

# San Jacinto Community College District



## **Annual Comprehensive Financial Report**

for the Fiscal Years Ended August 31, 2022 and 2021



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

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# Introductory





# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## ORGANIZATIONAL DATA

### Board of Trustees and Key Officers Year Ended August 31, 2022

#### Officers

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

#### Members

		Term Expires
		<u>May 31,</u>
Mrs. Erica Davis Rouse	Houston, Texas	2023
Dr. Ruede Wheeler, D.D.S.	La Porte, Texas	2023
Mrs. Marie Flickinger	Houston, Texas	2025
Mr. Larry Wilson	Pasadena, Texas	2025
Mr. Dan Mims	Channelview, Texas	2027
Mr. John Moon, Jr.	Pasadena, Texas	2027
Mr. Keith Sinor	Deer Park, Texas	2027

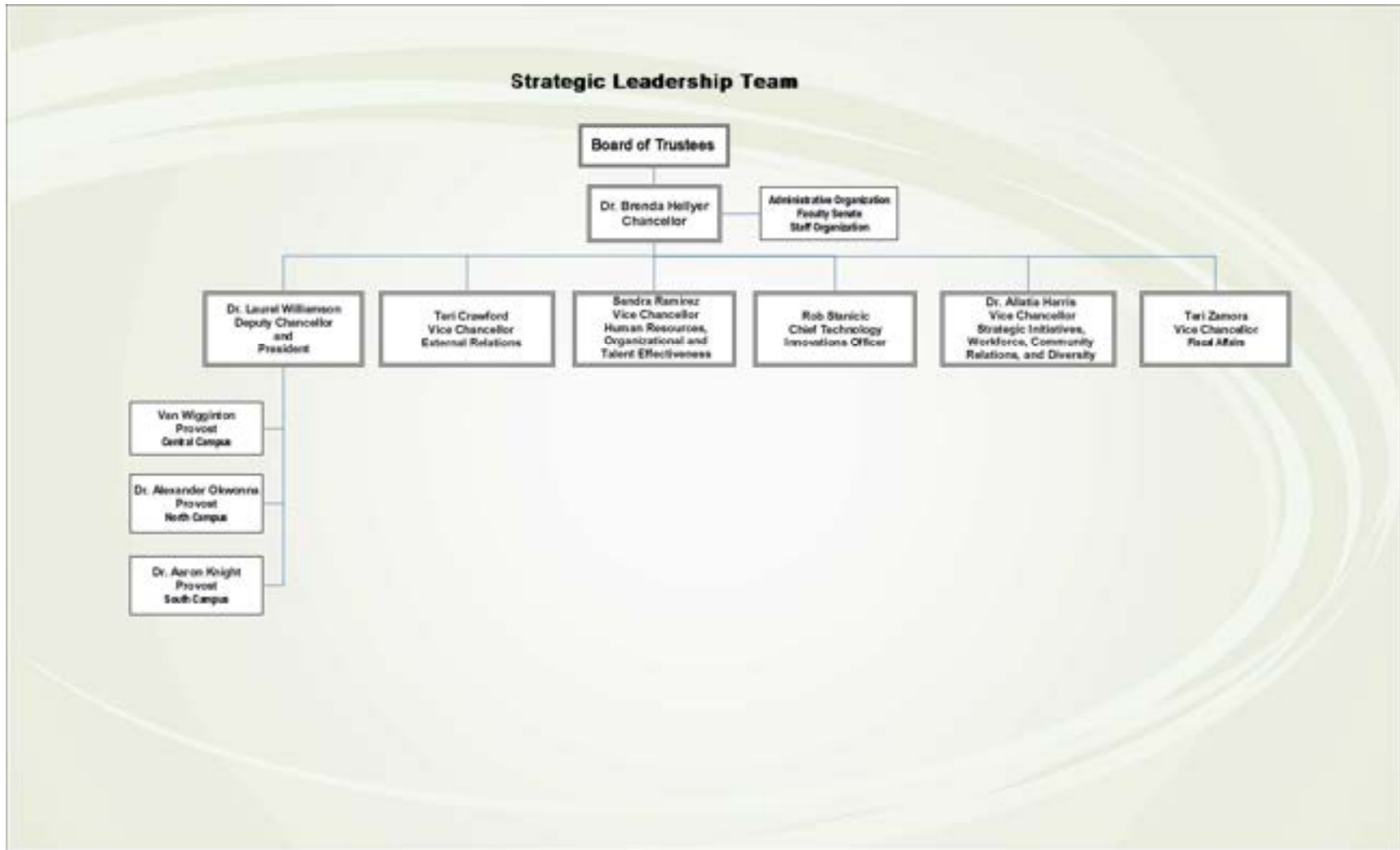
#### Trustee Emeritus

Mr. Ben Meador

#### Key Officers

Dr. Brenda L. Hellyer	Chancellor
Dr. Laurel V. Williamson	Deputy Chancellor and College President
Mrs. Teri Crawford	Vice Chancellor, External Relations
Dr. Allatia Harris	Vice Chancellor, Strategic Initiatives, Workforce, Community Relations, and Diversity
Mrs. Teri Zamora	Vice Chancellor, Fiscal Affairs
Ms. Sandra Ramirez	Vice Chancellor, Human Resources, Organizational and Talent Effectiveness
Mr. Rob Stanicic	Chief Technology Innovations Officer
Mr. Van Wigginton, J.D.	Provost, Central Campus
Dr. Alexander Okwonna	Provost, North Campus
Dr. Aaron Knight	Provost, South Campus

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**ORGANIZATION CHART**  
*August 31, 2022*





December 12, 2022

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Jacinto Community College District (College) for the fiscal years ended August 31, 2022 and 2021. The purpose of this report is to provide detailed information about the financial condition and performance of the College to the Board of Trustees, taxpayers, Texas Higher Education Coordinating Board (THECB), grantor agencies, employees, and other interested parties. The report consists of management's representations concerning the finances of the College. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control.

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

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

## **PROFILE OF THE DISTRICT**

### **Getting Started**

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

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

On September 18, 1961, the College opened and 876 students entered several renovated buildings in downtown Pasadena to attend the first classes offered by San Jacinto College. The voters of the College District voted favorably a \$.15 per \$100 valuation tax that was used to start operations, hire faculty, and begin building what is now the Central Campus. All operations were moved to the current Central Campus location in 1964.

## **Expansion**

By fall 1974, the College was offering seven programs in leased store-front facilities on Federal Road until the North Campus opened in the spring of 1975. San Jacinto College South opened in September of 1979.

Expansion of all three campuses began in December 1999, when voters approved the issuance of \$91 million in general obligation bonds, and continued in May 2008, when another successful bond election provided \$295 million in funding to update and expand the facilities. Additionally, the College's Maritime Technology and Training Center in La Porte was opened in 2016.

In November 2015, with a nearly 68 percent approval rate, voters continued their support of the College with approval of a \$425 million general obligation bond referendum to allow the College to continue to update and transform the campuses, with the focus on student success. A total of thirteen new buildings were constructed and fourteen existing buildings were fully renovated. In addition, buildings demonstrating the most need had systems upgrades that included new elevators, new building automation components, data facility power, and air conditioning. This general obligation bond also partially funded the initial building at the Generation Park Campus in the northernmost portion of the College's service area. Major projects that remain to be completed include Campus-Wide Deferred Maintenance and further build out of the Generation Park Campus.

After adding the City of Houston portions of Ellington Spaceport into the College taxing district in 2019, the College opened the EDGE Center at the Houston Spaceport located at Ellington Field in fiscal year 2020 to address the workforce needs of the aerospace and aviation companies in the Clear Lake area. The College continues to expand its offerings in the EDGE Center. While offering 12 to 18-month programs to train the future workforce, the EDGE Center also reskills aerospace employees through shorter customized training programs.

The College continues to expand partnerships with regional independent school districts and has expanded dual credit and early college high school offerings, including career and technical education options. The College has early college high schools and modified early college high schools with Channelview, Clear Creek, Deer Park, Galena Park, La Porte, Pasadena, and Sheldon Independent School Districts. This work continues to be important with dual credit and early college high school students representing 21.4 percent of the fall 2022 student enrollment.

Effective with the fall 2020 term, the College was approved to offer a Bachelor of Science in Nursing (BSN) degree. The one-year BSN program is for the working registered nurse with an associate degree who wants to advance within the profession. The program's primary concepts include community health nursing, nursing research, public and global health policy, informatics, and leadership. Since the inception of the BSN program in fall 2020, the College has enrolled four cohorts of students. Of the first cohort, 21 students graduated from the program and participated in the December 2021 commencement. The College is anticipating a total of 32 graduates participating in the fall 2022 commencement. The program currently has 13 students who will progress to the spring semester and is anticipating 20 new students to start spring 2023. This program continues to support nurses pursuing higher education credentials to expand their marketability, improve quality patient outcomes, and develop professional growth.

The College has grown to include five campuses and approximately 2.5 million square feet of academic buildings which support the growing demands of our student population. The College enrolled approximately 41,000 students in fiscal year 2022 and served these students by employing 2,800 full-time and part-time personnel.

## **AWARDS, ACCOMPLISHMENTS AND PROGRAMS**

In September 2021, the College celebrated its 60th anniversary and continues a tradition of excellence based on the vision, passion, and cooperative spirit that has marked this institution's leadership.

The College has been honored to receive the designation as a top 10 community college in the country from the Aspen Institute in 2017, 2019, and 2021. In 2017 and 2021, the College was not only in the top 10, but was also named as one of the top five colleges in the country. This year, the Aspen Institute once again named San Jacinto College one of the ten finalists eligible to compete for the 2023 \$1 million Aspen Prize for Community College Excellence, which is the nation's signature recognition of high achievement and performance among America's community colleges. The colleges selected for this honor stand out among nearly 1,100 community colleges

nationwide as having high and improving levels of student success as well as equitable outcomes for Black and Hispanic students and those from lower-income backgrounds.

In 2021, the College received a generous donation of \$30 million from MacKenzie Scott, which is the largest private gift in the College's history and allowed the College to begin providing 100 percent tuition scholarships in fall 2021 for academic year 2021 graduating high school seniors who live in the College's taxing district (21Forward Scholarship program). More than 2,500 students attended San Jacinto College in fall 2021 on the 21Forward Scholarship with over 1,500 students continuing in fall 2022.

Two years ago, the College launched the Promise @ San Jac Program for graduates of three high schools in Pasadena ISD providing students with the opportunity to attend San Jacinto College without financial burden to complete their credential. Beginning with the class of 2022, all students who live within the taxing district and who graduated between December 2021 and June of 2022 were able to attend San Jacinto College as a Promise Scholar to complete their certificate or associate degree. This expansion of the Promise @ San Jac Program pays for all tuition costs after financial aid and other scholarships are applied, and also covers books and supplies. In fall 2022, 2,845 students enrolled as Promise Scholars. Promise Scholars take 12 semester credit hours or more, must maintain a 2.0 GPA, and have three years to complete their credential. This is truly a program built on our promise to support our students with resources and their promise to perform and complete. This program is being funded with the donation from MacKenzie Scott.

The College awarded 2,418 certificates and 5,696 associate degrees to 6,675 unique graduates during fiscal year 2022, including 3,995 first generation students. In the College's history, this represents the largest number of credentials awarded and the largest number of unique graduates for one academic year.

Today, the College offers the only maritime transportation associate degree in Texas and has had over 16,000 completions of US Coast Guard approved courses leading to the Merchant Mariner Credential and various professional certifications to help keep things moving along our inland waterways. In 2020, the San Jacinto College Maritime Technology and Training Center was designated as a Center of Excellence for Domestic Maritime Workforce Training and Education by the Department of Transportation. The College is just one of 27 recipient institutions across the nation and U.S. territories to receive this designation which recognizes community colleges and training centers that prepare students for careers in the maritime industry. To continue the support of building the maritime workforce, the College is looking at technology and career opportunities to expand marine engineering programs and to prepare students for blue economy jobs such as Global Wind Offshore Safety Training which is required for people working onshore and offshore in the wind industry. Additionally, training offerings have been expanded at the Maritime campus with the relocation of the College's Fire Academy to support emergency responders ashore as well as preparing future mariners in basic fire safety skills. We are proud of the industry and community partnerships that support the Maritime campus, Maritime Technology and Training Center, San Jacinto College's Fire Academy, and services that provide qualified mariners to meet workforce needs of the maritime industry and the Port of Houston region.

The grand opening of the Anderson-Ball Classroom Building on Central Campus was held in August 2022. It is the largest instructional building in the United States constructed from mass timber. Mass timber was chosen for its environmental sustainability and cost stability, and fortunately, the College was able to lock in the pricing prior to the pandemic. Additionally, the building boasts electrochromic windows, tubular daylighting, solar photovoltaic generation, gray water recycling, and Internet of Things (IoT) connectivity. The Anderson-Ball Classroom Building was recently named the recipient of the Excellence in Wood Design Award by the Texas Forestry Association and Best Project, Higher Education/Research by a panel of industry experts for Engineering News-Record Texas & Louisiana.

For the ninth time, the College has received the Annual Achievement of Excellence in Procurement (AEP) from the National Procurement Institute Inc. The College numbers among 44 agencies in Texas and 14 higher education institutions in the U.S. and Canada to receive the award.

## **REPORTING ENTITY**

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

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

## **ECONOMIC CONDITION AND OUTLOOK FOR THE LOCAL ECONOMY**

San Jacinto College is strategically located along the east side of Harris County, Texas, within the nine-county Houston-The Woodlands-Sugar Land metropolitan statistical area (MSA). The nine-county MSA covers 9,444 square miles – an area just larger than five states: New Hampshire, New Jersey, Connecticut, Delaware and Rhode Island. On the east side of Harris County, various opportunities in chemical manufacturing, refining and supporting distribution/terminals continue to grow along with the capabilities of the Port of Houston. Coupled with the retiring workforce, industry leaders continue to project a need for a skilled workforce in the industrial and craft trades. San Jacinto College is working closely with many industry leaders and economic development groups to meet these workforce needs on both a near and long-term basis.

As of September 2022, fourteen of the nineteen major job sectors have fully recouped their pandemic losses. Non-farm employment in September 2022 totaled 3.286 million, well above the previous peak of 3.208 million in November 2019. Unemployment rates for metro Houston, Texas and the U.S. were 4.8%, 4.3% and 3.8%, respectively, in July 2022 compared to 6.6%, 5.8% and 5.7%, respectively, in July 2021.

San Jacinto College has a long history of being a strong resource for the communities it serves. That begins and is most pronounced in our commitment to affordability for students to attend and complete their educational goals. This commitment is also demonstrated in the College's efforts to expand intentional support services for students and to reduce barriers that impede students' progress. The Higher Education Emergency Relief Funds (HEERF) have been instrumental in our ability to accomplish these efforts, and the College will continue to provide numerous opportunities for tuition discounts, technology enhancements and student support services through the end of the grant, June 30, 2023.

Through some of these federal funds, as well as through funds received from the Texas Reskilling and Upskilling Education grant from the state of Texas, we are helping to fill a gap that was left in our region's workforce due to COVID by covering tuition, instructional materials, supplies and certification exams for students in non-credit and credit programs. These are programs that can be completed in a year or less and will place graduates in good-paying jobs. San Jacinto College is a 2022 Star Award recipient for its impact in advancing the State's Building a Talent Strong Texas higher education plan.

## **SAN JACINTO COLLEGE'S STRONG FISCAL HEALTH, VALUE AND AFFORDABILITY**

The College maintains strong fiscal health and provides a strong return on investment to students, society, and taxpayers. The College's Board of Trustees is committed to keeping taxes as low as possible, and the College continuously strives to find ways to improve services to students and support all necessary College operations at a lower cost. This long-term fiscal resiliency and sustainability is intended to poise the College for future success.

The College Policy III.3001.B, Finance Standards, establishes a target level for the College's days cash on hand of 4 to 6 months of the annual current unrestricted and auxiliary funds budgets. As of August 31, 2022 and 2021, the College had strong reserves with 5.51 months and 5.64 months, respectively, of cash on hand.

San Jacinto College is affordable. Effective fall 2019, the College instituted a tuition only model and eliminated all enrollment fees. This change made all programs available to every student at the same low price and also introduced a new level of transparency and simplicity to the process of registering and paying for College. At \$936 for tuition for 12 semester credit hours, the College in-district tuition rate is one of the most affordable in the Gulf Coast region and in the state of Texas. The College has maintained the same tuition rates since the change in fall of 2019.

## **MISSION, VISION AND VALUES**

San Jacinto College is working with Houston-area businesses and higher-education institutions to update curriculum, to implement initiatives that foster innovation, to upskill current workers, and to train an incoming workforce for

the highly technical jobs that this region attracts and would like to continue attracting. The College also partners closely with the local school districts, community groups including chambers and non-profits, and area economic organizations, as we strive to fulfill our goal of truly serving the community that supports us with their tax dollars.

### **Mission**

San Jacinto College is focused on student success, academic progress, university transfer, and employment. We are committed to opportunities that enrich the quality of life in the communities we serve.

### **Vision**

San Jacinto College will advance the social and economic mobility of all members of our community. We will be known for our excellence in teaching and learning, our intentional student-centered support, and our commitment to every student. We will be the preferred workforce and economic development partner in the region and a champion for lifelong learning. San Jacinto College will inspire students to explore opportunities, define their educational and career paths, and achieve their goals and dreams.

### **Our Values**

We embrace a core truth at San Jacinto College: The ultimate measure of our success is your success.

Every student's pathway is unique, and San Jacinto College students are a diverse mosaic — blending many perspectives on their definition of success. For two-fifths of our student body, being the first in the family to attend college is a life-changing act that propels future generations to succeed. Others aspire to master a trade or special interest, jump-start a new career, prepare for university transfer or help their communities succeed. Most San Jacinto College students work and have family responsibilities, and their success requires a flexible pathway that balances college, work and family.

No matter how you define it, success for every graduate drives our value system at San Jacinto College. We are committed to seven deeply held beliefs:

**Integrity:** We Act Honorably and Ethically - "We conduct ourselves in ways that are professional, instill confidence, and promote trust."

**Inclusivity:** We Grow through Understanding - "We respect and learn from the diversity of our cultures, experiences, and perspectives."

**Collaboration:** We Are Stronger Together - "We believe in the power of working together."

**Innovation:** We Embrace New Possibilities - "We anticipate change, explore opportunities, and create continuously evolving solutions."

**Accountability:** We Are Responsible Individually and Collectively - "We take ownership for our commitments and outcomes."

**Sense of Community:** We Care for Those We Serve - "We demonstrate concern for the well-being and success of our students, our communities, and our people."

**Excellence:** We Strive for Outstanding Results - "We take risks, we assess our work, and we aspire to improve the quality of everything we do."

### **STRATEGIC PLAN**

San Jacinto College operates from a Strategic Plan approved by the Board of Trustees. This plan creates the focus of all employees on the five strategic goals of the plan. Each employee focuses on those goals through the lens of the Underlying Assumptions. In addition to the Strategic Plan, each year the College forwards Annual Priorities to the Board of Trustees on how each member of the College faculty, staff, and administration will help meet those goals and help students succeed in their higher education journey. It takes each employee working together to help reach these goals. Below is a listing of our Strategic Goals, the Underlying Assumptions, and the Annual Priorities for 2022 approved by the Board of Trustees. Each employee uses this information to create their own individual performance plan of tactics to accomplish during the year to move the College closer to achieving its Annual Priorities. Employees



are rewarded for their hard work at the end of each fiscal year through differentiated compensation based on how well they achieved their goals and the College goals.

### **Strategic Goals**

- Student Success
- Workforce and Economic Development
- Our People
- Operational Excellence
- Outreach and Partnerships

### **Underlying Assumptions**

- Equity
- Collaborative Communication
- Continuous Improvement
- Continued One-College Alignment

### **Annual Priorities**

The Board of Trustees adopted the 2021-2022 Annual Priorities for the College on May 3, 2021.

- Ensure Our Equity Focus and Commitment
- Expansion of Transfer Opportunities and Awareness
- Career and Workforce Pathways
- Adaptive Student Support
- Expand Our Outreach Efforts by Focusing on Creating College-Going Opportunities
- Positioning for the Future
- Advance a Culture of Resiliency and Sustainability

### **LEGAL**

Texas statutes require the Comptroller of Public Accounts and the THECB to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the ACFR of the College for the fiscal years ended August 31, 2022 and 2021. Additionally, the College is statutorily required to submit audited financial statements to the THECB by January 1st of each year.

### **THE AUDIT**

A public accounting firm, Whitley Penn LLP, 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, 2022 and 2021 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, 2022 and 2021 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The College's system of internal control is supported by a strong budget development process and written policies and procedures which are 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 ACFR is presented in five sections: introductory, financial, supplemental schedules, statistical, and Federal and State awards. The introductory section includes this transmittal letter, a list of the members of the Board of Trustees and key officers, and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

The financial section is prepared in accordance with GAAP. This section of the ACFR 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 Management's Discussion and Analysis.

The supplemental schedules are presented to comply with the reporting requirements of the GASB and the THECB. The purpose of the supplemental schedules is to present more detailed information to the reader to allow a deeper understanding of the basic financial statements. Analysis of operating revenue, operating expenses by object, non-operating revenue and expenses, and an analysis of net position 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 and State awards section contains information regarding participation in various Federal and State programs. The independent auditor is required to conduct a separate audit of Federal programs and the College's system of internal control according to the standards applicable to financial audits contained in *Government Auditing Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The independent auditor is also 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 Federal and 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**

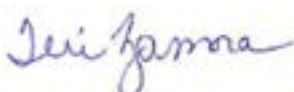
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Jacinto Community College District for its annual comprehensive financial report for the fiscal year ended August 31, 2021. This was the fifteenth 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 annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### **ACKNOWLEDGEMENT**

The preparation of this report could not have been accomplished without the services of the entire Fiscal Affairs team. 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 and Chancellor for their support in maintaining the highest standards of professionalism and transparency with regard to the College's financial operations. Finally, I would like to thank the accounting firm, Whitley Penn LLP, for their experience and dedication in completion of the audit and review of this report.

Respectfully submitted,



Teri Zamora  
Vice Chancellor, Fiscal Affairs



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Jacinto Community College District  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2021

*Christopher P. Morill*

Executive Director/CEO



# Financial



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
San Jacinto Community College District  
Pasadena, Texas

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of San Jacinto Community College District (the "College"), as of and for the years ended August 31, 2022 and 2021 and, June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2022 and 2021 and June 30, 2022 and June 30, 2021 and the respective changes in financial position, and cash flows thereof for the years ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the San Jacinto College Foundation, the discretely presented component unit, was not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, pension information, and other-post employment benefit information, 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 the 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Trustees  
San Jacinto Community College District

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Expenditures of State Awards as required by the State of Texas *Grant Management Standards*, and other information such as the introductory and statistical sections are also presented for additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules A through D, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of 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 audit 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 A through D, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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 12, 2022



# **SAN JACINTO COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ABOUT SAN JACINTO COMMUNITY COLLEGE DISTRICT**

In May 1960, voters in the Channelview, Deer Park, Galena Park, La Porte, and Pasadena School Districts approved the creation of East Harris County Union Junior College. Sheldon School District was added in 1968. Voters elected seven members to serve on the Board of Regents, now Board of Trustees, and authorized them to levy a tax for the College's operations and maintenance. The College's name was changed in February 1961 to San Jacinto Junior College District and then again in 1995 to San Jacinto Community College District. The College is most often referenced by the community as San Jacinto College or San Jac. The college district has now grown to include five campuses, a network of off-campus learning centers, nearly 41,000 students annually, a robust dual credit and early college high school program, and online offerings. In order to serve these students, the College currently employs 2,800 full-time and part-time personnel. Most faculty have earned masters and doctoral degrees, and many have been nationally recognized for their teaching, innovation, research, or authorship.

The College benefits from a solid tax base and inclusion in the Houston metropolitan area, which represents 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 created innovative instructional partnerships with companies supporting the Port, maritime and 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 pipelines which help take students from kindergarten to college within a framework that includes technical workforce programs, academic articulation agreements, and dual credit and early college high school programs. Students are attracted to the College's specialized instructional programs and the seamless transferability of credits to four-year universities. Students can choose from various certificate and credential programs, and the following degrees: Associate of Arts, Associate of Science, Associate of Applied Science, Associate of Arts in Teaching, and Bachelor of Science in Nursing.

The College works side-by-side with industry partners to train the next generation of workers. Our graduates leave with the skills necessary to move right into a job in their chosen career field. With more than 80 programs and 200 degree and certificate options, the College certifies workers who proceed to high-paying jobs in high-demand fields. The College maintains partnerships with hundreds of local companies to help meet the growing needs of industry, whether that means preparing employees for new positions or providing the industry with highly skilled workers to fulfill a shortage. The College designs training programs to provide our industry partners and communities with entry-level workers, upskilling for incumbent workers, and training for new careers.

The College's service area encompasses approximately 579,000 citizens and 330 square miles. A seven-member Board of Trustees (the Board), elected for six-year terms by the taxpayers in its taxing district govern the College. The Board sets the mission, vision, and strategic direction for the College and is responsible for oversight of budgets, policies, and governance.

Over 60 years of innovation, inclusion and extraordinary growth mark the history of San Jacinto College. The College has evolved from one location in urban Pasadena to five campuses and multiple extension centers serving the greater Houston community. Today approximately 41,000 students annually discover their pathways at San Jacinto College. To support their success, the College continues to invest in building first-class facilities and partnerships that inspire the next generation of leaders.

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is the regional accreditation authority of the College. The accreditation process occurs every 10 years and is critical, as the College's accreditation assures our students and community of the quality and integrity of our institution and our programs. The College successfully completed the written report and an on-site visit by a peer review committee resulting in the

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

reaffirmation of the College's reaccreditation in June 2019. The College is also required to complete the SACSCOC 5th Year Report due in September 2024.

The College has three primary sources of revenue: State appropriations, property taxes, and tuition. Historically, there was a balance between the revenue sources with funding of College operations 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 must rely more heavily on tuition and property taxes.

**COVID-19 RECOVERY**

The College's response to COVID-19 throughout the pandemic was swift and decisive and focused on helping students complete their course work successfully. Ultimately, the College settled on how to deliver courses offering several different options for students, in addition to face-to-face classes, as outlined below. These delivery methods, along with face-to-face, continue to be used to varying degrees as conditions change.

1. Online Anytime - Students take classes online, at any time. This provides the students with the most flexible option to work on coursework as their schedule allows and no requirement to be on campus.
2. Online on a Schedule - This allows students to have a structured routine. All coursework is completed on-line, but the lectures and virtual instruction occurs at specific times and days similar to a face-to-face course but from the comfort of their homes.
3. Hands-On Hybrid - Technical and applied skill courses use this hybrid format. The majority of class instruction is delivered on-line. Students come to campus in small groups to complete hands-on learning and practical testing.

While the majority of students are back at the campuses taking face-to-face classes, there has been a shift in student demand to online classes. Today, 39% of contact hours for fall 2022 will be generated fully online versus 21% in fall 2019 prior to the pandemic.

To help support students and the institution during this pandemic, the College was awarded a total of \$78.4 million of Higher Education Emergency Relief Funds (HEERF). The chart below under Financial Highlights for 2022 summarizes the HEERF funds awarded to the College and amount spent through fiscal year 2022. Over \$31 million of this award was distributed in direct aid to students. The Institutional and Minority Serving Institution awards have been used to support students through tuition discount programs and other support services, upgrade technology and security infrastructure, provide instructional and institutional support services, and fund many other initiatives. There was an automatic no cost extension through June 30, 2023 approved by the Department of Education for these grants in April 2022.

Required reporting related to all Higher Education Emergency Relief Funds can be found on our website at the following link: <https://www.sanjac.edu/quicklinks/legal-notices>

**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.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

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.

**Financial Highlights for 2022**

- The College experienced a 467 student enrollment increase for fall 2021 compared to fall 2020 with enrollment of 31,577 students compared to 31,110. Total unduplicated annual enrollment was 40,877 for 2022 compared to 40,805 for 2021, an increase of 72 or .2%. The College has developed new programs and scholarship opportunities to engage students and ensure their success. While enrollment for fall 2022 has decreased compared to fall 2021 by 951 students for a total of 30,698, students are taking more classes which is largely attributable to the Promise @ San Jac Program.
- The College continues to invest in its people, a strong student success agenda, and continuous improvement. Student success is evident by 8,114 certificates and associate degrees awarded in 2022, an increase of 933 credentials from 7,181 awarded in 2021.
- The net assessed valuation of the College District increased to \$65.7 billion for tax year 2021 (fiscal year 2022). Tax collections for fiscal year 2022, which were collected at an average of 98%, resulted in an increase of \$.8 million in tax revenues for maintenance & operations and a decrease of \$1.5 million for debt service due to a planned reduction in debt service requirements.
- Higher Education Emergency Relief Fund – Education Stabilization Fund

	Amount Awarded Inception Through FY2021	Amount Expended 2022	Amount Expended 2021	Amount Expended 2020	Total Amount Expended	Percent of Award Expended
Student Portion	\$ 30,048,762	\$ 15,568,048	\$ 10,696,064	\$ 3,784,650	\$ 30,048,762	100.0%
Institutional Portion	44,202,002	21,295,697	5,580,155	3,095,043	29,970,895	67.8%
Minority Serving Institution	4,149,574	686,950	243,923	365,865	1,296,738	31.2%
Total HEERF Funding	\$ <u>78,400,338</u>	\$ <u>37,550,695</u>	\$ <u>16,520,142</u>	\$ <u>7,245,558</u>	\$ <u>61,316,395</u>	78.2%

- As of August 31, 2022, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$79.1 million (net position). The College had an overall increase of \$5.2 million in total net position from 2021 to 2022.

**Financial Highlights for 2021**

- The College experienced a 1,342 student enrollment decrease for fall 2020 compared to fall 2019 with enrollment of 31,110 students compared to 32,452. Total unduplicated annual enrollment was 40,805 for 2021 compared to 42,120 for 2020, a decrease of 1,315 or 3.1%. The College developed new programs and scholarship opportunities to engage students and ensure their success. As a result, enrollment for fall 2021 increased over fall 2020 by 467 students for a total of 31,577.
- As the Houston area continued to recover from the effects of the Pandemic, the College was still able to help students complete as evident by 7,181 certificates and associate degrees awarded in 2021, a modest increase of 46 credentials from 7,135 awarded in 2020.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- The net assessed valuation of the College District increased by \$4.0 billion for tax year 2020 (fiscal year 2021). Tax collections for fiscal year 2021, which were collected at an average of 98%, resulted in increases of \$1.6 million in tax revenues for maintenance & operations and \$0.4 million for debt service.
- Higher Education Emergency Relief Fund – Education Stabilization Fund

	Amount Awarded Inception Through FY2021	Amount Expended 2021	Amount Expended 2020	Total Amount Expended	Percent of Award Expended
Student Portion	\$ 30,048,762	\$ 10,696,064	\$ 3,784,650	\$ 14,480,714	48.2%
Institutional Portion	44,202,002	5,580,155	3,095,043	8,675,198	19.6%
Minority Serving Institution	4,149,574	243,923	365,865	609,788	14.7%
Total HEERF Funding	\$ 78,400,338	\$ 16,520,142	\$ 7,245,558	\$ 23,765,700	30.3%

- As of August 31, 2021, the assets and deferred outflows of resources of the College exceeded its liabilities and deferred inflows of resources by \$73.9 million (net position). The College had an overall increase of \$ .5 million in total net position from 2020 to 2021.

**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 and deferred outflows owned by the College, all liabilities and deferred inflows 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 position is displayed in three components: net investment in capital assets, restricted, and unrestricted.

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

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

	2022	2021, Restated	2020, Restated
<b>Assets</b>			
Current assets	\$ 132,272	\$ 121,496	\$ 109,437
Noncurrent assets:			
Capital assets, net of depreciation	721,168	700,314	635,124
Other	88,217	99,895	102,685
Total assets	941,657	921,705	847,246
Deferred outflows of resources	37,244	45,943	45,696
Current liabilities	68,874	73,180	71,941
Noncurrent liabilities	785,783	780,884	711,778
Total liabilities	854,657	854,064	783,719
Deferred inflows of resources	45,096	39,663	35,811
<b>Net Position</b>			
Net investment in capital assets	135,412	140,078	144,113
Restricted - expendable	7,040	7,117	11,369
Unrestricted	(63,304)	(73,275)	(82,070)
Total net position (Schedule D)	\$ 79,148	\$ 73,920	\$ 73,412

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Accounting related to GASB 68 (Pension) and GASB 75 (OPEB) has a significant impact on the Statement of Net Position, including changes in deferred outflows of resources, liabilities, and deferred inflows of resources. Note 16 – Defined Benefit Plan – Teacher Retirement System of Texas relates to GASB 68 and Note 19 – Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas relates to GASB 75 in the accompanying Notes to the Financial Statements. The College total net position for 2022, 2021, and 2020 would have been \$227,594,095, \$225,232,185, and \$224,203,622, respectively, without the cumulative impact of GASB 68 and GASB 75.

**Fiscal Year 2022 Compared to 2021**

Total assets increased by \$20.0 million during 2022, a 2.2 percent increase over 2021. The change in total assets resulted from a \$10.8 million increase in current assets primarily in accounts receivable and prepaid expenses. Capital assets increased by \$20.9 million due to the continued spend on capital projects from bond proceeds. The increases were offset with a decrease in restricted cash or other noncurrent assets of \$11.7 million.

The College's current ratio (current assets divided by current liabilities) increased to 1.9 in 2022 from 1.7 in 2021.

Deferred outflows decreased by \$8.7 million. The net change is attributed to (1) pensions decreased \$4.3 million, (2) OPEB decreased \$3.4 million, and (3) defeased debt decreased \$1.0 million. Deferred outflows for pensions are related to the College's participation in the Teacher Retirement System of Texas (TRS). Deferred outflows for OPEB are related to the College's participation in the Employee Retirement System of Texas (ERS) for the State Retiree Health Plan. Both are as of the entities' measurement dates of August 31, 2021.

Total liabilities increased by \$0.6 million in 2022. Bonds payable increased by \$21.5 million due to new general obligation bonds issued in February 2022. Net pension liability decreased by \$25.5 million and net OPEB liability increased by \$8.5 million due to changes in assumptions by the Teachers Retirement System of Texas (TRS - Pensions) and the Employees Retirement System of Texas (ERS - OPEB). Accounts payable decreased by \$8.5 million since the College is nearing completion of bond program projects. Notes payable increased by \$4.8 million due to a \$1.0 million loan payable to the State Energy Commission office for energy savings projects and a \$3.8 million IT equipment capital finance lease.

Deferred inflows increased by \$5.4 million. The net change is attributed to (1) pensions increased \$17.4 million, (2) OPEB decreased \$10.9 million and (3) lease receivable decreased \$1.1 million. The College had an overall increase of \$5.2 million in total net position from 2021 to 2022. The College's unrestricted net position is a negative \$63.3 million at year-end due to the effects related to pension and OPEB outflows, net liability, and inflows.

**Fiscal Year 2021 Compared to 2020**

Total assets increased by \$74.5 million during 2021, an 8.8 percent increase over 2020. The change in total assets resulted from a \$12.1 million increase in current assets primarily in cash. This was offset with a decrease in restricted cash (other noncurrent assets) of \$2.8 million. Capital assets increased by \$65.2 million and the restricted funds expended for capital projects was offset by new bond proceeds of \$88.7 million.

The College's current ratio (current assets divided by current liabilities) increased to 1.7 in 2021 from 1.5 in 2020.

Deferred outflows increased by \$0.2 million. The net change is attributed to (1) pensions decreased \$3.6 million, (2) OPEB increased \$4.9 million, and (3) defeased debt decreased \$1.1 million. Deferred outflows for pensions are related to the College's participation in the Teacher Retirement System of Texas (TRS). Deferred outflows for OPEB is related to the College's participation in the Employee Retirement System of Texas (ERS) for the State Retiree Health Plan. Both are as of the entities' measurement dates of August 31, 2020.

Total liabilities increased by \$70.3 million in 2021. Bonds payable increased by \$67.8 million. Net pension liability increased by \$.3 million and net OPEB liability increased by \$.2 million due to changes in assumptions by the Teachers



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Retirement System of Texas (TRS - Pensions) and the Employees Retirement System of Texas (ERS - OPEB). Accounts payable increased by \$.8 million and other categories increased by \$1.3 million, primarily in unearned grant revenue.

Deferred inflows increased by \$3.9 million. The net change is attributed to (1) pensions decreased \$1.4 million, (2) OPEB increased \$2.8 million, and (3) lease receivable increased \$2.5 million.

The College had an overall increase of \$.5 million in total net position from 2020 to 2021. The College's unrestricted net position is a negative \$73.3 million at year-end due to the effects related to pension and OPEB outflows, net liability, and inflows.

**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, 2022, with comparative information for fiscal year 2021. 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, HEERF Funding, and Federal Title IV revenues, while budgeted for operations, are non-exchange transactions and, as such, are treated as non-operating revenues for financial statement purposes.

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

	<u>2022</u>	<u>2021, Restated</u>	<u>2020, Restated</u>
Revenues			
Operating Revenues:			
Student tuition and fees, net of allowances and discounts	\$ 36,032	\$ 39,271	\$ 44,452
Federal grants and contracts	38,646	12,943	5,407
State grants and contracts	2,557	2,372	3,008
Non-governmental grants and contracts	3,399	995	2,077
Sales and services of educational and non-educational activities	2,227	6,412	3,626
Auxiliary enterprises (net of discounts)	2,816	1,789	2,319
Total operating revenues (Schedule A)	<u>85,677</u>	<u>63,782</u>	<u>60,889</u>
Expenses			
Operating Expenses:			
Instruction	79,776	81,110	87,642
Public service	395	668	396
Academic support	22,310	22,005	22,067
Student services	18,345	17,935	19,433
Institutional support	48,901	48,342	49,337
Operation and maintenance of plant	20,878	22,766	19,564
Scholarships and fellowships	46,471	35,233	32,649
Auxiliary enterprises	2,659	1,315	1,814
Depreciation	29,311	25,843	21,881
Total operating expenses (Schedule B)	<u>269,046</u>	<u>255,217</u>	<u>254,782</u>
Operating loss	<u>(183,369)</u>	<u>(191,435)</u>	<u>(193,893)</u>
Non-operating revenues (expenses)			
State appropriations	51,769	59,024	56,924
Maintenance ad valorem taxes	73,881	73,038	71,440
Debt service ad valorem taxes	36,071	37,616	37,168
Federal revenue, non-operating	42,786	47,180	48,583
HEERF Revenue Recovery	7,660	-	-
Investment income (net of investment expenses)	1,176	222	3,128
Interest on capital related debt	(24,742)	(25,123)	(23,399)
Other non-operating revenues (expenses)	(3)	(14)	(183)
Total non-operating revenues, net (Schedule C)	<u>188,597</u>	<u>191,943</u>	<u>193,660</u>
Increase in net position	5,228	508	(233)
<u>Net Position</u>			
Net position, beginning of year	<u>73,920</u>	<u>73,412</u>	<u>76,749</u>
Cumulative effect for depreciation adjustment			(3,104)
Net position, end of year	<u>\$ 79,148</u>	<u>\$ 73,920</u>	<u>\$ 73,412</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The following schedule shows the impact of GASB No. 68 (Pension) and GASB No. 75 (OPEB) on total expenses for the three-year period, including both restricted and unrestricted funds. The significant change from 2021 to 2022 was due to very favorable market conditions in the Teacher Retirement System fiscal year ended August 31, 2021, which is one year behind the College's fiscal year being reported.

	Pension and OPEB Related Expenses (Included in Salaries and Benefits)						Change	
	2022	% of Total	2021	% of Total	2020	% of Total	2021 to 2022	2020 to 2021
GASB 68 - Pension	\$ (3,707,982)	-3%	\$ 7,102,333	5%	\$ 7,316,804	5%	\$ (10,810,315)	\$ (214,471)
GASB 75 - OPEB	(478,349)	0%	(1,960,975)	-1%	5,020,544	4%	1,482,626	(6,981,519)
Total Pension and OPEB Expenses	\$ <u>(4,186,331)</u>		\$ <u>5,141,358</u>		\$ <u>12,337,348</u>		\$ <u>(9,327,689)</u>	\$ <u>(7,195,990)</u>

**Fiscal Year 2022 Compared to 2021**

Operating revenues increased by \$21.9 million to \$85.7 million for 2022 from \$63.8 million in 2021. Tuition and fee revenue (net of allowances and discounts) decreased by \$3.2 million in 2022 to \$36.0 million from \$39.2 million in 2021. Total tuition decreased by \$1.1 million and total allowances and discounts increased by \$2.2 million. Enrollment increased to 31,577 from 31,110 from fall to fall and total contact hours remained steady at 11.7 million for 2022 and 2021. The average State appropriation per contact hour decreased to \$2.88 for 2022 from \$3.10 for 2021, while the average State appropriation per student success point increased from \$101.27 to \$123.95. Sales and services activities and auxiliary enterprises decreased by \$3.2 million, primarily due to insurance reimbursements received in 2021 for expenditures related to the winter storm in February 2021 (Uri). Federal Grant related revenues increased by \$25.7 million due to \$21.0 million from HEERF funding and \$4.7 million from U.S. Department of Education funding. Non-governmental grants and contracts increased \$2.4 million due to the Promise @ San Jac Scholarship Program. Operating expenses increased by \$13.8 million to \$269.0 million for 2022 from \$255.2 million for 2021. Major components of the change were due to the following: (1) Scholarships and fellowships increased \$11.2 million due to federal student aid and the Promise Program scholarships, (2) depreciation expense increased by \$3.5 million due to completed capital projects, (3) salary and benefit expense increased due to employee pay increases of \$3.5 million, and (4) reduction in winter storm (URI) expenditures of \$4.2 million.

Net non-operating revenues and expenses decreased by \$3.3 million to \$188.6 million for 2022 from \$191.9 million for 2021. State appropriations decreased by \$7.3 million due to a \$.8 million decrease in contact hour funding, and a \$6.5 million decrease in restricted state benefits related to GASB 68 and GASB 75. Ad valorem tax revenue decreased by \$.7 million. The maintenance and operations tax rate increased to 11.2838 cents from 11.1738 cents and the debt service tax rate decreased to 5.5129 cents from 5.7620 cents for 2022 and 2021, respectively. The total tax rate decreased to 16.7967 cents for 2022 from 16.9358 for 2021. The debt service tax rate decreased due to a planned reduction in debt service requirements. Net investment income increased by just under \$1 million due to increases in earnings rates from a low of 0.06% at the start of the year to a high of 2.38% at the end of the year. Investable cash decreased due to the expenditures related to capital projects. Interest on capital debt decreased by \$.4 million due to savings realized through refunding of bonds. Federal revenue decreased by \$4.4 million due to an overall reduction in U.S. Department of Education grants to students as a result of increased HEERF distributions to students.

**Fiscal Year 2021 Compared to 2020**

Operating revenues increased by \$2.9 million to \$63.8 million for 2021 from \$60.9 million in 2020. Tuition and fee revenue (net of allowances and discounts) decreased by \$5.2 million in 2021 to \$39.3 million from \$44.5 million in 2020. Enrollment decreased to 31,110 from 32,452 from fall to fall. Total contact hours dipped to 11.7 million for 2021 from 12.3 million for 2020. The average State appropriation per contact hour increased to \$3.10 for 2021 from \$2.94 for 2020. Sales and services activities and auxiliary enterprises increased by \$2.3 million primarily due to insurance reimbursements for expenditures related to the winter storm in February 2021 (Uri). Grant related revenues increased by \$5.8 million.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Operating expenses increased slightly by \$0.4 million to \$255.2 million for 2021 from \$254.8 million for 2020. Major components of the change were due to the following: (1) Salary and wages decreased \$3.5 million due to a pause in both hiring and salary increases, offset by a one-time payment of \$2.3 million to employees, (2) Pension and health care expenses attributed to TRS and ERS decreased \$4.7 million, (3) \$2.5 million increase in the Higher Education Emergency Relief Fund expended for student aid, (4) Depreciation increased \$3.9 million due to completion of major capital projects (5) net decrease of \$0.2 million in Public Service and Auxiliary enterprises due to reduced student presence on campus.

Net non-operating revenues and expenses decreased by \$1.7 million to \$191.9 million for 2021 from \$193.6 million for 2020. State appropriations increased by \$2.1 million. Ad valorem tax revenue increased by \$2.0 million. The maintenance and operations tax rate decreased to 11.1738 cents from 11.7251 cents and the debt service tax rate was decreased to 5.7620 cents from 6.0918 cents for 2021 and 2020, respectively. The total tax rate decreased to 16.9358 cents for 2021 from 17.8169 for 2020. The realized tax revenue increase is due to an increase in taxable property values as well as new taxable properties that were added to the tax rolls. Net investment income decreased by \$2.9 million due to decreases in earnings rates from a high of 0.19% at the start of the year to a low of 0.05% at the end of the year. Investable cash decreased due to the expenditures related to capital projects. Interest on capital debt increased by \$1.7 million. Federal revenue decreased by \$1.4 million due to an overall reduction in U.S. Department of Education grants to students. Other Non-operating expenses decreased by \$.2 million.

**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 for the fiscal years ended August 31:

**Summary Statements of Cash Flows - Exhibit 3**  
(In Thousands)

	<u>2022</u>	<u>2021, Restated</u>	<u>2020</u>
Cash provided (used) by:			
Operating activities	\$ (164,446)	\$ (152,629)	\$ (159,046)
Non-capital financing activities	165,200	167,222	161,554
Capital and related financing activities	(11,552)	(9,698)	(100,420)
Investing activities	<u>(19,475)</u>	<u>222</u>	<u>3,128</u>
Increase (Decrease) in cash and cash equivalents	<u>(30,273)</u>	<u>5,117</u>	<u>(94,784)</u>
Cash and cash equivalents, beginning of year	<u>187,948</u>	<u>182,832</u>	<u>277,616</u>
Cash and cash equivalents, end of year	<u>\$ 157,676</u>	<u>\$ 187,948</u>	<u>\$ 182,832</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 \$11.8 million to \$164.4 million in 2022 from \$152.6 million in 2021. Decreases in cash receipts are related to (1) a decrease of \$9.0 million provided by students and other customers, (2) increase of \$23.8 million provided by grants and contracts, (3) a \$15.6 million increase in payments for good and services (4) a \$2.8 million decrease to salaries and benefits related to Employee Retirement

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

System of Texas (ERS) and Teacher Retirement System of Texas (TRS), and (5) an increase of \$13.9 million for scholarships and fellowships.

Cash provided to the College for non-capital financing activities decreased \$2.0 million to \$165.2 million in 2022 from \$167.2 million in 2021. Receipts from State appropriations decreased by \$5.9 million due to state paid benefits related to TRS and ERS. Maintenance ad valorem tax revenues increased by \$.6 million. Non-operating Federal Title IV increased by \$3.3 million, a combination of \$7.6 million in HEERF Revenue Recovery funds and a \$4.3 million decrease in student aid.

Net cash flows from capital and related financing activities increased to a use of \$11.6 million in 2022 from \$9.7 million in 2021, a net increase of \$1.9 million. Receipts provided are (1) \$35.8 million in debt service ad valorem taxes, (2) \$43.1 million from a new bond issue, and (3) \$4.9 million from loans and lease financing arrangements. Uses are related to (1) \$49.8 million for purchases of capital assets, (2) \$19.8 million used for capital debt principal, and (3) \$25.8 million used for capital debt interest.

Net cash flows provided from investing activities decreased \$19.7 million to (\$19.5) million in 2022 from \$.2 million in 2021 due to decreases in cash from investment purchases.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

Capital Assets

In 2022, the College had a \$20.9 million increase to net capital assets. The increase was due to an \$81.9 million net increase to depreciated assets as completed construction projects were placed in service offset by a \$32.0 million net decrease in construction in progress, and a net increase in accumulated depreciation of \$29.0 million.

In 2021, the College had a \$65.2 million increase to net capital assets. This increase was due to a \$29.2 million net increase in construction in progress and a \$61.5 million net increase to depreciated assets as completed construction projects were placed in service. Net accumulated depreciation increased \$25.5 million.

Long-Term Debt

During fiscal year 2022, the College issued \$43.1 million of Limited Tax General Obligation Refunding Bonds (Series 2022, par value \$43.1 million plus a \$5.3 million premium). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, partially refund Series 2011, 2012 and 2015 limited tax refunding bonds, as well as pay the costs of the issuance for the Series 2022 Bonds.

During fiscal year 2022, the College defeased 2011 General Obligation bonds and 2015 General Obligation refunding bonds using unrestricted funds. Additionally \$2.9 million has been deposited into an irrevocable trust until the bonds are callable in February 2023 to defease principal of \$1.9 million and interest of \$1.0 million.

During fiscal year 2021, the College issued \$88.9 million of Limited Tax General Obligation Refunding Bonds (Series 2021, par value \$88.9 million plus a \$21.8 million premium). The proceeds will be used by the College to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, partially refund Series 2011 limited tax refunding bonds, as well as pay the costs of the issuance for the Series 2021 Bonds.

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

Note 15 - Leases

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**AD VALOREM TAXES**

On October 4, 2021, the Board approved the adoption of the 2021 tax rate of 16.7967 cents per \$100 valuation which is 0.0014 cents below the prior year rate of 16.9358 cents. The adopted rate is higher than the calculated no-new revenue tax rate of \$16.2566 cents and required the College to hold a public hearing. The maintenance and operations tax rate increased to 11.2838 cents and the debt service tax rate decreased to 5.5129 cents. The total taxes imposed on a residence homestead at the current year's average appraised value of \$139,016 (excluding special exemptions for persons 65 years of age or older or disabled) at the adopted rate were \$233.50. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption incurred no taxes (\$0.00) to the College on a residence taxed at the current year's average market value. Certified property tax values for the 2021 tax year were received from the Harris County Appraisal District (HCAD) on August 16, 2021. The certified tax roll values for 2021 are \$66.6 billion, which is \$1.4 billion (2.1%) higher than the prior year valuations.

On October 5, 2020, the Board approved the adoption of the 2020 tax rate of 16.9358 cents per \$100 valuation which is 0.8811 cents below the prior year rate of 17.8169 cents. The adopted rate is the same as the calculated no-new revenue tax rate (formerly known as the effective tax rate) which is generally considered a "no new tax rate increase rate". The maintenance and operations tax rate decreased to 11.1738 cents and the debt service tax rate decreased to 5.7620 cents. The total taxes imposed on a residence homestead at the current year's average appraised value of \$129,366 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$219.09. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year's average market value. Certified property tax values for the 2020 tax year were received from the Harris County Appraisal District (HCAD) on September 1, 2020. The certified tax roll values for 2020 are \$62.8 billion, which is \$1.3 billion (2.1%) higher than the prior year valuations.

**CREDIT RATINGS**

At August 31, 2022, the College's credit ratings are as follows:

	<u>Moody's Investor's Service (1) Standard &amp; Poor's (2)</u>	
General Obligation Bonds	Aa2/Stable	AA/Positive
Combined Fee Revenue Bonds *	Aa3/Stable	Not Rated**

(1) Moody's affirmed its rating on the General Obligation Bonds on January 12, 2022.

(2) Standard & Poor's affirmed its rating on the General Obligation Bonds on January 13, 2022.

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

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

In January 2022, Standard & Poor's Global Ratings revised the outlook to positive from stable and affirmed its 'AA' long-term rating on San Jacinto Community College District, Texas' previously issued general obligation (GO) debt. At the same time, S&P Global Ratings assigned its 'AA' long-term rating to the College's series 2022 limited tax GO building and refunding bonds.

**CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS**

San Jacinto Community College District is a dynamic institution that is an integral part of the success of East Harris County and the surrounding communities. The College's leadership continues to build a culture focused on the student. The College's employees work with students to redefine their expectations, encourage the exploration of new opportunities, and empower them to achieve their goals.

## **SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

#### The Local Economy

While the Houston economy has substantially recovered from the pandemic, there are national economic conditions that are of concern which could result in an economic recession. As a result, the College could face potential shortfalls in its primary funding streams coming from enrollment, State funding, and property tax revenues during the upcoming fiscal years. With the College's long history of financial resiliency and the readiness needed to weather challenges, the budget for fiscal year 2023 is very conservative but is also forward focused on achieving the College's strategic plan. The College continues to review all expenditures, including hiring decisions, to determine if an expenditure is mission critical and focused on student success before being allocated.

#### Ad Valorem Taxes

On October 3, 2022, the Board approved the adoption of the 2022 tax rate of 15.5605 cents per \$100 valuation which is 0.0124 cents below the prior year rate of 16.7967 cents. The adopted rate is higher than the calculated no-new revenue tax rate of \$14.8513 cents and required the College to hold a public hearing. The maintenance and operations tax rate decreased to 10.5500 cents and the debt service tax rate decreased to 5.0105 cents. The total taxes imposed on a residence homestead at the current year's average appraised value of \$157,553 (excluding special exemptions for persons 65 years of age or older or disabled) at the proposed rate will be \$245.16. A taxpayer owning a homestead residence and claiming the over 65 or older or disabled exemption would incur no taxes (\$0.00) to the College on a residence taxed at the current year's average market value. Certified property tax values for the 2022 tax year were received from the Harris County Appraisal District (HCAD) on August 31, 2022. The certified tax roll values for 2022 are \$76.8 billion, which is \$10.2 billion (15.3%) higher than the prior year valuations.

#### Enrollment

Enrollment for fall 2022 is down by 3% compared to fall 2021. As of October 21, 2022, the student headcount enrollment was at 30,698, which is down 951 from fall 2021 enrollment of 31,649 at the same point in the term. Fall 2022 contact hours are 5,170,168, which is an increase of 49,768 contact hours, or 1.0% compared to the fall 2021 contact hours of 5,120,400, generated at the same point in time the previous year. The increase in contact hours is largely attributable to the Promise @ San Jac Program and the requirement for students receiving that scholarship to take 12 semester credit hours or more.

#### Future Outlook

Looking ahead to fiscal year 2023 and beyond, the Board and administration will closely monitor the levels of State support, property tax values, and continue to keep tuition affordable for students. The College is also 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 of instructional programs. The College has strong financial reserves, prudent debt reduction strategies, and is positioned well for the future as a result of its strong leadership and fiscal management.

Online learning offerings at San Jacinto College as a percentage of overall offerings have increased significantly since Fall 2019. In the Fall 2019 semester, 21% of contact hours were generated by fully online offerings. The numbers provided by daily enrollment reports show that 39% of contact hours for fall 2022 will be generated by fully online learning. In addition, for Spring 2023, the College is rolling out San Jac Online with 60 degree and certificate programs offered fully online.

During the State's last legislative session, the Commission on Community College Finance (Commission) was created to establish a State funding formula and to determine funding levels needed to sustain all community colleges in Texas. After meeting for over a year, on September 12, 2022, the State's Commission convened, and the initial draft recommendations were distributed. The final Commission hearing took place on October 18, 2022, where final recommendations were approved. The recommendations from the Commission will change the State's funding methodology for community colleges with a significant focus on outcomes tied to graduation, workforce credentials,

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

and university transfer. While there have been some changes to the community college funding methodology over the past fifty years, generally, they have been minor in comparison to the significant changes that have been proposed by the Commission.

Promise @ San Jac Program

Two years ago, the College launched the Promise @ San Jac Program with three high schools in Pasadena ISD providing students with the opportunity to attend San Jacinto College without the financial burden to complete their credential. Beginning with the class of 2022, students who live within the taxing district and who graduated between December 2021 and June of 2022 were able to attend San Jacinto College as a Promise Scholar to complete their certificate or associate degree. In fall 2022, 2,845 students enrolled as Promise students. This expansion of the Promise @ San Jac Program pays for all tuition costs after financial aid and other scholarships are applied, and also covers books and supplies. Out of 7,516 eligible 2023 seniors in district high schools, 3,409 have already completed their Promise Pledge and applications for fall 2023.

Promise Scholars must take 12 semester credit hours or more, must maintain a 2.0 GPA, and have three years to complete their credential. This is truly a program built on the College's promise to support our students with resources and their promise to perform and complete. This program is being funded with the \$30 million donation from MacKenzie Scott which was received by the San Jacinto College Foundation in 2021.

**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 Office of the Vice Chancellor, Fiscal Affairs at 4624 Fairmont Parkway, Pasadena, Texas 77504.





## **BASIC FINANCIAL STATEMENTS**



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF NET POSITION**  
**August 31, 2022 and 2021**

**Exhibit 1**

	<u>2022</u>	<u>2021, Restated</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 69,459,049	\$ 88,053,872
Investments	20,650,684	-
Accounts receivable, net	35,480,262	28,743,199
Prepaid expenses	6,246,721	4,148,080
Inventories	435,168	550,601
	<u>132,271,884</u>	<u>121,495,752</u>
Noncurrent assets:		
Restricted cash and cash equivalents	88,217,088	99,894,805
Capital assets net of accumulated depreciation	654,535,784	601,633,599
Capital assets not being depreciated	66,631,938	98,680,369
	<u>809,384,810</u>	<u>800,208,773</u>
Total assets	<u>941,656,694</u>	<u>921,704,525</u>
Deferred outflows of resources:		
Deferred outflows related to pensions	12,486,706	16,771,450
Deferred outflows related to OPEB	19,256,731	22,616,854
Deferred outflows related to defeased debt	5,500,189	6,554,317
	<u>37,243,626</u>	<u>45,942,621</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	16,762,332	25,285,284
Accrued liabilities	1,127,402	1,206,282
Accrued compensable absences - current portion	172,363	289,006
Unearned compensation	146,350	119,904
Unearned revenue	26,691,468	26,656,077
Net OPEB liability - current portion	3,559,069	3,580,588
Notes payable - current portion	1,890,756	-
Lease liability - current portion	190,452	240,784
Bonds payable - current portion	18,333,854	15,801,762
	<u>68,874,046</u>	<u>73,179,687</u>
Noncurrent liabilities:		
Accrued compensable absences	2,152,249	2,110,837
Net pension liability	20,637,425	46,145,705
Net OPEB liability	112,279,723	103,762,701
Notes payable	2,987,323	-
Lease liability	187,698	378,150
Bonds payable	647,538,045	628,486,994
	<u>785,782,463</u>	<u>780,884,387</u>
Total liabilities	<u>854,656,509</u>	<u>854,064,074</u>
Deferred inflows of resources:		
Deferred inflows related to pensions	25,055,564	7,609,539
Deferred inflows related to OPEB	18,658,275	29,602,311
Deferred inflows related to lease receivable	1,382,496	2,451,580
	<u>45,096,335</u>	<u>39,663,430</u>
<u>Net Position</u>		
Net investment in capital assets	135,411,631	140,077,779
Restricted for:		
Expendable:		
Grants	5,764,345	6,187,374
Debt service	1,275,703	929,534
Unrestricted	<u>(63,304,203)</u>	<u>(73,275,045)</u>
Total net position (Schedule D)	<u>\$ 79,147,476</u>	<u>\$ 73,919,642</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**FOUNDATION, INC. (a Texas Nonprofit Corporation)**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

**Exhibit 1A**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,366,052	\$ 3,123,085
Pledges receivable	126,200	136,940
Investments	38,930,334	43,725,580
Pledges receivable with perpetual donor restrictions	<u>3,007,500</u>	<u>3,507,500</u>
Total assets	<u>\$ 44,430,086</u>	<u>\$ 50,493,105</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Scholarships and programs payable	<u>\$ 1,283,635</u>	<u>\$ 365,749</u>
Total liabilities	<u>1,283,635</u>	<u>365,749</u>
Net assets:		
Without donor restrictions	30,437,533	35,726,553
With donor restrictions	<u>12,708,918</u>	<u>14,400,803</u>
Total net assets	<u>43,146,451</u>	<u>50,127,356</u>
Total liabilities and net assets	<u>\$ 44,430,086</u>	<u>\$ 50,493,105</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended August 31, 2022 and 2021**

**Exhibit 2**

	<u>2022</u>	<u>2021, Restated</u>
<u>Operating Revenues</u>		
Student tuition and fees (net of allowances and discounts of \$32,397,796 and \$30,224,462 respectively)	\$ 36,032,028	\$ 39,270,733
Federal grants and contracts	38,646,060	12,942,952
State grants and contracts	2,556,606	2,372,480
Non-governmental grants and contracts	3,399,392	994,663
Sales and services of educational and non-educational activities	2,226,602	6,411,961
Auxiliary enterprises (net of discounts)	2,815,511	1,789,295
Total operating revenues (Schedule A)	<u>85,676,199</u>	<u>63,782,084</u>
<u>Operating Expenses</u>		
Instruction	79,776,127	81,109,986
Public service	394,816	668,441
Academic support	22,310,257	22,004,708
Student services	18,344,991	17,934,955
Institutional support	48,900,602	48,341,567
Operation and maintenance of plant	20,877,679	22,766,038
Scholarships and fellowships	46,471,154	35,232,885
Auxiliary enterprises	2,659,402	1,315,721
Depreciation	29,310,682	25,842,873
Total operating expenses (Schedule B)	<u>269,045,710</u>	<u>255,217,174</u>
Operating loss	<u>(183,369,511)</u>	<u>(191,435,090)</u>
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	51,768,866	59,023,451
Maintenance ad valorem taxes	73,880,718	73,037,594
Debt service ad valorem taxes	36,071,243	37,616,119
Federal revenue, non-operating	42,785,822	47,180,438
HEERF Revenue Recovery	7,659,973	-
Investment income (net of investment expenses)	1,176,043	222,060
Interest on capital related debt	(24,742,223)	(25,122,998)
Other non-operating revenues (expenses)	(3,097)	(14,113)
Total non-operating revenues, net (Schedule C)	<u>188,597,345</u>	<u>191,942,551</u>
Increase in net position	5,227,834	507,461
<u>Net Position</u>		
Net position, beginning of year	73,919,642	80,169,233
Net position, end of year	<u>79,147,476</u>	<u>80,676,694</u>
Cumulative effect for depreciation adjustment	-	(6,757,052)
Net position, Beginning of the year, Restated	<u>\$ 79,147,476</u>	<u>\$ 73,919,642</u>

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

**Exhibit 2A**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:						
Contributions	\$ 470,739	\$ 1,141,152	\$ 1,611,891	\$ 30,401,032	\$ 1,696,309	\$ 32,097,341
Special events, net of costs of direct donor benefits	432,090	-	432,090	4,562	-	4,562
Interest and dividends, net of investment expenses	827,382	195,571	1,022,953	147,028	101,441	248,469
Net change in fair value of investments	(5,760,437)	(933,475)	(6,693,912)	920,422	627,266	1,547,688
Net assets released from restrictions	2,627,823	(2,627,823)	-	1,330,442	(1,330,442)	-
<b>Total public support and revenues</b>	<b>(1,402,403)</b>	<b>(2,224,575)</b>	<b>(3,626,978)</b>	<b>32,803,486</b>	<b>1,094,574</b>	<b>33,898,060</b>
Expenses:						
Program services	2,678,453	-	2,678,453	1,463,609	-	1,463,609
Supporting services:						
General and administrative	529,529	-	529,529	332,030	-	332,030
Fundraising	145,945	-	145,945	108,573	-	108,573
<b>Total expenses</b>	<b>3,353,927</b>	<b>-</b>	<b>3,353,927</b>	<b>1,904,212</b>	<b>-</b>	<b>1,904,212</b>
Change in net assets	(4,756,330)	(2,224,575)	(6,980,905)	30,899,274	1,094,574	31,993,848
Net assets, beginning of year	35,193,863	14,933,493	50,127,356	4,294,589	13,838,919	18,133,508
Net assets, end of year	\$ <u>30,437,533</u>	\$ <u>12,708,918</u>	\$ <u>43,146,451</u>	\$ <u>35,193,863</u>	\$ <u>14,933,493</u>	\$ <u>50,127,356</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended August 31, 2022 and 2021**

**Exhibit 3**

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 38,414,751	\$ 47,373,000
Receipts of grants and contracts	39,941,606	16,104,735
Payments to suppliers for goods or services	(63,958,473)	(48,353,396)
Payments to or on behalf of employees	(132,122,353)	(134,900,505)
Payments of scholarships and fellowships	<u>(46,721,161)</u>	<u>(32,852,875)</u>
Net cash used by operating activities	<u>(164,445,630)</u>	<u>(152,629,041)</u>
<u>Cash flows from non-capital financing activities</u>		
Receipts from State appropriations	41,659,746	47,605,959
Receipts from ad valorem taxes - maintenance and operating	73,094,209	72,445,409
Receipts from non-operating Federal revenue	<u>50,445,795</u>	<u>47,170,604</u>
Net cash provided by non-capital financing activities	<u>165,199,750</u>	<u>167,221,972</u>
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	35,812,091	37,405,750
Purchases of capital assets	(49,817,543)	(91,062,628)
Proceeds from note payable	4,878,079	-
Proceeds from general obligation bonds	43,095,000	88,870,000
Payment on capital debt - principal	(19,765,612)	(24,044,785)
Payment on capital debt - interest	<u>(25,754,036)</u>	<u>(20,866,656)</u>
Net cash used by capital and related financing activities	<u>(11,552,021)</u>	<u>(9,698,319)</u>
<u>Cash flows from investing activities</u>		
Investment income	1,204,764	222,060
Purchase of investments	<u>(20,679,404)</u>	<u>-</u>
Net cash used by investing activities	<u>(19,474,640)</u>	<u>222,060</u>
Increase (Decrease) in cash and cash equivalents	(30,272,541)	5,116,672
Cash and cash equivalents, beginning of year	<u>187,948,678</u>	<u>182,832,006</u>
Cash and cash equivalents, end of year	<u>\$ 157,676,137</u>	<u>\$ 187,948,678</u>
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (183,369,511)	\$ (191,435,090)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	29,310,682	25,842,873
Bad debt expense	1,426,884	-
Tax collection fee	244,741	240,808
Payments made directly by state for benefits	10,109,120	11,417,492
Changes in assets and liabilities:		
Receivables, net	(7,363,028)	45,185
Prepaid expenses and deferred charges	(2,098,641)	(998,889)
Inventories	115,434	(184,352)
Donated assets	(350,000)	-
Deferred outflows related to pensions	4,284,744	3,611,953
Deferred outflows related to OPEB	3,360,123	(4,984,217)
Accounts payable	(8,843,622)	2,162,887
Accrued liabilities	362,612	(1,383,314)
Unearned revenue	35,392	1,550,466
Compensated absences	(90,685)	(409,257)
Net pension liability	(25,508,280)	332,444
Net OPEB liability	8,495,503	161,072
Deferred inflow related to pensions	17,446,025	(1,461,273)
Deferred inflow related to OPEB	(10,944,035)	-
Deferred inflow related to lease receivable	<u>(1,069,088)</u>	<u>2,862,171</u>
Net cash used by operating activities	<u>\$ (164,445,630)</u>	<u>\$ (152,629,041)</u>
<u>Non-cash investing, capital, and financing activities</u>		
Payments made directly by state for benefits	10,109,120	11,417,492
Net pension/OPEB liability	(2,865,920)	522,150
Amortization of discounts and premiums on bonds	3,150,621	5,269,149
Gifts of depreciable and non-depreciable assets	350,000	107,496
Accreted interest on capital appreciation bonds	592,210	4,169,876
Deferred outflow related to defeased debt	<u>1,054,128</u>	<u>1,126,016</u>
Net non-cash investing, capital, and financing activities	<u>\$ 12,390,159</u>	<u>\$ 22,612,179</u>



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

**EXHIBIT 3A**

**STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (6,980,905)	\$ 31,993,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net Change in fair value of investment	6,693,912	(1,547,688)
Contributions with perpetual donor restrictions	(19,623,463)	(602,650)
(Increase) decrease in pledges receivable	9,740	148,819
Increase (decrease) in scholarships and programs payable	917,886	7,649
	<u>(18,982,830)</u>	<u>29,999,978</u>
 <u>Cash flows from investing activities</u>		
Sale (purchase) of investments	<u>(1,898,666)</u>	<u>(29,825,636)</u>
	<u>(1,898,666)</u>	<u>(29,825,636)</u>
 <u>Cash flows from financing activities</u>		
Proceeds from contributions with perpetual donor restrictions	<u>20,124,463</u>	<u>1,103,650</u>
	<u>20,124,463</u>	<u>1,103,650</u>
 Net change in cash and cash equivalents	 (757,033)	 1,277,992
Cash and cash equivalents, beginning of year	<u>3,123,085</u>	<u>1,845,093</u>
Cash and cash equivalents, end of year	<u>\$ 2,366,052</u>	<u>\$ 3,123,085</u>

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

August 31, 2022 and 2021

### 1. Reporting Entity

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

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

### 2. Summary of Significant Accounting Policies

#### Reporting Guidelines

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

#### New Accounting Pronouncements

All GASB Statements up to Statement No. 101 were reviewed for applicability to the College. Implementation status and applicability information is provided below.

#### GASB Statement No. 84 - *Fiduciary Activities*

[GASB Statement 84 Link](#)

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement was originally effective for the College's fiscal year ending August 31, 2020 but was postponed to August 31, 2021, as a result of GASB Statement No. 95. The College has determined that the impact of adopting this Statement is immaterial.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

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

GASB Statement No. 87 - *Leases*

[GASB Statement 87 Link](#)

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement was adopted during the College's fiscal year ending August 31, 2022.

GASB Statement No. 87 Leases was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The College has evaluated the effects of this Statement and has determined that it has an impact to the financial statements. The College has incorporated such leases into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

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

[GASB Statement 89 Link](#)

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The College has evaluated the effects of this Statement and has determined that it does impact the financial statements. This Statement was adopted during the College's fiscal year end August 31, 2022.

GASB Statement No. 90 - *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*

[GASB Statement 90 Link](#)

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement was originally effective for the College's fiscal year ending August 31, 2020 but was postponed to August 31, 2021, as a result of GASB Statement No. 95. The College has determined this Statement is not applicable.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

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

GASB Statement No. 91 - *Conduit Debt Obligations*

[GASB Statement 91 Link](#)

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. This Statement was originally effective for the College's fiscal year ending August 31, 2022 but is now postponed to August 31, 2023, as a result of GASB Statement No. 95. The College is currently evaluating the impact of adopting this Statement.

GASB Statement 92 - *Omnibus 2020*

[GASB Statement 92 Link](#)

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics and includes the following: Statement No. 87, Statement No. 73, Statement No. 74, Statement No. 84, and other topics. The application of this statement is expected to provide more comparable reporting and improve the usefulness for financial statement users. This Statement was adopted during the College's fiscal year end August 31, 2022.

GASB Statement No. 93 - *Replacement of Interbank Offered Rates*

[GASB Statement 93 Link](#)

The objective of this statement is to address accounting and financial reporting implications resulting from global reference rate reform. Government agreements in which variable payments made or received depend on IBOR, most notably the London Interbank Offered Rate (LIBOR), will be affected, as LIBOR will cease to exist at the end of 2021. Rate provisions in Statement Nos. 53 and 87 will also be affected. Most requirements of this statement are effective for reporting periods beginning after June 15, 2020; however, requirements regarding the removal of LIBOR as an appropriate benchmark are effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. This Statement is effective for the College's fiscal year ending August 31, 2022. The College has determined this Statement is not applicable.

GASB Statement 94 - *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*

[GASB Statement 94 Link](#)

The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. Requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. This Statement is effective for the College's fiscal year ending August 31, 2023. The College is currently evaluating the impact of adopting this Statement.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2022 and 2021

#### 2. Summary of Significant Accounting Policies (continued)

GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*

[GASB Statement 95 Link](#)

The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for reporting periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement Nos. 83, 84, 88, 89, 90, 91, 92, 93, and Implementation Guide Nos. 2017-3, 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3.

Requirements of this statement are effective immediately. Changes in effective dates noted in the pertinent GASB Statements above.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements (SBITA)*

[GASB Statement 96 Link](#)

The objective of this statement is to (1) define a SBITA; (2) establish that SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement is effective for the College's fiscal year ending August 31, 2023. The College is currently evaluating the impact of adopting this Statement.

GASB Statement 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (an amendment of GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32)*

[GASB Statement 97 Link](#)

The primary objectives of this statement are the following: (1) increase consistency and comparability in the reporting of fiduciary component units where the potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of reporting defined contribution plans, defined contribution OPEB plans, or other employee benefit plans that are administered through trusts are effective immediately. This Statement was adopted during The College's fiscal year ending August 31, 2021 with no significant impact.

GASB Statement No. 98 - *The Annual Comprehensive Financial Reports*

[GASB Statement 98 Link](#)

This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The College implemented this statement in fiscal year 2021.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2022 and 2021

#### 2. Summary of Significant Accounting Policies (continued)

GASB Statement No. 99 – *Omnibus 2022 (SBITA)*

[GASB Statement 99 Link](#)

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The statement addresses a variety of topics and includes the following: Statement Nos. 34, 53, 63, 87, 96, and other topics. The application of this statement is expected to provide more comparable reporting and improve the consistency of authoritative literature.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately.

The requirements related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

The College adopted the various requirements of the provisions planned for FY 2022, and is evaluating the impact of the others planned for FY 2023 and FY 2024.

GASB Statement No. 100 - *Accounting Changes and Error Corrections*

[GASB Statement 100 Link](#)

The primary objective of this statement is to enhance accounting and financial reporting related to accounting changes and error corrections. This statement: (1) defines accounting changes and describes the transactions or other events that constitute those changes, (2) addresses corrections of errors in previously issued financial statements, (3) prescribes the accounting and financial reporting for each type of accounting change and error corrections, (4) requires note disclosures, and (5) addresses how accounting changes and error corrections should be presented in required supplementary information (RSI) and supplementary information (SI). The application of this statement is intended to result in greater consistency and understandable, reliable, and relevant information. This Statement is effective for the College's fiscal year ending August 31, 2024. The College is currently evaluating the impact of adopting this Statement.

#### Tuition Discounting

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

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2022 and 2021

#### 2. Summary of Significant Accounting Policies (continued)

recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

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

#### Measurement Focus and 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.

However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the College the right-to-use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

#### Budgetary Data

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

#### Cash and Cash Equivalents

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

#### Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) until then. The College has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

# SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2022 and 2021

### 2. Summary of Significant Accounting Policies (continued)

#### Investments

The College reports investments at fair value. Fair values are based on published market rates, except for external public funds investment pools which are valued and reported at amortized cost, which approximates fair value. Short-term investments have an original maturity greater than three months but less than one year at time of purchase or current maturities of less than one year. The College has designated external public funds investment pools of \$154,158,908 and \$155,439,887 as of August 31, 2022 and 2021, respectively, to be cash equivalents. The College also had investments in U.S. Government Securities and Certificates of Deposits in the amount of \$20,650,684 as of August 31, 2022. 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, 2022 and 2021.

#### Inventories

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

#### Capital Assets

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the estimated useful lives shown below.

As the College constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 15 below). Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Capital assets are long-lived assets in the service of the College and include land, buildings, improvements, equipment, and library books. Capital assets that are purchased are recorded at cost. Donated capital assets are recorded at acquisition value. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovation in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. If the individual acquisition cost is less than \$5,000 but the total purchase of similar assets is \$100,000 or more, the group of assets is capitalized (e.g. annual furniture replenishment purchases). The threshold of \$100,000 is applied to a single purchase order for similar assets. 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, 2022 and 2021. 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
Right-to-use leased equipment	5 years



## **SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

#### **2. Summary of Significant Accounting Policies (continued)**

##### Interest on Capital Related Debt

Interest incurred on capital related debt totaled \$24,742,223 and \$28,427,116 for fiscal years 2022 and 2021, respectively. Of these amounts \$3,304,118 was capitalized to construction in progress for fiscal year 2021 only due to the implementation of GASB 89 which no longer allows for the capitalization of interest.

##### Net Pension Liability - Teachers Retirement System of Texas

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

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

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

##### Unearned Revenue

Unearned revenue, primarily consisting of tuition and fees, relates to academic terms in the next fiscal year and, as such, has been recognized as a liability. At August 31, 2022 and 2021, unearned revenue was \$26,691,468 and \$26,656,077, respectively.

##### Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The College has three items that qualify for reporting in this category. In the statement of net position, the College reports deferred amounts related to pension, deferred amounts related to OPEB, as well as, deferred amounts related to tenant lease receivables.

##### Leases

Lessee: The College is a lessee for a noncancellable lease of equipment, vehicles, building office spaces, and land. The College recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The College recognizes lease liabilities with an initial, individual value of \$30,000 or more.

## **SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

#### **2. Summary of Significant Accounting Policies (continued)**

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes that occur are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The College is a lessor for a noncancellable lease of a building. The College recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the College initially measures the lease receivable at the present value of fixed or minimum payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The College uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes that occur are expected to significantly affect the amount of the lease receivable.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2022 and 2021

## 2. Summary of Significant Accounting Policies (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 and payables related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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

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

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

### Classification of Revenues and Expenses

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

### Management Estimates

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

### Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform with the current year presentation. Prior year reclasses relate to Childcare Center revenues.

### Prior Year Restatement

The College made a prior year restatement to record depreciation expense on existing assets included on the College's Statement of Net Position. See Footnote 24.

In accordance with GASB 87, the College made a prior year restatement as lessee to recognize a lease liability and an intangible right-to-use lease asset, and as lessor to recognize a lease receivable and a deferred inflow of resources which are included on the College's Statement of Net Position with a net zero impact. See Footnote 24.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**3. Income Taxes**

San Jacinto Community College District is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2022 and 2021.

**4. Authorized Investments**

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

Deposits and Investments

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents:		
Petty cash on hand	\$ 19,166	\$ 19,166
External investment pools	154,158,908	155,439,887
Money market	<u>-</u>	<u>30,026,050</u>
Subtotal cash and cash equivalents	154,178,074	185,485,103
Bank deposits - demand deposits	<u>3,498,063</u>	<u>2,463,575</u>
Total cash and deposits, August 31	\$ <u><u>157,676,137</u></u>	\$ <u><u>187,948,678</u></u>

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

	<u>2022</u>	<u>2021</u>
Exhibit 1 - cash, cash equivalents and investments:		
Cash and cash equivalents:		
Current	\$ 69,459,049	\$ 88,053,872
Noncurrent	88,217,088	99,894,806
Investments	<u>20,650,684</u>	<u>-</u>
Total cash, cash equivalents and investments	\$ <u><u>178,326,821</u></u>	\$ <u><u>187,948,678</u></u>

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

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Weighted Average (Days)</u>	<u>Rating</u>
	<u>Fair Value</u>	<u>Maturity Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>		
<u>2022</u>						
External investment pools	\$ 154,158,908	\$ 154,158,908	\$ -	\$ -	1.00	AAA-AAAm
U.S. Treasuries	9,956,600	9,956,600			1.00	AAA-AAAm
U.S. Agencies	9,960,900	9,960,900			1.00	AAA-AAAm
Certificates of Deposit	<u>733,184</u>	<u>733,184</u>	<u>-</u>	<u>-</u>	<u>1.00</u>	<u>AAA-AAAm</u>
Totals	\$ <u><u>174,809,592</u></u>	\$ <u><u>174,809,592</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u>1.00</u>	
<u>2021</u>						
External investment pools	\$ 155,439,887	\$ 155,439,887	\$ -	\$ -	1.00	AAA-AAAm
Money market	<u>30,026,050</u>	<u>30,026,050</u>	<u>-</u>	<u>-</u>	<u>1.00</u>	n/a
Totals	\$ <u><u>185,465,937</u></u>	\$ <u><u>185,465,937</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u>1.00</u>	

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**4. Authorized Investments (continued)**

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the Policy sets a maximum maturity of three years. The operating funds have a dollar weighted average maturity (WAM) limit of 365 days and debt service funds have a maximum WAM of six months. The bond fund must maintain a 10% liquidity buffer. During 2022 and 2021, the portfolio contained no investment maturing beyond three years and the dollar weighted average maturity of the total portfolio was 1 day as of August 31, 2022 and 2021.

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.

Concentration of Credit Risk

The Policy of the College to invest its public funds in a manner which will provide the highest reasonable investment return with the maximum security while meeting the daily cash flow requirements of the College and conforming to all state and federal statutes governing the investment of public funds. 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>Type of Investment</u>	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	90%	Local Government Investment Pools	100%
U.S. Agency and Instrumentality Obligations	85%	Participation Per Pool	10% of pool
SEC Registered Money Market Funds	60%	Commercial Paper	25%
Repurchase Agreements	75%	Limit per issuer	5%
Flex Repurchase (Bond Funds)	100% of Issue	Municipal Obligations	50%
Collateralized/Insured Certificates of Deposits	20%	Limit per issuer	10%
FDIC Insured Brokered Certificates of Deposits	20%	Limit per geographical region	50%
Negotiable Certificates of Deposits	15%	Corporate Obligations	30%
Limit per bank	5%	Limit per issuer	5%

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**4. Authorized Investments (continued)**

As of August 31, 2022, the investment portfolio consisted of 86.5% in investment pools, 5.6% in U.S. Treasury Obligations, and 5.6% in U.S. Agency Obligations, 0.4% in CDs and 1.9% in petty cash and demand deposits. As of August 31, 2021, the investment portfolio consisted of 98.7% in investment pools and money market accounts and 1.3% in petty cash and demand deposits.

Custodial Credit Risk

To control custody risk, State law and the Policy require collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the College and held in the College’s name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions and position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% (with 110% on mortgaged-backed securities), and transactions are required to be executed under a written agreement. The counterparty 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, 2022 and 2021, the Portfolio did not contain any repurchase agreements. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank’s holding company. At August 31, 2022, and 2021, the carrying amount of the College deposits was \$3,498,063 and \$32,489,625 and the total bank balances equaled \$4,863,608 and \$33,739,833, respectively. Bank balances are covered by Federal depository insurance of up to \$250,000 per financial institution. The remaining \$4,613,608 and \$33,239,833 were covered by an FHLB letter of credit or collateral pledged with securities held by the pledging financial institution’s trust department or agent in the College’s name for the years ended August 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments

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

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

The College had the following investments measured at fair value at August 31, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value level	\$ 20,650,684	\$ <u>20,650,684</u>	\$ _____	\$ _____
Investments measured at NAV/amortized cost:				
TexPool	38,577,508			
Lone Star	<u>115,581,400</u>			
Total Investments	\$ <u>154,158,908</u>			

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**4. Authorized Investments (continued)**

The College had the following investments measured at fair value at August 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value level - money market	\$ 30,026,050	\$ <u>30,026,050</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at NAV/amortized cost:				
TexPool	87,891,535			
Lone Star	<u>67,548,352</u>			
Total Investments	\$ <u>155,439,887</u>			

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

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

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

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

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

Accounts receivable consist of the following at August 31:

	<u>2022</u>	<u>2021, Restated</u>
Student receivables	\$ 21,075,193	\$ 17,747,791
Federal receivables	5,427,141	2,693,178
State and local receivables	3,203,411	1,276,922
Other receivables	4,190,246	6,309,154
Less allowances for doubtful accounts	<u>(4,254,437)</u>	<u>(4,321,635)</u>
Total	<u>29,641,554</u>	<u>23,705,410</u>
Property tax receivable	6,187,811	5,365,993
Less allowances for doubtful accounts	<u>(349,103)</u>	<u>(328,204)</u>
Total	<u>5,838,708</u>	<u>5,037,789</u>
Total accounts receivables, net	<u>\$ 35,480,262</u>	<u>\$ 28,743,199</u>

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

	<u>2022</u>	<u>2021</u>
Vendors payable	\$ 6,626,894	\$ 6,027,114
Construction costs payable	2,439,459	11,042,249
Students payable	992,248	1,242,256
Other payable	1,407,705	2,040,215
Salaries and benefits payable	5,296,062	4,933,450
Accrued interest payable	<u>1,127,366</u>	<u>1,206,282</u>
Total accounts payables and accrued liabilities, net	<u>\$ 17,889,734</u>	<u>\$ 26,491,566</u>



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

**6. Capital Assets**

The College made a prior period adjustment for capital assets not depreciated in prior years. See Footnote 24.

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

	2022			Balance August 31, 2022
	Balance September 1, 2021	Increase	Decrease	
<b>Not depreciated:</b>				
Land	\$ 17,152,838	\$ -	\$ -	\$ 17,152,838
Construction in progress	81,527,531	38,736,687	70,785,118	49,479,100
Total not depreciated	<u>98,680,369</u>	<u>38,736,687</u>	<u>70,785,118</u>	<u>66,631,938</u>
<b>Other capital assets:</b>				
Buildings	657,113,941	64,730,560	-	721,844,501
Land improvements	77,043,408	2,784,414	-	79,827,822
Furniture, equipment, and vehicles	65,512,523	11,894,260	71,345	77,335,438
Telecommunications and computer peripheral equipment	42,166,403	2,549,933	-	44,716,336
Library books	7,439,575	282,249	275,898	7,445,926
Right-to-use leased equipment	1,242,577	-	-	1,242,577
Total depreciated	<u>850,518,427</u>	<u>82,241,416</u>	<u>347,243</u>	<u>932,412,600</u>
<b>Less accumulated depreciation:</b>				
Buildings	141,070,885	14,082,002	-	155,152,887
Land improvements	46,568,125	3,510,963	-	50,079,088
Furniture, equipment, and vehicles	30,244,065	5,332,859	68,249	35,508,675
Telecommunication and computer peripheral equipment	25,338,382	5,813,717	-	31,152,099
Library books	5,039,726	352,076	275,898	5,115,904
Right-to-use leased equipment	623,645	244,518	-	868,163
Total accumulated depreciation	<u>248,884,828</u>	<u>29,336,135</u>	<u>344,147</u>	<u>277,876,816</u>
Net capital assets	<u>\$ 700,313,968</u>	<u>\$ 91,641,968</u>	<u>\$ 70,788,214</u>	<u>\$ 721,167,722</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

**6. Capital Assets (continued)**

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

	2021			Balance August 31, 2021, as restated
	Balance September 1, 2020, as restated	Increase	Decrease	
<b>Not depreciated:</b>				
Land	\$ 17,122,501	\$ 30,337	\$ -	\$ 17,152,838
Construction in progress	52,323,917	91,822,205	62,618,591	81,527,531
<b>Total not depreciated</b>	<b>69,446,418</b>	<b>91,852,542</b>	<b>62,618,591</b>	<b>98,680,369</b>
<b>Other capital assets:</b>				
Buildings	606,761,822	51,704,615	1,352,496	657,113,941
Land improvements	74,938,870	2,104,538	-	77,043,408
Furniture, equipment, and vehicles	60,584,832	5,163,526	235,835	65,512,523
Telecommunications and computer peripheral equipment	38,126,849	4,039,554	-	42,166,403
Library books	7,415,127	287,306	262,858	7,439,575
Right-to-use leased equipment	1,143,583	98,994	-	1,242,577
<b>Total depreciated</b>	<b>788,971,083</b>	<b>63,398,533</b>	<b>1,851,189</b>	<b>850,518,427</b>
<b>Less accumulated depreciation:</b>				
Buildings	128,369,503	12,701,382	-	141,070,885
Land improvements	42,681,743	3,886,382	-	46,568,125
Furniture, equipment, and vehicles	23,258,432	7,123,823	138,190	30,244,065
Telecommunication and computer peripheral equipment	23,561,578	1,776,804	-	25,338,382
Library books	4,948,555	354,029	262,858	5,039,726
Right-to-use leased equipment	473,392	150,253	-	623,645
<b>Total accumulated depreciation</b>	<b>223,293,203</b>	<b>25,992,673</b>	<b>401,048</b>	<b>248,884,828</b>
<b>Net other capital assets</b>	<b>\$ 635,124,298</b>	<b>\$ 129,258,402</b>	<b>\$ 64,068,732</b>	<b>\$ 700,313,968</b>

**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, 2022 and 2021, the outstanding commitment under construction contracts for facilities and other projects is approximately \$14.3 and \$38.4 million, respectively.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**8. Noncurrent Liabilities**

The following is a summary of noncurrent liability activity for the years ended August 31:

	2022				
	Balance September 1, 2021	Increase	Decrease	Balance August 31, 2022	Current Portion
<b>Bonds payable:</b>					
General obligation bonds	\$ 595,361,055	\$ 48,427,785	\$ 24,824,883	\$ 618,963,957	\$ 16,721,990
Revenue bonds	44,757,825	-	1,536,863	43,220,962	1,611,864
Accreted interest	4,169,876	592,210	1,075,107	3,686,979	-
<b>Notes payable:</b>					
Notes payable-SECO	-	921,354	-	921,354	-
Notes payable IT equipment	-	3,956,725	-	3,956,725	1,890,756
<b>Leases:</b>					
Right-to-use leases	618,934		240,784	378,150	190,452
<b>Accrued Compensable absences</b>	2,399,843	3,087,334	3,162,565	2,324,612	172,363
Net pension liability	46,145,705	-	25,508,280	20,637,425	-
Net OPEB liability	107,343,289	16,339,048	7,843,545	115,838,792	3,559,069
<b>Total</b>	<b>\$ 800,796,527</b>	<b>\$ 73,324,456</b>	<b>\$ 64,192,027</b>	<b>\$ 809,928,956</b>	<b>\$ 24,146,494</b>

In accordance with GASB 87, the College makes a prior year restatement as lessee to recognize a right-to-use lease liability.

	2021 (Restated)				
	Balance September 1, 2020, as restated	Increase	Decrease	Balance August 31, 2021	Current Portion
<b>Bonds payable:</b>					
General obligation bonds	\$ 530,439,998	\$ 108,595,139	\$ 43,674,082	\$ 595,361,055	\$ 13,956,364
Revenue bonds	45,979,683	-	1,221,858	44,757,825	1,536,864
Accreted interest	-	4,169,876		4,169,876	308,534
<b>Leases:</b>					
Right-to-use leases	711,884	98,994	191,944	618,934	240,784
<b>Accrued Compensable absences</b>	2,819,100	2,948,853	3,368,110	2,399,843	289,006
Net pension liability	45,813,261	3,887,442	3,554,998	46,145,705	-
Net OPEB liability	107,182,217	14,590,934	14,429,862	107,343,289	3,580,588
<b>Total</b>	<b>\$ 732,946,143</b>	<b>\$ 134,291,238</b>	<b>\$ 66,440,854</b>	<b>\$ 800,796,527</b>	<b>\$ 19,912,140</b>

The accreted interest represents the portion of the Series 2011 bond issues which are Capital Appreciation Bonds. These bonds were issued at a discount, and there are no scheduled interest payments due until maturity of the bonds. A portion of the difference between the principal received at issuance and the total amount due at maturity is accreted each year until the total liability equals the cash due at maturity.

Issue	2022			
	Balance August 31, 2021	Current Year Accretion	Additions (Maturities)	Balance August 31, 2022
Series 2011	\$ 4,169,876	\$ 592,210	\$ (1,075,107)	\$ 3,686,979

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**9. Bonds and Notes Payable**

Bonds and notes payable at August 31 are as follows:

	2022	2021
<u>General Obligation Bonds</u>		
Limited Tax General Obligation Building and Refunding Bonds, Series 2011, to refund a portion of 2009 General Obligation Bonds, to construct and equip facilities, and to purchase sites for school buildings. Issued July 21, 2011, in the amount of \$68,055,568 plus a premium of \$2,863,979. Partially defeased during fiscal years 2017, 2019, 2021, and 2022. Tax supported bonds. Interest rates range from 1.30% to 4.66%. Due February 2038.	\$ 6,036,586	\$ 8,040,165
Limited Tax General Obligation Refunding Bonds, Series 2012, to refund Series 2003 and 2004 General Obligation Bonds. Issued May 23, 2012, in the amount of \$13,800,000 plus a premium of \$548,973. Tax supported bonds. Interest rates range from 2.00% to 5.00%. Due February 2033. Fully defeased as of fiscal year 2022.	-	8,699,565
Limited Tax General Obligation Refunding Bonds, Series 2015, to partially refund Series 2008, 2008A, and 2009 General Obligation Bonds. Issued September 10, 2015, in the amount of \$46,505,000 plus a premium of \$5,995,835. Partially defeased during fiscal year 2022. Tax supported bonds. Interest rates range from 3.625% to 5.00%. Due February 2033.	44,845,734	50,115,121
Limited Tax General Obligation Bonds, Series 2016A, to construct, renovate, acquire and equip school buildings and for the purchase of necessary sites for school buildings, and pay the costs of issuance. Issued April 20, 2016, in the amount of \$138,220,000 plus a premium of \$14,856,886. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2046.	137,419,769	140,655,905
Limited Tax General Obligation Refunding Bonds, Series 2016B, to partially refund Series 2008A and 2009 General Obligation Bonds and pay the costs of issuance. Issued April 20, 2016 in the amount of \$50,235,000 plus a premium of \$5,989,839. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2038.	49,427,539	49,697,757
Limited Tax General Obligation Refunding Bonds, Series 2016C, to partially refund Series 2009 Limited Tax General Obligation Bonds and Series 2011 Limited Tax Refunding Bonds and pay the costs of issuance. Issued September 22, 2016 in the amount of \$73,770,000 plus a premium of \$9,659,340. Tax supported bonds. Interest rates range from 2.50% to 5.00%. Due February 2039.	77,295,254	77,719,840

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

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

Limited Tax General Obligation Bonds, Series 2019A, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, and pay the costs of issuance. Issued February 6, 2019 in the amount of \$131,205,000 plus a premium of \$19,828,053. Tax supported bonds. Interest rate 5.00%. Due February 2049.

144,450,537 147,265,637

Limited Tax General Obligation Refunding Bonds, Series 2019B, to refund Series 2007 Limited Tax General Obligation Building and Refunding Bonds, Series 2008 Limited Tax Refunding Bonds, 2009 Limited Tax General Obligation Bonds, and pay the costs of issuance. Issued February 6, 2019 in the amount of \$11,520,000 plus a premium of \$1,070,607. Tax supported bonds. Interest rate 5.00%. Due February 2033.

5,067,924 6,473,055

Limited Tax General Obligation Refunding Bonds, Series 2021, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, to partially refund Series 2011 Limited Tax Refunding Bonds, and pay the costs of issuance. Issued February 18, 2021 in the amount of \$88,870,000 plus a premium of \$18,126,111. Tax supported bonds. Interest rates range from 3.00% to 5.00%. Due February 2051.

106,098,082 106,694,009

Limited Tax General Obligation Refunding Bonds, Series 2022, to construct, renovate, acquire and equip school buildings, purchase necessary sites for school buildings, to partially refund Series 2011, 2012, and 2015 Limited Tax Refunding Bonds, and pay the costs of issuance. Issued January 25, 2022 in the amount of 43,095,000 plus a premium of \$5,332,785. Tax supported bonds. Interest rates range from 2.625% to 5.00%. Due February 2047.

48,322,532 -

Revenue Bonds

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

43,220,962 44,757,826

Notes Payable

College financing loan amount of \$3,956,725 with Dell Financial and First American Services related to purchase of IT equipment with terms ranging from three to five years. Interest rates range from 1.74% to 4.35%. Maturity dates from 2022 to 2026.

3,956,725 -

College has an approved loan amount of \$4,218,000 with Texas State Energy Conservation Office (SECO) loan program related to energy conservation measures associated with Energy Policy and Conservation Act (42 U.S.C. 6321, et seq). Project reimbursement requests are submitted monthly to SECO. The liability is increased as reimbursements are received from the State. The loan repayment schedule will be prepared by SECO once the project is completed, which is estimated to be April 2023. A 2% interest rate is established for the loan until repaid in full.

921,354 -

Total bonds and notes payable

\$ 667,062,998 \$ 640,118,880

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

**10. Debt and Lease Obligations**

Debt service requirements for bonds and notes payable as of August 31, 2022 were as follows:

Years Ending <u>August 31,</u>	Total Bonds and Notes Payable		
	Principal	Interest	Total
2023	\$ 20,224,610	\$ 25,944,411	\$ 46,169,021
2024	23,121,019	25,047,884	48,168,903
2025	20,556,094	26,442,966	46,999,060
2026	22,582,005	23,982,716	46,564,721
2027	26,538,854	21,854,913	48,393,767
2028-2032	134,719,271	93,847,163	228,566,434
2033-2037	155,695,172	64,260,950	219,956,122
2038-2042	123,242,067	36,228,416	159,470,483
2043-2047	103,359,610	15,914,478	119,274,088
2048-2052	<u>36,102,942</u>	<u>1,818,675</u>	<u>37,921,617</u>
SECO Principal	<u>921,354</u>	-	<u>921,354</u>
	<u>\$ 667,062,998</u>	<u>\$ 335,342,572</u>	<u>\$ 1,002,405,570</u>

Years Ending <u>August 31,</u>	General Obligation Bonds			Revenue Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 16,721,990	\$ 24,115,067	\$ 40,837,057	\$ 1,611,864	\$ 1,779,800	\$ 3,391,664	\$ 1,890,756	\$ 49,544	\$ 1,940,300
2024	19,938,312	23,305,464	43,243,776	1,686,864	1,703,425	3,390,289	1,495,843	38,995	1,534,838
2025	18,436,560	24,812,216	43,248,776	1,766,864	1,623,175	3,390,039	352,670	7,575	360,245
2026	20,512,684	22,439,092	42,951,776	1,851,864	1,538,800	3,390,664	217,457	4,824	222,281
2027	24,596,990	20,404,863	45,001,853	1,941,864	1,450,050	3,391,914	-	-	-
2028-2032	123,604,951	88,004,538	211,609,489	11,114,320	5,842,625	16,956,945	-	-	-
2033-2037	142,035,852	60,960,400	202,996,252	13,659,320	3,300,550	16,959,870	-	-	-
2038-2042	113,654,064	35,663,916	149,317,980	9,588,003	564,500	10,152,503	-	-	-
2043-2047	103,359,610	15,914,478	119,274,088	-	-	-	-	-	-
2048-2052	<u>36,102,942</u>	<u>1,818,675</u>	<u>37,921,617</u>	-	-	-	-	-	-
SECO Principal <sup>1</sup>	-	-	-	-	-	-	921,354	-	921,354
	<u>\$ 618,963,957</u>	<u>\$ 317,438,709</u>	<u>\$ 936,402,666</u>	<u>\$ 43,220,962</u>	<u>\$ 17,802,925</u>	<u>\$ 61,023,887</u>	<u>\$ 4,878,079</u>	<u>\$ 100,938</u>	<u>\$ 4,979,018</u>

1 - SECO Outstanding Principal as of August 31, 2022. SECO Promissory Loan Payment Schedule to be provided and finalized once Project is complete per A-2.2 of Loan Agreement.

Obligations under leases as of August 31, 2022 were as follows:

Years Ending <u>August 31,</u>	Right-to-Use Leases		
	Principal	Interest	Total
2023	\$ 190,452	\$ 20,249	\$ 210,701
2024	160,197	9,162	169,359
2025	26,115	593	26,708
2026	1,386	5	1,391
2027	-	-	-
Thereafter	-	-	-
	<u>\$ 378,150</u>	<u>\$ 30,009</u>	<u>\$ 408,159</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**11. Pledged Revenue Coverage**

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

Under the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, the College’s pledged revenue for the secured debt outstanding as of and for the years ended August 31, 2022 and 2021 is as follows:

	2022	2021
	Revenue Bonds	Revenue Bonds
Pledged revenue required for future principal and interest	\$ 61,023,887	\$ 64,413,200
Principal and interest paid during the year	\$ 3,267,425	\$ 3,271,100
Revenue stream for the year	\$ 23,046,928	\$ 23,007,309
Percentage of revenue stream pledged for the year	14.18%	14.22%
Term of commitment	2040	2040

**12. Refunding Bonds**

Limited Tax General Obligation Refunding Bonds, Series 2022

On January 25, 2022, the College issued the final tranche of \$43,095,000 of Limited Tax General Obligation and Refunding Bonds, Series 2022. The bonds mature serially through February 2047. The interest rates range from 2.65% to 5.00%. A prescribed portion of the bonds were to partially refund the Limited Tax General Obligation Bond, Series 2011, 2012, and 2015. The par value of the refunding bonds was \$1,243,741, \$7,975,000, and \$700,000, respectively with a reoffering premium of \$5,332,785 less cost of issuance fees totaling \$225,000.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$9,918,741, (2) the aggregate debt service payments of \$8,858,200 for the refunding bonds was \$4,287,525 less than the aggregate debt service payments of \$13,147,663 for the refunded bonds, and (3) the net present value of the refunding transaction was \$4,159,222, or 19.35%.

Limited Tax General Obligation Refunding Bonds, Series 2021

On February 18, 2021, the College issued \$88,870,000 of Limited Tax General Obligation and Refunding Bonds, Series 2021. The bonds mature serially through February 2051. The interest rates range from 3.00% to 5.00%. A prescribed portion of the bonds were to refund the Limited Tax General Obligation Bond, Series 2011. The par value of the refunding bonds was \$16,615,000 with a reoffering premium of \$4,771,989 less cost of issuance fees totaling \$134,278.

As of the effective date of the refunding: (1) total cash flow required to service the refunded bonds was \$21,165,000, (2) the aggregate debt service payments of \$24,537,501 for the refunding bonds was \$7,800,082 less than the aggregate debt service payments of \$32,345,888 for the refunded bonds, and (3) the net present value of the refunding transaction was \$6,805,390, or 32.15%.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

**13. Defeased Bonds Outstanding**

For the fiscal years ended August 31, 2022 and 2021, the College had the following defeased bonds outstanding:

Bond Issue	Calendar Year Refunded	Par Value Outstanding	
		2022	2021
Limited Tax General Obligation Bonds, Series 2011	2021	\$ -	\$ 1,410,000
Limited Tax General Obligation Bonds, Series 2016B	2021	-	3,155,000
Limited Tax General Obligation Bonds, Series 2011	2022	1,243,741	-
Limited Tax General Obligation Bonds, Series 2015	2022	700,000	-
Total		\$ <u>1,943,741</u>	\$ <u>4,565,000</u>

**14. Unrestricted Net Position**

The College may designate a portion of unrestricted net position to indicate management’s tentative plans for future use of financial resources. As of August 31, 2022, and 2021, the College has not designated any portion of the unrestricted net position.

**15. Leases**

Lease Receivable

The College leases various building space to several third parties. The lease terms range from three to five years and the College recognized \$1,069,089 in lease revenue and \$111,742 in interest revenue during the current fiscal year related to these leases. As of August 31, 2022, the College’s receivable for lease payments was \$1,382,496. Also, the College has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of August 31, 2022, the balance of the deferred inflow of resources was \$1,382,496.

Lease Payable

The College leases instructional equipment, office space, storage space, vehicles, and copiers.

Office space leases have term expiration dates ranging from calendar years 2022 to 2025. 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 following is a schedule of the lease payments made during fiscal year 2022 related to right-to-use leases:

	2022			
	Payments	Interest	Maintenance & Other Fees	Total
Right-to-use leases:				
Vehicle	\$ 65,698	\$ 6,968	\$ 14,507	\$ 87,173
Equipment	151,097	21,992	61,843	234,932
Tenant leases	<u>23,986</u>	<u>3,466</u>	<u>23,454</u>	<u>50,906</u>
Total	\$ <u>240,781</u>	\$ <u>32,426</u>	\$ <u>99,804</u>	\$ <u>373,011</u>



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

**15. Leases (continued)**

The following is a schedule of the value of the right-to-use lease liability as of August 31:

	Payment		2022					Balance August 31, 2022	
			Initial Lease Liability	Accumulated Lease Payments	Balance September 1,		Increase		Decrease
					2021				
Right-to-use lease:	Terms	Interest Rate							
Vehicle	Monthly	4.76%-5.00%	\$ 302,492	\$ 135,618	\$ 166,874	\$ -	\$ 65,698	\$ 101,176	
Equipment	Monthly	4.6% to 7.97%	884,999	511,674	373,325	-	151,100	222,225	
Tenant leases	Monthly	4.42% to 4.74%	100,270	21,535	78,735	-	23,986	54,749	
		Total	\$ 1,287,761	\$ 668,827	\$ 618,934	\$ -	\$ 240,784	\$ 378,150	

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

Plan Description

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

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

Pension Plan Fiduciary Net Position

TRS issues a publicly available, audited Annual Comprehensive Financial Report that includes financial statements, notes and required supplementary information. This report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/annual-financial-report-2021.pdf> (select *About TRS*, then *Publications*, then *Financial Reports*) or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the State, participating employers and active employees for the fiscal years 2019 through 2024.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**16. Defined Benefit Plan – Teacher Retirement System of Texas (continued)**

Contributions

Contribution requirements are not actuarially determined but established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a State contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS during the fiscal year.

Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize the TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in State Statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates

	<u>2022</u>	<u>2021</u>
Member (Employee)	8.00%	7.70%
Non-Employer Contributing Entity (State)	3.75%	3.75%
College (Employer)	3.75%	3.75%
Member (Employee)	\$ 7,113,758	\$ 6,416,817
Non-Employer Contributing Entity (State)	3,199,075	2,917,383
College (Employer)	<u>3,910,920</u>	<u>3,467,860</u>
Total contributions	<u>\$ 14,223,753</u>	<u>\$ 12,802,060</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.

The College’s contributions to the TRS pension plan in FY 2022 were \$3,910,920 as reported in the Schedule of Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY 2022 were \$3,199,075.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS during that fiscal year reduced by the amounts described below which are paid by the employers. The combined percentage contribution for both the State and the College equals 7.5%. The College pays the State contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the State contribution rate for certain instructional or administrative employees and 100% of the State contribution rate for all other employees.
- 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, there is a surcharge, an employer is subject to 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)**

**August 31, 2022 and 2021**

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

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward To August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95%*
Last year ending August 31 in the projection period (100 years)	2120
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by TRS's actuary. The TRS Board of Trustees has sole authority to determine the actuarial assumptions used for the pension plan. The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The actuarial methods and assumptions are based on a study of actual experience for the three-year period ended August 31, 2017 and were adopted in July 2018 by the TRS Board of Trustees. Assumptions, methods, and plan changes were updated from the prior year's report. There were no changes in assumptions since the prior measurement date.

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and State contributions will be 8.50% percent of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

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

Best estimates of geometric real rates of return for each major asset class included in the TRS’s target asset allocation as of August 31, 2021, are summarized below:

Asset Class <sup>1</sup>	Target Allocation Percentage <sup>2</sup>	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
U.S.A.	18.0%	3.6%	.94%
Non-U.S. Developed	13.0%	4.4%	.83%
Emerging Markets	9.0%	4.6%	.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value:			
Government Bonds	16.0%	(0.2)%	0.1%
Stable Value Hedge Funds	5.0%	2.2%	.12%
Absolute Return (Including Credit Sensitive Investments)	-	1.1%	-
Real Return:			
Real Estate	15.0%	4.5%	1.00%
Energy and Natural Resources And infrastructure	6.0%	4.7%	0.35%
Commodities-		1.6%	-
Risk Parity:			
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	(0.7)%	(0.03)%
Asset Allocation Leverage	(6.0)%	(0.5)%	0.03%
Inflation Expectation			2.20%
Volatility Drag <sup>4</sup>			(0.95)%
Expected Return	<u>100%</u>		<u>6.90%</u>

- 1 Absolute Return includes Credit Sensitive investments.
- 2 Target Allocation based on the FY2021 policy model
- 3 Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).
- 4 The volatility drag results from the conversion between arithmetic and geometric mean returns

Discount Rate Sensitivity Analysis

The following table represents the net pension liability of the plan using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease ( <u>6.25%</u> )	<u>Discount Rate (7.25%)</u>	1% Increase ( <u>8.25%</u> )
College’s proportionate share of the net pension liability	\$ 45,096,049	\$ 20,637,425	\$ 794,057

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

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

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

At August 31, 2022 and 2021, the College reported a liability of \$20,637,425 and \$46,145,705, 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>2022</u>	<u>2021</u>
The College's proportionate share of the collective net pension liability	\$ 20,637,425	\$ 46,145,705
State's proportionate share that is associated with the College	<u>17,391,432</u>	<u>38,404,504</u>
Total	<u>\$ 38,028,857</u>	<u>\$ 84,550,209</u>

The net pension liability for fiscal year 2022 was measured as of August 31, 2020 and rolled forward to August 31, 2021. The total pension liability was determined by an actuarial valuation as of that date.

The net pension liability for fiscal year 2020 was measured as of August 31, 2019 and rolled forward to August 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020 rolled forward to August 31, 2021.

The College's proportion of the net pension liability for fiscal year 2022 and 2021 was based on the College's contributions to the pension plan relative to the contribution of all employers to the plan for the period September 1, 2020 through August 31, 2021 and the period September 1, 2019 through August 31, 2020, respectively.

At the measurement date of August 31, 2021, the College's proportional share of the collective net pension liability was 0.0810376634%, which was a decrease of 0.0051226484% from its proportion measured as of August 31, 2020 of 0.0861603118%.

There were no changes in assumptions since the prior measurement date.

For the fiscal year ended August 31, 2022, the College recognized pension expense of \$212,906 which includes revenues of \$69,529 representing pension expense incurred by the State on behalf of the College.

At August 31, 2022 and 2021, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2022</u>		<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 34,536	\$ 1,452,891	\$ 84,258	\$ 1,287,804
Changes in actuarial assumptions	7,294,927	3,179,962	10,707,445	4,552,731
Net difference between projected and actual economic experience	-	17,304,213	934,180	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>931,907</u>	<u>3,118,498</u>	<u>1,282,857</u>	<u>1,769,004</u>
Total as of August 31 measurement date	8,261,370	25,055,564	13,008,740	7,609,539
Contributions paid to TRS subsequent to the measurement date	<u>4,225,336</u>	<u>-</u>	<u>3,762,710</u>	<u>-</u>
Total	<u>\$ 12,486,706</u>	<u>\$ 25,055,564</u>	<u>\$ 16,771,450</u>	<u>\$ 7,609,539</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

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

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

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to pensions as of August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred outflows of resources	\$ 12,486,706	\$ 16,771,450
Deferred inflows of resources	<u>(25,055,564)</u>	<u>(7,609,539)</u>
Total	<u>\$ (12,568,858)</u>	<u>\$ 9,161,911</u>

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$4,225,336 will be recognized as a reduction to net pension liability in the fiscal year ended August 31, 2023.

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

Years Ended	Pension Expense Amount
<u>August 31,</u>	
2023	\$ (2,919,965)
2024	(2,941,974)
2025	(4,466,356)
2026	(5,750,730)
2027	(558,566)
Thereafter	<u>(156,603)</u>
Total	(16,794,194)
Contributions paid to TRS subsequent to the measurement date	<u>4,225,336</u>
Total deferred outflows of resources, net	<u>\$ (12,568,858)</u>

**17. Defined Contribution Plan - Optional Retirement Plan**

Plan Description

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**17. Defined Contribution Plan - Optional Retirement Plan (continued)**

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State contribution percentages for fiscal years 2022 and 2021 was 3.30% of ORP related salaries. The College contribution percentages for fiscal years 2022 and 2021 was 3.50%. The combined rate was 6.80% per year. The Employee contribution percentages were 6.65% for fiscal years 2022 and 2021. 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. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% for eligible employees in the reporting district.

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 \$421,620 and \$454,804 for the fiscal years 2022 and 2021, 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 \$12,912,094 and \$13,938,546 for the fiscal years 2022 and 2021, respectively.

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

Fiscal Year Ended	State Contribution Paid	Contribution %	College Contribution Paid	Contribution %	Employee Contribution Paid	Contribution %	Total
<u>August 31,</u>							
2022	\$ 421,620	3.30%	\$ 456,403	3.50%	\$ 858,654	6.65%	\$ 1,736,677
2021	\$ 454,804	3.30%	\$ 487,848	3.50%	\$ 926,913	6.65%	\$ 1,869,565

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

**18. Health Care and Life Insurance Benefits**

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State contribution per full-time employees was \$374 and \$405 per month for the years ended August 31, 2022 and 2021, respectively. The State’s cost of providing those benefits for 1,195 active employees was \$5,361,120 and for 557 retirees was \$2,786,855, for a total State funded amount of \$8,147,975 for the year ended August 31, 2022. The State’s cost of providing those benefits for 1,244 active employees was \$6,044,873 and for 542 retirees was \$2,413,997, for a total State funded amount of \$8,458,870 for the year ended August 31, 2021. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the College. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State’s contribution to 50 percent for eligible employees in the reporting district.

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**18. Health Care and Life Insurance Benefits (continued)**

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

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

Fiscal Year Ended	State Paid	%	College Paid	%	Employee Paid	%	Total Annual Premiums
<u>August 31,</u>							
2022	\$ 8,147,975	33.84%	\$ 9,969,607	41.40%	\$ 5,961,784	24.76%	\$ 24,079,366
2021	\$ 8,458,870	34.85%	\$ 9,732,952	40.10%	\$ 6,080,141	25.05%	\$ 24,271,963

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

HealthSelect of Texas Plan

	2022	2021
Member only	\$ 624.82	\$ 624.82
Member and spouse	1,339.90	1,340.82
Member and child(ren)	1,103.58	1,104.22
Member and family	1,818.66	1,820.22

**19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas**

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the SRHP’s fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>, (FY21ACFR) or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)**

Benefits Provided

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

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

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

Maximum Monthly Employer Contribution Retiree Health and Basic Life Premium Fiscal Year 2021 (Measurement Year)	
Retiree only	\$ 624.82
Retiree and spouse	1,340.82
Retiree and children	1,104.22
Retiree and family	1,820.22

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

Premium Contributions by Source Group Benefits Program in the SRHP For Years Ended August 31, 2022 and 2021	
Fiscal Year 2022 Member Contributions	\$ 5,961,784
Fiscal Year 2022 College Contributions (active employees)	7,147,096
Fiscal Year 2022 College Contributions (retirees)	2,798,061
Fiscal Year 2021 Measurement Year NECE On-Behalf Contributions (all employees)	8,147,975

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)**

Premium Contributions by Source Group Benefits Program in the SRHP For Years Ended August 31, 2021 and 2020	
Fiscal Year 2021 Member Contributions	\$ 6,080,141
Fiscal Year 2021 College Contributions (active employees)	7,014,761
Fiscal Year 2021 College Contributions (retirees)	2,723,860
Fiscal Year 2020 Measurement Year NECE On-Behalf Contributions (all employees)	8,458,870

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	August 31, 2021
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll - open
Remaining amortization period	30 years
Asset valuation method	Not applicable
Actuarial assumptions:	
Discount rate	2.14%
Projected annual salary increase	2.30% to 9.50%, including inflation
Annual healthcare trend rate per year	
HealthSelect	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
HealthSelect Medicare Advantage *	0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.75% for FY2026, 4.6% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment benefit changes	None
*Comprised of a current portion of \$737,300,807 and a long-term portion of \$35,138,206,601	

The mortality assumptions used in the valuation were as follows:

1. State Agency Members:
  - a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
  - b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (continued)

August 31, 2022 and 2021

#### 19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)

- c. Active Members: Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010
2. Higher Education Members:
  - a. Service Retirees, Survivors and other Inactive Members -  
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
  - b. Disability Retirees -  
Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
  - c. Active Members -  
Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2019 and the TRS retirement plan actuary as of August 31, 2017. Several assumptions or other inputs have been updated since the prior valuation as shown in Section VI of this report.

#### Investment Policy

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

#### Discount Rate

Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 2.14% to reflect the requirements of GASB 75. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating. Projected cash flows into the SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

#### Discount Rate Sensitivity Analysis

The following schedule shows the impact on the College's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (2.14%) in measuring the net OPEB Liability.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2022 and 2021**

**19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)**

	1% Decrease in Discount Rate <u>(1.14%)</u>	Discount Rate <u>(2.14%)</u>	1% Increase in Discount Rate <u>(3.14%)</u>
Proportionate share of net OPEB liability	\$ 137,968,398	\$ 115,838,792	\$ 98,525,681

Healthcare Trend Rate Sensitivity Analysis

	1% Decrease in <u>Healthcare Cost</u>	Current Healthcare <u>Cost</u>	1% Increase in <u>Healthcare Cost</u>
Proportionate share of net OPEB liability	\$ 97,001,352	\$ 115,838,792	\$ 140,519,189

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

At August 31, 2022 and 2021, the College reported a liability of \$115,838,792 and \$107,343,289, respectively, for its proportionate share of the SRHP net OPEB liability. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows at August 31:

	<u>2021</u>	<u>2020</u>
The College's proportionate share of the collective net OPEB liability	\$ 115,838,792	\$ 107,343,289
State's proportionate share that is associated with the College	<u>100,970,439</u>	<u>92,982,270</u>
Total	<u>\$ 216,809,231</u>	<u>\$ 200,325,559</u>

The net OPEB liability was measured as of August 31, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. For the August 31, 2022 and 2021 OPEB liability, the College's proportionate share was based on the College's contributions for employees and retirees to the OPEB plan relative to the contributions of all employers to the plan. The College's proportion of the collective net OPEB liability from its proportion measured at August 31, 2021, was 0.3228910200%, which was an decrease of 0.0019523300% from its proportion measured as of August 31, 2020 of 0.32484335%. Changes, if any, to the current methodology or actuarial assumptions being utilized by ERS, could result in significant changes in accounting and financial reporting in future periods.

For the fiscal year ended August 31, 2022, the College recognized OPEB expense of \$2,571,267 which includes revenues of \$1,231,926 representing OPEB expense incurred by the State on behalf of the College. Contributions made by the College subsequent to the measurement dates for active employees and retirees have been recorded as deferred outflows of resources as of August 31, 2021 and 2020.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

August 31, 2022 and 2021

**19. Post-Employment Benefits Other Than Pensions (OPEB) – Employee Retirement System of Texas (continued)**

At August 31, 2021, the College reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,841,395	\$ -	\$ 4,198,250
Changes in actuarial assumptions	7,930,778	12,901,847	6,214,430	23,128,055
Net difference between projected and actual economic experience	20,516	-	32,036	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	<u>9,650,876</u>	<u>2,915,033</u>	<u>14,564,836</u>	<u>2,276,006</u>
Total as of measurement date	17,602,170	18,658,275	20,811,302	29,602,311
Contributions paid to SHRP subsequent to the measurement date	<u>1,654,561</u>	<u>-</u>	<u>1,805,552</u>	<u>-</u>
Total	\$ <u>19,256,731</u>	\$ <u>18,658,275</u>	\$ <u>22,616,854</u>	\$ <u>29,602,311</u>

As of the August 31 measurement date, the College had the following net deferred outflows/(inflows) related to OPEB as of August 31, 2022 and 2021:

	2022	2021
Deferred outflows of resources	\$ 19,256,731	\$ 22,616,854
Deferred inflows of resources	<u>(18,658,275)</u>	<u>(29,602,311)</u>
Total	\$ <u>598,456</u>	\$ <u>(6,985,457)</u>

Deferred outflows of resources resulting from College contributions subsequent to the measurement date in the amount of \$1,654,561 will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2022.

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

Year ended August 31	OPEB Expense Amount
2023	\$ (1,879,657)
2024	526,924
2025	(5,997)
2026	9,085
2027	293,540
Thereafter	<u>-</u>
Total	(1,056,105)
Contributions paid to ERS subsequent to the measurement date	<u>1,654,561</u>
Total deferred inflows of resources, net	\$ <u>598,456</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**20. Compensable Absences**

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College’s policy is that an employee may carry a maximum of 200 hours of accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all earned and unused accrued leave. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$2,063,739 and \$2,134,306 as of August 31, 2022 and 2021, 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 \$260,873 and \$265,537 as of August 31, 2022 and 2021, 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.

**21. Deferred Compensation**

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2022 and 2021, the College had one employee participant deferring \$146,350 and \$119,904, respectively.

**22. Self-Insured Plans**

The College provides workers’ compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$386,706 and \$649,041 as of August 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Beginning Balance, September 1	\$ 649,041	\$ 618,706
Claims incurred and changes in estimates	162,696	181,594
Payments on claims	<u>(425,031)</u>	<u>(151,259)</u>
Ending Balance, August 31	\$ <u>386,706</u>	\$ <u>649,041</u>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**23. Ad Valorem Tax**

The College's ad valorem tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the taxing district. The assessed property values are based upon most up-to-date report available at the time of the current fiscal year end for the College as provided by Harris County and Chambers County for tax years 2021 and 2020, respectively.

At August 31:

	2022	2021
Assessed valuation of the College	\$ 77,489,684,184	\$ 76,749,919,376
Less: Exemptions	(11,760,032,233)	(11,869,475,454)
Less: Abatements	-	-
Net assessed valuation of the College	<u>\$ 65,729,651,951</u>	<u>\$ 64,880,443,922</u>

	2022			2021		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation	\$ 0.2000000	\$ 0.5000000	\$ 0.7000000	\$ 0.2000000	\$ 0.5000000	\$ 0.7000000
Assessed tax rate per \$100 valuation (maximum per enabling legislation)	0.1128380	0.0551290	0.1679670	0.1117380	0.0576200	0.1693580

Taxes levied for the years ended August 31, 2022 and 2021, amounted to \$110,404,124 and \$109,880,222, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

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

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the assets or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. The College has recognized all assessed taxes in the current year and recorded a \$5,838,708 net receivable for uncollected taxes.

	2022			2021		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes	\$ 72,818,496	\$ 35,584,319	\$ 108,402,815	\$ 71,091,861	\$ 36,600,481	\$ 107,692,342
Delinquent taxes	(68,925)	(33,682)	(102,607)	924,336	475,878	1,400,214
Penalties and Interest	534,821	261,352	796,173	639,798	329,390	969,188
Total collections	<u>\$ 73,284,392</u>	<u>\$ 35,811,989</u>	<u>\$ 109,096,381</u>	<u>\$ 72,655,995</u>	<u>\$ 37,405,749</u>	<u>\$ 110,061,744</u>

Tax collections for the years ended August 31, 2022 and 2021, were 98.19 percent and 98.01 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. During fiscal year 2022, Harris County Tax collectors issued \$965,525 delinquent tax refunds on the College's behalf, which fully offset delinquent tax collections of \$862,918.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**August 31, 2022 and 2021**

**24. Prior Period Adjustment**

The College determined that depreciation expense for existing capital assets had not been recorded for prior fiscal years and the financial statements for fiscal year 2021 have been restated to correct this error. The effect of the 2021 restatement is summarized below.

	<u>August 31, 2021</u>
Beginning Net Position	\$ 84,506,750
Reduction in net position due to cumulative effect of depreciation adjustment	<u>(10,587,108)</u>
Beginning Net Position, as restated	<u>\$ 73,919,642</u>
Capital assets net of accumulated depreciation	\$ 611,601,773
Addition of accumulated depreciation due to depreciation adjustment	<u>(10,587,108)</u>
Implementation of GASB 87 Right-to-Use Leases	<u>618,934</u>
Capital assets net of accumulated depreciation, as restated	<u>\$ 601,633,599</u>

**25. Federal and State Contract and Grant Awards**

Federal and State contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audit of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedules A and C. For Federal and State contract and grant awards, funds expended, but not collected, are included in Accounts Receivables on Exhibit 1. Federal and State contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Federal and State contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2023 and 2022 for which monies have not been received nor funds expended, totaled \$41,507,467 and \$75,714,059 and, respectively. Of these amounts, \$38,153,780 and \$72,648,096 were from Federal contract and grant awards; and \$3,353,687 and \$3,065,963 were from State contract and grant awards for the fiscal years ended August 31, 2023 and 2022, respectively.

**26. Contingent Liabilities**

Pending Lawsuits and Claims

As of August 31, 2022, 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 the potential 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)**

**August 31, 2022 and 2021**

#### **27. San Jacinto Community College Foundation (the Foundation) - A Discretely Presented Component Unit**

The San Jacinto Community College Foundation, Inc. (the Foundation) was organized in the State of Texas on November 4, 1996 to function as a legally separate, not-for-profit corporation and is controlled by a separate Board of Trustees. The College does not appoint any of the Foundation board members nor does it fund or is it obligated to pay debt related to the Foundation. The duration of the Foundation is perpetual. The Foundation was established to raise private funds for the San Jacinto Community College District (the College) for charitable, scientific, literary, and educational purposes, which are to be administered by the Foundation solely for the benefit of the College, and to account for and enhance the value of funds submitted to it in support of the educational mission of the College.

Using the criteria established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statement No. 14 and No. 34 and GASB No. 39, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, the College's management has determined that the Foundation should be reported as a discrete component unit of the College because of the nature and significance of its relationship with the College. The Foundation raises and holds economic resources for the direct benefit of the College. Accordingly, the Foundation's financial statements are included in the College annual comprehensive financial report as a discretely presented component as Exhibit 1A – Statements of Financial Position – Foundation and Exhibit 2A – Statements of Activities and Changes in Net Assets – Foundation for the fiscal years ended August 31, 2021 and 2020.

For complete financial information about the Foundation, please contact the Foundation at: San Jacinto Community College Foundation 4624 Fairmont Parkway, Suite 208, Pasadena TX, 77504 or visit their website at: <https://www.sanjac.edu/foundation>

#### **28. Subsequent Events**

Management has evaluated subsequent events through December 12, 2022, 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.

## **REQUIRED SUPPLEMENTAL SCHEDULES**



**REQUIRED BY THE GOVERNMENTAL  
ACCOUNTING STANDARDS BOARD**



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF THE COLLEGE'S SHARE OF NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**  
**LAST EIGHT MEASUREMENT YEARS\***  
**(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportionate share of collective net pension liability based on a measurement period of August 31 of the prior year	0.0810376634%	0.0861603118%	0.0881310223%	0.0899199908%	0.0831877506%	0.0843911031%	0.0847051000%	0.0930021000%
College's proportionate share of collective net pension liability	\$ 20,637,425	\$ 46,145,705	\$ 45,813,261	\$ 49,494,145	\$ 26,598,961	\$ 31,890,143	\$ 29,942,125	\$ 24,842,147
State's proportionate share of net pension liability associated with the College	<u>17,391,432</u>	<u>38,404,504</u>	<u>36,764,281</u>	<u>39,368,786</u>	<u>21,638,412</u>	<u>25,038,783</u>	<u>24,104,919</u>	<u>19,954,950</u>
Total	<u>\$ 38,028,857</u>	<u>\$ 84,550,209</u>	<u>\$ 82,577,542</u>	<u>\$ 88,862,931</u>	<u>\$ 48,237,373</u>	<u>\$ 56,928,926</u>	<u>\$ 54,047,044</u>	<u>\$ 44,797,097</u>
College's covered payroll amount related to TRS	\$ 83,335,261	\$ 84,669,151	\$ 80,232,953	\$ 79,662,920	\$ 71,679,236	\$ 68,966,250	\$ 65,550,615	\$ 61,563,262
College's proportionate share of collective net pension liability / College's covered payroll amount related to TRS	24.76%	54.50%	57.10%	62.13%	37.11%	46.24%	45.68%	40.35%
TRS net pension as percentage of total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS FOR PENSIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**  
**LAST EIGHT FISCAL YEARS\***  
**(UNAUDITED)**

RSI – 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Legally required contribution	\$ 3,471,725	\$ 3,467,860	\$ 3,569,331	\$ 3,088,864	\$ 3,030,938	\$ 2,752,571	\$ 2,704,506	\$ 2,543,574
Actual contribution	<u>3,471,725</u>	<u>3,467,860</u>	<u>3,569,331</u>	<u>3,088,864</u>	<u>3,030,938</u>	<u>2,752,571</u>	<u>2,704,506</u>	<u>2,543,574</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
College's covered payroll amount related to TRS	\$ 88,921,954	\$ 83,335,261	\$ 84,669,151	\$ 80,232,953	\$ 79,662,920	\$ 71,679,236	\$ 68,966,250	\$ 65,550,615
Contributions as a percentage of covered payroll related to TRS	3.90%	4.16%	4.22%	3.85%	3.80%	3.84%	3.92%	3.88%

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

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**RSI – 3**

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY\*  
EMPLOYEES RETIREMENT SYSTEM OF TEXAS (ERS)  
STATE RETIREE HEALTH PLAN  
LAST FIVE MEASUREMENT YEARS\*  
(UNAUDITED)**

	<u>Measurement Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's proportionate share of collective net OPEB liability percentage based on the ERS measurement date of August 31,	0.32289102%	0.32484335%	0.31010973%	0.32081788%	0.26744051%
College's proportionate share of the net OPEB liability	\$ 115,838,792	\$ 107,343,288	\$ 107,182,217	\$ 95,083,178	\$ 91,125,036
State's proportionate share of net OPEB liability associated with the College	<u>100,970,439</u>	<u>92,982,270</u>	<u>102,094,647</u>	<u>85,821,662</u>	<u>80,389,330</u>
Total	<u>\$ 216,809,231</u>	<u>\$ 200,325,558</u>	<u>\$ 209,276,864</u>	<u>\$ 180,904,840</u>	<u>\$ 171,514,366</u>
College's covered payroll amount related to ERS	\$ 77,129,452	\$ 76,421,581	\$ 76,931,961	\$ 76,226,019	\$ 74,307,687
College's proportionate share of collective net OPEB liability as a percentage of covered payroll related to ERS	150.19%	140.46%	139.32%	124.74%	122.63%
ERS plan fiduciary net position as a percentage of the total OPEB liability	0.38%	0.32%	0.17%	1.27%	2.04%

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



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF THE COLLEGE'S CONTRIBUTION FOR OPEB\***  
**EMPLOYEES RETIREMENT SYSTEM OF TEXAS (ERS)**  
**STATE RETIREE HEALTH PLAN**  
**LAST SIX FISCAL YEARS\***  
**(UNAUDITED)**

**RSI – 4**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Legally required contribution	\$ 2,798,061	\$ 2,723,860	\$ 2,650,603	\$ 2,620,982	\$ 2,554,275	\$ 2,511,161
Contribution in relation to the contractually required contribution	<u>2,798,061</u>	<u>2,723,860</u>	<u>2,650,603</u>	<u>2,620,982</u>	<u>2,554,275</u>	<u>2,511,161</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll amount related to ERS	\$ 79,886,832	\$ 77,129,452	\$ 76,421,581	\$ 76,931,961	\$ 76,226,019	\$ 74,307,687
Contributions as a percentage of covered payroll amount related to ERS	3.50%	3.53%	3.47%	3.41%	3.35%	3.38%

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

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

## SAN JACINTO COMMUNITY COLLEGE DISTRICT

### NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

Years Ended August 31, 2022 and 2021

(Unaudited)

#### 1. Schedules for Pensions - Net Pension Liability

##### Changes Since Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

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

##### Changes Since Prior Actuarial Valuation

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

- Demographic assumptions (including rates of retirement, termination and mortality and assumed salary increases for select classes of State Agency members)
- Assumed aggregate payroll increases and rate of general inflation
- Discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- Percentage of female members assumed to be married and electing coverage for their spouse
- Proportion of future retirees assumed to cover dependent children
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the ACA have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Actuarial assumption changes are described in ERS's Annual Comprehensive Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2022, which can be accessed at <https://ers.texas.gov/about-ers/reports-and-studies/reports-on-overall-ers-operations-and-financial-management/2021-acfr.pdf> and <https://ers.texas.gov/about-ers/reports-and-studies/gasb-requirements/2021-ers-opeb-valuation-report-november-2021.pdf>



**REQUIRED BY THE TEXAS HIGHER EDUCATION COORDINATING BOARD**



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE A**

**SCHEDULE OF OPERATING REVENUES**

**Year Ended August 31, 2022**

**(With Memorandum Totals for the Year Ended August 31, 2021)**

	2022				2021	
	Educational Activity		Educational Activity	Auxiliary Enterprises	Total	Total
	Unrestricted	Restricted				
<u>Tuition</u>						
State funded credit courses:						
In-district resident tuition	\$ 25,023,549	\$ -	\$ 25,023,549	\$ -	\$ 25,023,549	\$ 25,061,180
Out-of-district resident tuition	28,075,854	-	28,075,854	-	28,075,854	29,210,523
Non-resident tuition	4,686,288	-	4,686,288	-	4,686,288	5,053,145
TPEG-credit (set aside) *	2,594,431	-	2,594,431	-	2,594,431	2,661,502
State funded continuing non-credit education courses	6,678,428	-	6,678,428	-	6,678,428	6,381,966
TPEG-non-credit (set aside) *	272,112	-	272,112	-	272,112	223,948
Non-state funded educational programs	1,099,162	-	1,099,162	-	1,099,162	902,931
<b>Total tuition</b>	<b>68,429,824</b>	<b>-</b>	<b>68,429,824</b>	<b>-</b>	<b>68,429,824</b>	<b>69,495,195</b>
<u>Allowances and discounts</u>						
Allowance for bad debt	(1,428,621)	-	(1,428,621)	-	(1,428,621)	-
Remissions and exemptions - state	(693,796)	-	(693,796)	-	(693,796)	(857,910)
Remissions and exemptions - local	(7,193,206)	-	(7,193,206)	-	(7,193,206)	(7,838,469)
Scholarship allowances	(1,773,614)	-	(1,773,614)	-	(1,773,614)	(666,706)
TPEG awards	(1,437,555)	-	(1,437,555)	-	(1,437,555)	(1,595,036)
Federal grants to students	(18,727,159)	-	(18,727,159)	-	(18,727,159)	(17,862,336)
State grants to students	(1,143,845)	-	(1,143,845)	-	(1,143,845)	(1,404,005)
<b>Total allowances and discounts</b>	<b>(32,397,796)</b>	<b>-</b>	<b>(32,397,796)</b>	<b>-</b>	<b>(32,397,796)</b>	<b>(30,224,462)</b>
<b>Total net tuition and fees</b>	<b>36,032,028</b>	<b>-</b>	<b>36,032,028</b>	<b>-</b>	<b>36,032,028</b>	<b>39,270,733</b>
<u>Other operating revenues</u>						
Federal grants and contracts	2,476,671	36,169,389	38,646,060	-	38,646,060	12,942,952
State grants and contracts	-	2,556,606	2,556,606	-	2,556,606	2,372,480
Non-governmental grants and contracts	2,514,455	884,937	3,399,392	-	3,399,392	994,663
Sales and services of educational activities	200,929	24,621	225,550	-	225,550	82,683
Sales and services of non-educational activities	2,001,052	-	2,001,052	-	2,001,052	6,329,278
<b>Total other operating revenues</b>	<b>7,193,107</b>	<b>39,635,553</b>	<b>46,828,660</b>	<b>-</b>	<b>46,828,660</b>	<b>22,722,056</b>
<u>Auxiliary enterprises</u>						
Bookstores	-	-	-	1,098,737	1,098,737	741,029
Food services	-	-	-	752,255	752,255	90,446
Student services/other services	-	-	-	964,519	964,519	957,820
<b>Total auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,815,511</b>	<b>2,815,511</b>	<b>1,789,295</b>
<b>Total operating revenues</b>	<b>\$ 43,225,135</b>	<b>\$ 39,635,553</b>	<b>\$ 82,860,688</b>	<b>\$ 2,815,511</b>	<b>\$ 85,676,199</b>	<b>\$ 63,782,084</b>
				(Exhibit 2)	(Exhibit 2)	

\* In accordance with Education Code 56.033, \$2,866,543 and \$2,885,450 for years ended August 31, 2022 and 2021, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE B**

**SCHEDULE OF OPERATING EXPENSES BY OBJECT**

**Year Ended August 31, 2022**

**(With Memorandum Totals for the Year Ended August 31, 2021)**

	2022					2021, Restated
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 60,547,861	\$ -	\$ 7,710,383	\$ 5,139,759	\$ 73,398,003	\$ 72,074,805
Public service	-	-	-	-	-	-
Academic support	10,321,890	-	1,566,042	2,418,238	14,306,170	14,128,054
Student services	11,517,796	-	2,067,803	1,495,179	15,080,778	15,375,289
Institutional support	21,362,805	-	3,672,068	15,501,436	40,536,309	41,648,961
Operation and maintenance of plant	4,015,742	-	1,078,791	15,783,146	20,877,679	22,766,038
Total unrestricted educational activities	<u>107,766,094</u>	<u>-</u>	<u>16,095,087</u>	<u>40,337,758</u>	<u>164,198,939</u>	<u>165,993,147</u>
<u>Restricted - educational activities</u>						
Instruction	319,871	5,677,977	10,966	369,310	6,378,124	9,035,181
Public service	231,063	26,655	60,191	76,907	394,816	668,441
Academic support	1,853,398	1,150,630	394,531	4,605,528	8,004,087	7,876,654
Student services	991,511	1,514,990	116,168	641,544	3,264,213	2,559,666
Institutional support	523,236	2,090,960	108,607	5,641,490	8,364,293	6,692,606
Scholarships and fellowships	-	-	-	46,471,154	46,471,154	35,232,885
Total restricted educational activities	<u>3,919,079</u>	<u>10,461,212</u>	<u>690,463</u>	<u>57,805,933</u>	<u>72,876,687</u>	<u>62,065,433</u>
Total educational activities	<u>111,685,173</u>	<u>10,461,212</u>	<u>16,785,550</u>	<u>98,143,691</u>	<u>237,075,626</u>	<u>228,058,580</u>
Auxiliary enterprises	596,724		108,822	1,953,856	2,659,402	1,315,721
Depreciation expense - buildings and improvements	-	-	-	20,437,296	20,437,296	16,585,637
Depreciation expense - equipment, furniture and library books	-	-	-	8,873,386	8,873,386	9,257,236
Total operating expenses	<u>\$ 112,281,897</u>	<u>\$ 10,461,212</u>	<u>\$ 16,894,372</u>	<u>\$ 129,408,229</u>	<u>\$ 269,045,710</u>	<u>\$ 255,217,174</u>
				(Exhibit 2)	(Exhibit 2)	

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**

**SCHEDULE C**

**Year Ended August 31, 2022**

**(With Memorandum Totals for the Year Ended August 31, 2021)**

	2022			2021
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general State support	\$ 41,307,655	\$ -	\$ 41,307,655	\$ 42,089,865
State group insurance	-	6,910,045	6,910,045	8,458,870
State retirement matching	-	3,551,166	3,551,166	8,474,716
Total State appropriations	41,307,655	10,461,211	51,768,866	59,023,451
Ad valorem taxes:				
Maintenance ad valorem taxes	73,880,718	-	73,880,718	73,037,594
Debt service ad valorem taxes		36,071,243	36,071,243	37,616,119
Federal revenue, non-operating	121,664	42,664,158	42,785,822	47,180,438
HEERF Revenue Recovery	7,659,973	-	7,659,973	-
Investment income	544,570	631,473	1,176,043	222,060
Total non-operating revenues	123,514,580	89,828,085	213,342,665	217,079,662
<u>Non-operating expenses</u>				
Interest on capital related debt	139,841	24,602,382	24,742,223	25,122,998
Loss on disposal of capital assets	3,097	-	3,097	4,279
FEMA return of funds	-	-	-	9,834
Total non-operating expenses	142,938	24,602,382	24,745,320	25,137,111
Net non-operating revenues, net	\$ 123,371,642	\$ 65,225,703	\$ 188,597,345	\$ 191,942,551
			(Exhibit 2)	(Exhibit 2)



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**  
**Year Ended August 31, 2022**  
**(With Memorandum Totals for the Year Ended August 31, 2021)**

**SCHEDULE D**

	Detail by Source				Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
<b>Current</b>						
Unrestricted	\$ (76,995,841)	\$ -	\$ -	\$ (76,995,841)	\$ (76,995,841)	\$ -
Restricted	-	5,764,345	-	5,764,345	-	5,764,345
Auxiliary	13,691,638	-	-	13,691,638	13,691,638	-
<b>Plant</b>						
Debt service	-	1,275,703	-	1,275,703	-	1,275,703
Investment in plant	-	-	135,411,631	135,411,631	-	135,411,631
Total net position, August 31, 2022	(63,304,203)	7,040,048	135,411,631	79,147,476	(63,304,203)	142,451,679
Total net position, August 31, 2021, Restated	(73,275,045)	7,116,908	140,077,779	73,919,642	(73,275,045)	147,194,687
Net increase (decrease) in net position	\$ 9,970,842	\$ (76,860)	\$ (4,666,148)	\$ 5,227,834	\$ 9,970,842	\$ (4,743,008)

(Exhibit 2)



Statistical



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATISTICAL SECTION**

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These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	
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These schedules contain trend information to help the reader assess the factors affecting the College's ability to generate property taxes, tuition, grants, and other revenue.	
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The debt capacity information will assist the reader in understanding and assessing the College's debt burden and ability to issue debt.	
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**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NET POSITION BY COMPONENT (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**SS-1**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net investment in capital assets	\$ 135,412	\$ 140,078	\$ 144,113	\$ 135,070	\$ 116,611	\$ 121,647	\$ 132,443	\$ 134,450	\$ 125,621	\$ 135,105
Restricted - expendable	7,040	7,117	11,369	10,191	10,419	10,745	12,040	15,375	12,752	9,572
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Unrestricted	(63,304)	(73,275)	(82,070)	(71,867)	(67,109)	31,937	22,362	26,379	70,163	69,711
Total primary government net position	\$ 79,148	\$ 73,920	\$ 73,412	\$ 73,394	\$ 59,921	\$ 164,329	\$ 166,845	\$ 176,204	\$ 208,536	\$ 214,388
Prior year change	\$ 5,228	\$ 508	\$ 18	\$ 13,473	\$ (104,408)	\$ (2,516)	\$ (9,359)	\$ (32,332)	\$ (5,852)	\$ 4,383

For fiscal year 2021, the amounts for Net Investment in Capital Assets were reduced by \$3.8MM due to additional depreciation expense. Additionally, the amounts for Net Investment in Capital Assets for fiscal years 2020-2018 were reduced for depreciation expense by \$3.6MM, \$2.6MM, \$712K, respectively.

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

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

For fiscal years 2018-2012, the amounts for Restricted-Nonexpendable have been restated to reflect the cash balances of the Debt Service Fund not previously included due to an error in the mapping of the balance.

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

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**REVENUES BY SOURCE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-2

	For the Year Ended August 31, (amounts expressed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tuition and fees (net of allowances and discounts)	\$ 36,032	\$ 39,271	\$ 44,452	\$ 45,346	\$ 43,765	\$ 43,530	\$ 41,846	\$ 38,825	\$ 35,402	\$ 37,525
Governmental grants and contracts:										
Federal grants and contracts	38,646	12,943	5,406	5,792	6,959	6,965	5,463	4,070	4,592	7,366
State and local grants and contracts	2,557	2,372	3,008	2,889	3,252	3,080	2,701	3,425	2,671	2,932
Non-governmental grants and contracts	3,399	995	2,077	1,457	1,712	2,082	1,699	2,128	2,012	1,817
Sales and services of educational activities and non-educational activities	2,227	6,412	3,626	4,266	2,598	2,284	1,670	1,441	1,053	1,322
Auxiliary enterprises (net of discounts)	2,815	1,789	2,319	3,868	3,184	2,843	3,303	3,162	3,884	3,872
Other operating revenues	-	-	-	-	-	-	8	1	2	2
<b>Total operating revenues</b>	<b>85,676</b>	<b>63,782</b>	<b>60,888</b>	<b>63,618</b>	<b>61,470</b>	<b>60,784</b>	<b>56,690</b>	<b>53,052</b>	<b>49,616</b>	<b>54,836</b>
State appropriations	51,769	59,023	56,924	51,419	51,368	46,751	43,989	44,428	45,862	45,888
Ad valorem taxes	109,952	110,654	108,608	97,800	95,017	91,563	85,300	82,720	78,198	73,626
Federal revenue, non-operating	50,446	47,180	48,583	39,161	41,109	40,823	40,864	43,459	50,258	51,797
Investment income	1,176	222	3,128	6,570	3,397	1,519	545	247	254	369
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Other non-operating	-	-	-	6,941	854	-	-	-	-	-
<b>Total non-operating revenues</b>	<b>213,343</b>	<b>217,079</b>	<b>217,243</b>	<b>201,891</b>	<b>191,745</b>	<b>180,656</b>	<b>170,698</b>	<b>170,854</b>	<b>174,572</b>	<b>171,680</b>
<b>Total revenues</b>	<b>\$ 299,019</b>	<b>\$ 280,861</b>	<b>\$ 278,131</b>	<b>\$ 265,509</b>	<b>\$ 253,215</b>	<b>\$ 241,440</b>	<b>\$ 227,388</b>	<b>\$ 223,906</b>	<b>\$ 224,188</b>	<b>\$ 226,516</b>
Prior year change	\$ 18,158	\$ 2,730	\$ 12,622	\$ 12,294	\$ 11,775	\$ 14,052	\$ 3,482	\$ (282)	\$ (2,328)	\$ 5,801
Tuition and fees (net of discounts)	12.05%	13.98%	15.98%	17.08%	17.28%	18.03%	17.33%	17.38%	15.80%	16.60%
Governmental grants and contracts:										
Federal grants and contracts	12.92%	4.61%	1.94%	2.18%	2.75%	2.88%	2.40%	1.82%	2.05%	3.25%
State and local grants and contracts	0.86%	0.84%	1.08%	1.09%	1.28%	1.28%	1.19%	1.53%	1.19%	1.29%
Non-governmental grants and contracts	1.14%	0.35%	0.75%	0.55%	0.68%	0.86%	0.75%	0.95%	0.90%	0.80%
Sales and services of educational activities and non-educational activities	0.74%	2.28%	1.30%	1.61%	1.03%	0.95%	0.73%	0.63%	0.47%	0.58%
Auxiliary enterprises	0.94%	0.64%	0.83%	1.46%	1.26%	1.18%	1.45%	1.41%	1.73%	1.71%
Other operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total operating revenues</b>	<b>28.65%</b>	<b>22.71%</b>	<b>21.89%</b>	<b>23.96%</b>	<b>24.28%</b>	<b>25.18%</b>	<b>24.93%</b>	<b>23.70%</b>	<b>22.14%</b>	<b>24.23%</b>
State appropriations	17.31%	21.02%	20.47%	19.37%	20.29%	19.36%	19.35%	19.84%	20.46%	20.26%
Ad valorem taxes	36.77%	39.40%	39.05%	36.83%	37.52%	37.92%	37.51%	36.94%	34.88%	32.50%
Federal revenue, non-operating	16.87%	16.80%	17.47%	14.75%	16.23%	16.91%	17.97%	19.41%	22.41%	22.85%
Investment income	0.39%	0.08%	1.12%	2.47%	1.34%	0.63%	0.24%	0.11%	0.11%	0.16%
Gain on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other non-operating	0.00%	0.00%	0.00%	2.61%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total non-operating revenues</b>	<b>71.35%</b>	<b>77.29%</b>	<b>78.11%</b>	<b>76.04%</b>	<b>75.72%</b>	<b>74.82%</b>	<b>75.07%</b>	<b>76.30%</b>	<b>77.86%</b>	<b>75.77%</b>
<b>Total revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**PROGRAM EXPENSES BY FUNCTION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-3

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	\$ 79,776	\$ 81,110	\$ 87,642	\$ 84,244	\$ 80,661	\$ 77,615	\$ 73,069	\$ 71,139	\$ 71,053	\$ 73,474
Public service	395	668	396	331	601	437	414	572	557	537
Academic support	22,310	22,005	22,067	18,689	18,394	18,102	16,189	13,907	13,386	14,234
Student services	18,345	17,935	19,433	18,666	17,982	16,852	15,533	15,524	15,678	14,814
Institutional support	48,901	48,341	49,337	42,786	42,260	40,531	43,150	40,839	39,365	34,962
Operation and maintenance of plant	20,878	22,766	19,564	19,083	21,944	16,882	16,700	17,556	17,680	17,298
Scholarships and fellowships	46,471	35,233	32,649	29,095	30,389	31,041	31,733	33,946	39,284	40,616
Auxiliary enterprises	2,659	1,316	1,814	2,079	3,456	3,723	4,091	4,527	4,118	4,012
Depreciation	29,311	25,843	21,880	19,181	17,828	18,439	18,808	17,401	16,365	13,107
Total operating expenses	269,046	255,217	254,782	234,154	233,515	223,622	219,687	215,411	217,486	213,054
Interest on capital related debt	24,742	25,123	23,399	17,882	17,297	18,248	17,034	12,645	12,386	9,080
Loss on disposal of capital assets	-	-	-	-	16	2,087	27	37	-	-
Other non-operating	3	14	184	9	430	-	-	-	168	-
Total non-operating expenses	24,745	25,137	23,583	17,891	17,743	20,335	17,061	12,682	12,554	9,080
Total expenses	\$ 293,791	\$ 280,354	\$ 278,365	\$ 252,045	\$ 251,258	\$ 243,957	\$ 236,748	\$ 228,093	\$ 230,040	\$ 222,134
Prior year change	\$ 13,437	\$ 1,989	\$ 26,320	\$ 787	\$ 7,301	\$ 7,209	\$ 8,655	\$ (1,947)	\$ 7,906	\$ 11,936
Instruction	27.15%	28.93%	31.48%	33.42%	32.10%	31.82%	30.86%	31.19%	30.89%	33.08%
Public service	0.13%	0.24%	0.14%	0.13%	0.24%	0.18%	0.17%	0.25%	0.24%	0.24%
Academic support	7.59%	7.85%	7.93%	7.41%	7.32%	7.42%	6.84%	6.10%	5.82%	6.41%
Student services	6.24%	6.40%	6.98%	7.41%	7.16%	6.91%	6.56%	6.81%	6.82%	6.67%
Institutional support	16.64%	17.24%	17.72%	16.98%	16.82%	16.61%	18.23%	17.90%	17.11%	15.74%
Operation and maintenance of plant	7.11%	8.12%	7.03%	7.57%	8.73%	6.92%	7.05%	7.70%	7.69%	7.79%
Scholarships and fellowships	15.82%	12.57%	11.73%	11.54%	12.09%	12.72%	13.40%	14.88%	17.08%	18.28%
Auxiliary enterprises	0.91%	0.47%	0.65%	0.82%	1.38%	1.53%	1.73%	1.98%	1.79%	1.81%
Depreciation	9.98%	9.22%	7.86%	7.61%	7.10%	7.56%	7.94%	7.63%	7.11%	5.90%
Total operating expenses	91.58%	91.03%	91.53%	92.90%	92.94%	91.66%	92.79%	94.44%	94.54%	95.91%
Interest on capital related debt	8.42%	8.96%	8.41%	7.09%	6.88%	7.48%	7.19%	5.54%	5.39%	4.09%
Loss on disposal of capital assets	0.00%	0.00%	0.00%	0.00%	0.01%	0.86%	0.01%	0.02%	0.00%	0.00%
Other non-operating	0.00%	0.00%	0.07%	0.00%	0.17%	0.00%	0.00%	0.00%	0.07%	0.00%
Total non-operating expenses	8.42%	8.97%	8.47%	7.10%	7.06%	8.34%	7.21%	5.56%	5.46%	4.09%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

For fiscal year 2021, the amounts for Depreciation were increased by \$3.8MM due to additional depreciation expense. The amounts for Depreciation for fiscal years 2020-2018 were also increased for additional depreciation expense by \$3.6MM, \$2.6MM, \$712K, respectively.

Instruction, Public Support, Academic Support, and Student Services amounts were restated for the 10 year period due to reclassification of the Continuing Education and Dual Credit program expenses to align with NACUBO classifications.

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 – (UNAUDITED)**  
**LAST TEN ACADEMIC YEARS**

**SS-4**

Resident Fees per Semester Credit Hour (SCH)									
Academic Year (Fall)	General Service Fee	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2022	\$ -	\$ 78	\$ 135	\$ -	\$ -	\$ 936	\$ 1,620	-	-
2021	-	78	135	-	-	936	1,620	-	-
2020	-	78	135	-	-	936	1,620	20.90%	23.30
2019	150	50	95	2	-	774	1,314	3.20%	1.86%
2018	150	50	95	-	-	750	1,290	-	-
2017	140	50	95	-	-	750	1,290	6.53%	6.79%
2016	140	47	89	-	-	704	1,208	-	-
2015	140	47	89	-	-	704	1,208	7.32%	5.23%
2014	140	43	84	-	-	656	1,148	-	-
2013	140	43	84	-	-	656	1,148	11.00%	28.85%

Non-Resident Fees per Semester Credit Hour (SCH)									
Academic Year (Fall)	General Service Fee	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
2022	\$ -	\$ 210	\$ 210	\$ -	\$ -	\$ 2,520	\$ 2,520	-	-
2021	-	210	210	-	-	2,520	2,520	-	-
2020	-	210	210	-	-	2,520	2,520	20.30%	20.30%
2019	150	160	160	-	-	2,094	2,094	1.16%	1.16%
2018	150	160	160	-	-	2,070	2,070	-	-
2017	150	160	160	-	-	2,070	2,070	11.83%	11.83%
2016	140	149	149	-	-	1,851	1,851	0.04%	0.04%
2015	140	142	142	-	-	1,844	1,844	5.49%	5.49%
2014	140	134	134	-	-	1,748	1,748	-	-
2013	140	134	134	-	-	1,748	1,748	17.24%	17.24%

In fiscal year 2020 the College implemented a Simplified Tuition Model in which course and other registration related fees rolled into semester credit hour tuition to ease the calculation of the cost of enrollment for students.

Prior fiscal years include basic enrollment tuition and fees but exclude 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 (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-5

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)	
2021-22	\$ 77,489,684	\$ 11,760,032	\$ 65,729,652	84.82%	0.112838	0.055129	0.167967	
2020-21	76,749,920	11,869,475	64,880,445	84.53%	0.111738	0.057620	0.169358	
2019-20	72,337,367	11,423,615	60,913,752	84.21%	0.117251	0.060918	0.178169	
2018-19	64,534,799	10,550,630	53,984,169	83.65%	0.127210	0.052119	0.179329	
2017-18	61,361,537	9,892,379	51,469,158	83.88%	0.128828	0.054507	0.183335	
2016-17	59,423,942	9,224,246	50,199,696	84.48%	0.129194	0.053185	0.182379	
2015-16	57,896,864	9,465,130	48,431,734	83.65%	0.129194	0.046589	0.175783	
2014-15	53,936,177	9,867,005	44,069,172	81.71%	0.127045	0.058557	0.185602	
2013-14	51,689,449	9,911,378	41,778,071	80.83%	0.125460	0.060142	0.185602	
2012-13	48,921,297	9,703,352	39,217,945	80.17%	0.121571	0.064031	0.185602	

Source: Harris County Appraisal District and Chambers County Appraisal District

Property is assessed at full market value.

(a) Per \$100 Taxable Assessed Valuation

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**GENERAL APPROPRIATION ACT BEFORE CONTACT HOUR ADJUSTMENTS (UNAUDITED)**  
**LAST TEN FISCAL YEARS**  
*(Amounts Expressed in Thousands)*

SS-6a

Appropriation Funding Elements	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>	<u>2013</u>
State Appropriation Contact Hour Funding (CH)	\$ 33,366	\$ 36,224	\$ 36,226	\$ 34,252	\$ 34,252	\$ 32,442	\$ 32,442	\$ 33,030	\$ 33,030	\$ 36,957
State Appropriation Student Success Points (SSP)	7,261	5,186	5,186	3,865	3,865	3,478	3,478	3,613	3,613	-
State Appropriation Core Operations (CO)	681	680	680	680	680	500	500	500	500	-
State Appropriation Bachelor of Applied Technology (BAT)	-	-	-	-	-	-	-	-	-	-
State Appropriation Non-Funding Items	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 41,308</u>	<u>\$ 42,090</u>	<u>\$ 42,092</u>	<u>\$ 38,797</u>	<u>\$ 38,797</u>	<u>\$ 36,420</u>	<u>\$ 36,420</u>	<u>\$ 37,143</u>	<u>\$ 37,143</u>	<u>\$ 36,957</u>

\* In fiscal year 2014 the formula funding methodology changed.

Source: THECB - Ten Pay Schedule

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STATE APPROPRIATION PER FTSE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**SS-6b**

Amounts Expressed in Thousands					
Fiscal Year		State Appropriation (Unrestricted) From Schedule C	FTSE (a)		State Appropriation per FTSE - Dollars
2021-22	\$	41,308	19	\$	2,174
2020-21		42,090	19		2,215
2019-20		42,092	20		2,105
2018-19		38,797	20		1,940
2017-18		38,797	20		1,940
2016-17		36,420	20		1,821
2015-16		36,420	20		1,821
2014-15		37,143	20		1,857
2013-14*		37,143	20		1,857
2012-13		36,957	20		1,848

(a) Full Time Student Equivalent (FTSE) is equal to the sum of State Funded (Fall Semester Credit Hours (SCH) + Spring SCH + Summer SCH for the Current FY/30 SCH) plus State Funded Continuing Education (Fall Credit Hours (CH) + Spring CH + Summer CH for the Current FY/900 CH).

\* In fiscal year 2014 the formula funding methodology changed.

Source: CBM004 and CBM00C

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STATE APPROPRIATION PER FUNDED CONTACT HOUR**  
**CONTACT HOUR (CH) PORTION ONLY OF STATE APPROPRIATION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-6c

Fiscal Year	Amounts Expressed in Thousands					
	CH - State Appropriation (Unrestricted) (a)	Academic Contact Hours (b)	Vocational - Technical Contact Hours (b)	Continuing Education Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2021-22	\$ 33,366	7,905	3,492	203	11,600	\$ 2.88
2020-21	36,224	8,276	3,272	126	11,674	3.10
2019-20	36,226	8,590	3,585	156	12,331	2.94
2018-19	34,252	8,392	3,789	253	12,434	2.75
2017-18	34,252	8,307	3,858	283	12,448	2.75
2016-17	32,442	8,357	3,829	365	12,551	2.59
2015-16	32,442	8,172	3,752	373	12,297	2.64
2014-15	33,030	7,903	3,772	393	12,068	2.74
2013-14*	33,030	8,092	3,739	327	12,158	2.72
2012-13	36,957	8,254	3,671	384	12,309	3.00

Contact Hour = State funded Academic, Vocational-Technical, and Continuing Education contact hours for Fall, Spring, and Summer of the current fiscal year.

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

(b) Source: CBM004 and CBM00C

\* In fiscal year 2014 the formula funding methodology changed.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STATE APPROPRIATION PER STUDENT SUCCESS POINT (SSP) - ANNUALIZED**  
**(UNAUDITED)**  
**LAST SEVEN FISCAL YEARS**

SS-6d

Fiscal Year	(Amounts Expressed in Thousands)		Three Year Average Student Success Points (b)	Appropriation per Success Point
	SSP - State Appropriation (Unrestricted) (a)			
2021-22	\$ 7,261		58,579	\$ 123.95
2020-21	5,186		51,208	101.27
2019-20	5,186		51,208	101.27
2018-19	3,865		45,061	85.77
2017-18	3,865		45,061	85.78
2016-17	3,478		40,304	86.29
2015-16	3,478		40,304	86.29
2014-15	3,613		39,028	92.56

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

(b) Source: THECB - Ten Pay Schedule

Note: The College did not present this schedule prior to fiscal year 2014.  
The ten year trend information will be updated prospectively.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STUDENT SUCCESS POINTS (SSP) (UNAUDITED)**  
**LAST SEVEN REPORTED FISCAL YEARS**

SS-6e

Success Points Elements (Weighted)	2020	2019	2018	2017	2016	2015	2014
Math Readiness	2,625	2,644	2,676	2,819	2,143	1,232	352
Read Readiness	946	839	846	925	874	501	535
Write Readiness	391	280	449	848	829	502	408
Students Who Pass FCL Math Course	7,322	6,035	5,406	5,936	5,729	5,013	5,091
Students Who Pass FCL Read Course	4,910	4,752	4,549	4,424	4,090	3,929	3,981
Students Who Pass FCL Write Course	4,013	3,798	2,947	2,435	2,295	2,104	2,108
Students Who Complete 15 SCH	9,702	9,220	9,313	9,062	8,466	8,303	8,409
Students Who Complete 30 SCH	10,655	9,936	6,611	6,094	5,993	5,897	5,524
Student Transfers to a 4-Yr Inst	8,292	8,349	5,210	5,226	5,020	5,144	4,592
Degrees, CCCs, or Certs	5,408	5,206	8,908	10,306	10,496	8,416	7,490
Degrees or Certs in Critical Fields	7,215	7,134	4,712	4,421	3,517	3,170	2,628
Annual Success Points - Total	61,478	58,193	51,627	52,496	49,452	44,211	41,118

SCH = Semester Contact Hour

Note: The College did not present this schedule prior to fiscal year 2014. The ten year trend information will be updated prospectively.  
Source: THECB - Ten Pay Schedule. FY 2021 data is not available yet.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**TOP TEN PRINCIPAL TAXPAYERS (UNAUDITED)**  
**LAST TEN TAX YEARS**

SS-7

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Equistar Chemicals LP	Chemical	\$ 2,037,655	\$ 1,973,303	\$ 1,757,873	\$ 1,677,218	\$ 1,372,684	\$ 1,356,982	\$ 1,531,712	\$ 1,566,440	\$ 1,201,778	\$ 1,063,952
Enterprise Products	Petrochemical	646,784	1,214,877	1,174,347	1,076,865	407,948	455,662				
Lyondell Chemical Co.	Chemical	2,171,538	1,052,233	946,278	651,344	571,680	601,457	604,913	704,095	756,691	812,824
Shell Oil Co.	Refinery	776,640	1,039,498	1,419,165	1,427,630	1,130,823	1,184,784	1,360,056	1,500,515	1,545,113	1,675,362
Oil tanking Houston	Petrochemical	823,950	745,843	638,207	576,921						
Intercontinental Terminal	Chemical	717,579	680,121	693,253	650,739						
Braskem America Inc.	Petrochemical	619,955	618,837								
Centerpoint Energy, Inc.	Energy	717,171	604,779				435,659	435,139	350,466	351,705	426,797
Kinder Morgan	Petrochemical	586,368	571,127	561,671	509,475						
Lubrizol Corp	Chemical	547,061	533,393	686,897	529,604						333,719
Fairway Methanol, LLC	Petrochemical			573,835	578,146	576,639					
Kuraray America Inc	Chemical			518,194	502,495	484,717	440,321	500,418	453,555		
Air Liquide	Chemical					404,162	430,613	418,645	359,970		
Kirby Inland Marine, LLP	Marine Transportation					443,548		453,507			
Houston Refining	Refinery					417,286			393,460	391,376	2,739,314
Oxy Vinyls LP	Petrochemical					416,051	410,461	424,978	418,532	414,044	412,280
Celanese, LTD	Petrochemical						715,716	739,533			
Rohm & Haas Co. (Parent DOW)	Petrochemical						406,834	424,828	518,150	529,774	452,050
Chevron Chemical Co.	Refinery								394,849	389,364	363,130
Exxon Mobil Corp	Petrochemical									385,773	
Totals - Top Ten Only		\$ 9,644,700	\$ 9,034,011	\$ 8,969,720	\$ 8,180,437	\$ 6,225,538	\$ 6,438,489	\$ 6,893,727	\$ 6,660,032	\$ 5,965,618	\$ 8,279,428
Total Taxable Assessed Value (TAV)		\$ 73,456,219	\$ 62,861,453	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945

Taxpayer	Type of Business	% of Total Taxable Assessed Value (TAV) by Tax Year									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Equistar Chemicals LP	Chemical	3.24%	3.14%	2.89%	3.11%	2.67%	2.70%	3.16%	3.55%	2.88%	2.71%
Enterprise Products	Petrochemical	1.03%	1.93%	1.93%	1.99%	0.79%	0.91%				
Lyondell Chemical Co.	Chemical	3.45%	1.67%	1.55%	1.21%	1.11%	1.20%	1.25%	1.60%	1.81%	2.07%
Shell Oil Co.	Refinery	1.24%	1.65%	2.33%	2.64%	2.20%	2.36%	2.81%	3.40%	3.70%	4.27%
Oil tanking Houston	Petrochemical	1.31%	1.19%	1.05%	1.07%						
Intercontinental Terminal	Chemical	1.14%	1.08%	1.14%	1.21%						
Braskem America Inc.	Petrochemical	0.99%	0.98%								
Centerpoint Energy, Inc.	Energy	1.14%	0.96%				0.87%	0.90%	0.80%	0.84%	1.09%
Kinder Morgan	Petrochemical	0.93%	0.91%	0.92%	0.94%						
Lubrizol Corp	Chemical	0.87%	0.85%	1.13%	0.98%						0.85%
Fairway Methanol, LLC	Petrochemical			0.94%	1.07%	1.12%					
Kuraray America Inc	Chemical			0.85%	0.93%	0.94%	0.88%	1.03%	1.03%		
Air Liquide	Chemical					0.79%	0.86%	0.86%	0.82%		
Kirby Inland Marine, LLP	Marine Transportation					0.86%		0.94%			
Houston Refining	Refinery					0.81%			0.89%	0.94%	6.98%
Oxy Vinyls LP	Petrochemical					0.81%	0.82%	0.88%	0.95%	0.99%	1.05%
Celanese, LTD	Petrochemical						1.43%	1.53%			
Rohm & Haas Co. (Parent DOW)	Petrochemical						0.81%	0.88%	1.18%	1.27%	1.15%
Chevron Chemical Co.	Refinery								0.90%	0.93%	0.93%
Exxon Mobil Corp	Petrochemical									0.92%	
Percentage of Top Ten Taxpayer to Grand Total TAV		15.34%	14.36%	14.73%	15.15%	12.10%	12.84%	14.24%	15.12%	14.28%	21.10%

This list is the Top Ten Principal Taxpayers based on Taxable Assessed Value by Tax Year.



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)**  
**LAST TEN TAX YEARS**  
*(Amounts Expressed in Thousands)*

SS-8

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage (c/b)	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]
2022	\$ 110,404	\$ -	\$ 110,404	\$ 108,402	98.19%	\$ (102)	\$ 796	\$ 109,096	98.09%
2021	109,880	-	109,880	107,692	98.01%	1,400	969	110,061	99.28%
2020	108,529	-	108,529	105,652	97.35%	619	801	107,072	97.92%
2019	96,808	-	96,808	96,157	99.33%	970	863	97,990	100.33%
2018	94,361	-	94,361	93,079	98.64%	1,162	1,011	95,252	99.87%
2017	91,554	-	91,554	89,785	98.07%	628	881	91,294	98.75%
2016	85,135	-	85,135	83,919	98.57%	1,059	637	85,615	99.82%
2015	81,793	-	81,793	80,443	98.35%	1,109	619	82,171	99.71%
2014	77,613	-	77,613	76,423	98.47%	562	1,276	78,261	99.19%
2013	72,789	-	72,789	71,498	98.23%	702	937	73,137	99.19%

During fiscal year 2022, Harris County Tax collectors issued \$965,525 delinquent tax refunds on the College's behalf, which fully offset delinquent tax collections of \$862,918.

Source: Harris County Tax Assessor Collector and Chamber County Tax Assessor Collector

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**RATIOS OF OUTSTANDING DEBT (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-9

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Bonded Debt:</b>										
General obligation bonds	\$ 622,651	\$ 599,531	\$ 530,440	\$ 544,008	\$ 414,189	\$ 428,268	\$ 433,908	\$ 284,351	\$ 293,469	\$ 303,516
Notes	4,878	-	-	-	2,072	2,434	2,786	3,123	3,449	3,766
<b>Total general bonded debt</b>	<b>627,529</b>	<b>599,531</b>	<b>530,440</b>	<b>544,008</b>	<b>416,261</b>	<b>430,702</b>	<b>436,694</b>	<b>287,474</b>	<b>296,918</b>	<b>307,282</b>
<b>Revenue bonds</b>	<b>43,221</b>	<b>44,758</b>	<b>45,980</b>	<b>47,381</b>	<b>48,732</b>	<b>50,033</b>	<b>50,144</b>	<b>50,255</b>	<b>-</b>	<b>-</b>
<b>Total outstanding debt</b>	<b>\$ 670,750</b>	<b>\$ 644,289</b>	<b>\$ 576,420</b>	<b>\$ 591,389</b>	<b>\$ 464,993</b>	<b>\$ 480,735</b>	<b>\$ 486,838</b>	<b>\$ 337,729</b>	<b>\$ 296,918</b>	<b>\$ 307,282</b>

**Figures for Debt Ratios (in thousands):**

District Population	578.7	574.8	569.3	569.0	570.8	565.7	563.5	555.1	532.0	522.6
Full Time Student Equivalent (FTSE)	19.0	19.0	20	20	20	20	20	20	20	20
Taxable Assessed Value (TAV)	\$ 65,729,652	\$ 62,861,453	\$ 60,913,752	\$ 53,984,169	\$ 51,469,158	\$ 50,199,696	\$ 48,431,734	\$ 44,069,172	\$ 41,778,071	\$ 39,217,945

**General Bonded Debt Ratios:**

Per Capita	\$ 1,084	\$ 1,043	\$ 932	\$ 956	\$ 729	\$ 761	\$ 775	\$ 518	\$ 558	\$ 588
Per FTSE	33,028	31,554	26,522	27,200	20,813	21,535	21,835	14,374	14,846	15,364
As a percentage of TAV	0.95%	0.95%	0.87%	1.01%	0.81%	0.86%	0.90%	0.65%	0.71%	0.78%

**Total Outstanding Debt Ratios:**

Per Capita	\$ 1,159	\$ 1,121	\$ 1,013	\$ 1,039	\$ 815	\$ 850	\$ 864	\$ 608	\$ 558	\$ 588
Per FTSE	35,303	33,910	28,821	29,569	23,250	24,037	24,342	16,886	14,846	15,364
As a percentage of TAV	1.02%	1.02%	0.95%	1.10%	0.90%	0.96%	1.01%	0.77%	0.71%	0.78%

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

**SS-10**

	For the Year Ended August 31 (amounts expressed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Taxable Assessed Value	\$ <u>65,729,652</u>	\$ <u>64,880,444</u>	\$ <u>60,913,752</u>	\$ <u>53,984,169</u>	\$ <u>51,469,158</u>	\$ <u>50,199,696</u>	\$ <u>48,431,734</u>	\$ <u>44,069,172</u>	\$ <u>41,778,071</u>	\$ <u>39,217,945</u>
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	328,648	324,402	304,569	269,921	257,346	250,998	242,159	220,346	208,890	196,090
Less: funds restricted for repayment of general obligation bonds	<u>(1,276)</u>	<u>(930)</u>	<u>(9,238)</u>	<u>(8,525)</u>	<u>(8,835)</u>	<u>(8,587)</u>	<u>(8,293)</u>	<u>(11,603)</u>	<u>(8,925)</u>	<u>(6,564)</u>
Total net general obligation debt	327,372	323,472	295,331	261,396	248,511	242,411	233,866	208,743	199,965	189,526
Current year debt service requirements	<u>44,229</u>	<u>40,192</u>	<u>37,126</u>	<u>30,385</u>	<u>28,576</u>	<u>26,773</u>	<u>30,148</u>	<u>25,774</u>	<u>26,676</u>	<u>24,913</u>
Excess of statutory limit for debt service over current requirement	\$ <u>283,143</u>	\$ <u>283,280</u>	\$ <u>258,205</u>	\$ <u>231,011</u>	\$ <u>219,935</u>	\$ <u>215,638</u>	\$ <u>203,718</u>	\$ <u>182,969</u>	\$ <u>173,289</u>	\$ <u>164,613</u>
Net current requirements as a % of statutory limit	13.46%	12.39%	12.19%	11.26%	11.10%	10.67%	12.45%	11.70%	12.77%	12.70%

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

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**PLEDGED REVENUE COVERAGE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-11

Revenue Bonds		Pledged Revenues (\$000 omitted)							Debt Service Requirements (\$000 omitted)**			Coverage Ratio
Fiscal Year Ended August 31	Tuition	Continuing or Non-Credit Education Tuition/Fees	General Service	IPP Fees	Course Fees	Laboratory Fees	Total	Principal	Interest	Total		
2022	\$ 14,446	\$ 7,778	\$ -	\$ 823	\$ -	\$ -	\$ 23,047	\$ 1,415	\$ 1,852	\$ 3,267	7	
2021	14,831	7,285	-	891	-	-	23,007	1,350	1,922	3,272	7	
2020	15,537	6,428	-	978	-	-	22,943	1,290	1,981	3,271	7	
2019	10,687	7,072	11,523	1,119	1,171	850	32,422	1,240	2,032	3,272	10	
2018	10,715	6,538	11,340	1,101	1,190	806	31,690	1,190	2,080	3,270	10	
2017	10,596	6,995	11,156	1,154	1,122	813	31,836	-	2,104	2,104	15	
2016	9,683	7,040	10,183	1,158	-	790	28,854	-	2,157	2,157	13	
2015	9,308	6,378	9,851	812	-	780	27,129	-	96	96	283	
2014	-	-	-	-	-	-	-	-	-	-	-	
2013	-	-	-	-	-	-	-	-	-	-	-	

In fiscal year 2020 the College implemented a Simplified Tuition Model in which course and other registration related fees were rolled into semester credit hour tuition.

\*\* Debt service requirements include revenue bonds only.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS – TAXING DISTRICT (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-12

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	Harris County Unemployment Rate
2021	578,725	\$ 14,358,167	\$ 24,810	6.50%
2020	574,783	13,900,552	24,184	8.90%
2019	569,339	13,258,767	23,288	3.80%
2018	569,044	12,783,004	22,464	4.40%
2017	570,826	12,373,224	21,676	4.40%
2016	565,708	12,099,362	21,388	5.30%
2015	563,453	12,332,296	21,887	4.60%
2014	555,134	12,094,371	21,786	4.90%
2013	531,977	11,214,359	21,081	6.20%
2012	522,596	10,961,333	20,975	6.90%

Sources: Personal Income and Population from:  
 Economic Alliance - Houston Port Region  
 Unemployment rate from Texas Workforce Commission.  
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**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**PRINCIPAL EMPLOYERS FOR THE SERVICE AREA (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-13

Employer	Number of Employees									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Pasadena ISD	7,977	7,980	8,294	8,135	7,974	7,555	7,404	7,186	7,177	7,177
Lyondell Chemical Co	5,024	5,024	3,733	3,813	5,491	5,491	5,061	2,613	2,613	1,200
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	4,789	4,789	5,291	4,039	4,020	4,639				
Lockheed Martin Corp & Services	3,940	3,940	3,940	3,940	3,940	3,743	3,745	2,300	2,300	1,935
NASA Lyndon B Johnson Space Center	3,055	3,055	3,055	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Walmart/Sam's Club	2,985	2,985	2,985	2,985	2,985	2,715	2,985	2,840	2,540	1,940
Boeing Co	2,830	2,830	2,830	2,830	2,830	2,000	2,000	2,000	2,000	2,000
Memorial Healthcare System	2,200	2,500	2,500	2,200	2,500	2,200	2,200	2,200	2,200	2,200
HEB	1,998	1,881	1,881	1,881	1,181	1,569	1,199	1,259		
Powell Electrical Systems Inc	1,725	2,025	1,675	1,725	1,725	1,975	1,675	2,070	1,720	1,800
Kroger	1,587	1,725	1,725	1,320	1,720	1,900	1,420	1,570		
Shell Chemical	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,600	1,700	1,700
University of Houston - Clear Lake	1,476	1,476	1,476	1,287	1,245	1,245	1,245	1,245	1,245	1,245
San Jacinto College	1,347	1,362	1,340	1,358	1,347	1,367	1,322	1,325	1,297	1,243
McDonalds	1,275									
Pasadena City Hall	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
US Air Force	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
DOW (listed as Rohm & Haas Texas Inc. FY17)		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tubular Services, Inc.				1,000						
ABC Professional Tree Services Inc.						1,500	1,500	1,500	1,500	1,500
GE Energy/Baker Hughes						1,295				
Lubrizol						1,015	1,020			
Wyle Life Science						1,000	1,000	1,000	1,000	1,000
Bayshore Medical Center *							1,617	1,500	1,500	1,500
Clear Lake Regional Medical Center *							2,422	1,600	1,600	1,600
Equistar Chemicals LP									1,500	
Anheuser-Busch Co									1,000	
<b>Totals</b>	<b>45,808</b>	<b>46,172</b>	<b>45,706</b>	<b>43,613</b>	<b>44,058</b>	<b>48,609</b>	<b>44,915</b>	<b>39,408</b>	<b>38,492</b>	<b>33,640</b>

Employer	Percentage of Total Employment									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Pasadena ISD	2.74%	2.71%	2.77%	2.79%	2.98%	2.86%	2.77%	2.72%	2.97%	3.08%
Lyondell Chemical Co	1.73%	1.71%	1.25%	1.31%	2.05%	2.08%	1.89%	0.99%	1.08%	0.52%
HCA-CHCA/Clear Lake Med/Bayshore Med Ctr*	1.65%	1.63%	1.77%	1.38%	1.50%	1.76%				
Lockheed Martin Corp & Services	1.35%	1.34%	1.32%	1.35%	1.47%	1.42%	1.40%	0.87%	0.95%	0.83%
NASA Lyndon B Johnson Space Center	1.05%	1.04%	1.02%	0.86%	0.93%	0.95%	0.93%	0.95%	1.03%	1.07%
Walmart/Sam's Club	1.03%	1.02%	1.00%	1.02%	1.11%	1.03%	1.11%	1.08%	1.05%	0.83%
Boeing Co	0.97%	0.96%	0.95%	0.97%	1.06%	0.76%	0.75%	0.76%	0.83%	0.86%
Memorial Healthcare System	1.76%	0.85%	0.84%	0.75%	0.93%	0.95%	0.82%	0.83%	0.91%	0.94%
HEB	0.69%	0.64%	0.63%	0.64%	0.44%	0.59%	0.45%	0.48%		
Powell Electrical Systems Inc	0.59%	0.69%	0.56%	0.59%	0.64%	0.75%	0.63%	0.78%	0.71%	0.77%
Kroger	0.55%	0.59%	0.58%	0.45%	0.64%	0.72%	0.53%	0.59%		
Shell Chemical	0.52%	0.51%	0.50%	0.51%	0.56%	0.57%	0.56%	0.61%	0.70%	0.73%
University of Houston - Clear Lake	0.51%	0.50%	0.49%	0.44%	0.46%	0.47%	0.46%	0.47%	0.52%	0.53%
San Jacinto College	0.72%	0.75%	0.45%	0.47%	0.50%	0.52%	0.49%	0.50%	0.54%	0.53%
McDonald	0.44%	0.37%	0.37%	0.38%	0.41%	0.42%	0.41%	0.42%	0.46%	0.47%
Pasadena City Hall	0.38%	0.37%	0.37%	0.38%	0.41%	0.42%	0.41%	0.42%	0.46%	0.47%
US Air Force	0.34%	0.34%	0.33%	0.34%	0.37%	0.38%	0.37%	0.38%	0.41%	0.43%
DOW (listed as Rohm & Haas Texas Inc. FY17)	0.00%	0.00%	0.33%	0.34%	0.37%	0.38%	0.37%	0.38%	0.41%	0.43%
Tubular Services, Inc.				0.34%						
ABC Professional Tree Services Inc.						0.57%	0.56%	0.57%	0.62%	0.64%
GE Energy/Baker Hughes						0.49%				
Lubrizol						0.38%	0.38%			
Wyle Life Science						0.38%	0.37%	0.38%	0.41%	0.43%
Bayshore Medical Center *							0.60%	0.57%	0.62%	0.64%
Clear Lake Regional Medical Center *							0.90%	0.61%	0.66%	0.69%
Equistar Chemicals LP									0.62%	
Anheuser-Busch Co									0.41%	
<b>Totals</b>	<b>17.02%</b>	<b>15.65%</b>	<b>15.29%</b>	<b>15.67%</b>	<b>16.42%</b>	<b>18.43%</b>	<b>16.75%</b>	<b>14.94%</b>	<b>15.91%</b>	<b>14.42%</b>

Data Sources include InfoUSA (ReferenceUSA) and the Hoover's, TWC reporting data  
<https://www.census.gov/data/datasets/2018/econ/cbp/2018-cbp.html>  
[https://www2.census.gov/programs-surveys/cbp/technical-documentation/records-layouts/2018\\_record\\_layouts/zip\\_code\\_totals\\_record\\_layout\\_2018.txt](https://www2.census.gov/programs-surveys/cbp/technical-documentation/records-layouts/2018_record_layouts/zip_code_totals_record_layout_2018.txt)  
 Total employee count for College service area is from the 2016 US Census County Business Patterns (data compiled for College service area zip codes only).  
 Listing includes employers with 1,000 or more employees in the College's service area zip codes.  
 Note: Companies with less than 1,000 employees in any displayed year have been left blank.  
 \* Clear Lake Regional Medical Center and Bayshore Medical Center merged in 2017.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**FACULTY, STAFF, AND ADMINISTRATORS STATISTICS (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-14

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Faculty:</b>										
Full-time	520	516	522	536	525	537	524	541	525	518
Part-time	947	950	978	1,063	1,142	1,213	1,122	814	793	767
<b>Total</b>	<b>1,467</b>	<b>1,466</b>	<b>1,500</b>	<b>1,599</b>	<b>1,667</b>	<b>1,750</b>	<b>1,646</b>	<b>1,355</b>	<b>1,318</b>	<b>1,285</b>
<b>Percent:</b>										
Full-time	35.4%	35.2%	34.8%	33.5%	31.5%	30.7%	31.8%	39.9%	39.8%	40.3%
Part-time	64.6%	64.8%	65.2%	66.5%	68.5%	69.3%	68.2%	60.1%	60.2%	59.7%
<b>Staff and Administrators:</b>										
Full-time	827	846	818	822	822	830	798	784	772	725
Part-time	504	353	522	669	673	713	617	493	503	441
<b>Total</b>	<b>1,331</b>	<b>1,199</b>	<b>1,340</b>	<b>1,491</b>	<b>1,495</b>	<b>1,543</b>	<b>1,415</b>	<b>1,277</b>	<b>1,275</b>	<b>1,166</b>
<b>Percent:</b>										
Full-time	62.1%	70.6%	61.0%	55.1%	55.0%	53.8%	56.4%	61.4%	60.5%	62.2%
Part-time	37.9%	29.4%	39.0%	44.9%	45.0%	46.2%	43.6%	38.6%	39.5%	37.8%
FTSE per full-time faculty	45	45	45	43	43	41	41	39	40	40
FTSE per full-time staff member	28	28	29	28	27	27	27	27	27	29
Average 9-month faculty salary	\$ 66,178	\$ 63,453	\$ 62,373	\$ 62,878	\$ 61,167	\$ 60,630	\$ 60,778	\$ 59,794	\$ 59,195	\$ 56,007

Source: Banner Human Resources module.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**ENROLLMENT DETAILS (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-15

Student Classification	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 29 hours	18,370	58.18%	17,251	55.45%	18,838	58.05%	18,526	57.65%	17,263	56.58%	16,335	56.33%	15,866	56.01%	15,811	56.65%	15,846	55.83%	16,340	56.89%
30 - 72 hours	8,584	27.18%	8,980	28.87%	8,762	27.00%	8,747	27.22%	8,532	27.97%	8,155	28.12%	8,065	28.47%	7,986	28.61%	8,118	28.60%	8,055	28.05%
> 72 hours	4,623	14.64%	4,879	15.68%	4,852	14.95%	4,864	15.14%	4,714	15.45%	4,508	15.55%	4,395	15.52%	4,114	14.74%	4,421	15.58%	4,326	15.06%
<b>Total</b>	<b>31,577</b>	<b>100.00%</b>	<b>31,110</b>	<b>100.00%</b>	<b>32,452</b>	<b>100.00%</b>	<b>32,137</b>	<b>100.00%</b>	<b>30,509</b>	<b>100.00%</b>	<b>28,998</b>	<b>100.00%</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>

Semester Hour Load	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	268	0.85%	173	0.56%	136	0.42%	158	0.49%	262	0.86%	305	1.05%	349	1.23%	317	1.14%	204	0.72%	262	0.91%
3 - 5 semester hours	6,870	21.76%	6,746	21.68%	4,485	13.82%	5,279	16.43%	5,435	17.81%	5,554	19.15%	5,676	20.04%	5,325	19.08%	5,371	18.92%	4,722	16.44%
6 - 8 semester hours	9,481	30.03%	8,715	28.01%	9,395	28.95%	9,706	30.20%	9,448	30.97%	8,826	30.44%	8,329	29.40%	7,702	27.59%	7,688	27.08%	7,787	27.11%
9 - 11 semester hours	6,690	21.19%	6,452	20.74%	6,192	19.08%	6,889	21.44%	6,529	21.40%	6,150	21.21%	6,054	21.37%	6,020	21.57%	6,240	21.98%	6,134	21.36%
12 - 14 semester hours	6,896	21.84%	7,368	23.68%	8,851	27.27%	7,879	24.52%	6,674	21.88%	6,312	21.77%	5,995	21.16%	6,669	23.89%	7,023	24.74%	7,711	26.85%
15 - 17 semester hours	1,226	3.88%	1,516	4.87%	1,647	5.08%	1,210	3.77%	1,334	4.37%	1,115	3.85%	1,158	4.09%	1,218	4.36%	1,398	4.93%	1,679	5.85%
18 & over	146	0.46%	140	0.45%	1,746	5.38%	1,016	3.16%	827	2.71%	736	2.54%	765	2.70%	660	2.36%	461	1.62%	426	1.48%
<b>Total</b>	<b>31,577</b>	<b>100.00%</b>	<b>31,110</b>	<b>100.00%</b>	<b>32,452</b>	<b>100.00%</b>	<b>32,137</b>	<b>100.00%</b>	<b>30,509</b>	<b>100.00%</b>	<b>28,998</b>	<b>100.00%</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>

Average course load	8.3	8.4	9.6	8.9	8.7	8.6	8.6	8.7	8.8	9.0
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Tuition Status	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	14,493	45.90%	13,574	43.63%	15,024	46.30%	14,962	46.56%	14,591	47.83%	14,122	48.70%	13,957	49.27%	13,996	50.15%	14,274	50.29%	14,409	50.17%
Texas Resident (Out-of-District)	9,675	30.64%	9,728	31.27%	10,299	31.74%	10,247	31.89%	9,872	32.36%	9,898	34.13%	9,837	34.73%	9,919	35.54%	10,477	36.91%	10,633	37.02%
Non-Resident Tuition	608	1.93%	572	1.84%	640	1.97%	733	2.28%	804	2.64%	778	2.68%	733	2.59%	651	2.33%	706	2.49%	766	2.67%
Tuition Exemption	6,801	21.54%	7,236	23.26%	6,489	20.00%	6,195	19.28%	5,242	17.18%	4,200	14.48%	3,799	13.41%	3,345	11.98%	2,928	10.32%	2,913	10.14%
Other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total</b>	<b>31,577</b>	<b>100.00%</b>	<b>31,110</b>	<b>100.00%</b>	<b>32,452</b>	<b>100.00%</b>	<b>32,137</b>	<b>100.00%</b>	<b>30,509</b>	<b>100.00%</b>	<b>28,998</b>	<b>100.00%</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>

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

Source: Data from the CBM001.



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**STUDENT PROFILE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-16

	Fall 2021		Fall 2020		Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012		
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
<b>Gender</b>																					
Female	18,911	59.89%	19,107	61.42%	19,051	58.71%	18,786	58.46%	17,498	57.35%	16,337	56.34%	15,833	55.90%	15,561	55.75%	16,017	56.43%	16,393	57.08%	
Male	12,666	40.11%	12,003	38.58%	13,401	41.29%	13,351	41.54%	13,011	42.65%	12,661	43.66%	12,493	44.10%	12,350	44.25%	12,368	43.57%	12,328	42.92%	
<b>Total</b>	<b>31,577</b>	<b>100.00%</b>	<b>31,110</b>	<b>100.00%</b>	<b>32,452</b>	<b>100.00%</b>	<b>32,137</b>	<b>100.00%</b>	<b>30,509</b>	<b>100.00%</b>	<b>28,998</b>	<b>100.00%</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>Ethnic Origin</b>																					
White	5,668	17.95%	6,235	20.04%	6,665	20.54%	6,986	21.74%	7,163	23.48%	7,398	25.51%	7,647	27.00%	7,960	28.52%	8,475	29.86%	8,720	30.36%	
Hispanic	20,275	64.21%	19,175	61.64%	19,846	61.15%	19,136	59.55%	17,370	56.93%	15,839	54.62%	14,838	52.38%	13,794	49.42%	13,191	46.47%	12,711	44.26%	
African American	3,172	10.05%	3,042	9.78%	3,130	9.65%	3,166	9.85%	3,081	10.10%	2,981	10.28%	2,862	10.10%	2,918	10.45%	2,966	10.45%	2,889	10.06%	
Asian	1,844	5.84%	1,870	6.01%	1,976	6.09%	1,870	5.82%	1,767	5.79%	1,704	5.88%	1,670	5.90%	1,595	5.71%	1,616	5.69%	1,576	5.49%	
Foreign	168	0.53%	226	0.73%	307	0.95%	434	1.35%	566	1.86%	567	1.96%	575	2.03%	498	1.78%	508	1.79%	384	1.34%	
Native American	177	0.56%	202	0.65%	189	0.58%	193	0.60%	186	0.61%	173	0.60%	181	0.64%	221	0.79%	277	0.98%	332	1.16%	
Other	273	0.86%	360	1.16%	339	1.04%	352	1.10%	376	1.23%	336	1.16%	553	1.95%	925	3.31%	1,352	4.76%	2,109	7.34%	
<b>Total</b>	<b>31,577</b>	<b>100.00%</b>	<b>31,110</b>	<b>100.00%</b>	<b>32,452</b>	<b>100.00%</b>	<b>32,137</b>	<b>100.00%</b>	<b>30,509</b>	<b>100.00%</b>	<b>28,998</b>	<b>100.00%</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>Age</b>																					
Under 18	5,600	17.73%	6,059	19.48%	5,349	16.48%	4,855	15.11%	3,903	12.79%	3,071	10.59%	2,721	9.61%	2,269	8.13%	1,830	6.45%	1,903	6.63%	
18 - 21	14,018	44.39%	12,924	41.54%	14,291	44.04%	14,064	43.76%	13,624	44.66%	13,054	45.02%	12,864	45.41%	12,859	46.07%	13,025	45.89%	12,917	44.97%	
22 - 24	4,359	13.80%	4,281	13.76%	4,805	14.81%	4,850	15.09%	4,804	15.75%	4,755	16.40%	4,703	16.60%	4,648	16.65%	4,664	16.43%	4,679	16.29%	
25 - 35	5,382	17.04%	5,603	18.01%	5,712	17.60%	5,927	18.44%	5,893	19.32%	5,849	20.17%	5,623	19.85%	5,659	20.28%	6,026	21.23%	6,264	21.81%	
36 - 50	1,866	5.91%	1,893	6.08%	1,924	5.93%	2,010	6.25%	1,932	6.33%	1,900	6.55%	2,006	7.08%	2,031	7.28%	2,324	8.19%	2,422	8.43%	
51 & over	352	1.11%	350	1.13%	371	1.14%	431	1.34%	353	1.16%	369	1.27%	409	1.44%	445	1.59%	516	1.82%	536	1.87%	
<b>Total</b>	<b>31,577</b>	<b>100.00%</b>	<b>31,110</b>	<b>100.00%</b>	<b>32,452</b>	<b>100.00%</b>	<b>32,137</b>	<b>100.00%</b>	<b>30,509</b>	<b>100.00%</b>	<b>28,998</b>	<b>100.00%</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>	
Average age	23		23		23		23		23		24		24		24		24		24		24

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

Source: Data from the CBM001.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**TRANSFERS TO SENIOR INSTITUTIONS (UNAUDITED)**  
**ACADEMIC YEAR 2021 – 2022 STUDENTS AS OF FALL 2021**  
**(Includes Only Public Senior Colleges in Texas)**

SS-17

	Transfer Student Count	Transfer Student Count	Total of All Transfer Students	Percentage of All Transfer Students
	Academic	Technical	Students	Students
1 Angelo State University	2	-	2	0.05%
2 Baylor College of Medicine	1	-	1	0.02%
3 Lamar University	71	11	82	1.92%
4 Midwestern State University	2	1	3	0.07%
5 Prairie View A&M University	37	4	41	0.96%
6 Sam Houston State University	180	24	204	4.77%
7 Stephen F. Austin State University	79	3	82	1.92%
8 Tarleton State University	10	1	11	0.26%
9 Texas A&M University	345	30	375	8.77%
10 Texas A&M University - Central Texas	2	-	2	0.05%
11 Texas A&M University - Commerce	6	-	6	0.14%
12 Texas A&M University - Corpus Christi	8	1	9	0.21%
13 Texas A&M University - Kingsville	3	-	3	0.07%
14 Texas A&M University - San Antonio	3	1	4	0.09%
15 Texas A&M University - Texarkana	1	-	1	0.02%
16 Texas A&M University at Galveston	41	6	47	1.10%
17 Texas A&M University System Health Science Center	6	1	7	0.16%
18 Texas Southern University	35	8	43	1.01%
19 Texas State University	149	7	156	3.65%
20 Texas Tech University	72	13	85	1.99%
21 Texas Tech University Health Science Center	1	4	5	0.12%
22 Texas Woman's University	21	4	25	0.58%
23 The University of Texas Permian Basin	4	-	4	0.09%
24 The University of Texas at Rio Grande Valley	2	3	5	0.12%
25 The University of Texas at Arlington	57	33	90	2.11%
26 The University of Texas at Austin	213	18	231	5.40%
27 The University of Texas at Dallas	38	3	41	0.96%
28 The University of Texas at El Paso	3	-	3	0.07%
29 The University of Texas at San Antonio	68	6	74	1.73%
30 The University of Texas at Tyler	36	1	37	0.87%
31 The University of Texas Health Science Center at Houston	24	3	27	0.63%
32 The University of Texas Health Science Center at San Antonio	7	1	8	0.19%
33 The University of Texas M.D. Anderson Cancer Center	16	3	19	0.44%
34 The University of Texas Medical Branch at Galveston	51	14	65	1.52%
35 University of Houston	866	82	948	22.18%
36 University of Houston - Clear Lake	1,110	96	1,206	28.22%
37 University of Houston - Downtown	239	24	263	6.15%
38 University of Houston - Victoria	14	4	18	0.42%
39 University of North Texas	31	3	34	0.80%
40 University of North Texas at Dallas	2	-	2	0.05%
41 University of North Texas Health Science Center	2	-	2	0.05%
42 West Texas A&M University	2	1	3	0.07%
Totals	3,860	414	4,274	100%

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

Current year transfer data is incomplete due to reporting structure changes made by San Jacinto College with THECB. The College used to report information by campus, but now reports information as one institution. THECB indicated that the complete transfer data will be available in FY 2023 forward. For comparison, total transfers reported for FY 2021, FY 2020 and FY 2019 were 7,354, 7,038 and 7,057, respectively.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**CAPITAL ASSET INFORMATION (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

SS-18

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic buildings	47	45	46	39	38	38	37	36	36	36
Square footage	2,523,951	2,476,529	2,482,905	2,233,906	2,089,366	2,089,366	1,975,311	1,930,653	1,930,653	1,930,653
Libraries	3	3	3	3	3	3	3	3	3	3
Square footage	153,985	153,985	153,985	153,985	153,985	153,985	153,985	149,673	149,673	149,673
Number of volumes	208,742	216,879	218,850	218,214	219,896	221,849	216,964	240,876	237,177	244,084
Administrative and support buildings	11	15	15	16	14	14	14	14	13	13
Square footage	427,504	455,058	455,058	406,923	401,660	401,660	401,660	401,660	395,610	395,610
Dormitories	-	-	-	-	-	-	-	-	1	1
Square footage	-	-	-	-	-	-	-	-	6,050	6,050
Athletic facilities	8	8	8	8	10	9	9	10	10	10
Square footage	143,895	156,251	156,251	156,251	157,744	153,652	153,652	145,388	145,388	145,388
Stadiums	2	2	2	2	3	3	3	3	3	3
Fitness centers/gymnasiums	5	5	5	5	4	3	3	4	4	4
Tennis courts	1	1	1	1	3	3	3	3	3	3
Plant facilities	6	6	5	5	5	6	5	5	5	5
Square footage	25,193	25,193	24,359	24,359	24,359	29,544	27,044	27,044	27,044	27,044
Transportation:										
Cars	4	4	3	3	1	1	1	1	1	1
Sport utility vehicles/light trucks/vans	60	63	74	81	96	96	97	91	86	83

Source: College Facilities Buildings and Land Inventory.  
The decrease in vehicles is due to trade ins for lease vehicles.



# Federal & State Awards



**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***

To the Board of Trustees  
San Jacinto Community College District  
Pasadena, Texas

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 business-type activities and discretely presented component unit, of San Jacinto Community College District (the “College”) as of and for the year ended August 31, 2022 and June 30, 2022, 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 12, 2022. The financial statements of the discretely presented component unit (the San Jacinto Community College Foundation) was not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the College’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

To the Board of Trustees  
San Jacinto Community College District

***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 financial statements. 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 entity'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 "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas  
December 12, 2022

**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**

To the Board of Trustees  
San Jacinto Community College District  
Pasadena, Texas

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

***Opinion on Each Major Program***

We have audited San Jacinto Community College District's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2022. 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.

In our opinion, the College's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and programs for the year ended August 31, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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 Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal and state programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the TxGMS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and TxGMS and which are described in the accompanying schedule of findings and questioned costs as finding #2022-001. Our opinion on each major and state federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Board of Trustees  
San Jacinto Community College District

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding #2022-001.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 TxGMS. Accordingly, this report is not suitable for any other purpose.



Houston, Texas  
December 12, 2022

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended August 31, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Award and State Awards**

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes; Finding #2022-001
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance and the Texas Grant Management Standards	No

Identification of major programs:

Name of Federal Program	Assistance Listing Number
<b>Student Financial Aid Cluster:</b>	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans-subsidized	84.268
Education Stabilization Fund- Student Portion – COVID-19	84.425E
Education Stabilization Fund- Institutional Portion – COVID-19	84.425F
Education Stabilization Fund – Minority Serving Institutions (MSIs)- COVID-19	84.425L
Governor's Education Emergency Relief – Texas Reskilling Support Fund 1– COVID-19	84.425C
Governor's Education Emergency Relief – Texas Reskilling Support Fund 2 – COVID-19	84.425C
Governor's Education Emergency Relief – OER Course Development and Implementation – COVID-19	84.425C
Governor's Education Emergency Relief – Texas Reskilling and Upskilling for Education (TRUE) – COVID-19	84.425C
Carl Perkins Vocational Education - Leadership Grants	84.048
Carl Perkins Vocational education Basic 2020-2021	84.048
Carl Perkins Vocational Education Basic 2021-2022	84.048

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended August 31, 2022**

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$2,672,756
Auditee qualified as low-risk auditee	Yes

**Name of State Program**

Texas Educational Opportunity Grant (TEOG)

Dollar Threshold Considered Between Type A and Type B State Programs	\$750,000
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Auditee qualified as low-risk auditee	Yes
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**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended August 31, 2022**

**II. Financial Statement Findings**

None reported

**III. Federal Awards Findings and Questioned Costs**

None

**IV. – State Award Findings and Questioned Costs**

**Finding # 2022-001 – Texas Education Opportunity Grant (TEOG); Eligibility; Noncompliance and Significant Deficiency Over Compliance**

**Recurring Finding:** No

**Criteria:** Per Title 19 of the Texas Administration Code, Sections 22.256 and 22.258, a student must have a financial need as determined by the institution. The expected family income set by the Texas Higher Education College Board was \$6,234 for school year 2021-2022. The priority awarding including giving precedence to Renewal Year (RY) students over Initial Year (IY) students. Once all RY students have been awarded, precedence goes to eligible IY applicants who do not exceed the Priority EFC. At the time the award is made, highest priority goes to those who demonstrate the greatest financial need, defined as cost of attendance minus the calculated EFC.

**Condition:** We selected a sample of 40 students and noted that one (1) student was incorrectly awarded and as such exceeded the Expected Family Contribution (EFC) eligibility criteria. This student was one of 47 students awarded on a manual basis. When we reviewed the other students we found that three of those were also awarded incorrectly.

**Cause:** The processor unintentionally overlooked the EFC requirement for students who completed the Texas Application for State Financial Aid (TAFSA) rather than a Federal Application for Federal Student Aid (FAFSA), which would trigger an automatic award process.

**Questioned Cost:** None. The known questioned cost is under \$25,000 and the error rate of 6 percent only pertains to the 47 manual calculations.

**Effect:** An ineligible student was awarded and two other students were awarded an incorrect amount.

**Recommendation:** We recommend that the College identify all manual awards and verify that the award amounts are correct. In addition, the correct student aid application should be used to evaluate the EFC requirement.

**Views of Responsible Officials:** The College agrees with the recommendation and has prepared a corrective action plan.

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended August 31, 2022**

**SCHEDULE E**  
**Page 1 of 3**

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award #	Federal Assistance		Pass-Through Awards	Total Expenditures	Subrecipients Expenditures
		Living	Number			
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<b>Direct Programs:</b>						
<u>Student Financial Aid Cluster:</u>						
Federal Supplemental Educational Opportunity Grants	P007A134114	84.007	\$ 795,239	\$ -	\$ 964,805	\$ -
Federal Work - Study Program	P033A134114	84.033	633,572	-	464,006	-
Federal Pell Grant Program	P063P132303	84.063	36,670,100	-	36,632,116	-
Federal Direct Student Loans - Subsidized	P268K142303	84.268	5,268,509	-	4,711,103	-
<b>Total Student Financial Aid Cluster - Schedule C (ALN 84.007, 84.033, 84.063, 84.268)</b>			<b>43,367,420</b>	<b>-</b>	<b>42,772,030</b>	<b>-</b>
Hispanic-Serving Institutions STEM and Articulation Programs	P031C210085	84.031C	4,654,279	-	515,996	-
Developing Hispanic-Serving Institutions (DHSI) Program	P031S190252	84.031S	2,399,890	-	703,785	-
<b>Total ALN 84.031</b>			<b>7,054,169</b>	<b>-</b>	<b>1,219,781</b>	<b>-</b>
<u>TRIO Cluster:</u>						
TRIO Talent Search 2016 - 2021	P044A160410	84.044A	1,327,810	-	9,798	-
TRIO Talent Search 2021 - 2026	P044A210783	84.044A	831,824	-	243,615	-
TRIO Upward Bound 2017 - 2022	P047A170337	84.047A	1,694,149	-	406,793	-
<b>Total TRIO Cluster (ALN 84.044, 84.047)</b>			<b>3,853,783</b>	<b>-</b>	<b>660,206</b>	<b>-</b>
Affordable Accredited Child Care Equals Student-Parent Success (AACCESS)	P335A210071	84.335A	1,138,939	-	148,402	-
<u>Higher Education Emergency Relief Fund (HEERF):</u>						
Education Stabilization Fund - Student Aid Portion (COVID-19)	P425E200171, 20A, 20B	84.425E	21,098,298	-	15,568,048	-
Education Stabilization Fund - Institutional Portion (COVID-19)	P425F201612, 20A, 20B	84.425F	44,202,002	-	21,295,697	-
Education Stabilization Fund - Minority Serving Institutions (COVID-19)	P425L200560, 20A, 20B	84.425L	4,149,574	-	686,950	-
<b>Total HEERF (ALN 84.425)</b>			<b>69,449,874</b>	<b>-</b>	<b>37,550,695</b>	<b>-</b>
<b>Pass-Through From:</b>						
<b>Texas Higher Education Coordinating Board -</b>						
<u>Governor's Emergency Education Relief (GEER) Cluster:</u>						
GEER - Texas Reskilling Support Fund 1 (COVID-19)	2020-GE-84425C-24089	84.425	-	761,842	591,706	279,428
GEER - Texas Reskilling Support Fund 2 (COVID-19)	2020-GE-84425C-24296	84.425	-	200,000	191,575	-
GEER - OER Course Development and Implementation (COVID-19)	2020-GE-84425C-24612	84.425	-	9,927	9,927	-
GEER - Texas Reskilling and Upskilling for Education (TRUE) (COVID-19)	2020-GE-84425C-25765	84.425	-	47,300	32,560	-
GEER - Accelerating Credentials of Purpose and Value (COVID-19)	2020-GE-84425C-25917	84.425	-	27,110	14,139	-
<b>Texas Southmost Community College:</b>						
GEER - Texas Reskilling and Upskilling for Education (TRUE) (COVID-19)	2020-GE-84425C	84.425	-	533,712	287,196	-
<b>Total GEER Cluster (ALN 84.425)</b>			<b>-</b>	<b>1,579,891</b>	<b>1,127,103</b>	<b>279,428</b>
<b>Total Education Stabilization Fund (HEERF and GEER ALN 84.425)</b>			<b>69,449,874</b>	<b>1,579,891</b>	<b>38,677,798</b>	<b>279,428</b>
<b>Career and Technical Education - Basic Grants to States:</b>						
Carl Perkins Vocational Education - Leadership Grants	23272	84.048	-	199,983	110,775	-
Carl Perkins Vocational Education Basic 2020 - 2021	23701	84.048	-	989,940	(173)	-
Carl Perkins Vocational Education Basic 2021 - 2022	25014	84.048	-	1,246,573	1,205,437	-
<b>Total Career and Technical Education - Basic Grants to States (ALN 84.048)</b>			<b>-</b>	<b>2,436,496</b>	<b>1,316,039</b>	<b>-</b>
<b>Texas Workforce Commission (TWC) -</b>						
<b>Houston-Galveston Area Council/Workforce Development Board:</b>						
Adult Education - Basic Grants to States	216-22	84.002A	-	750,000	481,707	-
Adult Education - Basic Grants to States	216-23	84.002A	-	750,000	83,269	-
<b>Total Adult Education - Basic Grants to States (ALN 84.002)</b>			<b>-</b>	<b>1,500,000</b>	<b>564,976</b>	<b>-</b>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>124,864,185</b>	<b>5,516,387</b>	<b>85,359,232</b>	<b>279,428</b>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended August 31, 2022**

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award #	Federal Assistance Living Number	Direct Awards	Pass-Through Awards	Total Expenditures	Subrecipients Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>						
<b>Direct Programs:</b>						
<i>H-1B Job Training Grants</i>	HG-33039-19-60-A-48	17.268	12,000,000	-	2,653,468	2,269,283
<b>Pass-Through From:</b>						
<b>Texas Workforce Commission (TWC):</b>						
<b>WIOA Cluster:</b>						
<i>WIA/WIOA Dislocated Worker Formula Grants</i>	2822ATP002	17.278	-	21,301	21,301	-
<b>American Association of Community Colleges :</b>						
<i>Apprenticeship USA Grants</i>	AP-33025-19-75-A-11	17.285	-	140,000	46,955	-
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>12,000,000</b>	<b>161,301</b>	<b>2,721,724</b>	<b>2,269,283</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
<b>Pass-Through From:</b>						
<b>Texas Department of Transportation:</b>						
<i>Highway Planning and Construction</i>	SSP 2021 (645)	20.205	-	60,155	(1)	-
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>-</b>	<b>60,155</b>	<b>(1)</b>	<b>-</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>						
<b>Direct Programs:</b>						
<i>Education</i>	80NSSC19M0097	43.008	322,132	-	85,253	-
<b>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>			<b>322,132</b>	<b>-</b>	<b>85,253</b>	<b>-</b>
<b>NATIONAL SCIENCE FOUNDATION</b>						
<b>Direct Programs:</b>						
<i>Education and Human Resources</i>	1911317	47.076	1,466,907	-	478,090	216,330
<i>Education and Human Resources</i>	2122214	47.076	995,417	-	122,296	-
<i>Total ALN 47.076</i>			<b>2,462,324</b>	<b>-</b>	<b>600,386</b>	<b>216,330</b>
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<b>2,462,324</b>	<b>-</b>	<b>600,386</b>	<b>216,330</b>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>						
<b>Pass-Through From:</b>						
<b>The University of Houston:</b>						
<i>Small Business Development Centers 2021</i>	R-21-0088-53826	59.037	-	200,866	60,576	-
<i>Small Business Development Centers 2022</i>	R-22-0093	59.037	-	200,866	122,472	-
<i>Small Business Development Center CARES ACT (COVID-19)</i>	R-20-0061	59.037	-	149,000	995	-
<i>Total Small Business Development Center (ALN 59.037)</i>			<b>-</b>	<b>550,732</b>	<b>184,043</b>	<b>-</b>
<b>TOTAL U.S. SMALL BUSINESS ADMINISTRATION</b>			<b>-</b>	<b>550,732</b>	<b>184,043</b>	<b>-</b>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended August 31, 2022**

**SCHEDULE E**  
**Page 3 of 3**

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Grant Award :#	Federal Assistance Living Number	Direct Awards	Pass-Through Awards	Total Expenditures	Subrecipients Expenditures
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>						
Direct Program:						
All-Volunteer Force Educational Assistance	362/242D	64.124	13,792	-	13,792	-
<b>TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			<b>13,792</b>	<b>-</b>	<b>13,792</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Direct Programs:						
Temporary Assistance for Needy Families (TANF) Cluster:						
Affordable Care Act (ACA) Health Profession Opportunity Grants	90FX0035	93.093	9,374,874	-	82,407	-
Pass-Through From:						
Texas Workforce Commission (TWC):						
Governor's Summer Merit Program	2822SMP003	93.558	-	73,226	20,045	-
<b>Total TANF Cluster (ALN 93.093, 93.558)</b>			<b>9,374,874</b>	<b>155,633</b>	<b>102,452</b>	<b>-</b>
Center for Disease Control and Prevention -						
The League for Innovation in the Community College:						
Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	87728	93.318	-	48,846	16,633	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>9,374,874</b>	<b>204,479</b>	<b>119,085</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Pass-Through From:						
Federal Emergency Management Agency (FEMA):						
Disaster Grants - Public Assistance	FEMA-4332-DR-TX	97.036	-	219,496	8,341	-
<b>TOTAL U.S. DEPARTMENT OF HOME LAND SECURITY</b>			<b>-</b>	<b>219,496</b>	<b>8,341</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 149,037,307</b>	<b>\$ 6,712,550</b>	<b>\$ 89,091,855</b>	<b>\$ 2,765,041</b>



**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended August 31, 2022**

**1. Federal Assistance Reconciliation**

Direct Federal grants and contracts per Schedule A	\$ 36,169,389*
Add: Indirect/Administrative Cost Recoveries per Schedule A	2,476,671
Direct Federal revenue, non-operating Schedule C	42,664,158
Add: Indirect/Administrative Cost Recoveries per Schedule C	121,664
Add: HEERF Revenue Recovery	<u>7,659,973</u>
Total Federal Revenues per Schedule E - Schedule of Expenditures of Federal Awards	<u>\$ 89,091,855</u>

**2. Significant Accounting Policies Used in Preparing the Schedules**

The schedules of expenditures of Federal awards (the Schedule) present the activity of Federal programs of the College for the year ended August 31, 2022. The Schedule has been prepared on the accrual basis of accounting. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.

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

\*The following amounts were passed through to the listed sub-recipients by the College. These amounts are included in Note 1 above.

Sub-Recipient	CFDA	Primary Grant Funding Agency	Grant Program	Amount
Alamo Community College District	17.268	U.S. Department of Labor	H-1B Job Training Grants	\$ 158,000
Austin Community College	17.268	U.S. Department of Labor	H-1B Job Training Grants	52,620
Dallas County Community College District	17.268	U.S. Department of Labor	H-1B Job Training Grants	32,679
International Business Machines (IBM)	17.268	U.S. Department of Labor	H-1B Job Training Grants	1,088,164
Lockheed Martin Corporation	17.268	U.S. Department of Labor	H-1B Job Training Grants	753,020
Cerner Corporation	17.268	U.S. Department of Labor	H-1B Job Training Grants	24,750
Xpanxion LLC	18.268	U.S. Department of Labor	H-1B Job Training Grants	160,050
Houston Community College System	47.076	National Science Foundation	Education and Human Resources	216,330
Lamar Institute of Technology	84.425	U.S. Department of Education	GEER - Texas Reskilling Support Fund 1 (COVID-19)	224,133
Alvin Community College	85.425	U.S. Department of Education	GEER - Texas Reskilling Support Fund 1 (COVID-19)	55,295
Total amount pass through by the College				\$ 2,765,041

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**Year Ended August 31, 2022**

**SCHEDULE F**

State Grantor Agency/Pass-Through Grantor/Program Title	Grant Contract Number	Passed Through to Subrecipients	Total State Expenditures
<b>TEXAS WORKFORCE COMMISSION</b>			
<b>Direct Program:</b>			
Skills Development Fund - Maritime Consortium V	2820SDF005	\$ -	\$ 245,119
Skills Development Fund - Logistic and Aerospace	2821SDF001	-	65,637
Skills Development Fund - Evegreen	2822SDF002	-	5,860
Total Skills Development Fund		-	316,616
Pre Apprenticeship Pilot	2822DON002	-	68,832
Apprenticeship Training Program FY22	2822ATP002	-	47,224
<b>TOTAL TEXAS WORKFORCE COMMISSION</b>		-	<b>432,672</b>
<b>TEXAS HIGHER EDUCATION COORDINATING BOARD</b>			
<u>Student Financial Aid:</u>			
State Military Tuition Assistance	26041	-	3,898
Texas Education Opportunity Grant (TEOG) Program - Initial	13399	-	1,518,884
Texas Education Opportunity Grant (TEOG) Program - Renewal	13399	-	405,512
College Work Study Program	22339	-	85,715
College Work Study Mentorship Program	N/A	-	51,296
Total Student Financial Aid Cluster		-	2,065,305
<b>Direct Program:</b>			
Nursing Shortage Reduction Program Regular FY18	NSRP REG FY18 SC	-	9,844
Nursing Shortage Reduction Program Regular FY18/FY19	NSRP OVR 70 FY18/19	-	20,000
2020 College Readiness and Success Models	23109	-	10,840
The Grad TX 2.0 Program	23347	-	17,945
<b>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		-	<b>2,123,934</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b>\$ -</b>	<b>\$ 2,556,606</b>

**SAN JACINTO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS**  
**Year Ended August 31, 2022**

**1. State Assistance Reconciliation**

Direct State grants and contracts per Schedule A	\$ <u>2,556,606</u>
Total State Revenues per Schedule F - Schedule of Expenditures of State Awards	\$ <u>2,556,606</u>

**2. Significant Accounting Policies Used in Preparing the Schedules**

The schedules of expenditures of State awards (the Schedule) present the activity of State programs of the College for the year ended August 31, 2022. The Schedule has been prepared on the accrual basis of accounting. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the Schedules. Since the College has an agency approved Indirect Recovery Rate, it has elected not to use the 10% de minimus rate as permitted in the Uniform Guidance, Section 200.414.

## **SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### ***STATUS OF PRIOR YEAR FINDINGS***

***For the Year Ended August 31, 2022***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

#### **I. Prior Audit Findings**

Finding #2021-001: Student Financial Aid Cluster (ALN: 84.007; 84.033; 84.063; 84.268) N. Special Tests and Provisions – Return of Title IV (R2T4) Funds (Contract #: P0007A134114, P033A134114, P063P132303, P268K142303)

Condition: From our sample of 25 students tested, there were five (5) instances where the return of Title IV funds occurred after 45 days.

Status: This finding has been resolved.

## **CORRECTIVE ACTION PLAN**

**Audit Finding Reference:** 2022-001

**Corrective Action Plan:** The Office of Financial Aid Services will implement a training for the specialist that manually awards TEOG. This training will be a review of the latest TEOG Guidelines set by the Texas Higher Education Coordinating Board and address the issues identified in the audit finding.

**Implementation Date:** January 15, 2023

**Responsible Person:** Earle Thomas, Interim Dean Financial Aid Services





## San Jacinto College Campuses

### **Administration Building**

4624 Fairmont Pkwy.  
Pasadena, Texas 77504

### **Central Campus**

8060 Spencer Hwy.  
Pasadena, Texas 77505

### **Generation Park Campus**

13455 Lockwood Rd.  
Houston, Texas 77044

### **North Campus**

5800 Uvalde Rd.  
Houston, Texas 77049

### **South Campus**

13735 Beamer Rd.  
Houston, Texas 77089

### **Maritime Technology and Training Center**

3700 Old Hwy. 146  
La Porte, Texas 77571

[www.sanjac.edu](http://www.sanjac.edu) | 281-998-6150

The San Jacinto College District is committed to equal opportunity for all students, employees, and applicants without regard to race, creed, color, national origin, citizenship status, age, disability, pregnancy, religion, gender, sexual orientation, gender expression or identity, genetic information, marital status or veteran status in accordance with applicable federal and state laws. The following College official has been designated to handle inquiries regarding the College's non-discrimination policies:  
Vice Chancellor of Human Resources, 4624 Fairmont Pkwy., Pasadena, TX 77504; 281-998-2659; [Sandra.Ramirez@sjcd.edu](mailto:Sandra.Ramirez@sjcd.edu).