	\$ <u>31,930,803</u>	\$ <u>79,465,803</u>	12.6889%

* Estimated

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

12. Refunding Bonds

Limited Tax General Obligation Refunding Bonds, Series 2012

On May 23, 2012, the College issued \$13,800,000 of Limited Tax General Obligation Refunding Bonds, Series 2012. The bonds mature serially through February 2033. The interest rates range from 2.00% to 5.00%. The bonds are to refund the Limited Tax General Obligation Building Bonds, Series 2003 and 2004. The par value of the refunding bonds was \$13,800,000 with a reoffering premium of \$548,973, less a discount of \$90,374.

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

Limited Tax General Obligation Building and Refunding Bonds, Series 2011

On July 21, 2011, the College issued \$68,055,568 of Limited Tax General Obligation Building and Refunding Bonds, Series 2011. The bonds mature serially through February 2032. The interest rates range from 1.30% to 5.00%. The bonds are to construct and equip school buildings in the District, for the purchase of necessary sites for school buildings, and to refund the Limited Tax General Obligation Building Bonds, Series 2009. The par value of the refunding bonds was \$3,060,000 with a reoffering premium of \$159,382. The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$3,261,907. The aggregate debt service payments of the refunding bonds of \$6,403,494 is \$3,195,494 more than the aggregate debt service payments of the refunded bonds of \$3,208,000. The net present value savings of the refunding transaction is (\$300,948) or (9.834887%).

Maintenance Tax Refunding Notes, Series 2011

On July 21, 2011, the College issued \$3,850,000 of Maintenance Tax Refunding Notes, Series 2011. The notes mature serially through February 2022. The interest rates range from 2.000% to 3.000%. The notes are to refund the Maintenance Tax Notes, Series 2003. The par value of the refunding notes was \$3,850,000 with a reoffering premium of \$185,600.

The total cash flows required to service the refunded notes as of the effective date of the refunding were \$4,122,731. The aggregate debt service payments of the refunded notes of \$5,106,234 is \$315,482 less than the aggregate debt service payments of the refunding notes of \$4,790,752. The net present value of the refunding transaction is \$272,475 or 7.0407%.

Limited Tax Refunding Bonds, Series 2008

On March 19, 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 3.00% to 5.00%. 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

Limited Tax General Obligation Building and Refunding Bonds, Series 2007

On May 1, 2007, the College issued \$24,620,000 of Limited Tax General Obligation Building and Refunding Bonds, Series 2007. The bonds mature serially through February 2033. The interest rates range from 4.000% to 5.000%. The bonds are to construct, improve, renovate, and equip certain District facilities, to purchase necessary sites, and to refund the Limited Tax General Obligation Bonds, Series 2001. The par value of the refunding bonds was \$28,950,000 with a reoffering premium of \$555,711.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$24,332,787. The aggregate debt service payments of the refunding bonds of \$28,798,410 is \$17,342,175 less than the aggregate debt service payments of the refunded bonds of \$46,140,585. The net present value savings of the refunding transaction is \$917,099 or 3.168%.

13. Defeased Bonds Outstanding

For the fiscal years ended August 31, 2015 and 2014, the College had the following defeased bonds outstanding:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>	
		<u>2015</u>	<u>2014</u>
Limited Tax General Obligation Bonds, Series 2009	2011	-	560,000
Total		\$ -	\$ 560,000

14. Unrestricted Net Position

The College designates a portion of unrestricted net position to indicate management's tentative plans for future use of financial resources. At August 31, 2015, the College has released the designated \$50 million of accumulated unrestricted net position. At August 31, 2014, 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 computer equipment, instructional equipment, office space, storage space, and copiers. 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>2015</u>	<u>2014</u>
2015	\$ -	\$ 1,638,685
2016	1,932,385	1,233,469
2017	1,419,639	747,939
2018	789,270	381,287
2019	317,483	49,551
2020	64,843	-
Total	\$ 4,523,620	\$ 4,050,931

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Computer leases permit automatic renewal at three-year 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 2015 to 2020. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect.

Office space leases have term expiration dates ranging from 2016 to 2018. Each agreement contains an escalation clause allowing the landlord to allocate additional direct costs related to the operation of the leased sites. Leases currently in effect contain options to renew and allow for subleasing property with landlord's written consent.

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

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

Leases for copiers have term expiration dates ranging from 2015 to 2019. Monthly rental fees are based on model and number of units leased.

Operating expenses include \$2,307,032 and \$2,476,147 of lease payments paid during fiscal years 2015 and 2014, respectively.

16. **Defined Benefit Plan - Teacher Retirement System of Texas**

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Benefits Provided

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

Contributions

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

Employee contribution rates are set in State Statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015, as discussed in Note 1 of the TRS fiscal year 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2014.

Contribution Rates

	<u>2015</u>	<u>2014</u>
Member	6.7%	6.4%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Fiscal year 2014 College Contributions		\$ 2,357,862
Fiscal year 2014 State of Texas On-behalf Contributions		<u>1,889,968</u>
Total contributions		\$ <u>4,247,830</u>

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to TRS an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of TRS during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by Federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS an amount equal to 50% of the State contribution rate for certain instructional or administrative employees; and 100% of the State contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the State contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ended August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained a significant margin for possible future mortality improvement. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, TRS's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return*
Global Equity:			
U.S.	18%	7.0%	1.4%
Non U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value:			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return:			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity:			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
College's proportionate share of the net pension liability	\$ 44,391,411	\$ 24,842,147	\$ 10,222,939

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

At September 1, 2014, the College reported a liability of \$24,842,147 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College during fiscal year 2015. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

The College's proportionate share of the collective net pension liability	\$ 24,842,147
State's proportionate share that is associated with the College	<u>19,954,950</u>
Total	\$ <u>44,797,097</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the College recognized pension expense of \$1,844,798 and revenue of \$1,844,798 for support provided by the State.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

At September 1, 2014, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 384,192	\$ -
Changes in actuarial assumptions	1,614,767	-
Difference between projected and actual investment earnings	-	7,592,775
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	6,512
Contributions paid to TRS subsequent to the measurement date	<u>2,543,574</u>	<u>-</u>
Total	<u>\$ 4,542,533</u>	<u>\$ 7,599,287</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31,</u>	<u>Pension Expense Amount</u>
2016	\$ 1,562,068
2017	1,562,068
2018	1,562,068
2019	1,562,068
2020	(336,125)
Thereafter	<u>(311,819)</u>
Subtotal	5,600,328
Fiscal year 2015 contribution	<u>(2,543,574)</u>
Net deferred inflows of resources	<u>\$ 3,056,754</u>

17. Defined Contribution Plan - Optional Retirement Plan

Plan Description

The State has 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. For fiscal years 2015 and 2014, the State paid 3.3% of ORP related salaries and for fiscal year 2013, the State paid 3.0%. Employee contribution percentages were 6.65% for fiscal years 2015, 2014 and 2013. The College contributed 0.2% for fiscal year 2015, 1.9% for fiscal year 2014 and 2.5% for fiscal year 2013 for employees who were participating in ORP prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

On-Behalf Payments by the State

These amounts represent the portion of expended appropriations made by the State legislature on behalf of the College. The retirement expense related to ORP contributions paid by the State for the College was \$595,788, \$621,175 and \$1,132,266 the fiscal years 2015, 2014, and 2013, respectively. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll of employees covered by ORP was \$18,371,518, \$18,998,303 and \$19,068,708 for the fiscal years 2015, 2014, and 2013.

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

Fiscal Year Ended August 31,	State Paid	Contribution %	College Paid	Contribution %	Employee Paid	Contribution %	Total
2015	\$ 595,788	3.3%	\$ 765,444	3.5%*	\$ 1,221,706	6.65%	\$ 2,582,938
2014	\$ 621,175	3.3%	\$ 871,413	3.3%*	\$ 1,263,387	6.65%	\$ 2,755,975
2013	\$ 1,132,266	6.0%	\$ 319,550	2.5%*	\$ 1,268,069	6.65%	\$ 2,719,885

* The College pays the State share for employees during the first 90 days of employment and the State share for Auxiliary Services, Grant, and Physical Plant employees. The College paid 0.2%, 1.9% and 2.5% as stated above to ORP for grandfathered employees only.

18. Post-Retirement Health Care and Life Insurance Benefits

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). SRHP provides medical benefits 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 SRHP. 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Contributions and On-Behalf Payments by the State

The State contribution per full-time employees was \$321, \$182, and \$85 per month for the years ended August 31, 2015, 2014, and 2013, respectively. The State's cost of providing those benefits for 1,238 active employees was \$4,776,476 and for 515 retirees was \$1,912,552, for a total State funded amount of \$6,689,028 for the year ended August 31, 2015. The State's cost of providing those benefits for 1,253 active employees was \$2,737,318 and for 496 retirees was \$3,494,889, for a total State funded amount of \$6,232,207 for the year ended August 31, 2014. The State's cost of providing those benefits for 1,251 active employees was \$1,268,830 and for 487 retirees was \$3,230,518, for a total State funded amount of \$4,499,348 for the year ended August 31, 2013. 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.

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

Fiscal Year Ended August 31,	State Paid	%	College Paid	%	Employee Paid	%	Total Annual Premiums
2015	\$ 6,689,028	34.36%	\$ 9,565,488	49.14%	\$ 3,211,888	16.50%	\$ 19,466,404
2014	\$ 6,232,207	33.00%	\$10,306,560	54.58%	\$ 2,345,149	12.42%	\$ 18,883,916
2013	\$ 4,499,348	25.80%	\$10,725,619	61.50%	\$ 2,215,307	12.70%	\$ 17,440,274

19. 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 \$1,432,338 and \$1,370,280 as of August 31, 2015 and 2014, 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 \$1,159,739 and \$1,376,755 as of August 31, 2015 and 2014, respectively.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

20. 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, 2015 and 2014, the College had one employee participant and an accrued liability of \$10,000. Payment to a third-party provider on behalf of the participant was paid in September 2015 and 2014.

21. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$425,850 and \$486,347 as of August 31, 2015 and 2014, 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>2015</u>	<u>2014</u>
Beginning Balance, September 1	\$ 486,347	\$ 404,889
Claims incurred and changes in estimates	72,063	204,509
Payments on claims	<u>(132,560)</u>	<u>(123,051)</u>
Ending Balance, August 31	\$ <u>425,850</u>	\$ <u>486,347</u>

22. 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>2015</u>	<u>2014</u>
Assessed valuation of the College	\$ 53,936,177,032	\$ 51,689,449,504
Less: Exemptions	(9,867,005,064)	(9,911,378,418)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	\$ <u>44,069,171,968</u>	\$ <u>41,778,071,086</u>

	<u>2015</u>			<u>2014</u>		
	Current	Debt Service	Total	Current Operations	Debt Service	Operations Total
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)	\$ 0.127045	\$ 0.058557	\$ 0.185602	\$ 0.125460	\$ 0.060142	\$ 0.185602

Taxes levied for the years ended August 31, 2015 and 2014, amounted to \$81,793,265 and \$77,612,665, 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	2015			2014		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 54,987,737	\$ 25,455,029	\$80,442,766	\$ 51,659,283	\$ 24,764,009	\$76,423,292
Delinquent taxes	759,132	350,224	1,109,356	379,612	181,976	561,588
Penalties and interest	<u>423,906</u>	<u>195,568</u>	<u>619,474</u>	<u>937,591</u>	<u>338,330</u>	<u>1,275,921</u>
Total collections	<u>\$ 56,170,775</u>	<u>\$ 26,000,821</u>	<u>\$82,171,596</u>	<u>\$ 52,976,486</u>	<u>\$ 25,284,315</u>	<u>\$78,260,801</u>

Tax collections for the years ended August 31, 2015 and 2014, were 98.35 percent and 98.47 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.

23. 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. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, for funds awarded during fiscal years 2015 and 2014 for which monies have not been received nor funds expended, total \$24,313,007 and \$20,280,213, respectively. Of these amounts, \$21,063,544 and \$16,541,186 were from Federal contract and grant awards and \$3,249,464 and \$3,739,027 were from State contract and grant awards for the fiscal years ended August 31, 2015 and 2014, respectively.

24. Contingent Liabilities

Pending Lawsuits and Claims

As of August 31, 2015, the College is a defendant in various legal actions. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

State and Federally Assisted Programs

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

25. 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 \$728,553 and \$656,780 to the College's students and programs during the years ended August 31, 2015 and 2014, 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 \$467,084 and \$359,404 for the fiscal years ended August 31, 2015 and 2014, 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.

26. Subsequent Events

Management has evaluated subsequent events through December 16, 2015, the date which the financial statements were available to be issued. Management of the College determined that the following subsequent events require disclosure.

Revenue Bonds

On September 10, 2015, the College issued \$46,505,000 of Limited Tax General Obligation Refunding Bonds, Series 2015. The bonds mature serially in February 2016 and February 2022 through February 2033. The interest rates range from 2.00% to 5.00%. The bonds are to refund portions of the Limited Tax Refunding Bonds, Series 2008 and portions of the Limited Tax General Obligation Bonds, Series 2008A and 2009. The par value of the refunding bonds was \$47,075,000 with reoffering premiums of \$6,875,419, less discounts of \$1,421,961.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$53,407,547. The aggregate debt service payments of the refunding bonds of \$70,549,430 is \$3,717,798 less than the aggregate debt service payments of the refunded bonds of \$74,267,228. The net present value of the refunding transaction is \$2,820,872 or 5.99%.

Bond Referendum

On November 3, 2015, the voters in the San Jacinto Community College District approved a bond referendum to authorize the issuance of \$425 million of General Obligation Bonds to be used for the construction, purchase, renovation, acquisition, and equipping of buildings in the college district.

SUPPLEMENTAL SCHEDULES

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Share of Net Pension Liability
 Year Ended August 31, 2015
 (Unaudited)

	<u>2015</u>
College's proportionate share of collective net pension liability	0.0930021%
College's proportionate share of collective net pension liability	\$ 24,842,147
State's proportionate share of net pension liability associated with College	<u>19,954,950</u>
Total	<u>\$ 44,797,097</u>
College's covered-employee payroll amount	\$ 65,550,515
College's proportionate share of collective net pension liability / College's covered-employee payroll amount	37.90%
Teacher Retirement System of Texas net pension as percentage of total pension liability	83.25%

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

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

See the accompanying notes to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Contributions
 Year Ended August 31, 2015
 (Unaudited)

	<u>2015</u>
Contractually required contribution	\$ 2,543,574
Actual contribution	<u>2,543,574</u>
Contribution deficiency (excess)	<u>\$ -</u>
College's covered-employee payroll amount	\$ 65,550,515
Actual contribution / College's covered-employee payroll amount	3.88%

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

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

See the accompanying notes to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Required Supplemental Schedules
Year Ended August 31, 2015
(Unaudited)

1. Changes of Benefit Terms

The College implemented a salary and wage increase effective September 1, 2014 for full time faculty, administrators, and staff, whereby performance based raises ranging from 3.25% to 4.50% were distributed. In addition, the monthly department chair stipend increased from \$608 to \$912.

2. Changes in Assumptions

There were no changes in assumptions for the year ended August 31, 2015.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues
 Year Ended August 31, 2015
 (With Memorandum Totals for the Year Ended August 31, 2014)

	2015				2014	
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
Tuition						
State funded courses:						
In-district resident tuition	\$ 14,082,874	\$ -	\$ 14,082,874	\$ -	\$ 14,082,874	\$ 12,877,074
Out-of-district resident tuition	20,445,813	-	20,445,813	-	20,445,813	20,153,469
Non-resident tuition	2,700,825	-	2,700,825	-	2,700,825	2,477,787
TPEG-credit (set aside) *	1,622,691	-	1,622,691	-	1,622,691	1,502,672
State funded non-credit continuing education courses	5,147,000	-	5,147,000	-	5,147,000	5,059,980
TPEG-non-credit (set aside) *	124,024	-	124,024	-	124,024	139,578
Non-state funded educational programs	1,231,335	-	1,231,335	-	1,231,335	1,536,888
Total tuition	<u>45,354,562</u>	<u>-</u>	<u>45,354,562</u>	<u>-</u>	<u>45,354,562</u>	<u>43,747,448</u>
Fees						
General service	9,850,589	-	9,850,589	-	9,850,589	9,929,743
Incidental	752,541	-	752,541	-	752,541	792,844
Instructional	3,199,081	-	3,199,081	-	3,199,081	2,335,714
Laboratory	780,382	-	780,382	-	780,382	792,502
Total fees	<u>14,582,593</u>	<u>-</u>	<u>14,582,593</u>	<u>-</u>	<u>14,582,593</u>	<u>13,850,803</u>
Allowances and discounts						
Allowance for bad debt	(2,017,934)	-	(2,017,934)	-	(2,017,934)	(2,189,978)
Remissions and exemptions - state	(915,825)	-	(915,825)	-	(915,825)	(1,215,350)
Remissions and exemptions - local	(2,565,482)	-	(2,565,482)	-	(2,565,482)	(1,627,631)
Scholarship allowances	(1,336,705)	-	(1,336,705)	-	(1,336,705)	(1,681,050)
TPEG awards	(313,367)	-	(313,367)	-	(313,367)	(330,876)
Federal grants to students	(13,300,301)	-	(13,300,301)	-	(13,300,301)	(14,690,214)
State grants to students	(662,538)	-	(662,538)	-	(662,538)	(460,961)
Total allowances and discounts	<u>(21,112,152)</u>	<u>-</u>	<u>(21,112,152)</u>	<u>-</u>	<u>(21,112,152)</u>	<u>(22,196,060)</u>
Total net tuition and fees	<u>38,825,003</u>	<u>-</u>	<u>38,825,003</u>	<u>-</u>	<u>38,825,003</u>	<u>35,402,191</u>
Other operating revenues						
Federal grants and contracts	279,010	3,791,051	4,070,061	-	4,070,061	4,592,172
State grants and contracts	11,195	3,414,222	3,425,417	-	3,425,417	2,671,238
Non-governmental grants and contracts	-	2,128,435	2,128,435	-	2,128,435	2,011,564
Sales and services of educational activities	402,953	-	402,953	-	402,953	319,657
Sales and services of non-educational activities	1,037,469	-	1,037,469	-	1,037,469	733,666
Investment income (program restricted)	-	1,142	1,142	-	1,142	1,683
Total other operating revenues	<u>1,730,627</u>	<u>9,334,850</u>	<u>11,065,477</u>	<u>-</u>	<u>11,065,477</u>	<u>10,329,980</u>
Auxiliary enterprises						
Bookstores	-	-	-	1,212,744	1,212,744	1,438,377
Child care centers	-	-	-	349,833	349,833	331,112
Less child care center discounts	-	-	-	(124,162)	(124,162)	(100,573)
Food services	-	-	-	1,084,002	1,084,002	1,215,942
Less food service discounts	-	-	-	(453,716)	(453,716)	(389,661)
Student services/other services	-	-	-	1,093,078	1,093,078	1,388,866
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,161,779</u>	<u>3,161,779</u>	<u>3,884,063</u>
Total operating revenues	<u>\$ 40,555,630</u>	<u>\$ 9,334,850</u>	<u>\$ 49,890,480</u>	<u>\$ 3,161,779</u>	<u>\$ 53,052,259</u>	<u>\$ 49,616,234</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$1,746,715 and \$1,642,250 for years ended August 31, 2015 and 2014, 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, 2015
 (With Memorandum Totals for the Year Ended August 31, 2014)

	2015				2014	
	Salaries and Wages	Benefits State	Local	Other Expenses	Total	Total
<u>Unrestricted - educational activities</u>						
Instruction	\$ 52,411,185	\$ -	\$ 6,165,733	\$ 4,598,808	\$ 63,175,726	\$ 63,585,050
Public service	2,601,693	-	372,180	2,373,973	5,347,846	4,313,183
Academic support	8,215,187	-	1,110,609	2,554,754	11,880,550	10,878,803
Student services	9,423,274	-	1,207,629	2,729,080	13,359,983	13,141,240
Institutional support	17,203,178	-	4,967,870	15,139,148	37,310,196	34,888,676
Operation and maintenance of plant	3,585,609	-	1,161,653	12,808,811	17,556,073	17,680,096
Total unrestricted educational activities	<u>93,440,126</u>	<u>-</u>	<u>14,985,674</u>	<u>40,204,574</u>	<u>148,630,374</u>	<u>144,487,048</u>
<u>Restricted - educational activities</u>						
Instruction	264,799	3,699,156	23,781	283,814	4,271,550	4,634,886
Public service	124,046	143,790	31,639	50,927	350,402	598,965
Academic support	630,096	124,767	85,646	851,374	1,691,883	2,089,069
Student services	222,939	828,578	-	13,550	1,065,067	1,433,247
Institutional support	483,610	2,488,525	83,885	472,291	3,528,311	4,475,842
Scholarships and fellowships	-	-	-	33,945,467	33,945,467	39,284,305
Total restricted educational activities	<u>1,725,490</u>	<u>7,284,816</u>	<u>224,951</u>	<u>35,617,423</u>	<u>44,852,680</u>	<u>52,516,314</u>
Total educational activities	<u>95,165,616</u>	<u>7,284,816</u>	<u>15,210,625</u>	<u>75,821,997</u>	<u>193,483,054</u>	<u>197,003,362</u>
Auxiliary enterprises	1,310,745	-	524,182	2,691,841	4,526,768	4,117,865
Depreciation expense - buildings and improvements	-	-	-	11,340,339	11,340,339	10,871,991
Depreciation expense - equipment, furniture and library books	-	-	-	6,060,853	6,060,853	5,492,795
Total operating expenses	<u>\$ 96,476,361</u>	<u>\$ 7,284,816</u>	<u>\$ 15,734,807</u>	<u>\$ 95,915,030</u>	<u>\$ 215,411,014</u>	<u>\$ 217,486,013</u>
					(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2015
(With Memorandum Totals for the Year Ended August 31, 2014)

	2015			2014
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 37,142,853	\$ -	\$ 37,142,853	\$ 37,142,853
State group insurance	-	6,689,028	6,689,028	6,232,207
State retirement matching	-	595,788	595,788	2,487,434
Total State appropriations	<u>37,142,853</u>	<u>7,284,816</u>	<u>44,427,669</u>	<u>45,862,494</u>
Ad valorem taxes:				
Maintenance ad valorem taxes	56,605,940	-	56,605,940	52,961,418
Debt service ad valorem taxes	-	26,115,343	26,115,343	25,237,078
Federal revenue, non-operating	111,746	43,347,125	43,458,871	50,257,564
Investment income	<u>134,240</u>	<u>112,317</u>	<u>246,557</u>	<u>254,333</u>
Total non-operating revenues	<u>93,994,779</u>	<u>76,859,601</u>	<u>170,854,380</u>	<u>174,572,887</u>
<u>Non-operating expenses</u>				
Interest on capital related debt	-	12,645,123	12,645,123	12,386,778
Loss on disposal of capital assets	<u>37,089</u>	<u>-</u>	<u>37,089</u>	<u>168,125</u>
Total non-operating expenses	<u>37,089</u>	<u>12,645,123</u>	<u>12,682,212</u>	<u>12,554,903</u>
Net non-operating revenues, net	<u>\$ 93,957,690</u>	<u>\$ 64,214,478</u>	<u>\$ 158,172,168</u>	<u>\$ 162,017,984</u>
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Position by Source and Availability
 Year Ended August 31, 2015
 (With Memorandum Totals for the Year Ended August 31, 2014)

	Detail by Source				Current Operations	
	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
	Unrestricted	Expendable				
<u>Current</u>						
Unrestricted	\$ 22,572,631	\$ -	\$ -	\$ 22,572,631	\$ 22,572,631	\$ -
Restricted	-	3,771,666	-	3,771,666	-	3,771,666
Auxiliary	12,653,033	-	-	12,653,033	12,653,033	-
<u>Plant</u>						
Debt service	-	2,756,339	-	2,756,339	-	2,756,339
Investment in plant	-	-	134,449,507	134,449,507	-	134,449,507
Total net position, August 31, 2015	35,225,664	6,528,005	134,449,507	176,203,176	35,225,664	140,977,512
Total net position - September 1, 2014	77,894,912	5,019,891	125,621,217	208,536,020	77,894,912	130,641,108
Cumulative effect of change in accounting principle	(28,146,257)	-	-	(28,146,257)	(28,146,257)	-
Total net position - September 1, 2014, as restated	49,748,655	5,019,891	125,621,217	180,389,763	49,748,655	130,641,108
Net (decrease) increase in net position	\$ (14,522,991)	\$ 1,508,114	\$ 8,828,290	\$ (4,186,587)	\$ (14,522,991)	\$ 10,336,404

(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section
Table of Contents

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Position by Component
Last Ten Fiscal Years
(Unaudited)

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

	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	\$ 134,450	\$ 125,621	\$ 135,105	\$ 130,942	\$ 121,440	\$ 109,326	\$ 89,074	\$ 78,719	\$ 65,385	\$ 64,389
Restricted - expendable	6,528	5,020	3,008	850	4,199	4,624	6,549	5,715	10,067	13,957
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	12
Unrestricted	35,226	77,895	76,275	78,213	78,543	84,354	89,116	77,145	74,419	60,851
Total primary government net position	<u>\$ 176,204</u>	<u>\$ 208,536</u>	<u>\$ 214,388</u>	<u>\$ 210,005</u>	<u>\$ 204,182</u>	<u>\$ 198,304</u>	<u>\$ 184,739</u>	<u>\$ 161,579</u>	<u>\$ 149,871</u>	<u>\$ 139,209</u>
Prior year change	\$ (32,332)	\$ (5,852)	\$ 4,383	\$ 5,823	\$ 5,878	\$ 13,565	\$ 23,160	\$ 11,708	\$ 10,662	\$ 12,334

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition and fees (net of allowances and discounts)	\$ 38,825	\$ 35,402	\$ 37,525	\$ 32,746	\$ 34,233	\$ 31,298	\$ 30,069	\$ 29,220	\$ 28,361	\$ 27,358
Governmental grants and contracts:										
Federal grants and contracts	4,070	4,592	7,366	8,322	7,913	6,722	5,810	6,474	5,187	5,089
State and local grants and contracts	3,425	2,671	2,932	4,824	4,495	3,521	3,090	3,816	2,354	805
Non-governmental grants and contracts	2,128	2,012	1,817	1,260	1,470	1,265	1,014	795	831	638
Sales and services of educational activities	1,441	1,053	1,322	1,510	1,124	869	735	734	562	659
Auxiliary enterprises (net of discounts)	3,162	3,884	3,872	3,895	3,923	3,755	3,668	3,581	5,748	9,463
Other operating revenues	1	2	2	1	2	2	-	22	43	35
Total operating revenues	<u>53,052</u>	<u>49,616</u>	54,836	<u>52,558</u>	<u>53,160</u>	<u>47,432</u>	<u>44,386</u>	<u>44,642</u>	<u>43,086</u>	<u>44,047</u>
State appropriations	44,428	45,862	45,888	42,513	47,123	47,400	47,838	47,658	44,310	43,906
Ad valorem taxes	82,720	78,198	73,626	68,649	64,806	67,377	65,388	53,316	47,231	42,073
Federal revenue, non-operating	43,459	50,258	51,797	56,053	51,385	40,151	24,744	19,511	19,763	22,629
Investment income	247	254	369	942	1,100	1,649	2,623	3,363	4,908	3,213
Total non-operating revenues	<u>170,854</u>	<u>174,572</u>	171,680	<u>168,157</u>	<u>164,414</u>	<u>156,577</u>	<u>140,593</u>	<u>123,848</u>	<u>116,212</u>	<u>111,821</u>
Total revenues	<u>\$ 223,906</u>	<u>\$ 224,188</u>	\$ 226,516	<u>\$ 220,715</u>	<u>\$ 217,574</u>	<u>\$ 204,009</u>	<u>\$ 184,979</u>	<u>\$ 168,490</u>	<u>\$ 159,298</u>	<u>\$ 155,868</u>
Prior year change	\$ (282)	\$ (2,328)	\$ 5,801	\$ 3,141	\$ 13,565	\$ 19,030	\$ 16,489	\$ 9,192	\$ 3,430	\$ 12,241
Tuition and fees (net of discounts)	17.36%	15.80%	16.60%	14.84%	15.72%	15.34%	16.26%	17.35%	17.80%	17.56%
Governmental grants and contracts:										
Federal grants and contracts	1.82%	2.05%	3.25%	3.77%	3.64%	3.29%	3.14%	3.84%	3.26%	3.26%
State and local grants and contracts	1.53%	1.19%	1.29%	2.19%	2.07%	1.73%	1.67%	2.26%	1.48%	0.52%
Non-governmental grants and contracts	0.95%	0.90%	0.80%	0.57%	0.68%	0.62%	0.55%	0.47%	0.52%	0.41%
Sales and services of educational activities	0.63%	0.47%	0.58%	0.68%	0.52%	0.43%	0.40%	0.44%	0.35%	0.42%
Auxiliary enterprises	1.41%	1.73%	1.71%	1.76%	1.80%	1.84%	1.98%	2.13%	3.61%	6.07%
Other operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%	0.02%
Total operating revenues	<u>23.70%</u>	<u>22.14%</u>	24.23%	<u>23.81%</u>	<u>24.43%</u>	<u>23.25%</u>	<u>24.00%</u>	<u>26.50%</u>	<u>27.05%</u>	<u>28.26%</u>
State appropriations	19.84%	20.46%	20.26%	19.26%	21.66%	23.23%	25.86%	28.29%	27.81%	28.17%
Ad valorem taxes	36.94%	34.88%	32.50%	31.10%	29.79%	33.03%	35.35%	31.64%	29.65%	26.99%
Federal revenue, non-operating	19.41%	22.41%	22.85%	25.40%	23.62%	19.68%	13.38%	11.58%	12.41%	14.52%
Investment income	0.11%	0.11%	0.16%	0.43%	0.51%	0.81%	1.41%	2.00%	3.08%	2.06%
Total non-operating revenues	<u>76.30%</u>	<u>77.86%</u>	75.77%	<u>76.19%</u>	<u>75.57%</u>	<u>76.75%</u>	<u>76.00%</u>	<u>73.50%</u>	<u>72.95%</u>	<u>71.74%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	100.00%	<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)

	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007	2006
Instruction	\$ 67,447	\$ 68,220	\$ 70,339	\$ 64,118	\$ 68,296	\$ 60,430	\$ 55,593	\$ 57,487	\$ 48,927	\$ 46,147
Public service	5,698	4,912	5,208	4,343	3,701	4,446	3,409	3,882	2,376	2,638
Academic support	13,572	12,968	13,772	12,750	12,620	10,088	10,557	12,486	8,978	6,514
Student services	14,425	14,574	13,740	12,453	13,471	13,239	12,343	11,830	8,108	7,724
Institutional support	40,839	39,365	34,962	33,560	31,638	30,855	26,367	25,643	29,608	27,287
Operation and maintenance of plant	17,556	17,680	17,298	17,168	15,487	13,427	14,163	14,820	14,218	12,251
Scholarships and fellowships	33,946	39,284	40,616	45,304	42,061	34,194	21,152	16,508	18,335	16,417
Auxiliary enterprises	4,527	4,118	4,012	3,980	4,125	4,044	3,929	3,656	5,832	13,107
Depreciation	17,401	16,365	13,107	9,627	7,798	6,816	7,626	6,765	6,811	6,929
Total operating expenses	215,411	217,486	213,054	203,303	199,197	177,539	155,139	153,077	143,193	139,014
Interest on capital related debt	12,645	12,386	9,080	6,788	12,144	12,355	6,600	3,544	3,872	3,645
Loss on disposal of capital assets	37	-	-	-	355	1,170	249	162	59	348
Other non-operating	-	168	-	107	-	(620)	(169)	-	1,510	526
Total non-operating expenses	12,682	12,554	9,080	6,895	12,499	12,905	6,680	3,706	5,441	4,519
Total expenses	\$ 228,093	\$ 230,040	\$ 222,134	\$ 210,198	\$ 211,696	\$ 190,444	\$ 161,819	\$ 156,783	\$ 148,634	\$ 143,533
Prior year change	\$ (1,947)	\$ 7,906	\$ 11,936	\$ (1,498)	\$ 21,252	\$ 28,625	\$ 5,036	\$ 8,149	\$ 5,101	\$ 5,827
Instruction	29.58%	29.66%	31.67%	30.50%	32.26%	31.73%	34.36%	36.67%	32.92%	32.15%
Public service	2.50%	2.14%	2.34%	2.07%	1.75%	2.33%	2.11%	2.48%	1.60%	1.84%
Academic support	5.95%	5.64%	6.20%	6.07%	5.96%	5.30%	6.52%	7.96%	6.04%	4.54%
Student services	6.32%	6.34%	6.19%	5.92%	6.36%	6.95%	7.63%	7.55%	5.46%	5.38%
Institutional support	17.90%	17.11%	15.74%	15.97%	14.95%	16.20%	16.29%	16.36%	19.92%	19.01%
Operation and maintenance of plant	7.70%	7.69%	7.79%	8.17%	7.32%	7.05%	8.75%	9.45%	9.57%	8.54%
Scholarships and fellowships	14.88%	17.08%	18.28%	21.55%	19.87%	17.95%	13.07%	10.53%	12.34%	11.44%
Auxiliary enterprises	1.98%	1.79%	1.81%	1.89%	1.95%	2.12%	2.43%	2.33%	3.92%	9.13%
Depreciation	7.63%	7.10%	5.89%	4.58%	3.68%	3.59%	4.71%	4.31%	4.57%	4.82%
Total operating expenses	94.44%	94.55%	95.91%	96.72%	94.10%	93.22%	95.87%	97.64%	96.34%	96.85%
Interest on capital related debt	5.54%	5.38%	4.09%	3.23%	5.73%	6.49%	4.08%	2.26%	2.60%	2.54%
Loss on disposal of capital assets	0.02%	0.00%	0.00%	0.00%	0.17%	0.61%	0.15%	0.10%	0.04%	0.24%
Other non-operating	0.00%	0.07%	0.00%	0.05%	0.00%	-0.32%	-0.10%	0.00%	1.02%	0.37%
Total non-operating expenses	5.56%	5.45%	4.09%	3.28%	5.90%	6.78%	4.13%	2.36%	3.66%	3.15%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees
Last Ten Academic Years
(Unaudited)

Academic Year (Fall)	General Service Fee	Resident Fees per Semester Credit Hour (SCH)				Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
		In-District Tuition	Out-of-District Tuition	Technology Fees						
2015	\$ 140	\$ 47	\$ 89	\$ -	\$ -	\$ 704	\$ 1,208	7.32%	5.23%	
2014	140	43	84	-	-	656	1,148	-	-	
2013	140	43	84	-	-	656	1,148	11.00%	28.85%	
2012	135	38	63	-	-	591	891	-	-	
2011	135	38	63	-	-	591	891	-	-	
2010	135	38	63	-	-	591	891	12.36%	7.87%	
2009	130	33	58	-	-	526	826	-	-	
2008	130	33	58	-	-	526	826	-	-	
2007	130	33	58	-	-	526	826	7.35%	4.56%	
2006	130	30	55	-	-	490	790	-	-	

Academic Year (Fall)	General Service Fee	Non-Resident Fees per Semester Credit Hour (SCH)				Student Activity Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
		Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees						
2015	\$ 140	\$ 142	\$ 142	\$ -	\$ -	\$ 1,844	\$ 1,844	5.49%	5.49%	
2014	140	134	134	-	-	1,748	1,748	-	-	
2013	140	134	134	-	-	1,748	1,748	17.24%	17.24%	
2012	135	113	113	-	-	1,491	1,491	-	-	
2011	135	113	113	-	-	1,491	1,491	-	-	
2010	135	113	113	-	-	1,491	1,491	4.56%	4.56%	
2009	130	108	108	-	-	1,426	1,426	-	-	
2008	130	108	108	-	-	1,426	1,426	-	-	
2007	130	108	108	-	-	1,426	1,426	38.45%	38.45%	
2006	130	75	75	-	-	1,030	1,030	-	-	

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)
2014-15	\$ 53,936,177	\$ 9,867,005	\$ 44,069,172		81.71%	0.127045	0.058557	0.185602
2013-14	51,689,449	9,911,378	41,778,071		80.83%	0.125460	0.060142	0.185602
2012-13	48,921,297	9,703,352	39,217,945		80.17%	0.121571	0.064031	0.185602
2011-12	46,118,995	9,180,053	36,938,942		80.09%	0.118688	0.066914	0.185602
2010-11	44,981,763	8,340,379	36,641,384		81.46%	0.114293	0.061984	0.176277
2009-10	47,500,387	8,333,505	39,166,882		82.46%	0.114293	0.056507	0.170800
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

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
Last Ten Fiscal Years
(Unaudited)
(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>State Appropriation</u>	<u>Appropriation per FTSE</u>		<u>Appropriation per Contact Hour</u>			
		<u>FTSE (a)</u>	<u>State Appropriation per FTSE</u>	<u>Academic Contact Hours (a)</u>	<u>Voc-Tech Contact Hours (b)</u>	<u>Total Contact Hours</u>	<u>State Appropriation per Contact Hour</u>
2014-15	\$ 37,143	21	\$ 1,769	7,903	3,772	11,675	\$ 3.18
2013-14	37,143	21	1,769	8,092	3,739	11,831	3.14
2012-13	36,957	21	1,760	8,254	3,671	11,925	3.10
2011-12	36,080	22	1,640	8,493	3,768	12,261	2.94
2010-11	36,017	23	1,566	8,200	3,435	11,635	3.10
2009-10	36,378	21	1,732	7,455	3,284	10,739	3.39
2008-09	37,123	18	2,062	7,191	3,097	10,288	3.61
2007-08	37,123	18	2,062	6,852	3,119	9,971	3.72
2006-07	35,203	18	1,956	6,781	3,148	9,929	3.55
2005-06	35,203	17	2,071	6,739	3,288	10,027	3.51

Notes: Full Time Student Equivalent (FTSE) is defined as the number credit hours for the entire fiscal year divided by 30 plus the number of Continuing and Professional Development contact hours divided by 900.

(a) Source: CBM001 for FTSE

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Taxpayers
Last Ten Tax Years
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Equistar Chemicals LP	Chemical	\$ 1,566,440	\$ 1,201,778	\$ 1,063,952	\$ 970,267	\$ 918,205	\$ 848,797	\$ 732,388	\$ 1,355,749	\$ 1,237,973	\$ -
Shell Oil Co.	Refinery	1,500,515	1,545,113	1,675,362	1,676,231	1,713,216	1,486,769	1,877,717	2,322,379	2,259,147	2,023,449
Lyondell Chemical Co.	Chemical	704,095	756,691	812,824	786,743	705,239	592,522	550,065	878,319	842,933	1,548,825
Rohm & Haas Co.	Petrochemical	518,150	529,774	452,050	418,131	400,723	-	-	601,731	593,949	558,543
Kuraray America Inc	Chemical	453,555	-	-	-	-	-	-	-	-	-
Oxy Vinyls LP	Petrochemical	418,532	414,044	412,280	406,133	411,869	404,812	402,232	420,549	425,328	394,494
Chevron Chemical Co.	Refinery	394,849	389,364	363,130	442,462	404,968	370,234	442,761	433,345	301,017	238,414
Houston Refining	Refinery	393,460	391,376	2,739,314	1,757,010	662,539	702,549	1,101,988	1,149,523	925,293	-
Air Liquide	Chemical	359,970	-	-	-	-	339,915	331,289	354,719	-	-
Centerpoint Energy, Inc.	Energy	350,466	351,705	426,797	345,180	342,704	345,960	373,904	366,282	395,178	424,297
Exxon Mobil Corp	Petrochemical	-	385,773	-	-	-	-	-	-	-	-
BP America Production CO	Petrochemical	-	368,848	337,753	289,284	-	-	-	-	-	-
Lubrizol Corp	Chemical	-	-	333,719	282,813	274,178	-	-	-	-	-
Ineos Corp	Petrochemical	-	-	-	-	255,193	-	-	-	-	-
Dow Chemical	Refinery	-	-	-	-	-	617,946	776,994	309,893	285,665	-
Albemarle Corp	Chemical	-	-	-	-	-	290,230	320,710	-	-	-
Conoco Phillips	Refinery	-	-	-	-	-	-	-	-	416,796	-
Phillips 66 Company	Refinery	-	-	-	-	-	-	-	-	-	233,513
Calpine Central LP	Energy	-	-	-	-	-	-	-	-	-	225,987
GE Packaged Power	Energy	-	-	-	-	-	-	-	-	-	211,958
Reliant Energy Channelview	Energy	-	-	-	-	-	-	-	-	-	208,486
Totals		\$ 6,660,032	\$ 6,334,466	\$ 8,617,181	\$ 7,374,254	\$ 6,088,834	\$ 5,999,734	\$ 6,910,048	\$ 8,192,489	\$ 7,683,279	\$ 6,067,966
Total Taxable Assessed Value		\$ 6,660,032	\$ 6,334,466	\$ 8,617,181	\$ 7,374,254	\$ 6,088,834	\$ 5,999,734	\$ 6,910,048	\$ 8,192,489	\$ 7,683,279	\$ 6,067,966

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Equistar Chemicals LP	Chemical	3.55%	2.88%	2.71%	2.63%	2.51%	2.17%	1.85%	3.75%	3.84%	0.00%
Shell Oil Co.	Refinery	3.40%	3.70%	4.27%	4.54%	4.68%	3.80%	4.76%	6.42%	7.01%	7.03%
Lyondell Chemical Co.	Chemical	1.60%	1.81%	2.07%	2.13%	1.92%	1.51%	1.39%	2.43%	2.62%	5.38%
Rohm & Haas Co.	Petrochemical	1.18%	1.27%	1.15%	1.13%	1.09%	0.00%	0.00%	1.66%	1.84%	1.94%
Kuraray America Inc	Chemical	1.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oxy Vinyls LP	Petrochemical	0.95%	0.99%	1.05%	1.10%	1.12%	1.03%	1.02%	1.16%	1.32%	1.37%
Chevron Chemical Co.	Refinery	0.90%	0.93%	0.93%	1.20%	1.11%	0.95%	1.12%	1.20%	0.93%	0.83%
Houston Refining	Refinery	0.89%	0.94%	6.98%	4.76%	1.81%	1.79%	2.79%	3.18%	2.87%	0.00%
Air Liquide	Chemical	0.82%	0.00%	0.00%	0.00%	0.00%	0.87%	0.84%	0.98%	0.00%	0.00%
Centerpoint Energy, Inc.	Energy	0.80%	0.84%	1.09%	0.93%	0.94%	0.88%	0.95%	1.01%	1.23%	1.47%
Exxon Mobil Corp	Petrochemical	0.00%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BP America Production CO	Petrochemical	0.00%	0.88%	0.86%	0.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lubrizol Corp	Chemical	0.00%	0.00%	0.85%	0.77%	0.75%	0.00%	0.00%	0.00%	0.00%	0.00%
Ineos Corp	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.70%	0.00%	0.00%	0.00%	0.00%	0.00%
Dow Chemical	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	1.58%	1.97%	0.86%	0.89%	0.00%
Albemarle Corp	Chemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%	0.81%	0.00%	0.00%	0.00%
Conoco Phillips	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.29%	0.00%
Phillips 66 Company	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.81%
Calpine Central LP	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%
GE Packaged Power	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%
Reliant Energy Channelview	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.72%
Totals		15.12%	15.16%	21.96%	19.97%	16.63%	15.32%	17.50%	22.65%	23.84%	21.07%

Source: Harris County Appraisal District

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (c+d+e)	Percentage Cumulative Collections of Adjusted Levy
2015	\$ 81,793	\$ -	\$ 81,793	\$ 80,443	98.35%	\$ 1,109	\$ 619	\$ 82,171	100.46%
2014	77,613	-	77,613	76,423	98.47%	562	1,276	78,261	100.83%
2013	72,789	-	72,789	71,498	98.23%	702	937	73,137	100.48%
2012	64,559	-	64,559	67,437	104.46%	954	628	69,019	106.91%
2011	64,590	-	64,590	63,852	98.86%	336	600	64,788	100.31%
2010	66,897	-	66,897	64,656	96.65%	956	588	66,200	98.96%
2009	64,518	-	64,518	62,339	96.62%	1,521	800	64,660	100.22%
2008	52,577	-	52,577	51,215	97.41%	811	616	52,642	100.12%
2007	46,823	-	46,823	45,553	97.29%	1,150	527	47,230	100.87%
2006	41,856	-	41,856	40,729	97.31%	839	499	42,067	100.50%

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)

	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007	2006
General Bonded Debt:										
General obligation bonds	\$ 284,351	\$ 293,469	\$ 303,516	\$ 314,223	\$ 324,976	\$ 267,657	\$ 281,922	\$ 58,471	\$ 64,470	\$ 72,800
Notes	3,123	3,449	3,766	4,018	4,546	5,070	6,295	7,520	8,830	9,340
Less: funds restricted for debt service	(2,756)	(1,193)	-	(704)	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)	(8,541)
Net general bonded debt	284,718	295,725	307,282	317,537	326,835	269,636	282,860	61,853	71,773	73,599
Revenue bonds	50,255	-	-	-	-	-	-	-	1,325	2,615
Notes	-	-	-	-	-	-	-	-	-	555
Less: funds restricted for debt service	-	-	-	-	-	-	-	-	(1,344)	(1,342)
Total outstanding debt	<u>\$ 334,973</u>	<u>\$ 295,725</u>	<u>\$ 307,282</u>	<u>\$ 317,537</u>	<u>\$ 326,835</u>	<u>\$ 269,636</u>	<u>\$ 282,860</u>	<u>\$ 61,853</u>	<u>\$ 71,754</u>	<u>\$ 75,427</u>
General Bonded Debt Ratios:										
Per Capita	\$ 510	\$ 535	\$ 578	\$ 609	\$ 689	\$ 563	\$ 579	\$ 134	\$ 151	\$ 171
Per full time student equivalent	13,792	14,285	14,734	14,733	14,562	13,296	15,653	3,744	4,171	4,717
FTSE	20.843	20.785	20.856	21.601	22.629	20.512	18.413	17.624	17.573	17.414
As a percentage of taxable assessed value	0.65%	0.71%	0.78%	0.86%	0.89%	0.69%	0.72%	0.17%	0.22%	0.26%
Total Outstanding Net Debt Ratios:										
Per Capita	\$ 599	\$ 535	\$ 578	\$ 609	\$ 689	\$ 563	\$ 579	\$ 134	\$ 153	\$ 177
Per full time student equivalent	16,203	14,285	14,734	14,733	14,562	13,296	15,653	3,744	4,247	4,899
As a percentage of taxable assessed value	3.38%	0.71%	0.78%	0.86%	0.89%	0.69%	0.72%	0.17%	0.22%	0.26%

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

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

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

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

Years prior to fiscal year 2012 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007	2006
Taxable Assessed Value	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945	\$ 36,938,942	\$ 36,641,384	\$ 39,166,882	\$ 39,482,079	\$ 36,168,759	\$ 32,210,578	\$ 28,793,407
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 220,346	\$ 208,890	\$ 196,090	\$ 184,695	\$ 183,207	\$ 195,834	\$ 197,410	\$ 180,844	\$ 161,053	\$ 143,967
Less: funds restricted for repayment of general obligation bonds	(2,756)	(1,193)	-	(704)	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)	(8,305)
Total net general obligation debt	217,590	207,697	196,090	183,991	180,520	192,743	192,053	176,706	159,526	135,662
Current year debt service requirements	25,774	26,676	24,913	24,091	26,945	25,625	18,590	9,138	6,843	6,488
Excess of statutory limit for debt service over current requirement	\$ 191,816	\$ 181,021	\$ 171,177	\$ 159,900	\$ 153,575	\$ 167,118	\$ 173,463	\$ 167,568	\$ 152,683	\$ 129,174
Net current requirements as a % of statutory limit	11.70%	12.77%	12.70%	13.04%	14.71%	13.09%	9.42%	5.05%	4.25%	4.51%

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

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

Years prior to fiscal year 2012 were not restated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Revenue Bonds	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			
Fiscal Year Ended August 31	Tuition	Continuing or Non-Credit Education Tuition/Fees	General Service	Incidental	Instructional	Laboratory Fees	Sales and Services	General Fund Interest Income	Auxiliary Revenue	Total	Principal	Interest	Total	Coverage Ratio
2015	\$ 9,307	\$ 1,595	\$ 9,851	\$ 753	\$ 3,199	\$ 780	\$ 1,440	\$ 247	\$ 3,740	\$ 30,912	\$ -	\$ 96	\$ 96	322
2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	4,816	5,075	7,448	163	2,426	620	-	4,908	4,237	29,693	1,732	66	1,798	17
2006	4,744	2,391	7,401	1,205	2,333	724	-	3,289	11,231	33,318	3,135	147	3,282	10

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>
2014	555,134	\$ 12,094,371	\$ 21,786	4.90%
2013	531,977	11,214,359	21,081	6.20%
2012	522,596	10,961,333	20,975	6.90%
2011	478,297	9,462,150	19,783	8.20%
2010	484,546	9,205,003	18,997	8.50%
2009	497,422	9,549,838	19,199	8.20%
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%

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 2006 to 2015
(Unaudited)

Employer	Number of Employees									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Pasadena ISD	7,186	7,177	7,177	7,069	7,056	7,062	7,062	7,000	7,000	7,000
NASA Lyndon B Johnson Space Ctr	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	3,200
Memorial Healthcare System	2,200	2,200	2,200	2,200	2,200	1,350	1,350	1,350	1,200	1,200
Boeing Co	2,000	2,000	2,000	-	2,530	-	2,000	2,000	2,000	-
Walmart	2,840	2,540	1,940	1,640	1,640	-	-	-	-	-
Lockheed Martin	2,300	2,300	1,935	3,359	1,300	1,000	1,000	3,000	3,000	1,600
Powell Electrical Systems Inc	2,070	1,720	1,800	2,020	2,020	1,200	1,200	1,200	1,200	850
Shell Chemical	1,600	1,700	1,700	1,700	1,000	1,000	1,000	1,000	1,000	1,000
Clear Lake Regional Medical Ctr	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,550	1,600	1,300
ABC Professional Tree Services Inc	1,500	1,500	1,500	-	-	-	-	-	-	-
Bayshore Medical Center	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,200	-
University of Houston - Clear Lake	1,245	1,245	1,245	1,245	1,299	1,092	1,092	1,200	1,200	1,200
Kroger	1,570	-	-	-	-	-	-	-	-	-
ARCO Chemical	-	1,200	1,200	1,200	1,200	-	-	-	-	-
Lyondell Chemical Co	2,613	2,613	1,200	1,200	1,200	1,200	1,200	1,200	1,200	850
San Jacinto College	1,325	1,297	1,243	1,244	1,195	1,243	1,157	1,222	1,179	1,133
HEB	1,259	-	-	-	-	-	-	-	-	-
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	970	1,100	1,100	-
Rohm & Haas Texas Inc	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
US Air Force	1,000	1,000	1,000	1,000	1,000	1,000	-	-	-	-
Aker Industrial Constructors	-	-	-	-	-	1,500	-	-	-	-
Anheuser-Busch Co	-	1,000	-	1,000	1,000	1,000	1,000	1,000	-	1,000
Channelview Complex	-	-	-	-	-	1,200	1,200	1,200	1,200	-
East Houston Regional Med Ctr	-	-	-	-	-	-	1,000	1,000	1,000	-
Equistar Chemicals LP	-	1,500	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Gulf Stream Marine	-	-	-	-	-	-	1,700	1,700	1,700	-
IKON Office Solutions	-	-	-	-	-	-	1,400	1,400	-	-
International Business	-	-	-	-	-	-	1,100	1,100	1,100	-
Kellogg Brown & Root	-	-	-	-	-	-	-	-	-	1,700
Memorial 55 Plus	-	-	-	-	-	-	-	-	1,000	-
Pasadena Paper Co	-	-	-	-	-	-	1,100	1,100	-	-
United Space Alliance	-	-	-	-	6,500	10,185	10,185	6,600	3,000	3,000
Wyle Life Science	1,000	1,000	1,000	-	-	-	1,000	1,000	1,000	1,000
Totals	39,408	39,692	34,840	34,077	40,340	39,232	45,816	44,422	37,879	28,533

Employer	Percentage of Total Employment									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Pasadena ISD	2.72%	2.97%	2.97%	2.93%	3.03%	2.92%	3.89%	3.86%	2.39%	3.86%
NASA Lyndon B Johnson Space Ctr	0.95%	1.03%	1.03%	1.03%	1.07%	1.04%	1.38%	1.38%	0.85%	1.76%
Memorial Healthcare System	0.83%	0.91%	0.91%	0.91%	0.94%	0.56%	0.74%	0.74%	0.41%	0.66%
Boeing Co	0.76%	0.83%	0.83%	0.00%	1.09%	0.00%	1.10%	1.10%	0.68%	0.00%
Walmart	1.08%	1.05%	0.80%	0.68%	0.70%	0.00%	0.00%	0.00%	0.00%	0.00%
Lockheed Martin	0.87%	0.95%	0.80%	1.39%	0.56%	0.41%	0.55%	1.65%	1.02%	0.88%
Powell Electrical Systems Inc	0.78%	0.71%	0.74%	0.84%	0.87%	0.50%	0.66%	0.66%	0.41%	0.47%
Shell Chemical	0.61%	0.70%	0.70%	0.70%	0.43%	0.41%	0.55%	0.55%	0.34%	0.55%
Clear Lake Regional Medical Ctr	0.61%	0.66%	0.66%	0.66%	0.69%	0.66%	0.88%	0.85%	0.55%	0.72%
ABC Professional Tree Services Inc	0.57%	0.62%	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bayshore Medical Center	0.57%	0.62%	0.62%	0.62%	0.64%	0.62%	0.83%	0.83%	0.41%	0.00%
University of Houston - Clear Lake	0.47%	0.52%	0.52%	0.52%	0.56%	0.45%	0.60%	0.66%	0.41%	0.66%
Kroger	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ARCO Chemical	0.00%	0.50%	0.50%	0.50%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%
Lyondell Chemical Co	0.99%	1.08%	0.50%	0.50%	0.52%	0.50%	0.66%	0.66%	0.41%	0.47%
San Jacinto College	0.50%	0.54%	0.51%	0.51%	0.51%	0.51%	0.64%	0.67%	0.40%	0.62%
HEB	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pasadena City Hall	0.42%	0.46%	0.46%	0.46%	0.47%	0.46%	0.53%	0.61%	0.38%	0.00%
Rohm & Haas Texas Inc	0.38%	0.41%	0.41%	0.41%	0.43%	0.41%	0.55%	0.55%	0.34%	0.55%
US Air Force	0.38%	0.41%	0.41%	0.41%	0.43%	0.41%	0.00%	0.00%	0.00%	0.00%
Aker Industrial Constructors	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	0.00%	0.00%	0.00%	0.00%
Anheuser-Busch Co	0.00%	0.41%	0.00%	0.41%	0.43%	0.41%	0.55%	0.55%	0.00%	0.55%
Channelview Complex	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.66%	0.66%	0.41%	0.00%
East Houston Regional Med Ctr	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%	0.55%	0.34%	0.00%
Equistar Chemicals LP	0.00%	0.62%	0.00%	0.62%	0.64%	0.62%	0.83%	0.83%	0.51%	0.83%
Gulf Stream Marine	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.94%	0.94%	0.58%	0.00%
IKON Office Solutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.77%	0.77%	0.00%	0.00%
International Business	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.61%	0.38%	0.00%
Kellogg Brown & Root	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.94%
Memorial 55 Plus	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.34%	0.00%
Pasadena Paper Co	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.61%	0.00%	0.00%
United Space Alliance	0.00%	0.00%	0.00%	0.00%	2.79%	4.22%	5.61%	3.64%	1.02%	1.65%
Wyle Life Science	0.38%	0.41%	0.41%	0.00%	0.00%	0.00%	0.55%	0.55%	0.34%	0.55%
Totals	14.94%	16.41%	14.40%	14.10%	17.32%	16.23%	25.24%	24.48%	12.92%	15.72%

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 263,995 local employees.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Faculty:										
Full-time	541	525	518	523	492	511	454	463	440	439
Part-time	814	793	767	713	729	763	763	648	685	680
Total	<u>1,355</u>	<u>1,318</u>	<u>1,285</u>	<u>1,236</u>	<u>1,221</u>	<u>1,274</u>	<u>1,217</u>	<u>1,111</u>	<u>1,125</u>	<u>1,119</u>
Percent:										
Full-time	39.9%	39.8%	40.3%	42.3%	40.3%	40.1%	37.3%	41.7%	39.1%	39.2%
Part-time	60.1%	60.2%	59.7%	57.7%	59.7%	59.9%	62.7%	58.3%	60.9%	60.8%
Staff and Administrators:										
Full-time	784	772	725	721	703	732	703	759	739	694
Part-time	493	503	441	392	431	577	526	583	518	571
Total	<u>1,277</u>	<u>1,275</u>	<u>1,166</u>	<u>1,113</u>	<u>1,134</u>	<u>1,309</u>	<u>1,229</u>	<u>1,342</u>	<u>1,257</u>	<u>1,265</u>
Percent:										
Full-time	61.4%	60.5%	62.2%	64.8%	62.0%	55.9%	57.2%	56.6%	58.8%	54.9%
Part-time	38.6%	39.5%	37.8%	35.2%	38.0%	44.1%	42.8%	43.4%	41.2%	45.1%
FTSE per full-time faculty	39	40	40	41	46	40	41	38	40	40
FTSE per full-time staff member	27	27	29	30	32	28	26	23	24	25
Average over 9 months faculty salary	\$59,794	\$59,195	\$56,007	\$55,893	\$56,858	\$55,500	\$55,722	\$55,944	\$49,000	\$46,166

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details
Last Ten Fiscal Years
(Unaudited)

Student Classification	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 29 hours	15,811	56.65%	15,846	55.83%	16,340	56.89%	17,142	58.32%	17,023	59.63%	16,467	60.96%	14,854	60.35%	14,134	60.01%	13,968	58.85%	14,611	60.63%
30 - 72 hours	7,986	28.61%	8,118	28.60%	8,055	28.05%	8,100	27.56%	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	4,114	14.74%	4,421	15.57%	4,326	15.06%	4,150	14.12%	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	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

Semester Hour Load	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	317	1.14%	204	0.72%	262	0.91%	235	0.80%	298	1.04%	297	1.10%	190	0.77%	146	0.62%	156	0.66%	150	0.62%
3 - 5 semester hours	5,325	19.08%	5,371	18.92%	4,722	16.44%	4,673	15.90%	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	7,702	27.60%	7,688	27.09%	7,787	27.11%	7,595	25.84%	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	6,020	21.57%	6,240	21.98%	6,134	21.36%	6,358	21.63%	5,661	19.83%	5,171	19.14%	4,513	18.33%	4,235	17.98%	4,446	18.73%	4,395	18.24%
12 - 14 semester hours	6,669	23.89%	7,023	24.74%	7,711	26.85%	8,327	28.33%	8,635	30.25%	7,743	28.67%	6,853	27.84%	6,505	27.62%	6,737	28.39%	6,821	28.31%
15 - 17 semester hours	1,218	4.36%	1,398	4.93%	1,679	5.85%	1,723	5.86%	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	660	2.36%	461	1.62%	426	1.48%	481	1.64%	554	1.94%	188	0.62%	805	3.28%	720	3.06%	663	2.79%	730	3.03%
Total	27,911	100%	28,385	100%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

Average course load	8.7	8.8	9.0	9.1	9.3	8.9	9.8	9.7	9.7	9.4
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Tuition Status	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	13,996	50.15%	14,274	50.29%	14,409	50.17%	14,666	49.90%	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)	9,919	35.54%	10,477	36.91%	10,633	37.02%	10,775	36.65%	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	651	2.33%	706	2.49%	766	2.67%	919	3.13%	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	3,345	11.98%	2,928	10.31%	2,913	10.14%	3,032	10.32%	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	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	119	0.44%	31	0.13%	45	0.19%	47	0.20%	76	0.31%
Total	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile
Last Ten Fiscal Years
(Unaudited)

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Gender																					
Female	15,561	55.75%	16,017	56.43%	16,393	57.08%	16,781	57.09%	16,116	56.45%	15,107	55.93%	14,127	57.39%	13,437	57.05%	13,670	57.60%	14,008	58.13%	
Male	12,350	44.25%	12,368	43.57%	12,328	42.92%	12,611	42.91%	12,433	43.55%	11,904	44.07%	10,489	42.61%	10,114	42.95%	10,064	42.40%	10,089	41.87%	
Total	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%	

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin																				
White	7,960	28.52%	8,475	29.86%	8,720	30.35%	9,636	32.78%	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	13,794	49.42%	13,191	46.47%	12,711	44.26%	11,847	40.32%	11,614	40.68%	10,397	38.49%	8,965	36.42%	8,157	34.64%	8,053	33.93%	7,977	33.10%
African American	2,918	10.46%	2,966	10.45%	2,889	10.06%	3,011	10.24%	3,027	10.60%	2,975	11.01%	2,496	10.14%	2,334	9.91%	2,424	10.21%	2,497	10.36%
Asian	1,595	5.71%	1,616	5.69%	1,576	5.49%	1,538	5.23%	1,628	5.70%	1,590	5.89%	1,419	5.76%	1,327	5.63%	1,275	5.37%	1,192	4.95%
Foreign	498	1.78%	508	1.79%	384	1.34%	581	1.98%	682	2.39%	791	2.93%	986	4.01%	859	3.65%	868	3.66%	934	3.88%
Native American	221	0.79%	277	0.98%	332	1.16%	248	0.84%	258	0.91%	144	0.53%	131	0.53%	115	0.49%	94	0.40%	69	0.29%
Other	925	3.32%	1,352	4.76%	2,109	7.34%	2,531	8.61%	629	2.20%	-	0.00%	63	0.26%	182	0.77%	211	0.89%	181	0.75%
Total	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age																				
Under 18	2,269	8.13%	1,830	6.44%	1,903	6.63%	1,991	6.77%	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	12,859	46.07%	13,025	45.89%	12,917	44.97%	13,163	44.78%	12,805	44.85%	12,362	45.77%	11,329	46.02%	10,851	46.07%	10,786	45.45%	10,653	44.21%
22 - 24	4,648	16.65%	4,664	16.43%	4,679	16.29%	4,805	16.35%	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	5,659	20.28%	6,026	21.23%	6,264	21.81%	6,489	22.08%	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	2,031	7.28%	2,324	8.19%	2,422	8.43%	2,465	8.39%	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	445	1.59%	516	1.82%	536	1.87%	479	1.63%	498	1.74%	402	1.49%	410	1.66%	388	1.65%	374	1.57%	381	1.58%
Total	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	24,097	100.00%

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

Source: Data from the CBM001.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions
Academic Year 2013 - 2014 Students as of Fall 2014
(Unaudited)
(Includes Only Public Senior Colleges in Texas)

	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical		
1 University of Houston - Clear Lake	1,687	151	1,838	27.97%
2 University of Houston	1,379	148	1,527	23.24%
3 Texas A&M University	526	67	593	9.03%
4 University of Houston - Downtown	358	53	411	6.26%
5 The University of Texas at Austin	265	31	296	4.50%
6 Sam Houston State University	247	21	268	4.08%
7 Texas State University - San Marcos	212	25	237	3.61%
8 Texas Tech University	130	21	151	2.30%
9 Stephen F. Austin State University	119	10	129	1.96%
10 Texas A&M University at Galveston	107	9	116	1.77%
11 The University of Texas at San Antonio	99	17	116	1.77%
12 Lamar University	81	10	91	1.39%
13 Texas Southern University	71	20	91	1.39%
14 The University of Texas at Arlington	68	22	90	1.37%
15 The University of Texas Medical Branch at Galveston	83	-	83	1.26%
16 Prairie View A&M University	58	13	71	1.08%
17 The University of Texas M.D. Anderson Cancer Center	62	-	62	0.94%
18 University of North Texas	53	5	58	0.88%
19 The University of Texas Health Science Center at Houston	55	-	55	0.84%
20 The University of Texas at Dallas	43	4	47	0.72%
21 Texas A&M University - Corpus Christi	38	2	40	0.61%
22 Texas Woman's University	29	1	30	0.46%
23 The University of Texas at Tyler	17	7	24	0.37%
24 Texas A&M University - Kingsville	21	-	21	0.32%
25 University of Houston - Victoria	19	1	20	0.30%
26 Midwestern State University	14	2	16	0.24%
27 Texas Tech University Health Science Center	15	-	15	0.23%
28 Texas A&M University - Commerce	9	2	11	0.17%
29 West Texas A&M University	10	-	10	0.15%
30 Texas A&M University System Health Science Center	9	-	9	0.14%
31 Tarleton State University	7	1	8	0.12%
32 The University of Texas at El Paso	8	-	8	0.12%
33 Angelo State University	6	-	6	0.09%
34 The University of Texas - Pan American	4	2	6	0.09%
35 Sul Ross State University	5	-	5	0.08%
36 The University of Texas of the Permian Basin	3	-	3	0.05%
37 Texas A&M International University	2	-	2	0.03%
38 The University of Texas at Brownsville	1	1	2	0.03%
39 Texas A&M University - Central Texas	1	-	1	0.02%
40 The University of Texas Health Science Center at San Antonio	1	-	1	0.02%
Totals	<u>5,922</u>	<u>646</u>	<u>6,568</u>	<u>100%</u>

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Academic Buildings	36	35	35	34	33	34	32	32	32	32
Square footage	1,891,762	1,846,101	1,846,101	1,590,665	1,553,083	1,476,608	1,457,408	1,457,408	1,457,408	1,457,408
Libraries	3	3	3	3	3	3	3	3	3	3
Square footage	163,615	163,615	163,615	163,615	163,615	163,615	163,615	163,615	163,615	163,615
Number of Volumes	240,876	237,177	244,084	245,932	243,340	243,695	244,602	259,434	238,489	275,713
Administrative and Support Buildings	7	7	8	7	5	4	4	4	4	4
Square footage	377,743	377,743	411,754	369,754	288,613	265,906	265,906	265,906	265,906	265,906
Dormitories	1	1	1	1	1	1	1	1	1	1
Square footage	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Athletic Facilities	10	10	10	10	10	10	10	10	10	10
Square footage	165,527	165,527	165,527	165,527	165,527	165,527	165,527	165,527	165,527	165,527
Stadiums	3	3	3	3	3	3	3	3	3	3
Fitness Centers/Gymnasiums	4	4	4	4	4	4	4	4	4	4
Tennis Courts	3	3	3	3	3	3	3	3	3	3
Other	2	2	2	2	2	2	2	2	2	2
Plant Facilities	15	15	15	15	15	15	15	15	15	15
Square footage	55,187	55,187	55,187	55,187	55,187	55,187	55,187	55,187	55,187	55,187
Transportation:										
Cars	1	1	1	4	6	9	11	11	12	12
Light Trucks/Vans	81	81	83	74	71	68	57	50	47	40

Source: Master property schedule.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Jacinto Community College District (the College), as of and for the year ended August 31, 2015, which comprise the statement of net position as of August 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Texas Public Funds Investment Act

We also performed tests of the College's compliance with the requirements of the Texas Public Funds Investment Act (the Act). The results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

Purpose of this Report

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



Houston, Texas
December 16, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major Federal and State Program

We have audited San Jacinto Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major Federal and State of Texas (State) programs for the year ended August 31, 2015. The College's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major Federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal or State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State program and to test and report on internal control over compliance in accordance with 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 material noncompliance with a type of compliance requirement of a Federal or State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal or State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.



Houston, Texas
December 16, 2015

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2015

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U. S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A134114	\$ 900,506
Federal Work - Study Program	84.033	P033A134114	402,879
Federal Pell Grant Program	84.063	P063P132303	30,370,257
Federal Direct Student Loans	84.268	P268K142303	<u>11,785,229</u>
Total Student Financial Aid Cluster - Schedule C			<u>43,458,871</u>
Direct Programs:			
TRIO Cluster:			
TRIO Talent Search	84.044	P044A110108	226,082
TRIO Upward Bound	84.047	P047A120043	269,914
TRIO Upward Bound - Math & Science	84.047	P047M120021	<u>257,032</u>
Total TRIO Upward Bound			<u>526,946</u>
Total TRIO Cluster			<u>753,028</u>
Pass-Through From:			
Texas Workforce Commission - TWC			
Houston-Galveston Area Council/Workforce Development Board Adult Education - Basic Grants to States	84.002	216-14	318,675
Texas Higher Education Coordinating Board			
Career and Technical Education - Basic Grants to States:			
Carl Perkins Vocational Education Basic 14-15	84.048	15056	752,256
Carl Perkins Vocational Education Basic 2015 Program Study	84.048	15012	77,209
Carl Perkins Vocational Education Basic 20145WECM	84.048	15015	<u>84,297</u>
Total Career and Technical Education - Basic Grants to States			<u>913,762</u>
Fund for the Improvement of Postsecondary Education - Veterans Center	84.116	P116G100242	<u>450</u>
Total U. S. Department of Education			<u>45,444,786</u>
U. S. Department of Agriculture			
Pass-Through From:			
Texas Department of Agriculture Child and Adult Care Food Program	10.558	03202	<u>30,142</u>
U. S. Department of Justice			
Direct Programs - Bulletproof Vest Partnership Program	16.607	13069556	<u>625</u>
U. S. Department of Labor			
Direct Programs:			
H-1B Job Training Grants	17.268	HG-22720-12-60-A-48	950,135
H-1B Job Training Grants	17.268	HG-26672-15-60-A-48	<u>264,435</u>
Total H-1B Job Training Grants			<u>1,214,570</u>
Trade Adjustment Assistance Community College and Career Training	17.282	TC-25000-13-60-A-48	<u>178,345</u>
Total U. S. Department of Labor			<u>1,392,915</u>
National Aeronautics and Space Administration			
Pass-Through From:			
The University of Texas - Austin			
Science	43.001	UTA12-000833	1,575
Education	43.008	UTA14-001221	<u>38,342</u>
Total National Aeronautics and Space Administration			<u>39,917</u>
National Endowment for Arts			
Direct Programs - Promotion of the Arts_Grants to Organizations and Individuals	45.024	14-5900-7035	<u>10,000</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2015

Federal Grantors/Pass-Through Grantor/ Program Title/Program Name	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>National Science Foundation</u>			
Direct Programs -			
Education and Human Resources - STEP	47.076	DUE-1317386	108,460
Pass-Through From:			
Texas Southern University			
Education and Human Resources - Houston Alliance for Minority Participation	47.076	K-14-381	45,030
Tidewater Community College			
Houston Alliance for Minority Participation Project (PH III)			
Education an Human Resources - SMART Institute	47.076	TCC1003068-2015	<u>30,303</u>
Total Education and Human Resources and National Science Foundation			<u>183,793</u>
<u>U. S. Small Business Administration</u>			
Pass-Through From:			
The University of Houston:			
Small Business Development Centers 13-14	59.037	R-14-0057-53826	26,867
Small Business Development Centers 14-15	59.037	R-15-0026-53826	<u>156,142</u>
Total U. S. Small Business Administration			<u>183,009</u>
<u>U. S. Department of Veterans Affairs</u>			
Direct Programs - All-Volunteer Force Educational Assistance	64.124	362/242D	<u>11,761</u>
<u>U. S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Workforce Commission (TWC)			
Temporary Assistance for Needy Families - SSF/Oil & Gas Industry	93.558	2814SSF000	30,743
TWC Pass-Through From:			
Skill Point Alliance			
Temporary Assistance for Needy Families - FIRST Tech Challenge	93.558	SUMMER BOT FEST 2015	10,000
Houston-Galveston Area Council/Workforce Development Board			
Temporary Assistance for Needy Families - AEL	93.558	216-14	<u>1,200</u>
Total Temporary Assistance for Needy Families			<u>41,943</u>
TWC Pass-Through From:			
Texas Education Agency			
The University of Texas Health Science Center at Houston			
Child Care and Development Block Grant	93.575	UTHSC-0000637033	<u>12,637</u>
TWC Pass-Through From:			
Houston-Galveston Area Council/Workforce Development Board			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2814CCMC26	15,534
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2815CCMC26	100,536
TWC Pass-Through From:			
Texas Education Agency (TEA)			
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 VI	93.596	UTHSC-0000667882	<u>61,334</u>
Total Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund			<u>177,404</u>
Total U. S. Department of Health and Human Services			<u>231,984</u>
Total Federal Financial Assistance			\$ 47,528,932

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards
Year Ended August 31, 2015

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission (TWC):		
Direct Program:		
Skills Development Fund - Maritime Consortium III	2814SDF000	\$ 342,956
Skills Development Fund - Veterans and Industry Partnership	2514SDF006	1,876
Skills Development Fund - Skills for Small Business Program III	2815SSD000	1,523
Pass- Through from:		
Houston-Galveston Area Council/Workforce Development Board Adult Education & Literacy State General Revenue Matching	216-14	65,297
College of the Mainland Texas Fast Start Program II	2814GRF001	<u>31,283</u>
Total Texas Workforce Commission		<u>442,935</u>
Texas Higher Education Coordinating Board:		
Student Financial Aid:		
State Military Tuition Assistance	26041	5,141
Texas Grant	13099	433,958
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	1,406,015
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	87,421
College Work Study Program	22339	123,988
Top Ten Percent	20356	13,600
College Access Loan	NA	29,265
Direct Program:		
Professional Nursing Shortage Reduction Program FY12 - South Campus	07948	47,570
Professional Nursing Shortage Reduction Program FY11 - South Campus	08756	250,566
Professional Nursing Shortage Reduction Program FY14 - Central Campus	13167	24,381
Houston Pathways Supplement - CTG & CRU	09951	9,027
Texas- Science, Technology, Engineering, and Math Challenge Scholarship Prog FY12	09258	(483)
Texas- Science, Technology, Engineering, and Math Challenge Scholarship Prog FY13	11264	5,062
Texas- Science, Technology, Engineering, and Math Challenge Scholarship Prog FY14	13417	260,507
Nursing and Allied Health - Building Lab and Simulation Capacity	14133	<u>92,867</u>
Total Texas Higher Education Coordinating Board		<u>2,788,885</u>
Texas Comptroller of Public Accounts:		
Direct Program:		
Job and Education for Texans (JET) Program 2015	5535-18	<u>193,597</u>
Total Texas Comptroller of Public Accounts		<u>193,597</u>
Total State Financial Assistance		<u>\$ 3,425,417</u>

See accompanying notes to schedule of Federal and State awards.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards
Year Ended August 31, 2015

1. Federal Assistance Reconciliation

Direct Federal grants and contracts per Schedule A	\$ 3,791,051*
Add: Indirect/Administrative Cost Recoveries per Schedule A	279,010
Direct Federal revenue, non-operating Schedule C	43,347,125
Add: Indirect/Administrative Cost Recoveries per Schedule C	<u>111,746</u>
Total Federal Revenues per Schedule E - Schedule of Expenditures of Federal Awards	\$ <u>47,528,932</u>

2. State Assistance Reconciliation

Direct State grants and contracts per Schedule A	\$ 3,414,222
Add: Indirect/Administrative Cost Recoveries (Returned Funds) per Schedule A	<u>11,195</u>
Total State Revenues per Schedule F - Schedule of Expenditures of State Awards	\$ <u>3,425,417</u>

3. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of Federal and State awards (the Schedules) present the activity of Federal and State programs of the College for the year ended August 31, 2015. The Schedules have been prepared on the accrual basis of accounting. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules.

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

*The following amounts were passed-through to the listed sub-recipients by the College. The total amount of \$75,159 is included in Note 1 - Federal Awards.

<u>Sub-Recipient Name</u>	<u>CFDA</u>	<u>Grant Agency</u>	<u>Grant Program</u>	<u>Amount</u>
Brazosport College	17.268	U.S. Department of Labor	H-1B Ready to Work	\$ 59,072
Lee College	17.268	U.S. Department of Labor	H-1B Ready to Work	5,652
College of the Mainland	17.268	U.S. Department of Labor	H-1B Ready to Work	10,435

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards, Continued Year Ended August 31, 2015

5. Insurance Coverage

During the year ended August 31, 2015, the College maintained the following types of insurance:

- Property policy - \$1,000,000,000 per occurrence, with per occurrence sub-limits within and not in addition to this limit; including flood coverage of \$25,000,000 annual aggregate,
- Flood policies - various coverage issued on an individual building basis with premium amounts totaling \$171,608,
- General liability - \$1,000,000 per occurrence and \$1,000,000 aggregate,
- Law enforcement liability policy - \$1,000,000 per wrongful act and \$1,000,000 aggregate,
- Automobile liability - \$100,000 per person per accident and \$300,000 per accident, property damage \$100,000 per accident,
- Excess policy - \$4,000,000 each occurrence and \$4,000,000 aggregate,
- Not for profit risk protection: Directors and Officers - \$5,000,000 aggregate, various sub-limits for crime coverage from \$150,000 - \$250,000,
- Non-owned aircraft liability policy - \$1,000,000 per occurrence and \$1,000,000 aggregate,
- Environmental Impairment liability policy - \$1,000,000 per claim and \$2,000,000 aggregate,
- Athletic Accident policies - base policy full usual and customary with \$25,000 maximum benefit amount, \$1,000,000 death and dismemberment aggregate policy limit, catastrophic policy aggregate limit of liability \$5,000,000,
- International Travel policy - \$1,000,000 each occurrence and \$5,000,000 general aggregate,
- Student professional liability policy - \$1,000,000 per occurrence and \$5,000,000 aggregate,
- Child Care Accident policy - \$25,000 per person, per occurrence and \$10,000 principal sum for accidental death per occurrence with \$50,000 per covered accident,
- Workers compensation - \$55,870 annually premium and \$349,010 loss fund maximum,
- Unemployment compensation - \$145,260 annual loss fund maximum.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs
Year Ended August 31, 2015

Section 1

Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| c. Noncompliance material to the financial statements noted? | No |

Federal and State Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or the <i>State of Texas Single Audit Circular</i> ? | No |
| 4. Identification of major programs: | |

Federal CFDA Number

Name of Federal Program

	Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
	TRIO Cluster:
84.044	TRIO Talent Search
84.47	TRIO Upward Bound
84.48	Career and Technical Education - Basic Grants to States

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs, Continued
Year Ended August 31, 2015

<u>State - Contract Number</u>	<u>Name of State Program</u>
	Texas Higher Education Board - Student Financial Aid Cluster:
26041	State Military Tuition Assistance
13099	Texas Grant
13399	Texas Education Opportunity Grant Program
13399	Texas Education Opportunity Grant Program - Renewal
22339	College Work Study Program
20356	Top Ten Percent
N/A	College Access Loan
07948	Professional Nursing Shortage Reduction Program
08756	Professional Nursing Shortage Reduction Program
13167	Professional Nursing Shortage Reduction Program
2814SDF000	Skills Development Fund - Maritime Consortium III

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

Federal	\$ 300,000
State	\$ 300,000

6. Auditee qualified as a low-risk auditee?

Federal	No
State	No

Section 2

Financial Statement Findings

None reported

Section 3

Federal and State Award Findings and Questioned Costs

None reported

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Audit Findings Year Ended August 31, 2015

Section 4

Finding 2014-01

Applicable Federal and State Programs:

Department of Education - Federal Student Financial Aid Cluster:

- Federal Supplemental Educational Opportunity Grants (CFDA 84.007)
- Federal Work-Study Program (CFDA 84.033)
- Federal Pell Grant Program (CFDA 84.063)
- Federal Direct Student Loans (CFDA 84.268)

Texas Higher Education Board - Student Financial Aid Cluster:

- State Military Tuition Assistance (Contract No. 26041)
- Texas Grant 1 - Initial (Contract No. 13099)
- Texas Grant II - Renewal (Contract No. 13099)
- Texas Education Opportunity Grant Program (Contract No. 13399)
- College Work Study Program (Contract No. 22339)
- Top Ten Percent (Contract No. 20356)
- College Access Loan (Contract No. N/A)

Condition: In April 2014, the College became aware of a lawsuit filed by the Texas Attorney General against an alleged "diploma mill." Thereafter, the College determined that some students who had obtained transcripts from this diploma mill were admitted to the College and were awarded student financial aid.

Recommendation: The College should work with the U.S. Department of Education and Texas Higher Education Coordinating Board to gather a listing of all known diploma mills. The College should ensure that no Federal or State student financial aid funds are disbursed to students who possess invalid transcripts from such unaccredited institutions. As well, the College should continue to review its procedures and implement any other necessary procedures that might mitigate the risk of awarding student financial aid to a student who presents an invalid transcript.

Current Status: The College has modified its standards and procedures for reviewing student high school transcripts and evaluating high school completion status to determine eligibility for Federal and State student financial aid. The College believes that the new process is effective and has prevented ineligible students from receiving aid during fiscal year 2015.