



# **San Jacinto Community College District**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED  
AUGUST 31, 2016 AND 2015**

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, 2016 and 2015

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SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Organizational Data

Board of Trustees and Key Officers  
Year Ended August 31, 2016

Officers

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

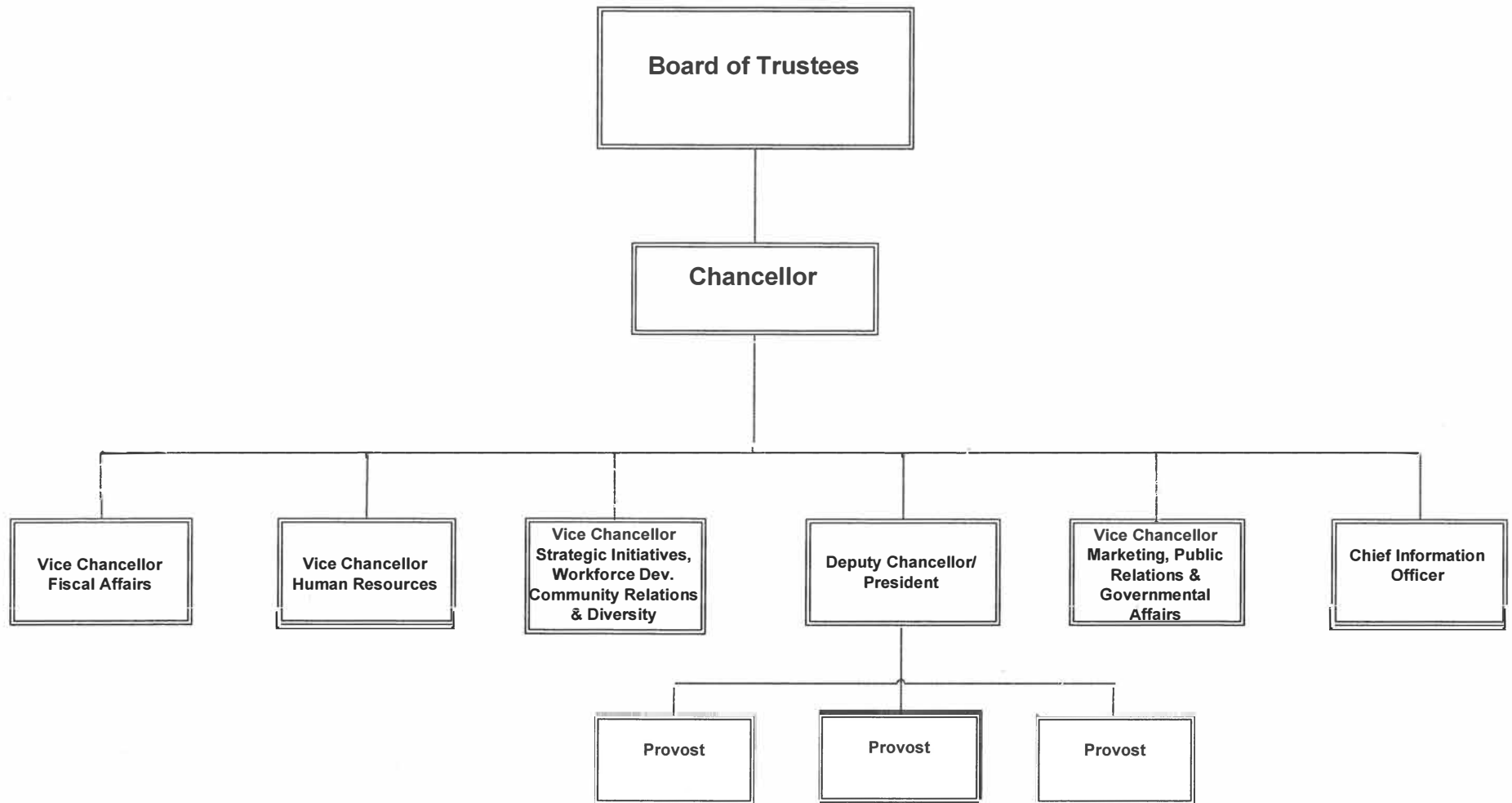
Mr. Ben Meador

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. Chester Lewis	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, 2016



Vice Chancellor of Fiscal Affairs

December 19, 2016

Board of Trustees  
Citizens of the San Jacinto Community College District

I am honored to present the Comprehensive Annual Financial Report (CAFR) of the San Jacinto Community College District (College) for the fiscal years ended August 31, 2016 and 2015. 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 them to levy a tax for the college's operations and maintenance.

In February 1961, the Board changed the name to San Jacinto Junior College District. It was changed again in 1995 from San Jacinto Junior College 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 Jac.

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.

### **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 bond election provided \$295 million in funding for updated science and allied health facilities, library improvements, student welcome centers on two campuses, a transportation facility, a maritime training center, and maintenance and police facility. Additionally, The College has a center for industrial technology project under construction through a revenue bond.

In November 2015, 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 21<sup>st</sup> 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 a center of excellence for engineering and technology. Most of these projects are scheduled to be completed by 2021. 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.

San Jacinto College is expanding work with regional independent school districts and has expanded dual credit and early college high school offerings. The College houses 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. Dual credit and early college high school students make up about 12 percent of the fall 2016 student enrollment.

The College is a 2017 Aspen Prize for Community College Excellence Top 10 finalist. The College has grown to four campuses and 11 extension centers offering degrees and certificates in 7 areas of study and a university transfer division. The College currently serves approximately 30,000 credit students in the fall semester with nearly 41,000 unique students annually. Additionally, the College serves approximately 5,000 unique continuing education students through the Continuing and Professional Development Division.

Looking back over the accomplishments of the past 55 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.

## **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 during the year, the upstream exploration growth has slowed and the region is seeing layoffs on the exploration side of the oil industry. Average job growth over the last several years has been lower than previous years. 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 with global companies 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.

The outlook for 2017 shows some increases in the price of crude oil which has helped stabilize some of the slower growth the Houston economy. However, job growth in the Houston metro area has averaged 13,000 new jobs over the last five years and the recent 12 month change reached 20,000 jobs. The Houston economy has benefited from increased diversification as compared to the 1980's 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 8.0 percent. The College Board of Trustees is committed to keeping taxes as low as possible and the 3.1 percent increase in tax rate was primarily related to the issuance of \$150 million of voter authorized debt relating to the 2015 bond projects.

San Jacinto College is affordable. At \$780 for tuition and fees for 12 semester credit hours, the College in-district tuition rate is one of the most affordable in the Gulf Coast region and in the state of Texas. The College is focused on student success and has increased student completion of degrees and certificate by 154 percent over the last ten years. The College commitment to success is demonstrated by being ranked number 15<sup>th</sup> in the nation among over 1,100 community colleges for the number of associates degrees awarded across all disciplines. The College is also ranked 2<sup>nd</sup> 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, 2016 and 2015. 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 the years ended August 31, 2016 and 2015 are free from material misstatement. The independent audits involve examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor has concluded, based upon the audits, that there is a reasonable basis for rendering an unmodified opinion that the College's financial statements for the years ended August 31, 2016 and 2015 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 Auditor's Report, Management's Discussion and Analysis, basic financial statements, explanatory notes to the basic financial statements, and required supplementary information. Analysts, investors, community members and other interested parties are encouraged to read the Management's Discussion and Analysis which begins on page 4.

The supplemental schedules are presented to comply with the reporting requirements of the 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 standards applicable to financial audits contained in *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This section contains the auditor's report on the system of internal control, a listing of the Federal programs in which the College participates and the dollar amount of expenditures for each program.

The State awards section contains information about the various State grant programs that the College participates in and the amount expended for the current fiscal year by program. The independent auditors are required to conduct a separate audit of State programs as required by the *State of Texas Single Audit Circular*. This section contains the auditor's report on the system of

internal control, a listing of the State programs in which the College participates and the dollar amount of expenditures for each program.

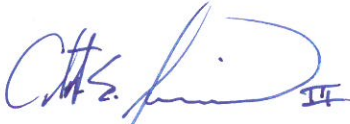
## **GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

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, 2015. This was the ninth 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 submitted,

A handwritten signature in blue ink, appearing to read "Chet Lewis" with a stylized flourish at the end.

Chet Lewis  
Vice Chancellor of Fiscal Affairs



Government Finance Officers Association

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

Presented to

**San Jacinto Community  
College District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2015**

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, 2016 and 2015, 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, 2016 and 2015, 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.

## 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 note 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 supplemental schedules on pages 54 through 57 and statistical section on pages 58 through 76 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 as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on pages 81 through 82 and the schedule of expenditures of State awards as required by the *State of Texas Single Audit Circular* on page 83 are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The supplemental schedules and the schedules of expenditures of Federal awards and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 54 through 57 and the schedules of expenditures of Federal awards on pages 81 through 82 and State awards on page 83 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 19, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Houston, Texas  
December 19, 2016

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

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

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

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

Working closely with area school districts, the College has built educational ladders which take students from kindergarten to college within a framework that includes 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. The College is a 2017 Aspen Prize for Community College Excellence Top 10 finalist.

### **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 auditor.



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

### Financial Highlights for 2016

- In September 2015, the College completed a successful sale with the \$46.5 million of Refunding Bonds issued at a true interest cost of 3.205%, which is a present value savings of \$2.8 million in future debt payments. The Refunding Bonds will generate debt service savings in excess of \$3.7 million over the next 18 years.
- On November 3, 2015, the College received the official results of the canvasses for all votes in the general and special elections. The number of votes cast for the proposition of the issuance of \$425 million was 17,268. The number of votes cast against the proposition of the issuance of \$425 million was 8,308. The bond referendum passed with a 68% approval rate. Following the approval and execution of the appropriate resolutions, the Board of Trustees of the College District is authorized to issue the bonds.
- In April 2016, the College issued \$150.0 million of limited tax general obligation bonds (Series 2016A). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, and pay the costs of issuance for the Series 2016A Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.
- In April 2016, the College issued \$50.2 million of limited tax general obligation refunding bonds (Series 2016B). The proceeds will be used by the College to refund portions of limited tax general obligations bonds, Series 2008 and 2009, and pay the costs of issuance for the Series 2016B Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.
- The College has three primary sources of revenue: State appropriations, ad valorem taxes, and tuition and fees. Historically, the College has endeavored to maintain a balance between the revenue sources so that responsibility for funding College operations is somewhat equally shared. However, State support for College operations, as a percentage of total unrestricted revenue, has continued to decrease. Meanwhile, the operational cost of delivering high quality instruction and maintaining equipment and facilities that prepare students for academic success and workforce readiness continues to increase. As the funding model for community colleges continues to shift from the State, the College is forced to rely more on tuition and fees and property taxes.
- In April 2016, the Board of Trustees approved an increase in the semester credit hour (SCH) tuition schedule, an increase in the general service fee, and the addition of a differential fee attached to courses to be effective with the Fall 2016 semester for the fiscal year 2017. The last tuition increase occurred in the Fall of 2014 for out-of-state tuition. The College primarily serves post-secondary students, but dual credit and early college high school attendance (students generating simultaneous high school and college credit for academic coursework) is an important focus. The College provided an exemption of 70% in fiscal year 2016 to dual credit students or the related school district. With the proposed tuition increases, the administration recommends increasing the exemption from 70% to 75%.

The tuition increases, per SCH, for next fiscal year are:

- \$3 per SCH increase in the in-district tuition rate (from \$47 to \$50)
- \$6 per SCH increase in the out-of-district tuition rate (from \$89 to \$95)
- \$11 per SCH increase in the non-resident tuition rate (from \$149 to \$160)

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

The fee changes for next fiscal year are:

- \$10 per semester increase in the general service fee (from \$140 to \$150)
- Course fees ranging from \$2 per credit hour to \$7 per credit hour

The tuition and fee revenue increase will be generated for fiscal year 2016-2017 and will be included in the budget development process to address needs and annual goals established during the strategic planning process.

- Each year the Texas Association of Community Colleges conducts a survey of the 50 community colleges in the State which collects, among other items, the tuition and fee rates for 12 SCH of instruction. The Spring 2016 survey results were recently released and the College's relative position, when compared to the other 49 community colleges in the state, indicates that an education at the College continues to be one of the best values state-wide. By residency classification, the survey results reflect that the College's tuition and fees for in-district residents is fourth lowest in the State and the lowest among the colleges in the Gulf Coast region. For the out-of-district category, the College is the sixth lowest in state and second lowest among the colleges in the Gulf Coast region. The low tuition and fee rates are evidence of the College's commitment to the community it serves by providing affordable, high-quality education. But even with this commitment, the costs to deliver excellent instruction that prepares students for today's workforce and for university transfer continue to increase. Increased tuition and course fees are recommended to offset costs necessary to retain quality faculty and staff required for maintaining equipment and technology, and operating facilities.
- As of August 31, 2016, the assets of the College exceeded its liabilities by \$166.8 million (net position). The College had an overall decrease of \$9.4 million in total net position. Net investment in capital assets decreased by \$9.6 million, and restricted net position decreased by \$2.6 million related to debt service. Unrestricted net position increased by \$2.8 million. The College's unrestricted net position is \$38.0 million, at year end.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

### 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 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.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

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.

### **The Statement of Net Position**

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis  
Fiscal Year Ended August 31, 2016  
(Unaudited)

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 98,279	\$ 99,136	\$ 105,068
Noncurrent assets:			
Capital assets, net of depreciation	416,052	397,964	368,500
Other	<u>204,179</u>	<u>88,061</u>	<u>73,586</u>
Total assets	<u>\$ 718,510</u>	<u>\$ 585,161</u>	<u>\$ 547,154</u>
Deferred outflows of resources	<u>\$ 13,112</u>	<u>\$ 4,543</u>	<u>\$ -</u>
Current liabilities	\$ 53,391	\$ 51,273	\$ 48,652
Noncurrent liabilities	<u>507,264</u>	<u>354,629</u>	<u>289,966</u>
Total liabilities	<u>\$ 560,655</u>	<u>\$ 405,902</u>	<u>\$ 338,618</u>
Deferred inflows of resources	<u>\$ 4,122</u>	<u>\$ 7,599</u>	<u>\$ -</u>
Net position:			
Net investment in capital assets	\$ 124,833	\$ 134,449	\$ 125,621
Restricted - expendable	3,966	6,528	5,020
Unrestricted	<u>38,046</u>	<u>35,226</u>	<u>77,895</u>
Total net position	<u>\$ 166,845</u>	<u>\$ 176,203</u>	<u>\$ 208,536</u>

**Fiscal Year 2016 Compared to 2015**

Total assets increased \$133.3 million during 2016, a 22.8 percent increase. The change in total assets resulted from a \$121 million increase in cash and cash equivalents primarily through the sale of new bonds of \$153.1 million (\$138.2 million PAR value plus \$14.9 million premium), and a decrease of \$1.0 million in other current assets. Capital assets increased by \$18.09 million related to on-going construction projects. The College continued its conservative approach to investments in investment pools and money market funds.

The College's current ratio (current assets divided by current liabilities) decreased to 1.84 in 2016 from 1.93 in 2015. The decrease is primarily due to a decrease of cash and investments of approximately \$1.8 million and a \$1.1 million increase in unearned revenue and \$1.7 million increase in current bonds payable.

Total liabilities increased by \$154.8 million in 2016. The 38.1 percent increase is primarily due to \$261.8 million in new general obligation and refunding bonds being issued, offset by a \$109.5 million decrease in bonds defeased.

Total net position decreased by \$9.4 million in 2016, a 5.3 percent decrease. The decrease is primarily due to the decrease of \$9.6 million in net investment in capital assets.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

### **Fiscal Year 2015 Compared to 2014**

Total assets increased \$38.0 million during 2015, a 6.9 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 19.9 percent increase is due to \$50.57 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.

### **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, 2016, with comparative information for fiscal year 2015. The statement is divided into operating revenues and expenses and non-operating revenues and expenses. Operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis  
Fiscal Year Ended August 31, 2016  
(Unaudited)

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of allowances and discounts	\$ 41,846	\$ 38,825	\$ 35,402
Federal grants and contracts	5,463	4,070	4,592
State grants and contracts	2,701	3,425	2,671
Non-government grants and contracts	1,699	2,129	2,012
Sales and services of educational activities	1,671	1,440	1,053
Auxiliary enterprises, net of discounts	3,303	3,162	3,884
General operating revenues	<u>8</u>	<u>1</u>	<u>2</u>
Total operating revenues	<u>56,691</u>	<u>53,052</u>	<u>49,616</u>
Expenses:			
Operating expenses:			
Instruction	68,455	67,447	68,220
Public service	6,863	5,698	4,912
Academic support	15,521	13,572	12,968
Student services	14,365	14,425	14,574
Institutional support	43,151	40,839	39,365
Operation and maintenance of plant	16,700	17,556	17,680
Scholarships and fellowships	31,733	33,946	39,284
Auxiliary enterprises	4,091	4,527	4,118
Depreciation	<u>18,808</u>	<u>17,401</u>	<u>16,365</u>
Total operating expenses	<u>219,687</u>	<u>215,411</u>	<u>217,486</u>
Operating loss	<u>(162,996)</u>	<u>(162,359)</u>	<u>(167,870)</u>
Non-operating revenues (expenses):			
State appropriations	43,989	44,428	45,862
Maintenance ad valorem taxes	62,711	56,606	52,961
Debt service ad valorem taxes	22,590	26,115	25,237
Federal revenue, non-operating	40,864	43,459	50,258
Investment income (net of investment expenses)	545	246	254
Interest on capital related debt	(17,034)	(12,645)	(12,386)
Other non-operating revenues (expenses)	<u>(27)</u>	<u>(37)</u>	<u>(168)</u>
Total non-operating revenues, net	<u>153,638</u>	<u>158,172</u>	<u>162,018</u>
Decrease in net position	(9,358)	(4,187)	(5,852)
Net position, beginning of year	<u>176,203</u>	<u>180,390</u>	<u>214,388</u>
Net position, end of year	\$ <u>166,845</u>	\$ <u>176,203</u>	\$ <u>208,536*</u>

\*Does not reflect the restatement made during fiscal year 2015 for adopting GASB Statement No. 68.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

### **Fiscal Year 2016 Compared to 2015**

Tuition and fee revenue (before allowances and discounts) increased by \$1.9 million in 2016 to \$61.8 million from \$59.9 million in 2015. This is due to a \$7 per semester credit hour increase in tuition for foreign and out of state students and an increase in enrollment of 1.5%. The State appropriation per contact hour decreased to \$3.05 for 2016 from \$3.18 for 2015.

Operating expenses increased by \$4.3 million to \$219.7 million for 2016 from \$215.4 million for 2015. Salaries, wages, and benefits increased by \$7.4 million, and depreciation increased by \$1.4 million. The increases were offset by a decrease of \$2.2 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 \$4.5 million in 2016 from 2015. State appropriations decreased by \$0.4 million to \$44 million in 2016 from \$44.4 million in 2015. Ad valorem tax revenue increased by \$2.6 million to \$85.3 million in 2016 from \$82.7 million in 2015 due to increases in taxable assessed valuations. The maintenance and operations tax rate was increased to 12.9194 cents and the debt service tax rate was decreased to 4.6589 cents. The recommended 2015 tax rate of 17.5783 cents per \$100 valuation is approximately \$0.01 less than the rate adopted for 2014 (18.5602 cents per \$100 valuation). Net investment income increased due to the receipt of 2016A general obligation bond proceeds. Interest on capital related debt increased by net \$4.4 million for the additional bonds issued. Federal revenue decreased by \$2.6 million to \$40.9 million in 2016 as compared to \$43.5 million for 2015 related to Federal Title IV direct loans and grant programs.

### **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 \$2.0 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.



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis  
Fiscal Year Ended August 31, 2016  
(Unaudited)

**The Statement of Cash Flows**

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

The statement helps users assess the College's ability:

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash provided (used) by:			
Operating activities	\$ (138,554)	\$ (134,864)	\$ (148,548)
Non-capital financing activities	141,769	136,847	140,578
Capital and related financing activities	110,528	7,460	(20,090)
Investing activities	<u>7,293</u>	<u>17,371</u>	<u>9,560</u>
Increase (Decrease) in cash and cash equivalents	121,036	26,814	(18,500)
Cash and cash equivalents - beginning of year	<u>155,502</u>	<u>128,688</u>	<u>147,188</u>
Cash and cash equivalents - end of year	\$ <u>276,538</u>	\$ <u>155,502</u>	\$ <u>128,688</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 increased by \$3.7 million in 2016 from 2015 after a decrease of \$13.7 million in 2015 from 2014. The \$3.7 million increase in cash used is related to an \$8.7 million increase in payments related to payroll benefits, an offset of \$2.5 million in receipts provided by students and grants, and reductions of \$2.2 million in payments for scholarships and \$0.3 million for goods and services.

State appropriations, maintenance ad valorem tax revenues, and non-operating Federal revenue provided cash flows of \$142 million in 2016, \$137 million in 2015, and \$141 million in 2014. Maintenance tax revenues increased by \$6.1 million, State appropriations decreased by \$0.5 million and there was a decrease of \$2.6 million in non-operating Federal revenues for 2016.

In 2016, the College received \$153 million from the sale of general obligation bonds (Series 2016A), to fund the San Jac Tomorrow Capital Improvement Program. Refunding debt proceeds of \$109.3 million resulted in minor net increase in cash. The College used \$37 million in 2016 and \$47 million in 2015 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 2016 were \$110.3 million.

Net cash flows from capital and related financing activities provided were \$7.5 million in 2015 and \$(20.1) million in 2014. Net cash flows provided from investing activities were \$7.3 million in 2016, \$17.4 million in 2015, and \$9.6 million in 2014. This is attributable to changes between pooled investments and securities and use of funds for capital projects.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended August 31, 2016 (Unaudited)

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

#### Capital Assets - Fiscal Year 2016

In 2016, the College had the following additions and deletions to net capital assets totaling a \$19 million increase: \$23.9 million net decrease in assets not depreciated, and \$59.0 million net increase to depreciated assets as completed buildings and renovations were placed in service. Net accumulated depreciation increased \$17.0 million.

#### 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.

#### Long-Term Debt

In April 2016, the College issued \$153.1 million of limited tax general obligation bonds (Series 2016A – PAR value \$138.2 million plus \$14.9 million premium). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, as well as pay the costs of issuance for the Series 2016A Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.

In April 2016, the College issued \$56.2 million of limited tax general obligation refunding bonds (Series 2016B – PAR value \$50.2 million plus \$6.0 million premium). The proceeds will be used by the College to refund portions of limited tax general obligations bonds, Series 2008 and 2009, and pay the costs of issuance for the Series 2016B Bonds. The bonds are secured by proceeds of the annual ad valorem tax levy.

On June 1, 2015, the Board approved the sale of \$50.6 million of combined fee revenue bonds (Series 2015 – PAR value \$47.5 million plus \$3.1 million premium). The proceeds will be used by the College to finance construction of the Center for Industrial Technology at the North campus. The bonds are secured by a lien on pledged revenues that 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 by the College.

#### Ad Valorem Taxes

On October 5, 2015, the Board approved the adoption of the 2015 tax rate of 17.5783 cents per \$100 valuation. The maintenance and operations tax rate was increased to 12.9194 cents and the debt service tax rate was decreased to 4.6589 cents. The recommended 2015 tax rate of 17.5783 cents per \$100 valuation is approximately \$0.01 less than the rate adopted for 2014 (18.5602 cents per \$100 valuation). The total taxes imposed on a residence homestead at the current year's appraised value of \$118,805 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$200.05. 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 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management’s Discussion and Analysis  
Fiscal Year Ended August 31, 2016  
(Unaudited)

At August 31, 2016, the College’s credit ratings have been affirmed as follows:

	<u>Moody’s Investor’s Service (1)</u>	<u>Standard &amp; 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, Maintenance Tax Notes and Revenue Bonds rating on August 10, 2016.
- (2) Standard & Poor’s affirmed the General Obligation Bonds and Maintenance Tax Notes rating on August 15, 2016.

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

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

**Currently Known Facts, Decisions and Conditions**

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 2017 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.

Subsequent to fiscal year 2016, the College issued \$73,770,000 of Limited Tax General Obligation Refunding Bonds, Series 2016C on September 22, 2016. The bonds are to refund portions of the Limited Tax Refunding Bonds, Series 2011 and portions of the Limited Tax General Obligation Bonds, Series 2009.

**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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 72,358,751	\$ 67,440,501
Short-term investments	-	6,747,981
Accounts receivable, net	22,101,105	21,501,228
Prepaid expenses	2,360,137	1,898,237
Deferred charges	1,015,439	1,085,398
Inventories	443,645	462,236
Total current assets	<u>98,279,077</u>	<u>99,135,581</u>
Noncurrent assets:		
Restricted cash and cash equivalents	204,179,065	88,061,432
Capital assets net of accumulated depreciation	372,153,467	330,166,249
Capital assets not being depreciated	43,898,368	67,797,684
Total noncurrent assets	<u>620,230,900</u>	<u>486,025,365</u>
Total assets	<u>718,509,977</u>	<u>585,160,946</u>
Deferred outflows of resources:		
Deferred outflow related to pensions	5,502,112	4,542,533
Deferred outflow related to defeased debt	7,609,621	-
Total deferred outflows of resources	<u>13,111,733</u>	<u>4,542,533</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	15,161,643	15,877,315
Accrued liabilities	878,323	765,281
Accrued compensable absences - current portion	253,856	384,642
Deferred compensation	10,000	10,000
Unearned revenue	25,212,524	24,085,608
Notes payable - current portion	351,792	336,792
Bonds payable - current portion	11,522,701	9,813,772
Total current liabilities	<u>53,390,839</u>	<u>51,273,410</u>
Noncurrent liabilities:		
Accrued compensable absences	2,358,767	2,207,435
Net pension liability	29,942,125	24,842,147
Notes payable	2,433,964	2,785,756
Bonds payable	472,528,929	324,792,268
Total noncurrent liabilities	<u>507,263,785</u>	<u>354,627,606</u>
Total liabilities	<u>560,654,624</u>	<u>405,901,016</u>
Deferred inflows of resources - deferred inflow related to pensions	<u>4,122,366</u>	<u>7,599,287</u>
<u>Net Position</u>		
Net investment in capital assets	124,833,269	134,449,507
Restricted for:		
Expendable:		
Grants	3,746,783	3,771,666
Debt service	218,939	2,756,339
Unrestricted	38,045,729	35,225,664
Total net position (Schedule D)	<u>\$ 166,844,720</u>	<u>\$ 176,203,176</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Operating Revenues</u>		
Student tuition and fees (net of allowances and discounts of \$20,002,818 and \$21,112,152, respectively)	\$ 41,846,048	\$ 38,825,003
Federal grants and contracts	5,462,934	4,070,061
State grants and contracts	2,700,734	3,425,417
Non-governmental grants and contracts	1,698,656	2,128,435
Sales and services of educational and non-educational activities	1,670,828	1,440,422
Auxiliary enterprises (net of discounts)	3,303,193	3,161,779
General operating revenues	<u>8,170</u>	<u>1,142</u>
Total operating revenues (Schedule A)	<u>56,690,563</u>	<u>53,052,259</u>
<u>Operating Expenses</u>		
Instruction	68,454,596	67,447,276
Public service	6,863,682	5,698,248
Academic support	15,520,956	13,572,433
Student services	14,364,953	14,425,050
Institutional support	43,150,758	40,838,507
Operation and maintenance of plant	16,699,917	17,556,073
Scholarships and fellowships	31,732,763	33,945,467
Auxiliary enterprises	4,090,909	4,526,768
Depreciation	<u>18,808,056</u>	<u>17,401,192</u>
Total operating expenses (Schedule B)	<u>219,686,590</u>	<u>215,411,014</u>
Operating loss	<u>(162,996,027)</u>	<u>(162,358,755)</u>
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	43,988,685	44,427,669
Maintenance ad valorem taxes	62,710,688	56,605,940
Debt service ad valorem taxes	22,589,735	26,115,343
Federal revenue, non-operating	40,864,247	43,458,871
Investment income (net of investment expenses)	544,978	246,557
Interest on capital related debt	(17,033,703)	(12,645,123)
Other non-operating revenues (expenses)	<u>(27,059)</u>	<u>(37,089)</u>
Total non-operating revenues, net (Schedule C)	<u>153,637,571</u>	<u>158,172,168</u>
Decrease in net position	(9,358,456)	(4,186,587)
<u>Net Position</u>		
Net position, beginning of year	<u>176,203,176</u>	<u>180,389,763</u>
Net position, end of year	<u>\$ 166,844,720</u>	<u>\$ 176,203,176</u>

See accompanying notes to basic financial statements.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows  
Years Ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 46,394,126	\$ 45,747,074
Receipts of grants and contracts	11,273,210	9,444,106
Payments to suppliers for goods or services	(43,370,770)	(43,709,201)
Payments to or on behalf of employees and fellowships	(120,931,249)	(112,182,892)
Payments of scholarships	<u>(31,919,461)</u>	<u>(34,163,080)</u>
Net cash used by operating activities	<u>(138,554,144)</u>	<u>(134,863,993)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from State appropriations	39,061,848	37,560,104
Receipts from ad valorem taxes - maintenance and operating	62,265,157	56,170,775
Receipts from non-operating Federal revenue	40,864,247	43,458,871
Payments on notes - principal	(336,792)	(326,792)
Payments on notes - interest	<u>(85,191)</u>	<u>(15,792)</u>
Net cash provided by non-capital financial activities	<u>141,769,269</u>	<u>136,847,166</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	22,450,317	26,000,821
Purchases of capital assets	(36,923,017)	(46,902,379)
Proceeds from revenue bonds	-	50,019,457
Proceeds from general obligation bonds	151,979,472	-
Payment on capital debt - principal	(10,143,503)	(8,882,840)
Payment on capital debt - interest	<u>(16,835,470)</u>	<u>(12,775,194)</u>
Net cash provided by capital and related financing activities	<u>110,527,799</u>	<u>7,459,865</u>
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	6,695,000	16,850,000
Investment income	<u>597,959</u>	<u>520,932</u>
Net cash provided by investing activities	<u>7,292,959</u>	<u>17,370,932</u>
Increase in cash and cash equivalents	121,035,883	26,813,970
Cash and cash equivalents, beginning of year	<u>155,501,933</u>	<u>128,687,963</u>
Cash and cash equivalents, end of year	<u>\$ 276,537,816</u>	<u>\$ 155,501,933</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (162,996,027)	\$ (162,358,755)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	18,808,056	17,401,192
Tax collection fee	135,215	180,260
State retirement match	-	178,537
State group insurance	4,926,837	6,689,028
Changes in assets and liabilities:		
Receivables, net	(150,143)	1,486,922
Prepaid expenses and deferred charges	(391,941)	(31,059)
Inventories	18,591	59,860
Deferred outflow related to pensions	(959,579)	(4,542,533)
Accounts payable	(1,100,896)	908,536
Accrued liabilities	5,485,202	(2,456,269)
Compensated absences	20,546	(154,958)
Unearned revenue	1,126,916	175,959
Deferred inflow related to pensions	<u>(3,476,921)</u>	<u>7,599,287</u>
Net cash used by operating activities	<u>\$ (138,554,144)</u>	<u>\$ (134,863,993)</u>

See accompanying notes to basic financial statements.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 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 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. The College is reported as a special-purpose government engaged in business-type activities.

#### New Accounting Pronouncements

All GASB Statements up to Statement No. 82 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

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 was adopted during the College's fiscal year ended August 31, 2016 with no significant impact.

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 was adopted during the College's fiscal year ended August 31, 2016 with no significant impact.

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. The College is currently evaluating the impact of adopting this Statement.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

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. The College is currently evaluating the impact of adopting this Statement.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement improves financial reporting for governments by establishing a framework for the evaluation of accounting guidance that results in governments applying that guidance with less variation. This improves the usefulness of financial statement information for making decisions and assessing accountability and enhances the comparability of financial statement information among governments. This Statement was adopted during the College's fiscal year ended August 31, 2016 with no significant impact.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement is 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 this Statement.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for the College's fiscal year ending August 31, 2017. The College is currently evaluating the impact of adopting this Statement.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. This criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes, whereby measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. This Statement is effective for the College's fiscal year ending August 31, 2017. The College is currently evaluating the impact of adopting this Statement.



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*. The requirements of this Statement enhance the comparability of financial statements among governments. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the College's fiscal year ending August 31, 2018. The College is currently evaluating the impact of adopting this Statement.

### Tuition Discounting

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

*Title IV Higher Education Act Program Funds (HEA)* - Certain Title IV HEA 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.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### Tuition Discounting, Continued

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

### Basis of Accounting

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

### Budgetary Data

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

### Cash and Cash Equivalents

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

### Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred outflows represent 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, as well as deferred gains related to debt defeasement. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB.

### Investments

Investments are reported at fair value 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. The College has designated external public funds investment pools of \$170,335,460 and \$10,705,121 as of August 31, 2016 and 2015, respectively, to be cash equivalents. Long-term investments have an original maturity of greater than one year at the time of purchase and are considered as noncurrent assets. The College had no long-term investments at August 31, 2016 and 2015.

### Inventories

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Capital Assets

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment, and library books. Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College’s capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are charged to operating expense in the year in which the expense is incurred. The College annually evaluates impairment of capital assets. The College does not believe any impairment exists as of August 31, 2016 and 2015. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

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

Interest on Capital Related Debt

Interest expense on capital related debt totaled \$17,033,703 and \$12,645,123 for fiscal years 2016 and 2015, respectively. Of these amounts, \$662,316 and \$3,407,337 was capitalized to construction in process for fiscal years 2016 and 2015, respectively.

Net Pension Liability - Teachers Retirement System of Texas (TRS)

Net pension liability represents the College’s portion of the net position of TRS, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. 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.

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.

Deferred Inflows

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

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 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 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.

### 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, 2016 and 2015.

### **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). Such investments include (1) obligations of the United States and its agencies, (2) directed obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and, (5) other instruments and obligations authorized by statute.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

4. **Deposits and Investments**

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

	2016	2015
Cash and cash equivalents:		
Petty cash on hand	\$ 24,182	\$ 18,250
External investment pools	170,335,460	10,705,121
Money market	105,859,175	144,050,411
Subtotal cash and cash equivalents	276,218,817	154,773,782
Bank deposits - demand deposits	318,999	728,151
Total cash and deposits, August 31	\$ 276,537,816	\$ 155,501,933

The following is a reconciliation of Cash, Deposits and Investments to Exhibit 1:

	Fair Value	
	2016	2015
Municipal obligations	\$ -	\$ 6,747,981
Total investments	\$ -	\$ 6,747,981
Total cash, deposits and investments	\$ 276,537,816	\$ 162,249,914
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents - current and noncurrent	\$ 276,537,816	\$ 155,501,933
Investments - short-term	-	6,747,981
Total cash, cash equivalents and investments	\$ 276,537,816	\$ 162,249,914

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

Investment Type	Investment Maturities (in Years)				Weighted Average (Days)	Rating
	2016	Fair Value	Maturity Less than 1	1 to 2		
External investment pools	\$ 170,335,460	\$ 170,335,460	\$ -	\$ -	0.62	AAA-AAAm
Money market	105,859,175	105,859,175	-	-	0.38	n/a
Totals	\$ 276,194,635	\$ 276,194,635	\$ -	\$ -	1.00	
<u>2015</u>						
Municipal Obligations	\$ 6,747,981	\$ 6,747,981	\$ -	\$ -	3.50	A2 to Aa-
External investment pools	10,705,121	10,705,121	-	-	0.07	AAA-AAAm
Money market	144,050,411	144,050,411	-	-	0.89	n/a
Totals	\$ 161,503,513	\$ 161,503,513	\$ -	\$ -	4.38	

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

The State of Texas Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool (TexPool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State of Texas Comptroller of Public Accounts has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information is submitted to both Standard & Poor's and the Office of the State of Texas Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the Securities and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same value as the value in TexPool shares.

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

### 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 years. The operating funds have a dollar weighted average maturity (WAM) limit of 365 days and debt service funds have a maximum WAM of six months. The bond fund must maintain a 10% liquidity buffer. During 2016 and 2015, the portfolio contained no investment maturing beyond three years and the dollar weighted average maturity of the total portfolio was 1 day and 4 days as of August 31, 2016 and 2015, 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 year and are further collateralized to 102% with pledged securities, and all collateral is to be held by an independent custodian. The independent custodian is contractually liable for monitoring and maintaining the collateral margins.

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

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

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, 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, 2016, the investment portfolio consisted of 99.88% in external investment pools and money market accounts and 0.12% in petty cash and demand deposits. 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.

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.

As of August 31, 2016 and 2015, 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, 2016, and 2015, the carrying amount of the College deposits was \$106,141,115 and \$144,778,562, respectively, and total bank balances equaled \$107,860,963 and \$146,672,638, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution and \$49,263,460 and \$72,192,278 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, 2016 and 2015, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Fair Value of Financial Instruments

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

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

The fair value hierarchy of investments at August 31 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
August 31, 2016:				
External investment pools	\$ -	\$ 170,335,460	\$ -	\$ 170,335,460
Money market	<u>105,859,175</u>	<u>-</u>	<u>-</u>	<u>105,859,175</u>
Total	<u>\$ 105,859,175</u>	<u>\$ 170,335,460</u>	<u>\$ -</u>	<u>\$ 276,194,635</u>
August 31, 2015:				
Municipal obligations	\$ -	\$ 6,747,981	\$ -	\$ 6,747,981
External investment pools	-	10,705,121	-	10,705,121
Money market	<u>144,050,411</u>	<u>-</u>	<u>-</u>	<u>144,050,411</u>
Total	<u>\$ 144,050,411</u>	<u>\$ 17,453,102</u>	<u>\$ -</u>	<u>\$ 161,503,513</u>

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

Accounts receivable consist of the following at August 31:

	<u>2016</u>	<u>2015</u>
Student receivables	\$ 23,530,298	\$ 23,257,046
Federal receivables	1,166,738	889,933
State and local receivables	286,407	303,270
Other receivables	407,034	703,686
Less allowances for doubtful accounts	<u>(7,166,687)</u>	<u>(7,080,288)</u>
Total	<u>18,223,790</u>	<u>18,073,647</u>
Property tax receivable	4,110,065	3,660,331
Less allowances for doubtful accounts	<u>(232,750)</u>	<u>(232,750)</u>
Total	<u>3,877,315</u>	<u>3,427,581</u>
Total accounts receivables, net	<u>\$ 22,101,105</u>	<u>\$ 21,501,228</u>



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

	<u>2016</u>	<u>2015</u>
Vendors payable	\$ 8,560,080	\$ 9,352,470
Students payable	456,250	642,948
Other payables	605,901	727,709
Salaries and benefits payable	5,539,412	5,154,188
Accrued interest payable	<u>878,323</u>	<u>765,281</u>
Total accounts payable and accrued liabilities	<u>\$ 16,039,966</u>	<u>\$ 16,642,596</u>

**6. Capital Assets**

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

	2016			
	Balance September 1, 2015	Increase	Decrease	
Not depreciated:				
Land	\$ 18,828,779	\$ 218,891	\$ 66,491	\$ 18,981,179
Construction in progress	<u>48,968,905</u>	<u>35,062,877</u>	<u>59,114,593</u>	<u>24,917,189</u>
Total not depreciated	<u>67,797,684</u>	<u>35,281,768</u>	<u>59,181,084</u>	<u>43,898,368</u>
Other capital assets:				
Buildings	354,371,329	46,030,628	-	400,401,957
Land improvements	58,315,897	213,905	-	58,529,802
Furniture, equipment and vehicles	27,238,265	8,799,261	555,446	35,482,080
Telecommunications and computer peripheral equipment	23,947,666	5,468,789	330,775	29,085,680
Library books	<u>7,559,748</u>	<u>309,750</u>	<u>920,630</u>	<u>6,948,868</u>
Total depreciated	<u>471,432,905</u>	<u>60,822,333</u>	<u>1,806,851</u>	<u>530,448,387</u>
Less accumulated depreciation:				
Buildings	85,894,115	8,816,230	-	94,710,345
Land improvements	20,813,964	2,752,851	-	23,566,815
Furniture, equipment and vehicles	12,590,137	3,129,316	530,773	15,188,680
Telecommunications and computer peripheral equipment	17,228,203	3,698,779	328,389	20,598,593
Library books	<u>4,740,237</u>	<u>410,880</u>	<u>920,630</u>	<u>4,230,487</u>
Total accumulated depreciation	<u>141,266,656</u>	<u>18,808,056</u>	<u>1,779,792</u>	<u>158,294,920</u>
Net capital assets	<u>\$ 397,963,933</u>	<u>\$ 77,296,045</u>	<u>\$ 59,208,143</u>	<u>\$ 416,051,835</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2015			Balance August 31, 2015
	Balance September 1, 2014	Increase	Decrease	
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>

**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, 2016 and 2015, the outstanding commitment under construction contracts for facilities and other projects is approximately \$22.4 and \$19.2 million, respectively.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

**8. Noncurrent Liabilities**

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

	2016				
	Balance September 1, 2015	Increase	Decrease	Balance August 31, 2016	Current Portion
Bonds payable:					
General obligation bonds	\$ 284,351,309	\$ 260,576,545	\$ 111,019,946	\$ 433,907,908	\$ 11,411,692
Revenue bonds	50,254,731	-	111,009	50,143,722	111,009
Notes payable -					
Maintenance tax notes	3,122,548	-	336,792	2,785,756	351,792
Deferred compensation	10,000	10,000	10,000	10,000	10,000
Accrued compensable absences	2,592,077	133,178	112,632	2,612,623	253,856
Net pension liability	<u>24,842,147</u>	<u>5,099,978</u>	<u>-</u>	<u>29,942,125</u>	<u>-</u>
Total	<u>\$ 365,172,812</u>	<u>\$ 265,819,701</u>	<u>\$ 111,590,379</u>	<u>\$ 519,402,134</u>	<u>\$ 12,138,349</u>
	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>-</u>	<u>24,842,147</u>	<u>-</u>	<u>24,842,147</u>	<u>-</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>

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>2016</u>	<u>2015</u>
<u>General Obligation Bonds</u>		
Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2033.	\$ 12,798,820	\$ 13,966,692
Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2025.	670,000	11,998,852
Limited Tax General Obligation Bonds, Series 2008A, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued September 1, 2008, in the amount of \$80,000,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.250% to 5.000%. Due February 2038.	3,310,692	57,226,327
Limited Tax General Obligation Bonds, Series 2009, to construct and equip school buildings in the system, including instructional facilities, academic support facilities, administrative support facilities, plant system replacements, technology infrastructure, and for the purchase of necessary sites. Issued July 15, 2009, in the amount of \$150,000,000. Partially defeased during fiscal year 2016. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2039.	75,619,153	117,173,166
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.	68,386,325	70,092,250



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

**10. Debt Obligations**

Debt service requirements for bonds and notes payable as of August 31, 2016 were as follows:

Years Ending <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 11,874,493	\$ 19,715,739	\$ 31,590,232
2018	15,310,025	19,252,358	34,562,383
2019	15,326,812	19,237,366	34,564,178
2020	15,160,869	19,307,651	34,468,520
2021	14,929,506	19,530,898	34,460,404
2022-2026	85,575,198	84,798,491	170,373,689
2027-2031	95,798,918	59,637,663	155,436,581
2032-2036	104,460,764	38,088,847	142,549,611
2037-2041	88,316,719	14,902,766	103,219,485
2042-2046	<u>40,084,082</u>	<u>3,915,900</u>	<u>43,999,982</u>
Total	\$ <u>486,837,386</u>	\$ <u>298,387,679</u>	\$ <u>785,225,065</u>

**11. Pledged Revenue Coverage**

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

Fiscal Year Ended <u>August 31,</u>	Maintenance and Operations Tax	<u>Amount of Pledged Revenue</u>			Percent of Total Pledged to M&O Taxes <u>Recognized</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	62,710,688	336,792	101,300	438,092	0.6986%
2017-2022*	<u>372,000,000</u>	<u>2,785,756</u>	<u>350,800</u>	<u>3,136,556</u>	0.8432%
Total	\$ <u>971,468,900</u>	\$ <u>15,165,600</u>	\$ <u>3,897,416</u>	\$ <u>19,063,016</u>	

\* Estimated

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The College has pledged a portion of tuition and fee revenues for repayment of Series 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	\$ 30,982,000	\$ -	
2017-2040*	<u>720,000,000</u>	<u>50,143,722</u>	<u>29,774,100</u>	<u>79,917,822</u>	11.3992%
Total	\$ <u>750,982,000</u>	\$ <u>50,143,722</u>	\$ <u>31,930,803</u>	\$ <u>82,074,525</u>	

\* Estimated

**12. Refunding Bonds**

Limited Tax General Obligation Refunding Bonds, Series 2016B

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

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

Limited Tax General Obligation Refunding Bonds, Series 2015

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

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

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 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 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.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$14,966,700, (2) the aggregate debt service payments of \$20,493,611 for the refunding bonds was \$1,615,412 less than the aggregate debt service payments of \$22,109,023 for the refunded bonds, and (3) the net present value of the refunding transaction was \$1,019,722, or 7.33%.

### Limited Tax General Obligation and Refunding Bonds, Series 2011

On July 21, 2011, the College issued \$68,055,568 of Limited Tax General Obligation 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 Bonds, Series 2009. The par value of the refunding bonds was \$3,060,000 with a reoffering premium of \$159,382.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$3,261,907, (2) the aggregate debt service payments \$6,403,494 for the refunding bonds was \$3,195,494 more than the aggregate debt service payments of \$3,208,000 for the refunded bonds, and (3) the net present value of the refunding transaction was (\$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.

As of the effective date of the refunding: (1) the total cash flow required to service the refunded notes was \$4,122,731, (2) the aggregate debt service payments of \$4,790,752 for the refunding notes was \$315,482 less than the aggregate debt service payments of \$5,106,234 for the refunded notes, and (3) the net present value of the refunding transaction was \$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.

As of the effective date of the refunding: (1) the total cash flow required to service the refunded bonds was \$13,080,983, (2) the aggregate debt service payments \$24,065,689 for the refunded bonds was \$2,495,905 less than the aggregate debt service payments of \$21,569,784 for the refunding bonds, and (3) the net present value of the refunding transaction was \$1,554,032, or 12.236%.



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Limited Tax General Obligation and Refunding Bonds, Series 2007

On May 1, 2007, the College issued \$24,620,000 of Limited Tax General Obligation 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.

As of the effective date of the refunding: (1) the total cash flow required to service the refunded bonds was \$24,332,787, (2) the aggregate debt service payments of \$28,798,410 for the refunding bonds was \$17,342,175 less than the aggregate debt service payments of \$46,140,585 for the refunded bonds, and (3) the net present value savings of the refunding transaction was \$917,099, or 3.168%.

**13. Defeased Bonds Outstanding**

For the fiscal years ended August 31, 2016 and 2015, the College had the following defeased bonds outstanding:

<u>Bond Issue</u>	<u>Calendar Year Refunded</u>	<u>Par Value Outstanding</u>	
		<u>2016</u>	<u>2015</u>
Limited Tax General Obligation Bonds, Series 2008	2015	\$ 11,010,000	\$ -
Limited Tax General Obligation Bonds, Series 2008A	2015	24,560,000	-
Limited Tax General Obligation Bonds, Series 2009	2015	11,505,000	-
Limited Tax General Obligation Bonds, Series 2008A	2016	28,060,000	-
Limited Tax General Obligation Bonds, Series 2009	2016	<u>23,350,000</u>	<u>-</u>
Total		\$ <u>98,485,000</u>	\$ <u>-</u>

**14. Unrestricted Net Position**

The College may designate a portion of unrestricted net position to indicate management's tentative plans for future use of financial resources. As of August 31, 2016 and 2015, the College has not designated any portion of the unrestricted net position.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

**15. Operating Lease Commitments and Rental Agreements**

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

Years Ending <u>August 31,</u>	<u>2016</u>	<u>2015</u>
2016	\$ 2,185,560	\$ 1,932,385
2017	2,121,898	1,419,639
2018	1,497,122	789,270
2019	668,497	317,483
2020	257,474	64,843
2021	<u>73,982</u>	<u>-</u>
Total	\$ <u>6,804,533</u>	\$ <u>4,523,620</u>

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 2016 to 2021. 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 2017 to 2019. 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 2016 to 2020. Monthly rental fees are based on model and number of units leased.

Operating expenses include \$2,498,480 and \$2,307,032 of lease payments paid during fiscal years 2016 and 2015, respectively.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Notes to Basic Financial Statements, Continued

### 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). The 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 that includes financial statements and required supplementary information and which may be obtained from 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.

#### Benefits Provided

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

#### Contributions

Contribution requirements are 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.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Employee contribution rates are set in State Statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> 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. The 84<sup>th</sup> and 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2015, respectively.

Contribution Rates

	<u>2016</u>	<u>2015</u>
Member	7.200%	6.700%
Non-Employer Contributing Entity (State)	3.400%	3.400%
Employers	3.400%	3.400%
Fiscal Year 2015 Member Contributions		\$ 4,391,815
Fiscal Year 2015 Texas On-behalf Contributions		2,007,344
Fiscal Year 2015 College Contributions		<u>2,543,574</u>
Total contributions		<u>\$ 8,942,733</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.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS during that fiscal year reduced by the amounts described below which are paid by the employers. The College is 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.
- For certain instructional or administrative employees, an amount equal to 50% of the State contribution rate and 100% of the State contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the State contribution as an employment after retirement surcharge.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions were updated based on a study of actual experience for the four year period ended August 31, 2014 and adopted on September 24, 2015 by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. The most significant changes were related to the update of the post-retirement mortality rates based on the most recent TRS member experience and the decrease in the assumption for general wage inflation from 3.0% to 2.5%. Other changes to overall assumptions and methods had a minor impact on the results of the actuarial valuation and the related pension liability.

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, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns*</u>
Global Equity:			
U.S.	18%	4.6%	1.0%
Non U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value:			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return:			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity:			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

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

Source: Teacher Retirement System of Texas 2015 Comprehensive Annual Financial Report.

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 2015 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	\$ 46,913,667	\$ 29,942,125	\$ 15,805,886

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

At August 31, 2016 and 2015, the College reported a liability of \$29,942,125 and \$24,842,147, respectively, for its proportionate share of the TRS's net pension liability. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

	<u>2016</u>	<u>2015</u>
The College's proportionate share of the collective net pension liability	\$ 29,942,125	\$ 24,842,147
State's proportionate share that is associated with the College	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>

The net pension liability for fiscal years 2016 and 2015 was based on an actuarial valuation measurement date of August 31, 2015 and 2014, respectively. The College's proportion of the net pension liability was based on the College's contributions to the TRS relative to the contributions of all employers to the plan for the respective period, and reduced by contributions paid subsequent to the valuation measurement date.

At August 31, 2016 and 2015, the College's proportion of the collective net pension liability was 55.40% and 55.45%, respectively.

For on-behalf support provided by the State, the College recognized pension expense of \$2,075,622 and revenue of \$2,075,622 for the year ended August 31, 2016. For on-behalf support provided by the State, the College recognized pension expense of \$2,007,344 and revenue of \$2,007,344 for the year ended August 31, 2015.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

At August 31, 2016 and 2015, 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:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 319,520	\$ 1,150,703	\$ 384,192	\$ -
Changes in actuarial assumptions	1,342,948	1,068,204	1,614,767	-
Difference between projected and actual investment earnings	1,135,138	-	-	7,592,775
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	1,903,459	-	6,512
Contributions paid to TRS subsequent to the measurement date	2,704,506	-	2,543,574	-
Total	\$ 5,502,112	\$ 4,122,366	\$ 4,542,533	\$ 7,599,287

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:

Years Ended <u>August 31,</u>	Pension Expense Amount
2017	\$ (598,201)
2018	(598,201)
2019	(598,201)
2020	1,481,446
2021	(381,988)
Thereafter	(629,614)

**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. The State contribution percentages for fiscal year 2016 was 3.234% and 3.3% for 2015 and 2014 of ORP related salaries. The College contribution percentages for fiscal year 2016 was 3.566%, 3.5% for 2015 and 3.3% for 2014. The Employee contribution percentages were 6.65% for fiscal years 2016, 2015 and 2014. The College contributed an additional 1.9% for fiscal year 2014 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 \$566,465, \$595,788 and \$621,175 for the fiscal years 2016, 2015, and 2014, 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 \$17,866,426, \$18,371,518 and \$18,998,303 for the fiscal years 2016, 2015, and 2014.

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
2016	\$ 566,465	3.234%	\$ 648,452	3.566%*	\$ 1,188,117	6.65%	\$ 2,403,034
2015	\$ 595,788	3.300%	\$ 651,446	3.500%*	\$ 1,221,706	6.65%	\$ 2,468,940
2014	\$ 621,175	3.300%	\$ 871,413	3.300%*	\$ 1,263,387	6.65%	\$ 2,755,975

\* 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 contributed an additional 1.9% for fiscal year 2014 for employees who were participating in ORP prior to September 1, 1995.

**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 State's contribution has been limited to 50% of eligible employees for community colleges.

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 \$302, \$295, and \$172 per month for the years ended August 31, 2016, 2015, and 2014, respectively. The State's cost of providing those benefits for 1,366 active employees was \$4,926,837 and for 544 retirees was \$2,075,622, for a total State funded amount of \$7,002,459 for the year ended August 31, 2016. The State's cost of providing those benefits for 1,351 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 1,327 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 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
2016	\$ 7,002,459	32.24%	\$12,208,642	56.20%	\$ 2,511,133	11.56%	\$ 21,722,234
2015	\$ 6,689,028	33.33%	\$10,942,728	54.53%	\$ 2,436,592	12.14%	\$ 20,068,348
2014	\$ 6,232,207	33.00%	\$10,306,560	54.58%	\$ 2,345,149	12.42%	\$ 18,883,916

**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 \$1,565,516 and \$1,432,338 as of August 31, 2016 and 2015, 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 \$1,047,107 and \$1,159,739 as of August 31, 2016 and 2015, 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, 2016 and 2015, 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 2016 and 2015.

**21. Self-Insured Plans**

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$324,671 and \$425,850 as of August 31, 2016 and 2015, 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>2016</u>	<u>2015</u>
Beginning Balance, September 1	\$ 425,850	\$ 486,347
Claims incurred and changes in estimates	108,654	72,063
Payments on claims	<u>(209,833)</u>	<u>(132,560)</u>
Ending Balance, August 31	\$ <u>324,671</u>	\$ <u>425,850</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>2016</u>	<u>2015</u>
Assessed valuation of the College	\$ 57,896,863,699	\$ 53,936,177,032
Less: Exemptions	(9,465,130,132)	(9,867,005,064)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	\$ <u>48,431,733,567</u>	\$ <u>44,069,171,968</u>

	<u>2016</u>			<u>2015</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation	\$ 0.200000	\$ 0.500000	\$ 0.700000	\$ 0.200000	\$ 0.500000	\$ 0.700000
Assessed tax rate per \$100 valuation (maximum per enabling legislation)	\$ 0.129194	\$ 0.046589	\$ 0.175783	\$ 0.127045	\$ 0.058557	\$ 0.185602

Taxes levied for the years ended August 31, 2016 and 2015, amounted to \$85,134,754 and \$81,793,265, 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	2016			2015		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 61,645,325	\$ 22,273,711	\$ 83,919,036	\$ 54,987,737	\$ 25,455,029	\$ 80,442,766
Delinquent taxes	777,182	281,507	1,058,689	759,132	350,224	1,109,356
Penalties and interest	<u>467,780</u>	<u>169,437</u>	<u>637,217</u>	<u>423,906</u>	<u>195,568</u>	<u>619,474</u>
Total collections	\$ <u>62,890,287</u>	\$ <u>22,724,655</u>	\$ <u>85,614,942</u>	\$ <u>56,170,775</u>	\$ <u>26,000,821</u>	\$ <u>82,171,596</u>

Tax collections for the years ended August 31, 2016 and 2015, were 98.57 percent and 98.35 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 2016 and 2015 for which monies have not been received nor funds expended, total \$25,872,467 and \$24,313,007, respectively. Of these amounts, \$22,089,141 and \$21,063,544 were from Federal contract and grant awards and \$3,783,326 and \$3,249,464 were from State contract and grant awards for the fiscal years ended August 31, 2016 and 2015, respectively.

**24. Contingent Liabilities**

Pending Lawsuits and Claims

As of August 31, 2016, 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 \$728,892 and \$728,553 to the College's students and programs during the years ended August 31, 2016 and 2015, 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 \$464,404 and \$467,084 for the fiscal years ended August 31, 2016 and 2015, 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. Noncash Investing, Capital and Financing Activities

The College issued general obligation bonds, Series 2015, to partially refund debt issued in 2008 and 2009. The proceeds of \$51,966,616 were deposited immediately into an irrevocable trust for the defeasance of outstanding bond principal of \$47,075,000 and interest of \$4,029,628. General obligation bonds, Series 2016B, were issued to partially refund debt issued in 2008 and 2009. The proceeds of \$56,316,043 were deposited immediately into an irrevocable trust for the defeasance of outstanding bond principal of \$51,410,000 and interest of \$4,900,072.

### 27. Subsequent Events

On September 22, 2016, the College issued \$73,770,000 of Limited Tax General Obligation Refunding Bonds, Series 2016C. The bonds mature serially through February 2039. The interest rates range from 4.00% to 5.00%. The bonds are to refund portions of the Limited Tax Refunding Bonds, Series 2011 and portions of the Limited Tax General Obligation Bonds, Series 2009. The par value of the refunding bonds was \$73,770,000 with reoffering premiums of \$9,659,340, less discounts of \$362,867. As of the effective date of the refunding: (1) the total cash flow required to service the refunded bonds was \$82,779,434, (2) the aggregate debt service payments of \$120,672,610 for the refunding bonds is \$13,870,843 less than the aggregate debt service payments of \$134,543,453 for the refunded bonds, and (3) the net present value of the refunding transaction is \$10,849,558, or 14.62%.

Management has evaluated subsequent events through December 19, 2016, the date which the financial statements were available to be issued. Management of the College has determined that no other subsequent events require recognition or disclosure in these financial statements.

**SUPPLEMENTAL SCHEDULES**

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Share of Net Pension Liability  
 Years Ended August 31, 2016 and 2015  
 (Unaudited)

	<u>2016</u>	<u>2015</u>
College's proportionate share of collective net pension liability	0.0847051%	0.0930021%
College's proportionate share of collective net pension liability	\$ 29,942,125	\$ 24,842,147
State's proportionate share of net pension liability associated with College	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>
College's covered-employee payroll amount	\$ 68,966,250	\$ 65,550,515
College's proportionate share of collective net pension liability / College's covered-employee payroll amount	43.42%	37.90%
Teacher Retirement System of Texas net pension as percentage of total pension liability	78.43%	83.25%

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

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

See the accompanying note to required supplemental schedules.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of the College's Contributions  
 Years Ended August 31, 2016 and 2015  
 (Unaudited)

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,508,156	\$ 2,543,574
Actual contribution	<u>2,508,156</u>	<u>2,543,574</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll amount	\$ 68,966,250	\$ 65,550,515
Actual contribution / College's covered-employee payroll amount	3.64%	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 note to required supplemental schedules.



# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## Note to Required Supplemental Schedules Years Ended August 31, 2016 and 2015 (Unaudited)

### **1. Changes in Assumptions**

The actuarial methods and assumptions were updated based on a study of actual experience for the four year period ended August 31, 2014 and adopted on September 24, 2015 by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. The most significant changes were related to the update of the post-retirement mortality rates based on the most recent TRS member experience and the decrease in the assumption for general wage inflation from 3.0% to 2.5%. Other changes to overall assumptions and methods had a minor impact on the results of the actuarial valuation and the related pension liability.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues  
Year Ended August 31, 2016  
(With Memorandum Totals for the Year Ended August 31, 2015)

	2016				2015	
	Educational Activity		Total Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
<u>Tuition</u>						
State funded credit courses:						
In-district resident tuition	\$ 14,660,458	\$ -	\$ 14,660,458	\$ -	\$ 14,660,458	\$ 14,082,874
Out-of-district resident tuition	20,793,769	-	20,793,769	-	20,793,769	20,445,813
Non-resident tuition	3,277,308	-	3,277,308	-	3,277,308	2,700,825
TPEG-credit (set aside) *	1,679,487	-	1,679,487	-	1,679,487	1,622,691
State funded continuing non-credit education courses	5,988,707	-	5,988,707	-	5,988,707	5,147,000
TPEG-non-credit (set aside) *	113,326	-	113,326	-	113,326	124,024
Non-state funded educational programs	1,051,216	-	1,051,216	-	1,051,216	1,231,335
Total tuition	<u>47,564,271</u>	<u>-</u>	<u>47,564,271</u>	<u>-</u>	<u>47,564,271</u>	<u>45,354,562</u>
<u>Fees</u>						
General service	10,182,947	-	10,182,947	-	10,182,947	9,850,589
Incidental	708,670	-	708,670	-	708,670	752,541
Instructional	2,603,398	-	2,603,398	-	2,603,398	3,199,081
Laboratory	789,580	-	789,580	-	789,580	780,382
Total fees	<u>14,284,595</u>	<u>-</u>	<u>14,284,595</u>	<u>-</u>	<u>14,284,595</u>	<u>14,582,593</u>
<u>Allowances and discounts</u>						
Allowance for bad debt	(1,205,934)	-	(1,205,934)	-	(1,205,934)	(2,017,934)
Remissions and exemptions - state	(892,398)	-	(892,398)	-	(892,398)	(915,825)
Remissions and exemptions - local	(3,035,340)	-	(3,035,340)	-	(3,035,340)	(2,565,482)
Scholarship allowances	(1,589,448)	-	(1,589,448)	-	(1,589,448)	(1,336,705)
TPEG awards	(542,260)	-	(542,260)	-	(542,260)	(313,367)
Federal grants to students	(12,239,306)	-	(12,239,306)	-	(12,239,306)	(13,300,301)
State grants to students	(498,132)	-	(498,132)	-	(498,132)	(662,538)
Total allowances and discounts	<u>(20,002,818)</u>	<u>-</u>	<u>(20,002,818)</u>	<u>-</u>	<u>(20,002,818)</u>	<u>(21,112,152)</u>
Total net tuition and fees	<u>41,846,048</u>	<u>-</u>	<u>41,846,048</u>	<u>-</u>	<u>41,846,048</u>	<u>38,825,003</u>
<u>Other operating revenues</u>						
Federal grants and contracts	351,210	5,111,724	5,462,934	-	5,462,934	4,070,061
State grants and contracts	4,855	2,695,879	2,700,734	-	2,700,734	3,425,417
Non-governmental grants and contracts	14,421	1,684,235	1,698,656	-	1,698,656	2,128,435
Sales and services of educational activities	306,084	-	306,084	-	306,084	402,953
Sales and services of non-educational activities	1,364,744	-	1,364,744	-	1,364,744	1,037,469
Investment income (program restricted)	-	8,170	8,170	-	8,170	1,142
Total other operating revenues	<u>2,041,314</u>	<u>9,500,008</u>	<u>11,541,322</u>	<u>-</u>	<u>11,541,322</u>	<u>11,065,477</u>
<u>Auxiliary enterprises</u>						
Bookstores	-	-	-	1,232,319	1,232,319	1,212,744
Child care centers	-	-	-	-	-	349,833
Less child care center discounts	-	-	-	-	-	(124,162)
Food services	-	-	-	1,022,137	1,022,137	1,084,002
Less food service discounts	-	-	-	(478,221)	(478,221)	(453,716)
Student services/other services	-	-	-	1,526,958	1,526,958	1,093,078
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,303,193</u>	<u>3,303,193</u>	<u>3,161,779</u>
Total operating revenues	<u>\$ 43,887,362</u>	<u>\$ 9,500,008</u>	<u>\$ 53,387,370</u>	<u>\$ 3,303,193</u>	<u>\$ 56,690,563</u>	<u>\$ 53,052,259</u>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$1,792,813 and \$1,746,715 for years ended August 31, 2016 and 2015, 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, 2016  
 (With Memorandum Totals for the Year Ended August 31, 2015)

	2016				2015	
	Salaries and Wages	Benefits State	Local	Other Expenses	Total	Total
<u>Unrestricted - educational activities</u>						
Instruction	\$ 54,151,516	\$ -	\$ 6,882,516	\$ 3,686,315	\$ 64,720,347	\$ 63,175,726
Public service	2,776,278	-	387,205	3,086,391	6,249,874	5,347,846
Academic support	8,335,440	-	1,157,987	2,267,250	11,760,677	11,880,550
Student services	9,513,740	-	1,242,983	2,373,272	13,129,995	13,359,983
Institutional support	18,134,990	-	7,205,639	13,929,140	39,269,769	37,310,196
Operation and maintenance of plant	3,784,516	-	1,613,698	11,301,703	16,699,917	17,556,073
Total unrestricted educational activities	96,696,480	-	18,490,028	36,644,071	151,830,579	148,630,374
<u>Restricted - educational activities</u>						
Instruction	356,882	3,189,993	41,270	146,104	3,734,249	4,271,550
Public service	235,298	215,088	38,950	124,472	613,808	350,402
Academic support	1,039,954	717,783	189,160	1,813,382	3,760,279	1,691,883
Student services	229,687	849,043	433	155,795	1,234,958	1,065,067
Institutional support	572,383	2,597,018	96,808	614,780	3,880,989	3,528,311
Scholarships and fellowships	-	-	-	31,732,763	31,732,763	33,945,467
Total restricted educational activities	2,434,204	7,568,925	366,621	34,587,296	44,957,046	44,852,680
Total educational activities	99,130,684	7,568,925	18,856,649	71,231,367	196,787,625	193,483,054
Auxiliary enterprises	923,866	-	447,210	2,719,833	4,090,909	4,526,768
Depreciation expense - buildings and improvements	-	-	-	11,569,081	11,569,081	11,340,339
Depreciation expense - equipment, furniture and library books	-	-	-	7,238,975	7,238,975	6,060,853
Total operating expenses	\$ 100,054,550	\$ 7,568,925	\$ 19,303,859	\$ 92,759,256	\$ 219,686,590	\$ 215,411,014
					(Exhibit 2)	(Exhibit 2)

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Non-Operating Revenues and Expenses  
 Year Ended August 31, 2016  
 (With Memorandum Totals for the Year Ended August 31, 2015)

	2016			2015
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 36,419,760	\$ -	\$ 36,419,760	\$ 37,142,853
State group insurance	-	7,002,459	7,002,459	6,689,028
State retirement matching	-	566,466	566,466	595,788
Total State appropriations	<u>36,419,760</u>	<u>7,568,925</u>	<u>43,988,685</u>	<u>44,427,669</u>
Ad valorem taxes:				
Maintenance ad valorem taxes	62,710,688	-	62,710,688	56,605,940
Debt service ad valorem taxes	-	22,589,735	22,589,735	26,115,343
Federal revenue, non-operating	107,555	40,756,692	40,864,247	43,458,871
Investment income	137,546	407,432	544,978	246,557
Total non-operating revenues	<u>99,375,549</u>	<u>71,322,784</u>	<u>170,698,333</u>	<u>170,854,380</u>
<u>Non-operating expenses</u>				
Interest on capital related debt	-	17,033,703	17,033,703	12,645,123
Loss on disposal of capital assets	27,059	-	27,059	37,089
Total non-operating expenses	<u>27,059</u>	<u>17,033,703</u>	<u>17,060,762</u>	<u>12,682,212</u>
Net non-operating revenues, net	<u>\$ 99,348,490</u>	<u>\$ 54,289,081</u>	<u>\$ 153,637,571</u>	<u>\$ 158,172,168</u>
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Position by Source and Availability  
 Year Ended August 31, 2016  
 (With Memorandum Totals for the Year Ended August 31, 2015)

	Detail by Source				Current Operations	
	Unrestricted	Restricted	Capital Assets	Total	Yes	No
		Expendable	Net of Depreciation and Related Debt			
<u>Current</u>						
Unrestricted	\$ 25,392,696	\$ -	\$ -	\$ 25,392,696	\$ 25,392,696	\$ -
Restricted	-	3,746,783	-	3,746,783	-	3,746,783
Auxiliary	12,653,033	-	-	12,653,033	12,653,033	-
<u>Plant</u>						
Debt service	-	218,939	-	218,939	-	218,939
Investment in plant	-	-	124,833,269	124,833,269	-	124,833,269
Total net position, August 31, 2016	38,045,729	3,965,722	124,833,269	166,844,720	38,045,729	128,798,991
Total net position, August 31, 2015	35,225,664	6,528,005	134,449,507	176,203,176	35,225,664	140,977,512
Net increase (decrease) in net position	\$ 2,820,065	\$ (2,562,283)	\$ (9,616,238)	\$ (9,358,456)	\$ 2,820,065	\$ (12,178,521)

(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section  
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Statistical  
Supplements

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Position by Component  
Last Ten Fiscal Years  
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)									
	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 124,833	\$ 134,450	\$ 125,621	\$ 135,105	\$ 130,942	\$ 121,440	\$ 109,326	\$ 89,074	\$ 78,719	\$ 65,385
Restricted - expendable	3,966	6,528	5,020	3,008	850	4,199	4,624	6,549	5,715	10,067
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>38,046</u>	<u>35,226</u>	<u>77,895</u>	<u>76,275</u>	<u>78,213</u>	<u>78,543</u>	<u>84,354</u>	<u>89,116</u>	<u>77,145</u>	<u>74,419</u>
Total primary government net position	<u>\$ 166,845</u>	<u>\$ 176,204</u>	<u>\$ 208,536</u>	<u>\$ 214,388</u>	<u>\$ 210,005</u>	<u>\$ 204,182</u>	<u>\$ 198,304</u>	<u>\$ 184,739</u>	<u>\$ 161,579</u>	<u>\$ 149,871</u>
Prior year change	\$ (9,359)	\$ (32,332)	\$ (5,852)	\$ 4,383	\$ 5,823	\$ 5,878	\$ 13,565	\$ 23,160	\$ 11,708	\$ 10,662

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)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees (net of allowances and discounts)	\$ 41,846	\$ 38,825	\$ 35,402	\$ 37,525	\$ 32,746	\$ 34,233	\$ 31,298	\$ 30,069	\$ 29,220	\$ 28,361
Governmental grants and contracts:										
Federal grants and contracts	5,463	4,070	4,592	7,366	8,322	7,913	6,722	5,810	6,474	5,187
State and local grants and contracts	2,701	3,425	2,671	2,932	4,824	4,495	3,521	3,090	3,816	2,354
Non-governmental grants and contracts	1,699	2,128	2,012	1,817	1,260	1,470	1,265	1,014	795	831
Sales and services of educational activities	1,670	1,441	1,053	1,322	1,510	1,124	869	735	734	562
Auxiliary enterprises (net of discounts)	3,303	3,162	3,884	3,872	3,895	3,923	3,755	3,668	3,581	5,748
Other operating revenues	8	1	2	2	1	2	2	-	22	43
Total operating revenues	<u>56,690</u>	<u>53,052</u>	<u>49,616</u>	<u>54,836</u>	<u>52,558</u>	<u>53,160</u>	<u>47,432</u>	<u>44,386</u>	<u>44,642</u>	<u>43,086</u>
State appropriations	43,989	44,428	45,862	45,888	42,513	47,123	47,400	47,838	47,658	44,310
Ad valorem taxes	85,300	82,720	78,198	73,626	68,649	64,806	67,377	65,388	53,316	47,231
Federal revenue, non-operating	40,864	43,459	50,258	51,797	56,053	51,385	40,151	24,744	19,511	19,763
Investment income	545	247	254	369	942	1,100	1,649	2,623	3,363	4,908
Total non-operating revenues	<u>170,698</u>	<u>170,854</u>	<u>174,572</u>	<u>171,680</u>	<u>168,157</u>	<u>164,414</u>	<u>156,577</u>	<u>140,593</u>	<u>123,848</u>	<u>116,212</u>
Total revenues	<u>\$ 227,388</u>	<u>\$ 223,906</u>	<u>\$ 224,188</u>	<u>\$ 226,516</u>	<u>\$ 220,715</u>	<u>\$ 217,574</u>	<u>\$ 204,009</u>	<u>\$ 184,979</u>	<u>\$ 168,490</u>	<u>\$ 159,298</u>
Prior year change	\$ 3,482	\$ (282)	\$ (2,328)	\$ 5,801	\$ 3,141	\$ 13,565	\$ 19,030	\$ 16,489	\$ 9,192	\$ 3,430
Tuition and fees (net of discounts)	18.40%	17.36%	15.80%	16.60%	14.84%	15.72%	15.34%	16.26%	17.35%	17.80%
Governmental grants and contracts:										
Federal grants and contracts	2.40%	1.82%	2.05%	3.25%	3.77%	3.64%	3.29%	3.14%	3.84%	3.26%
State and local grants and contracts	1.19%	1.53%	1.19%	1.29%	2.19%	2.07%	1.73%	1.67%	2.26%	1.48%
Non-governmental grants and contracts	0.75%	0.95%	0.90%	0.80%	0.57%	0.68%	0.62%	0.55%	0.47%	0.52%
Sales and services of educational activities	0.73%	0.63%	0.47%	0.58%	0.68%	0.52%	0.43%	0.40%	0.44%	0.35%
Auxiliary enterprises	1.45%	1.41%	1.73%	1.71%	1.76%	1.80%	1.84%	1.98%	2.13%	3.61%
Other operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%
Total operating revenues	<u>24.93%</u>	<u>23.70%</u>	<u>22.14%</u>	<u>24.23%</u>	<u>23.81%</u>	<u>24.43%</u>	<u>23.25%</u>	<u>24.00%</u>	<u>26.50%</u>	<u>27.05%</u>
State appropriations	19.35%	19.84%	20.46%	20.26%	19.26%	21.66%	23.23%	25.86%	28.29%	27.81%
Ad valorem taxes	37.51%	36.94%	34.88%	32.50%	31.10%	29.79%	33.03%	35.35%	31.64%	29.65%
Federal revenue, non-operating	17.97%	19.41%	22.41%	22.85%	25.40%	23.62%	19.68%	13.38%	11.58%	12.41%
Investment income	0.24%	0.11%	0.11%	0.16%	0.43%	0.51%	0.81%	1.41%	2.00%	3.08%
Total non-operating revenues	<u>75.07%</u>	<u>76.30%</u>	<u>77.86%</u>	<u>75.77%</u>	<u>76.19%</u>	<u>75.57%</u>	<u>76.75%</u>	<u>76.00%</u>	<u>73.50%</u>	<u>72.95%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>



## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function  
Last Ten Fiscal Years  
(Unaudited)

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

	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007
Instruction	\$ 68,455	\$ 67,447	\$ 68,220	\$ 70,339	\$ 64,118	\$ 68,296	\$ 60,430	\$ 55,593	\$ 57,487	\$ 48,927
Public service	6,864	5,698	4,912	5,208	4,343	3,701	4,446	3,409	3,882	2,376
Academic support	15,521	13,572	12,968	13,772	12,750	12,620	10,088	10,557	12,486	8,978
Student services	14,365	14,425	14,574	13,740	12,453	13,471	13,239	12,343	11,830	8,108
Institutional support	43,150	40,839	39,365	34,962	33,560	31,638	30,855	26,367	25,643	29,608
Operation and maintenance of plant	16,700	17,556	17,680	17,298	17,168	15,487	13,427	14,163	14,820	14,218
Scholarships and fellowships	31,733	33,946	39,284	40,616	45,304	42,061	34,194	21,152	16,508	18,335
Auxiliary enterprises	4,091	4,527	4,118	4,012	3,980	4,125	4,044	3,929	3,656	5,832
Depreciation	18,808	17,401	16,365	13,107	9,627	7,798	6,816	7,626	6,765	6,811
Total operating expenses	<u>219,687</u>	<u>215,411</u>	<u>217,486</u>	<u>213,054</u>	<u>203,303</u>	<u>199,197</u>	<u>177,539</u>	<u>155,139</u>	<u>153,077</u>	<u>143,193</u>
Interest on capital related debt	17,034	12,645	12,386	9,080	6,788	12,144	12,355	6,600	3,544	3,872
Loss on disposal of capital assets	27	37	-	-	-	355	1,170	249	162	59
Other non-operating	-	-	168	-	107	-	(620)	(169)	-	1,510
Total non-operating expenses	<u>17,061</u>	<u>12,682</u>	<u>12,554</u>	<u>9,080</u>	<u>6,895</u>	<u>12,499</u>	<u>12,905</u>	<u>6,680</u>	<u>3,706</u>	<u>5,441</u>
Total expenses	<u>\$ 236,748</u>	<u>\$ 228,093</u>	<u>\$ 230,040</u>	<u>\$ 222,134</u>	<u>\$ 210,198</u>	<u>\$ 211,696</u>	<u>\$ 190,444</u>	<u>\$ 161,819</u>	<u>\$ 156,783</u>	<u>\$ 148,634</u>
Prior year change	\$ 8,655	\$ (1,947)	\$ 7,906	\$ 11,936	\$ (1,498)	\$ 21,252	\$ 28,625	\$ 5,036	\$ 8,149	\$ 5,101
Instruction	28.91%	29.58%	29.66%	31.67%	30.50%	32.26%	31.73%	34.36%	36.67%	32.92%
Public service	2.90%	2.50%	2.14%	2.34%	2.07%	1.75%	2.33%	2.11%	2.48%	1.60%
Academic support	6.56%	5.95%	5.64%	6.20%	6.07%	5.96%	5.30%	6.52%	7.96%	6.04%
Student services	6.07%	6.32%	6.34%	6.19%	5.92%	6.36%	6.95%	7.63%	7.55%	5.46%
Institutional support	18.23%	17.90%	17.11%	15.74%	15.97%	14.95%	16.20%	16.29%	16.36%	19.92%
Operation and maintenance of plant	7.05%	7.70%	7.69%	7.79%	8.17%	7.32%	7.05%	8.75%	9.45%	9.57%
Scholarships and fellowships	13.40%	14.88%	17.08%	18.28%	21.55%	19.87%	17.95%	13.07%	10.53%	12.34%
Auxiliary enterprises	1.73%	1.98%	1.79%	1.81%	1.89%	1.95%	2.12%	2.43%	2.33%	3.92%
Depreciation	7.94%	7.63%	7.10%	5.89%	4.58%	3.68%	3.59%	4.71%	4.31%	4.57%
Total operating expenses	<u>92.79%</u>	<u>94.44%</u>	<u>94.55%</u>	<u>95.91%</u>	<u>96.72%</u>	<u>94.10%</u>	<u>93.22%</u>	<u>95.87%</u>	<u>97.64%</u>	<u>96.34%</u>
Interest on capital related debt	7.19%	5.54%	5.38%	4.09%	3.23%	5.73%	6.49%	4.08%	2.26%	2.60%
Loss on disposal of capital assets	0.01%	0.02%	0.00%	0.00%	0.00%	0.17%	0.61%	0.15%	0.10%	0.04%
Other non-operating	0.00%	0.00%	0.07%	0.00%	0.05%	0.00%	-0.32%	-0.10%	0.00%	1.02%
Total non-operating expenses	<u>7.21%</u>	<u>5.56%</u>	<u>5.45%</u>	<u>4.09%</u>	<u>3.28%</u>	<u>5.90%</u>	<u>6.78%</u>	<u>4.13%</u>	<u>2.36%</u>	<u>3.66%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees  
Last Ten Academic Years  
(Unaudited)

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						
2016	\$ 140	\$ 47	\$ 89	\$ -	\$ -	\$ 704	\$ 1,208	-	-	
2015	140	47	89	-	-	704	1,208	7.32%	5.23%	
2014	140	43	84	-	-	656	1,148	-	-	
2013	140	43	84	-	-	656	1,148	11.00%	28.85%	
2012	135	38	63	-	-	591	891	-	-	
2011	135	38	63	-	-	591	891	-	-	
2010	135	38	63	-	-	591	891	12.36%	7.87%	
2009	130	33	58	-	-	526	826	-	-	
2008	130	33	58	-	-	526	826	-	-	
2007	130	33	58	-	-	526	826	7.35%	4.56%	

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						
2016	\$ 140	\$ 149	\$ 149	\$ -	\$ -	\$ 1,851	\$ 1,851	0.04%	0.04%	
2015	140	142	142	-	-	1,844	1,844	5.49%	5.49%	
2014	140	134	134	-	-	1,748	1,748	-	-	
2013	140	134	134	-	-	1,748	1,748	17.24%	17.24%	
2012	135	113	113	-	-	1,491	1,491	-	-	
2011	135	113	113	-	-	1,491	1,491	-	-	
2010	135	113	113	-	-	1,491	1,491	4.56%	4.56%	
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%	

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)	
2015-16	\$ 57,896,864	\$ 9,465,130	\$ 48,431,734	83.65%	0.129194	0.046589	0.175783	
2014-15	53,936,177	9,867,005	44,069,172	81.71%	0.127045	0.058557	0.185602	
2013-14	51,689,449	9,911,378	41,778,071	80.83%	0.125460	0.060142	0.185602	
2012-13	48,921,297	9,703,352	39,217,945	80.17%	0.121571	0.064031	0.185602	
2011-12	46,118,995	9,180,053	36,938,942	80.09%	0.118688	0.066914	0.185602	
2010-11	44,981,763	8,340,379	36,641,384	81.46%	0.114293	0.061984	0.176277	
2009-10	47,500,387	8,333,505	39,166,882	82.46%	0.114293	0.056507	0.170800	
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	

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)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc-Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2015-16	\$ 36,420	21	\$ 1,734	8,172	3,752	11,924	\$ 3.05
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

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)									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Equistar Chemicals LP	Chemical	\$ 1,531,712	\$ 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	1,360,056	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
Celanese, LTD	Technology	739,533	-	-	-	-	-	-	-	-	-
Lyondell Chemical Co.	Chemical	604,913	704,095	756,691	812,824	786,743	705,239	592,522	550,065	878,319	842,933
Kuraray America Inc	Chemical	500,418	453,555	-	-	-	-	-	-	-	-
Kirby Inland Marine, LLP	Marine Transportation	453,507	-	-	-	-	-	-	-	-	-
Centerpoint Energy, Inc.	Energy	435,139	350,466	351,705	426,797	345,180	342,704	345,960	373,904	366,282	395,178
Oxy Vynyls LP	Petrochemical	424,978	418,532	414,044	412,280	406,133	411,869	404,812	402,232	420,549	425,328
Rohm & Haas Co.	Petrochemical	424,828	518,150	529,774	452,050	418,131	400,723	-	-	601,731	593,949
Air Liquide	Chemical	418,645	359,970	-	-	-	-	339,915	331,289	354,719	-
Chevron Chemical Co.	Refinery	-	394,849	389,364	363,130	442,462	404,968	370,234	442,761	433,345	301,017
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
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
Totals		\$ 6,893,727	\$ 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
Total Taxable Assessed Value		\$ 48,431,734	\$ 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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
Equistar Chemicals LP	Chemical	3.16%	3.55%	2.88%	2.71%	2.63%	2.51%	2.17%	1.85%	3.75%	3.84%
Shell Oil Co.	Refinery	2.81%	3.40%	3.70%	4.27%	4.54%	4.68%	3.80%	4.76%	6.42%	7.01%
Celanese, LTD	Technology	1.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lyondell Chemical Co.	Chemical	1.25%	1.60%	1.81%	2.07%	2.13%	1.92%	1.51%	1.39%	2.43%	2.62%
Kuraray America Inc	Chemical	1.03%	1.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kirby Inland Marine, LLP	Marine Transportation	0.94%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Centerpoint Energy, Inc.	Energy	0.90%	0.80%	0.84%	1.09%	0.93%	0.94%	0.88%	0.95%	1.01%	1.23%
Oxy Vynyls LP	Petrochemical	0.88%	0.95%	0.99%	1.05%	1.10%	1.12%	1.03%	1.02%	1.16%	1.32%
Rohm & Haas Co.	Petrochemical	0.88%	1.18%	1.27%	1.15%	1.13%	1.09%	0.00%	0.00%	1.66%	1.84%
Air Liquide	Chemical	0.86%	0.82%	0.00%	0.00%	0.00%	0.00%	0.87%	0.84%	0.98%	0.00%
Chevron Chemical Co.	Refinery	0.00%	0.90%	0.93%	0.93%	1.20%	1.11%	0.95%	1.12%	1.20%	0.93%
Houston Refining	Refinery	0.00%	0.89%	0.94%	6.98%	4.76%	1.81%	1.79%	2.79%	3.18%	2.87%
Exxon Mobil Corp	Petrochemical	0.00%	0.00%	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BP America Production CO	Petrochemical	0.00%	0.00%	0.88%	0.86%	0.78%	0.00%	0.00%	0.00%	0.00%	0.00%
Lubrizol Corp	Chemical	0.00%	0.00%	0.00%	0.85%	0.77%	0.75%	0.00%	0.00%	0.00%	0.00%
Ineos Corp	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	0.00%	0.00%	0.00%	0.00%
Dow Chemical	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.58%	1.97%	0.86%	0.89%
Albemarle Corp	Chemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%	0.81%	0.00%	0.00%
Conoco Phillips	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.29%
Totals		14.24%	15.12%	15.16%	21.96%	19.97%	16.63%	15.32%	17.50%	22.65%	23.84%

Source: Harris County Appraisal District

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (c+d+e)	Percentage Cumulative Collections of Adjusted Levy (c+d)/b
2016	\$ 85,135	\$ -	\$ 85,135	\$ 83,919	98.57%	\$ 1,059	\$ 637	\$ 85,615	99.82%
2015	81,793	-	81,793	80,443	98.35%	1,109	619	82,171	99.71%
2014	77,613	-	77,613	76,423	98.47%	562	1,276	78,261	99.19%
2013	72,789	-	72,789	71,498	98.23%	702	937	73,137	99.19%
2012	68,559	-	68,559	67,437	98.36%	954	628	69,019	99.75%
2011	64,590	-	64,590	63,852	98.86%	336	600	64,788	99.38%
2010	66,897	-	66,897	64,656	96.65%	956	588	66,200	98.08%
2009	64,518	-	64,518	62,339	96.62%	1,521	800	64,660	98.98%
2008	52,577	-	52,577	51,215	97.41%	811	616	52,642	98.95%
2007	46,823	-	46,823	45,553	97.29%	1,150	527	47,230	99.74%

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)

	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007
General Bonded Debt:										
General obligation bonds	\$ 433,908	\$ 284,351	\$ 293,469	\$ 303,516	\$ 314,223	\$ 324,976	\$ 267,657	\$ 281,922	\$ 58,471	\$ 64,470
Notes	2,786	3,123	3,449	3,766	4,018	4,546	5,070	6,295	7,520	8,830
Less: funds restricted for debt service	(219)	(2,756)	(1,193)	-	(704)	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)
Net general bonded debt	436,475	284,718	295,725	307,282	317,537	326,835	269,636	282,860	61,853	71,773
Revenue bonds	50,144	50,255	-	-	-	-	-	-	-	1,325
Less: funds restricted for debt service	-	-	-	-	-	-	-	-	-	(1,344)
Total outstanding debt	<u>\$ 486,619</u>	<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>
General Bonded Debt Ratios:										
Per Capita	\$ 775	\$ 510	\$ 535	\$ 578	\$ 609	\$ 689	\$ 563	\$ 579	\$ 134	\$ 151
Per full time student equivalent	20,335	13,792	14,285	14,734	14,733	14,562	13,296	15,653	3,744	4,171
FTSE	21.475	20.843	20.785	20.856	21.601	22.629	20.512	18.413	17.624	17.573
As a percentage of taxable assessed value	0.84%	0.65%	0.71%	0.78%	0.86%	0.89%	0.69%	0.72%	0.17%	0.22%
Total Outstanding Net Debt Ratios:										
Per Capita	\$ 864	\$ 599	\$ 535	\$ 578	\$ 609	\$ 689	\$ 563	\$ 579	\$ 134	\$ 153
Per full time student equivalent	22,670	16,203	14,285	14,734	14,733	14,562	13,296	15,653	3,744	4,247
As a percentage of taxable assessed value	0.94%	3.38%	0.71%	0.78%	0.86%	0.89%	0.69%	0.72%	0.17%	0.22%

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)									
	2016	2015	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007
Taxable Assessed Value	\$ 48,431,734	\$ 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
<u>General Obligation Bonds</u>										
Statutory Tax Levy Limit for Debt Service	\$ 242,159	\$ 220,346	\$ 208,890	\$ 196,090	\$ 184,695	\$ 183,207	\$ 195,834	\$ 197,410	\$ 180,844	\$ 161,053
Less: funds restricted for repayment of general obligation bonds	(219)	(2,756)	(1,193)	-	(704)	(2,687)	(3,091)	(5,357)	(4,138)	(1,527)
Total net general obligation debt	241,940	217,590	207,697	196,090	183,991	180,520	192,743	192,053	176,706	159,526
Current year debt service requirements	30,148	25,774	26,676	24,913	24,091	26,945	25,625	18,590	9,138	6,843
Excess of statutory limit for debt service over current requirement	\$ 211,792	\$ 191,816	\$ 181,021	\$ 171,177	\$ 159,900	\$ 153,575	\$ 167,118	\$ 173,463	\$ 167,568	\$ 152,683
Net current requirements as a % of statutory limit	12.45%	11.70%	12.77%	12.70%	13.04%	14.71%	13.09%	9.42%	5.05%	4.25%

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
2016	\$ 9,683	\$ 1,760	\$ 10,183	\$ 709	\$ 2,603	\$ 790	\$ 1,327	\$ 138	\$ 3,789	\$ 30,982	\$ -	\$ 2,157	\$ 2,157	14
2015	9,307	1,595	9,851	753	3,199	780	1,440	134	3,740	30,799	-	96	96	321
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

Note: Debt service requirements include revenue bonds.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	Harris County Unemployment Rate
2015	563,453	\$ 12,332,296	\$ 21,887	4.60%
2014	555,134	12,094,371	21,786	4.90%
2013	531,977	11,214,359	21,081	6.20%
2012	522,596	10,961,333	20,975	6.90%
2011	478,297	9,462,150	19,783	8.20%
2010	484,546	9,205,003	18,997	8.50%
2009	497,422	9,549,838	19,199	8.20%
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%

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 2016**  
**(Unaudited)**

Employer	Number of Employees									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Pasadena ISD	7,404	7,186	7,177	7,177	7,069	7,056	7,062	7,062	7,000	7,000
Lyondell Chemical Co	5,061	2,613	2,613	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Lockheed Martin	3,745	2,300	2,300	1,935	3,359	1,300	1,000	1,000	3,000	3,000
Walmart	2,985	2,840	2,540	1,940	1,640	1,640	-	-	-	-
NASA Lyndon B Johnson Space Ctr	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Clear Lake Regional Medical Ctr	2,422	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,550	1,600
Memorial Healthcare System	2,200	2,200	2,200	2,200	2,200	2,200	1,350	1,350	1,350	1,200
Boeing Co	2,000	2,000	2,000	2,000	-	2,530	-	2,000	2,000	2,000
Powell Electrical Systems Inc	1,675	2,070	1,720	1,800	2,020	2,020	1,200	1,200	1,200	1,200
Bayshore Medical Center	1,617	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,200
Shell Chemical	1,500	1,600	1,700	1,700	1,700	1,000	1,000	1,000	1,000	1,000
ABC Professional Tree Services Inc	1,500	1,500	1,500	1,500	-	-	-	-	-	-
Kroger	1,420	1,570	-	-	-	-	-	-	-	-
San Jacinto College	1,322	1,325	1,297	1,243	1,244	1,195	1,243	1,157	1,222	1,179
University of Houston - Clear Lake	1,245	1,245	1,245	1,245	1,245	1,299	1,092	1,092	1,200	1,200
HEB	1,199	1,259	-	-	-	-	-	-	-	-
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	1,100	970	1,100	1,100
Lubrizol	1,020	-	-	-	-	-	-	-	-	-
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	1,000	-	-	-
Wyle Life Science	1,000	1,000	1,000	1,000	-	-	-	1,000	1,000	1,000
Equistar Chemicals LP	-	-	1,500	-	1,500	1,500	1,500	1,500	1,500	1,500
Anheuser-Busch Co	-	-	1,000	-	1,000	1,000	1,000	1,000	1,000	-
United Space Alliance	-	-	-	-	-	6,500	10,185	10,185	6,600	3,000
Aker Industrial Constructors	-	-	-	-	-	-	1,500	-	-	-
Channelview Complex	-	-	-	-	-	-	1,200	1,200	1,200	1,200
Gulf Stream Marine	-	-	-	-	-	-	-	1,700	1,700	1,700
IKON Office Solutions	-	-	-	-	-	-	-	1,400	1,400	-
International Business	-	-	-	-	-	-	-	1,100	1,100	1,100
Pasadena Paper Co	-	-	-	-	-	-	-	1,100	1,100	-
East Houston Regional Med Ctr	-	-	-	-	-	-	-	1,000	1,000	1,000
Memorial 55 Plus	-	-	-	-	-	-	-	-	-	1,000
<b>Totals</b>	<b>44,915</b>	<b>39,408</b>	<b>38,492</b>	<b>33,640</b>	<b>32,877</b>	<b>39,140</b>	<b>39,232</b>	<b>45,816</b>	<b>44,422</b>	<b>37,879</b>

Employer	Percentage of Total Employment									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Pasadena ISD	2.77%	2.72%	2.97%	2.97%	2.93%	3.03%	2.92%	3.89%	3.86%	2.39%
Lyondell Chemical Co	1.89%	0.99%	1.08%	0.50%	0.50%	0.52%	0.50%	0.66%	0.66%	0.41%
Lockheed Martin	1.40%	0.87%	0.95%	0.80%	1.39%	0.56%	0.41%	0.55%	1.65%	1.02%
Walmart	1.11%	1.08%	1.05%	0.80%	0.68%	0.70%	0.00%	0.00%	0.00%	0.00%
NASA Lyndon B Johnson Space Ctr	0.93%	0.95%	1.03%	1.03%	1.03%	1.07%	1.04%	1.38%	1.38%	0.85%
Clear Lake Regional Medical Ctr	0.90%	0.61%	0.66%	0.66%	0.66%	0.69%	0.66%	0.88%	0.85%	0.55%
Memorial Healthcare System	0.82%	0.83%	0.91%	0.91%	0.91%	0.94%	0.56%	0.74%	0.74%	0.41%
Boeing Co	0.75%	0.76%	0.83%	0.83%	0.00%	1.09%	0.00%	1.10%	1.10%	0.68%
Powell Electrical Systems Inc	0.63%	0.78%	0.71%	0.74%	0.84%	0.87%	0.50%	0.66%	0.66%	0.41%
Bayshore Medical Center	0.60%	0.57%	0.62%	0.62%	0.62%	0.64%	0.62%	0.83%	0.83%	0.41%
Shell Chemical	0.56%	0.61%	0.70%	0.70%	0.70%	0.43%	0.41%	0.55%	0.55%	0.34%
ABC Professional Tree Services Inc	0.56%	0.57%	0.62%	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kroger	0.53%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
San Jacinto College	0.49%	0.50%	0.54%	0.51%	0.51%	0.51%	0.51%	0.64%	0.67%	0.40%
University of Houston - Clear Lake	0.46%	0.47%	0.52%	0.52%	0.52%	0.56%	0.45%	0.60%	0.66%	0.41%
HEB	0.45%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pasadena City Hall	0.41%	0.42%	0.46%	0.46%	0.46%	0.47%	0.46%	0.53%	0.61%	0.38%
Lubrizol	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rohm & Haas Texas Inc	0.37%	0.38%	0.41%	0.41%	0.41%	0.43%	0.41%	0.55%	0.55%	0.34%
US Air Force	0.37%	0.38%	0.41%	0.41%	0.41%	0.43%	0.41%	0.00%	0.00%	0.00%
Wyle Life Science	0.37%	0.38%	0.41%	0.41%	0.00%	0.00%	0.00%	0.55%	0.55%	0.34%
Equistar Chemicals LP	0.00%	0.00%	0.62%	0.00%	0.62%	0.64%	0.62%	0.83%	0.83%	0.51%
Anheuser-Busch Co	0.00%	0.00%	0.41%	0.00%	0.41%	0.43%	0.41%	0.55%	0.55%	0.00%
United Space Alliance	0.00%	0.00%	0.00%	0.00%	0.00%	2.79%	4.22%	5.61%	3.64%	1.02%
Aker Industrial Constructors	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	0.00%	0.00%	0.00%
Channelview Complex	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.66%	0.66%	0.41%
Gulf Stream Marine	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.94%	0.94%	0.58%
IKON Office Solutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.77%	0.77%	0.00%
International Business	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.61%	0.38%
Pasadena Paper Co	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.61%	0.00%
East Houston Regional Med Ctr	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%	0.55%	0.34%
Memorial 55 Plus	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.34%
<b>Totals</b>	<b>16.75%</b>	<b>14.94%</b>	<b>15.91%</b>	<b>13.90%</b>	<b>13.60%</b>	<b>16.80%</b>	<b>16.23%</b>	<b>25.24%</b>	<b>24.48%</b>	<b>12.92%</b>

Data Sources include InfoUSA (ReferenceUSA), Hoover's, and the Dunn & Bradstreet Million Dollar Directory, [www.nces.ed.gov](http://www.nces.ed.gov), [http://www.lyondellbasell.com/WorldWideLocations/NorthAmerica/USA/Texas/Channelview\\_EN/AboutUs/](http://www.lyondellbasell.com/WorldWideLocations/NorthAmerica/USA/Texas/Channelview_EN/AboutUs/), <http://www.shell.us/aboutshell/projects-locations/deerpark.html>, [http://prtl.uhcl.edu/portal/page/portal/HOMEPAGE/TAB\\_ABOUTUHCL](http://prtl.uhcl.edu/portal/page/portal/HOMEPAGE/TAB_ABOUTUHCL)

Total employee count for College service area is from the 2014 US Census County Business Patterns (data compiled for College service area zip codes only). Listing includes employers with 1,000 or more employees in the College's service area zip codes.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty:										
Full-time	524	541	525	518	523	492	511	454	463	440
Part-time	<u>1,122</u>	<u>814</u>	<u>793</u>	<u>767</u>	<u>713</u>	<u>729</u>	<u>763</u>	<u>763</u>	<u>648</u>	<u>685</u>
Total	<u><u>1,646</u></u>	<u><u>1,355</u></u>	<u><u>1,318</u></u>	<u><u>1,285</u></u>	<u><u>1,236</u></u>	<u><u>1,221</u></u>	<u><u>1,274</u></u>	<u><u>1,217</u></u>	<u><u>1,111</u></u>	<u><u>1,125</u></u>
Percent:										
Full-time	31.8%	39.9%	39.8%	40.3%	42.3%	40.3%	40.1%	37.3%	41.7%	39.1%
Part-time	68.2%	60.1%	60.2%	59.7%	57.7%	59.7%	59.9%	62.7%	58.3%	60.9%
Staff and Administrators:										
Full-time	798	784	772	725	721	703	732	703	759	739
Part-time	<u>617</u>	<u>493</u>	<u>503</u>	<u>441</u>	<u>392</u>	<u>431</u>	<u>577</u>	<u>526</u>	<u>583</u>	<u>518</u>
Total	<u><u>1,415</u></u>	<u><u>1,277</u></u>	<u><u>1,275</u></u>	<u><u>1,166</u></u>	<u><u>1,113</u></u>	<u><u>1,134</u></u>	<u><u>1,309</u></u>	<u><u>1,229</u></u>	<u><u>1,342</u></u>	<u><u>1,257</u></u>
Percent:										
Full-time	56.4%	61.4%	60.5%	62.2%	64.8%	62.0%	55.9%	57.2%	56.6%	58.8%
Part-time	43.6%	38.6%	39.5%	37.8%	35.2%	38.0%	44.1%	42.8%	43.4%	41.2%
FTSE per full-time faculty	41	39	40	40	41	46	40	41	38	40
FTSE per full-time staff member	27	27	27	29	30	32	28	26	23	24
Average over 9 months faculty salary	\$ 60,778	\$ 59,794	\$ 59,195	\$ 56,007	\$ 55,893	\$ 56,858	\$ 55,500	\$ 55,722	\$ 55,944	\$ 49,000

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details  
Last Ten Fiscal Years  
(Unaudited)

Student Classification	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 29 hours	15,866	56.01%	15,811	56.65%	15,846	55.83%	16,340	56.89%	17,142	58.32%	17,023	59.63%	16,467	60.96%	14,854	60.35%	14,134	60.01%	13,968	58.85%
30 - 72 hours	8,065	28.47%	7,986	28.61%	8,118	28.60%	8,055	28.05%	8,100	27.56%	7,589	26.58%	7,879	29.17%	7,265	29.51%	7,008	29.76%	7,170	30.21%
> 72 hours	4,395	15.52%	4,114	14.74%	4,421	15.57%	4,326	15.06%	4,150	14.12%	3,937	13.79%	2,665	9.87%	2,497	10.14%	2,409	10.23%	2,596	10.94%
<b>Total</b>	<b>28,326</b>	<b>100.00%</b>	<b>27,911</b>	<b>100.00%</b>	<b>28,385</b>	<b>100.00%</b>	<b>28,721</b>	<b>100.00%</b>	<b>29,392</b>	<b>100.00%</b>	<b>28,549</b>	<b>100.00%</b>	<b>27,011</b>	<b>100.00%</b>	<b>24,616</b>	<b>100.00%</b>	<b>23,551</b>	<b>100.00%</b>	<b>23,734</b>	<b>100.00%</b>

Semester Hour Load	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	349	1.23%	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%
3 - 5 semester hours	5,676	20.04%	5,325	19.08%	5,371	18.92%	4,722	16.44%	4,673	15.90%	4,485	15.71%	5,077	18.80%	4,294	17.44%	4,317	18.33%	4,056	17.09%
6 - 8 semester hours	8,329	29.40%	7,702	27.60%	7,688	27.09%	7,787	27.11%	7,595	25.84%	7,079	24.80%	6,809	25.21%	5,777	23.47%	5,484	23.29%	5,468	23.04%
9 - 11 semester hours	6,054	21.37%	6,020	21.57%	6,240	21.98%	6,134	21.36%	6,358	21.63%	5,661	19.83%	5,171	19.14%	4,513	18.33%	4,235	17.98%	4,446	18.73%
12 - 14 semester hours	5,995	21.16%	6,669	23.89%	7,023	24.74%	7,711	26.85%	8,327	28.33%	8,635	30.25%	7,743	28.67%	6,853	27.84%	6,505	27.62%	6,737	28.39%
15 - 17 semester hours	1,158	4.10%	1,218	4.36%	1,398	4.93%	1,679	5.85%	1,723	5.86%	1,837	6.43%	1,746	6.46%	2,184	8.87%	2,144	9.10%	2,208	9.30%
18 & over	765	2.70%	660	2.36%	461	1.62%	426	1.48%	481	1.64%	554	1.94%	168	0.62%	805	3.28%	720	3.06%	663	2.79%
<b>Total</b>	<b>28,326</b>	<b>100%</b>	<b>27,911</b>	<b>100%</b>	<b>28,385</b>	<b>100%</b>	<b>28,721</b>	<b>100.00%</b>	<b>29,392</b>	<b>100.00%</b>	<b>28,549</b>	<b>100.00%</b>	<b>27,011</b>	<b>100.00%</b>	<b>24,616</b>	<b>100.00%</b>	<b>23,551</b>	<b>100.00%</b>	<b>23,734</b>	<b>100.00%</b>

Average course load	8.6	8.7	8.8	9.0	9.1	9.3	8.9	9.8	9.7	9.7
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Tuition Status	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	13,957	49.27%	13,996	50.15%	14,274	50.29%	14,409	50.17%	14,666	49.90%	14,312	50.13%	12,891	47.72%	11,736	47.67%	11,523	48.93%	11,966	50.42%
Texas Resident (out-of-District)	9,837	34.73%	9,919	35.54%	10,477	36.91%	10,633	37.02%	10,775	36.65%	10,381	36.36%	9,664	35.78%	8,866	36.02%	8,286	35.18%	8,374	35.28%
Non-Resident Tuition	733	2.59%	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%
Tuition Exemption	3,799	13.41%	3,345	11.98%	2,928	10.31%	2,913	10.14%	3,032	10.32%	3,003	10.52%	2,693	9.97%	2,399	9.75%	2,299	9.76%	1,989	8.38%
Other	-	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	119	0.44%	31	0.13%	45	0.19%	47	0.20%
<b>Total</b>	<b>28,326</b>	<b>100.00%</b>	<b>27,911</b>	<b>100.00%</b>	<b>28,385</b>	<b>100.00%</b>	<b>28,721</b>	<b>100.00%</b>	<b>29,392</b>	<b>100.00%</b>	<b>28,549</b>	<b>100.00%</b>	<b>27,011</b>	<b>100.00%</b>	<b>24,616</b>	<b>100.00%</b>	<b>23,551</b>	<b>100.00%</b>	<b>23,734</b>	<b>100.00%</b>

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 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Gender																					
Female	15,833	55.90%	15,561	55.75%	16,017	56.43%	16,393	57.08%	16,781	57.09%	16,116	56.45%	15,107	55.93%	14,127	57.39%	13,437	57.05%	13,670	57.60%	
Male	12,493	44.10%	12,350	44.25%	12,368	43.57%	12,328	42.92%	12,611	42.91%	12,433	43.55%	11,904	44.07%	10,489	42.61%	10,114	42.95%	10,064	42.40%	
Total	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	

	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Ethnic Origin																					
White	7,647	27.00%	7,960	28.52%	8,475	29.86%	8,720	30.35%	9,636	32.78%	10,711	37.52%	11,114	41.15%	10,556	42.88%	10,577	44.91%	10,809	45.54%	
Hispanic	14,838	52.38%	13,794	49.42%	13,191	46.47%	12,711	44.26%	11,847	40.32%	11,614	40.68%	10,397	38.49%	8,965	36.42%	8,157	34.64%	8,053	33.93%	
African American	2,862	10.10%	2,918	10.46%	2,966	10.45%	2,889	10.06%	3,011	10.24%	3,027	10.60%	2,975	11.01%	2,496	10.14%	2,334	9.91%	2,424	10.21%	
Asian	1,670	5.90%	1,595	5.71%	1,616	5.69%	1,576	5.49%	1,538	5.23%	1,628	5.70%	1,590	5.89%	1,419	5.76%	1,327	5.63%	1,275	5.37%	
Foreign	575	2.03%	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%	
Native American	181	0.64%	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%	
Other	553	1.95%	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%	
Total	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	

	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Age																					
Under 18	2,721	9.61%	2,269	8.13%	1,830	6.44%	1,903	6.63%	1,991	6.77%	2,057	7.21%	2,594	9.61%	1,784	7.25%	1,644	6.98%	1,344	5.66%	
18 - 21	12,864	45.41%	12,859	46.07%	13,025	45.89%	12,917	44.97%	13,163	44.78%	12,805	44.85%	12,362	45.77%	11,329	46.02%	10,851	46.07%	10,786	45.45%	
22 - 24	4,703	16.60%	4,648	16.65%	4,664	16.43%	4,679	16.29%	4,805	16.35%	4,575	16.02%	3,947	14.61%	3,901	15.85%	3,813	16.19%	3,956	16.67%	
25 - 35	5,623	19.85%	5,659	20.28%	6,026	21.23%	6,264	21.81%	6,489	22.08%	6,234	21.84%	5,571	20.62%	5,149	20.92%	4,834	20.53%	5,135	21.64%	
36 - 50	2,006	7.09%	2,031	7.28%	2,324	8.19%	2,422	8.43%	2,465	8.39%	2,380	8.34%	2,135	7.90%	2,043	8.30%	2,021	8.58%	2,139	9.01%	
51 & over	409	1.44%	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%	
Total	28,326	100.00%	27,911	100.00%	28,385	100.00%	28,721	100.00%	29,392	100.00%	28,549	100.00%	27,011	100.00%	24,616	100.00%	23,551	100.00%	23,734	100.00%	

Average age	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
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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 2014 - 2015 Students as of Fall 2015  
(Unaudited)  
(Includes Only Public Senior Colleges in Texas)

	Transfer Student Count Academic	Transfer Student Count Technical	Total of All Transfer Students	Percentage of All Transfer Students
1 University of Houston - Clear Lake	1,647	147	1,794	27.08%
2 University of Houston	1,590	149	1,739	26.25%
3 Texas A&M University	497	56	553	8.35%
4 University of Houston - Downtown	374	32	406	6.13%
5 The University of Texas at Austin	237	33	270	4.07%
6 Sam Houston State University	230	31	261	3.94%
7 Texas State University	192	28	220	3.32%
8 Texas Tech University	146	16	162	2.45%
9 Stephen F. Austin State University	123	14	137	2.07%
10 Lamar University	105	15	120	1.81%
11 The University of Texas at San Antonio	102	14	116	1.75%
12 The University of Texas at Arlington	75	21	96	1.45%
13 Texas A&M University at Galveston	81	10	91	1.37%
14 The University of Texas Medical Branch at Galveston	83	7	90	1.36%
15 Texas Southern University	73	13	86	1.30%
16 University of North Texas	50	9	59	0.89%
17 The University of Texas M.D. Anderson Cancer Center	55	1	56	0.84%
18 The University of Texas at Dallas	52	2	54	0.81%
19 The University of Texas Health Science Center at Houston	44	2	46	0.69%
20 Texas Woman's University	37	3	40	0.60%
21 Prairie View A&M University	31	6	37	0.56%
22 The University of Texas at Tyler	29	-	29	0.44%
23 Texas A&M University - Corpus Christi	21	5	26	0.39%
24 University of Houston - Victoria	11	4	15	0.23%
25 Texas A&M University - Kingsville	11	3	14	0.21%
26 Texas Tech University Health Science Center	12	2	14	0.21%
27 Tarleton State University	12	1	13	0.20%
28 Angelo State University	4	8	12	0.18%
29 Texas A&M University System Health Science Center	12	-	12	0.18%
30 West Texas A&M University	10	2	12	0.18%
31 The University of Texas - Rio Grande Valley	10	-	10	0.15%
32 Midwestern State University	4	3	7	0.11%
33 Texas A&M University - Central Texas	5	-	5	0.08%
34 Sul Ross State University	4	-	4	0.06%
35 Texas A&M University - Commerce	3	1	4	0.06%
36 The University of Texas at El Paso	1	3	4	0.06%
37 The University of Texas Health Science Center at San Antonio	3	-	3	0.05%
38 The University of Texas of the Permian Basin	3	-	3	0.05%
39 University of North Texas Health Science Center	2	1	3	0.05%
40 Texas A&M International University	2	-	2	0.03%
41 Texas A&M University - San Antonio	1	-	1	0.02%
Totals	<u>5,984</u>	<u>642</u>	<u>6,626</u>	<u>100.00%</u>

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Academic Buildings	41	36	35	35	34	33	34	32	32	32
Square footage	2,033,262	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
Libraries	3	3	3	3	3	3	3	3	3	3
Square footage	154,319	163,615	163,615	163,615	163,615	163,615	163,615	163,615	163,615	163,615
Number of Volumes	216,964	240,876	237,177	244,084	245,932	243,340	243,695	244,602	259,434	238,489
Administrative and Support Buildings	7	7	7	8	7	5	4	4	4	4
Square footage	377,743	377,743	377,743	411,754	369,754	288,613	265,906	265,906	265,906	265,906
Dormitories	0	0	0	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	11	11	11	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	1	4	6	9	11	11	12
Light Trucks/Vans	97	91	86	83	74	71	68	57	50	47

Source: Master property schedule.



**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, 2016, which comprise the statement of net position as of August 31, 2016, 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, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 19, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Doeren Mayhew". The signature is written in a cursive style with a large, prominent initial "D".

Houston, Texas  
December 19, 2016

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

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

**Report on Compliance for Each Major Federal and State Program**

We have audited San Jacinto Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major Federal and State of Texas (State) programs for the year ended August 31, 2016. The College's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal and State Program**

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs the year ended August 31, 2016.

## Report on Internal Control Over Compliance

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

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

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

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



Houston, Texas  
December 19, 2016

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2016

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Direct Programs:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A134114	\$ -	\$ 885,950
Federal Work-Study Program	84.033	P033A134114	-	418,782
Federal Pell Grant Program	84.063	P063P132303	-	29,110,658
Federal Direct Student Loans	84.268	P268K142303	-	10,448,857
Total Student Financial Aid Cluster - Schedule C			-	40,864,247
Direct Programs:				
TRIO Cluster:				
TRIO Talent Search	84.044A	P044A110108	-	244,946
TRIO Upward Bound	84.047A	P047A120043	-	304,620
TRIO Upward Bound - Math & Science	84.047M	P047M120021	-	269,123
Total TRIO Upward Bound			-	573,743
Total TRIO Cluster			-	818,689
Pass-Through From:				
Texas Workforce Commission - TWC -				
Houston-Galveston Area Council/Workforce Development Board:				
Adult Education - Basic Grants to States	84.002A	216-14	-	51,712
Adult Education - Basic Grants to States	84.002A	216-16	-	292,776
Total Adult Education - Basic Grants to States			-	344,488
TWC Pass-Through From -				
College of the Mainland -				
Adult Education - Basic Grants to States	84.002	2915AEL002-SJC	-	82,858
Texas Higher Education Coordinating Board:				
Career and Technical Education - Basic Grants to States:				
Carl Perkins Vocational Education Basic 2016 WECM	84.048	16006	-	139,606
Carl Perkins Vocational Education Basic 15-16	84.048	16051	-	690,481
Total Career and Technical Education - Basic Grants to States			-	830,087
Education, Research, Development and Dissemination	84.305	R305H150069	-	5,811
Total U.S. Department of Education			-	42,946,180
<u>U.S. Department of Agriculture</u>				
Pass-Through From -				
Texas Department of Agriculture -				
Child and Adult Care Food Program	10.558	03202	-	30,430
<u>U.S. Department of Justice</u>				
Direct Program - Bulletproof Vest Partnership Program	16.607	15076193	-	4,304
<u>U.S. Department of Labor</u>				
Direct Programs:				
H-1B Job Training Grants	17.268	HG-22720-12-60-A-48	-	406,056
H-1B Job Training Grants	17.268	HG-26672-15-60-A-48	896,405	1,519,431
Total H-1B Cluster			896,405	1,925,487
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-25000-13-60-A-48	-	171,358
Total U.S. Department of Labor			896,405	2,096,845
<u>National Aeronautics and Space Administration</u>				
Direct Program -				
Education	43.008	NNX12AK88A	-	25,732
Pass-Through From -				
University of Texas - Austin -				
Education	43.008	UTA14-001221	-	342,512
Total Education and National Aeronautics and Space Administration			-	368,244
<u>National Endowment for Arts</u>				
Direct Programs - Promotion of the Arts_Grants to Organizations and Individuals	45.024	14-5900-7028	-	10,000

Continued

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued  
Year Ended August 31, 2016

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>National Science Foundation</u>				
Direct Program - Education and Human Resources - STEP	47.076	DUE-1317386	-	125,581
Pass-Through From:				
Texas Southern University - Education and Human Resources - Houston Alliance for Minority Participation	47.076	K-14-381	-	50,874
Tidewater Community College - Houston Alliance for Minority Participation Project (PH III)	47.076	TCC1003068/1501449	-	99,074
Education and Human Resources - SMART Institute			-	275,529
Total Education and Human Resources Cluster and National Science Foundation			-	275,529
<u>U.S. Small Business Administration</u>				
Pass-Through From:				
The University of Houston - Small Business Development Centers 14-15	59.037	R-15-0026-53826	-	19,224
Small Business Development Centers 15-16	59.037	R-16-0054-53826	-	169,064
Total U.S. Small Business Administration			-	188,288
<u>U.S. Department of Veterans Affairs</u>				
Direct Program - All-Volunteer Force Educational Assistance	64.124	362/242D	-	11,286
<u>U.S. Department of Health and Human Services</u>				
Direct Program - Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	90FX0035-01-00	70,978	274,060
Pass-Through From:				
First in Texas Foundation - Temporary Assistance for Needy Families - FIRST Tech Challenge	93.558	2915TAN000	-	18,420
Texas Workforce Commission (TWC) - Temporary Assistance for Needy Families - SSF/Oil & Gas Industry	93.558	2814SSF000	-	5,515
Temporary Assistance for Needy Families - Governor's Summer Merit	93.558	2816SMP007	-	16,590
TWC Pass-Through From - Houston-Galveston Area Council/Workforce Development Board - Temporary Assistance for Needy Families - AEL Program	93.558	216-16	-	5,848
Total Temporary Assistance for Needy Families Cluster			-	46,373
TWC Pass-Through From - Texas Education Agency (TEA) - The University of Texas Health Science Center at Houston - Child Care and Development Block Grant	93.575	UTHSC-0000637033	-	(413)
Child Care and Development Fund Cluster (CCDF):				
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	2815CCMC26	-	13,535
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2816CCMC26	-	62,520
Total CCDF Cluster			-	76,055
Total U.S. Department of Health and Human Services			70,978	396,075
Total Federal Financial Assistance			\$ 967,383	\$ 46,327,181

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, 2016

State Grantor Agency/Pass-Through Grantor/Program Title	Grant Contract Number	Passed Through to Subrecipients	Total State Expenditures
<u>Texas Workforce Commission (TWC)</u>			
Direct Program:			
Skills Development Fund - Skills for Small Business Program III	2815SSD000	\$ -	\$ 838
Skills Development Fund - SJC in Partnership with a Petrochemical Consortium	2816SDF000	-	62,875
Job and Education for Texans (JET) Program 2015	2815JET001	-	32,077
Pass-Through From:			
Houston-Galveston Area Council/Workforce Development Board Adult Education & Literacy State General Revenue Matching	216-16	-	65,000
College of the Mainland Texas Fast Start Program II	2814GRF001	-	78,764
Total Texas Workforce Commission		-	239,554
<u>Texas Higher Education Coordinating Board</u>			
Student Financial Aid:			
State Military Tuition Assistance	26041	-	6,915
Texas Grant I - Renewal	13099	-	47,876
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	-	1,045,305
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	-	752,335
College Work Study Program	22339	-	124,897
Top Ten Percent	20356	-	4,800
College Access Loan	N/A	-	25,046
Total Student Financial Aid Cluster		-	2,007,174
Direct Program:			
Professional Nursing Shortage Reduction Program FY12 - South Campus	07948	-	64,021
Houston Pathways Supplement - CTG & CRU	09951	-	333
Professional Nursing Shortage Reduction Program FY14 - Central Campus	13167	-	(26,370)
Texas - Science, Technology, Engineering, and Math Challenge Scholarship Program FY14	13417	-	1,541
Nursing and Allied Health - Building Lab and Simulation Capacity	14133	-	33,418
Professional Nursing Shortage Reduction Program FY 15 - South Campus	14433	-	6,804
Minority Male Initiatives	15093	-	38,702
Texas - Science, Technology, Engineering, and Math Challenge Scholarship Program FY15	15148	-	262,492
Accelerate Texas Program	14937	-	62,371
Total Texas Higher Education Coordinating Board		-	2,450,486
<u>Texas Comptroller of Public Accounts</u>			
Pass-Through From:			
University of Houston Small Business Development Center Infomercial Video Grant	N/A	-	10,694
Total Texas Comptroller of Public Accounts		-	10,694
Total State Financial Assistance		\$ -	\$ 2,700,734

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, 2016

**1. Federal Assistance Reconciliation**

Direct Federal grants and contracts per Schedule A	\$ 5,111,724*
Add: Indirect/Administrative Cost Recoveries per Schedule A	351,210
Direct Federal revenue, non-operating Schedule C	40,756,692
Add: Indirect/Administrative Cost Recoveries per Schedule C	<u>107,555</u>
Total Federal Revenues per Schedule E - Schedule of Expenditures of Federal Awards	\$ <u>46,327,181</u>

**2. State Assistance Reconciliation**

Direct State grants and contracts per Schedule A	\$ 2,695,879
Add: Indirect/Administrative Cost Recoveries (Returned Funds) per Schedule A	<u>4,855</u>
Total State Revenues per Schedule F - Schedule of Expenditures of State Awards	\$ <u>2,700,734</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, 2016. 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. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.

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

\*The following amounts were passed-through to the listed sub-recipients by the College. The total amount of \$967,383 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	\$ 195,006
Lee College	17.268	U.S. Department of Labor	H-1B Ready to Work	259,598
College of the Mainland	17.268	U.S. Department of Labor	H-1B Ready to Work	441,801
Neighborhood Centers Inc.	93.093	U.S. Department of Health and Human Services	Health Career Pathways	<u>70,978</u>
Total				\$ <u>967,383</u>



SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs  
Year Ended August 31, 2016

**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 the Uniform Guidance, 2 CFR 200.516 (a) or the <i>State of Texas Single Audit Circular</i> ? | No            |
| 4. Identification of major programs:   |               |

Federal CFDA Number

Name of Federal Program

84.007  
  
84.033  
84.063  
84.268  
17.268  
93.093

Student Financial Aid Cluster:  
  
Federal Supplemental Educational Opportunity Grants  
Federal Work-Study Program  
Federal Pell Grant Program  
Federal Direct Student Loans  
H-1B Job Training Grants  
Affordable Care Act (ACA)  
Health Profession Opportunity Grants

State - Contract Number

Name of State Program

26041  
13099  
13399  
  
13399  
  
22339  
20356  
N/A

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT  
Schedule of Findings and Questioned Costs, Continued  
Year Ended August 31, 2016

**Section 1, Continued**

**Summary of Auditor's Results**

5. Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$ 750,000
State	\$ 750,000
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