



San Jacinto
Community College
District

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEARS ENDED
AUGUST 31, 2008 AND 2007

Prepared By
The Department of Fiscal Affairs
4624 Fairmont Parkway
Pasadena, Texas 77504

SAN JACINTO COMMUNITY COLLEGE DISTRICT
 Comprehensive Annual Financial Report
 For the Fiscal Years Ended August 31, 2008 and 2007

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SAN JACINTO COMMUNITY COLLEGE DISTRICT

Organizational Data
Year Ended August 31, 2008

Board of Trustees

Officers

Mrs. Marie Flickinger	Chair
Mr. Dan Mims	Vice Chair
Mr. Ben Meador	Secretary
Mr. Larry Wilson	Assistant Secretary

Members

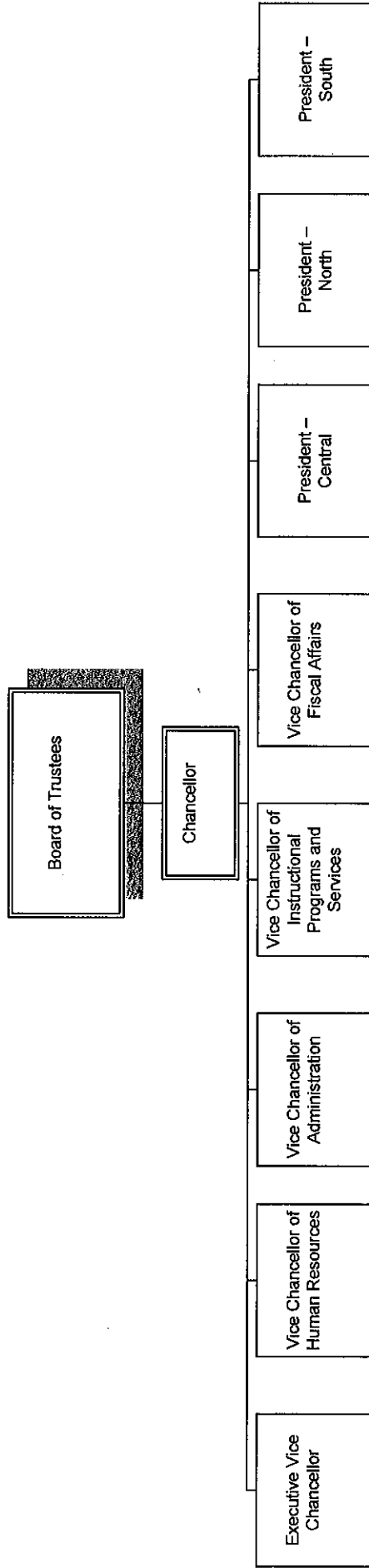
		Term Expires <u>May 31,</u>
Mr. Dan Mims	Channelview, Texas	2009
Mr. C. Wayne Slovacek	Deer Park, Texas	2009
Mr. Ben Meador	Pasadena, Texas	2011
Dr. Ruede Wheeler, D.D.S.	La Porte, Texas	2011
Mrs. Marie Flickinger	Houston, Texas	2013
Mr. Larry Wilson	Pasadena, Texas	2013
*Vacant		2009
W.L. "Levi" Smallwood, Trustee Emeritus		
J.D. Bruce, Trustee Emeritus		

Key Officers

Dr. William Lindemann, Jr.	Chancellor
Mrs. Brenda Hellyer	Executive Vice Chancellor
Mr. James Fowler	Vice Chancellor of Human Resources
Dr. Ron Rucker	Vice Chancellor for Administration
Dr. Laurel V. Williamson	Vice Chancellor for Instruction and Student Services
Mr. Kenneth D. Lynn, CPA	Vice Chancellor of Fiscal Affairs
Dr. Neil Matkin	President, Central Campus
Dr. Allatia Harris	President, North Campus
Dr. Maureen Murphy	President, South Campus

*Vacant due to the retirement of Trustee J. D. Bruce effective August 11, 2008

San Jacinto Community College District
August 31, 2008



December 11, 2008

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

Texas statutes require the Comptroller of Public Accounts and the Texas Higher Education Coordinating Board to jointly prescribe a system for financial accounting and reporting for institutions of higher education. Pursuant to that requirement, we have prepared the comprehensive annual financial report of the San Jacinto Community College District ("the College") for the fiscal years ended August 31, 2008 and 2007.

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

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

The College's financial statements have been audited by Mir • Fox & Rodriguez, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the College for the years ended August 31, 2008 and 2007 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the College's financial statements for the years ended August 31, 2008 and 2007 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

College Profile

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

By 1974 the College opened its North campus off Uvalde Road near the Channelview area which is north of the Ship Channel off Beltway 8. In 1979 the College opened its South campus off Beamer Road just north of Dixie Farm Road.

From the initial enrollment of 850 students, the College has grown to three campuses, five outreach centers, approximately 24,000 credit students and approximately 20,000 continuing and professional development students. The College offers over 140 academic programs and provides students the opportunity to get involved in inter-collegiate sports, intramural sports, and the fine arts.

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

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

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

Recently, San Jacinto Community College has also increased its partnership with other institutions of higher education. The College has a long standing partnership with the University of Houston Clear Lake providing freshman and sophomore year classes to nearly 70 percent of their undergraduate students. In the last month, San Jacinto Community College has also entered into

dual enrollment agreements with Sam Houston State University and Texas A&M University including its Galveston marine and maritime branch campus.

San Jacinto Community College, established 45 years ago, has been serving the Bay Area Houston community by educating the workforce. We are proud to be a part of this community and look forward to at least 45 more years of serving the people of our community through quality and well-rounded education.

Economic and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the College operates.

Local Economy

Harris County is located in southeast Texas within the Houston-Sugar Land-Baytown metropolitan area. Harris County is named for John Richardson Harris, an early settler of the area. As of the census of 2000, there were 3,400,578 people; 1,205,516 households; and 834,217 families residing in the county, making it the largest county by population in Texas. The population density was 1,967 people per square mile. There were 1,298,130 housing units at an average density of 751 per square mile. The racial makeup of the county was 58.73% White, 18.49% Black or African American, 0.45% Native American, 5.14% Asian, 0.06% Pacific Islander, 14.18% from other races, and 2.96% from two or more races. The population for Hispanic or Latino, any race, was 32.93%. In 2006 Harris County had 3,886,207 residents - a 14.3% growth since 2000.

The median income for a household in the county was \$42,598, and the median income for a family was \$49,004. Males had a median income of \$37,361 versus \$28,941 for females. The per capita income for the county was \$21,435. About 12.10% of families and 14.97% of the population were below the poverty line, including 19.60% of those under age 18 and 12.20% of those age 65 or over.

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

Cash Management Practices

Cash was invested in certificates of deposit, obligations of U.S. agencies, and local government money market pools. The maturities of investments range from 1 month to 35 months. Coupon rates range from 2.75% to 5.25%. Investment income includes the increase or decrease in the fair value. The fair value of securities will increase or decrease due to changes in market interest rates during the year. As individual securities come closer to their maturity date, the fair value of the security moves toward its par value. As the price moves toward its par value, the unrealized gain or loss is reduced proportionally and is eliminated by the time the security matures. The College generally holds securities to maturity.

Debt Management

The College is authorized to sell bonds and to levy an ad valorem tax in payment of the debt by the Constitution and the laws of the State of Texas. At August 31, 2008, the College had \$65,950,000 in general obligation debt outstanding. Ad valorem property taxes to support outstanding debt are limited to a maximum rate of \$0.50 tax per hundred dollars of taxable assessed valuation. Proceeds from general obligation debt may be used to purchase land for sites, construct, improve, renovate, and equip College facilities; to refund certain bonds of the College; and to pay the issuance costs of bonds. The College's general obligation debt is currently rated AAA by Standard and Poor's and Aaa by Moody's.

Bond Referendum

On May 22, 2008, the College conducted a successful bond referendum in which the voters of the District authorized the issuance of \$295 million of general obligation bonds for site improvements, construction, and equipping facilities throughout the District. The successful election was the culmination of a comprehensive facilities review and evaluation focused on providing facilities and infrastructure for the College's three campuses which was conducted during the 2006-2007 year. The planning process included a college leadership group, faculty and staff, architects and the College's financial advisors. The College issued the first \$80 million of the \$295 million authorization on September 1, 2008.

Hurricane Ike

On September 13, 2008, the Texas Gulf Coast was struck by Hurricane Ike, a strong category 2 hurricane. The College sustained damage to its facilities now estimated at more than \$6 million. All 60 of the College's buildings sustained some damage. The College was closed for classes from September 11th through the 28th. The College reopened to faculty and students on September 29th with 59 of 60 buildings in operation. The College is fully insured for the storm damages and expects to receive substantially all of the \$6 million either from the College's insurance carrier or from federal disaster relief funds.

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 College District for its comprehensive annual financial report for the fiscal year ended August 31, 2007. This was the first year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's

requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Lynn', with a long horizontal line extending to the right.

Kenneth D. Lynn, CPA
Vice Chancellor of Fiscal Affairs

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Jacinto Community
College District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2007

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



President

Executive Director

INDEPENDENT AUDITORS' REPORT

Board of Trustees
San Jacinto Community College District:

We have audited the accompanying basic financial statements of San Jacinto Community College District (the College) as of and for the years ended August 31, 2008 and 2007, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

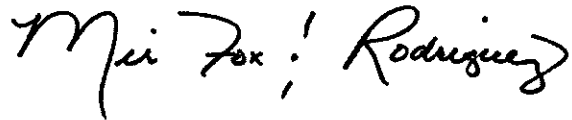
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2008 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audits were performed for the purpose of forming an opinion on the 2008 and 2007 basic financial statements of the College, taken as a whole. The supplemental schedules (schedule A through D) and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Supplemental schedules A through D have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audits of the 2008 and 2007 basic financial statements and, accordingly, we express no opinion on it.

Our 2008 audit was conducted for the purpose of forming an opinion on the 2008 basic financial statements. The accompanying schedule of expenditures of Federal awards (Schedule E) and schedule of expenditures of state awards (Schedule F) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2008 basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Muri Fox Rodriguez". The signature is written in a cursive style with a colon after "Fox".

December 11, 2008

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis Fiscal Year Ended August 31, 2008 (Unaudited)

About San Jacinto Community College District

The San Jacinto Community College District (the College) has served east Harris County in Texas since the early 1960s, demonstrating a partnership between a growing community college and a sprawling area rich in history. The diverse college district has now grown to include three campuses, a network of off-campus learning centers, and an online college. Total credit enrollment exceeds 25,000 students with an equal number of adult learners enrolled in continuing education classes for personal enrichment or professional development. In order to serve these students, the College employs over 2,400 full-time and part-time personnel. Most faculty have earned master's and doctoral degrees and have been nationally recognized for their teaching, research or authorship.

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

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

The College is governed by a seven member Board of Trustees (the Board) elected for six-year terms by the taxpayers within its taxing district, which encompasses more than 457,000 citizens and 320 square miles. The Board is responsible for oversight of academic programs, budgets, general administration, and employment of staff and faculty.

Overview of the Annual Financial Report

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

The annual financial report consists of three basic financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. While each statement presents a unique set of information, they should be used together and in conjunction with the notes to the basic financial statements. This section of the annual financial report is entitled "Management's Discussion and Analysis". It provides an overview of the College's financial activities for the current year along with a comparison to the prior year. In addition, the annual financial report includes an unqualified opinion letter from the College's independent auditors.

Financial Highlights for 2008

- On April 01, 2008 the College issued \$12,700,000 of Limited Tax Refunding Bonds, Series 2008. The Bonds mature serially through February 2025. The interest rates range from 3.000% to 5.000%. The Bonds were issued to refund the variable Rate Limited Tax General Obligation Bonds, Series 2000.
- On May 10, 2008 a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters by a margin of 3,335 votes "Yes" to 1,363 votes "No". Supporting the call for the election is the 2008 Facilities Master Plan which identified the facility needs of the College in priority order. Among the top construction priorities were the Science Building and the Allied Health Science building addition on the Central campus, the Allied Health / Science building and the Spencer addition on the North campus, and, the Science / Allied Health building and the Longenecker addition on the South campus. Construction of these facilities in particular is necessary to meet instructional capacity needs in the science and allied health curriculums. On August 11, 2008 in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming and other construction activities, the Board of Trustees approved an initial issuance of \$80 million of the \$295 million bond authorization. Based on pre-bid cost estimates developed by the College construction department, the \$80 million issuance will provide funding for construction activities through the spring of 2010 (estimated).
- The College maintained the ad valorem tax rate at 14.5365 cents per \$100 of valuation as appraised values increased approximately \$3.95 billion. A residential homeowner claiming a homestead exemption on an average value home of \$102,740 would pay \$142 in taxes. Because of higher appraised values the College realized additional tax revenues of approximately \$4.3 million for maintenance and operations, and \$1.1 million for debt service.
- The College's early exit program, announced in 2006, was implemented with an employee acceptance deadline of September 21, 2007. Fifty one employees (24 faculty, 12 administrators, 3 professional staff and 12 support staff) accepted the offer. Exit dates range from January 31, 2008, to August 31, 2009. Participants received six additional months of compensation as well as any accumulated leave time earned prior to August 1, 1988. The financial impact of the early exit plan was \$2.1 million for 41 employees and is estimated at \$0.6 million for 10 employees for fiscal years 2008 and 2009, respectively. The intent of this program is to reduce salaries, redirect funds to other instructional priorities, and hire employees for targeted positions and areas.
- The College continued to focus on quality, efficiency, effectiveness, and underlying processes throughout the campuses. During 2008, several areas began and/or completed restructuring initiatives designed to increase revenues, better serve the student and business population, and re-allocate resources for strategic goals.

Financial Highlights for 2007

- In April 2007 the Board of Trustees increased tuition for in-district students by \$3 per semester credit hour (to \$33); for out-of-district students by \$3 per semester credit hour (to \$58); and, for international students by \$33 per semester credit hour (to \$108). The increase in tuition was the first increase in tuition since August 2004 and is designed to offset rising costs of instruction.
- The College maintained the ad valorem tax rate at 14.5365 cents per \$100 of valuation as appraised values increased approximately \$3.4 billion. A residential homeowner claiming a homestead exemption on an average value home of \$102,740 would pay \$142 in taxes – an increase of \$4 per year based on the average appraisal increase. Because of higher appraised values the College realized approximately \$4.2 million additional tax revenue for maintenance and operations.

- In May 2007 the College issued \$4 million of general obligation bonds from the 1999 authorization of \$91.3 million. The 1999 authorization is now fully issued.
- On June 15, 2007, Rick Perry, the Governor of the State of Texas, vetoed legislation to provide funding for state-paid health insurance premiums for Texas' community colleges for the 2008-2009 year of the 2007-2009 biennium. The vetoed amount was approximately \$154 million for Texas 50 community colleges and specifically approximately \$6.6 million for San Jacinto Community College District. The Governor's veto was based on his position that the state was funding health insurance benefits for community colleges above what would be required if the expense were divided proportionally according to sources of revenue that fund salaries of the affected employees. After a summer-long outcry from elected officials and the citizens of the State of Texas, Lt. Governor David Dewhurst announced on October 23, 2007 that an agreement had been reached to restore the vetoed health insurance appropriation for 2008-2009. However, issue of adequacy of state appropriations for health insurance and proportionality will be a major topic of debate for legislators of the 81st Texas Legislature which will be called into session in January 2009. It is unclear at this time what impact, if any; future legislation regarding health insurance will have on the financial outlook for San Jacinto Community College District.
- The College continued its master planning project with a core team of college leaders, architects and financial advisors. The College expects that the facilities needs identified during the planning process will result in a May 2008 bond referendum.
- The College's early exit program, announced in 2006, was implemented with an employee acceptance deadline of September 21, 2007. Fifty one employees (24 faculty, 12 administrators, 3 professional staff and 12 support staff) accepted the offer. Exit dates range from January 31, 2008, to August 31, 2009. The financial impact of the early exit plan will be determined as decisions are made as to replacement and hiring.
- During the fiscal year 2006-2007, the College continued to be awarded significant grants by Federal and State Agencies. NASA funded \$5.6 million for the Strategic Education Alliance Program (SEA) with the Aerospace Academy to promote students in STEM careers. The Department of Education awarded the College \$3.4 million in the form of three prestigious TRIO grants; Upward Bound Program, Upward Bound Math and Science Program, and a second Talent Search Program. In addition, the Texas Workforce Commission awarded the College \$5.4 million in workforce initiatives that promoted skills training and pipeline growth in the aerospace, petrochemical and refining industries in the surrounding area.

The Statement of Net Assets

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

Increases or decreases to net assets is one indicator of whether the overall financial condition has improved or deteriorated during the year when considered with other factors such as enrollment, contact hours of instruction, student retention, and other non-financial information. The Statement of Net Assets is useful in determining the assets available to continue operations as well as how much the College owes to vendors, bondholders, and other entities at the end of the year.

The following is prepared from the College's Statement of Net Assets and provides a summary of its assets, liabilities and net assets for the years ended August 31:

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 79,214	\$ 59,386	\$ 29,737
Noncurrent assets:			
Capital assets, net of depreciation	144,404	146,568	149,698
Other	<u>32,038</u>	<u>42,382</u>	<u>65,726</u>
Total assets	\$ <u>255,656</u>	\$ <u>248,336</u>	\$ <u>245,161</u>
Current liabilities	\$ 30,669	\$ 30,380	\$ 24,349
Noncurrent liabilities	<u>63,408</u>	<u>68,086</u>	<u>81,603</u>
Total liabilities	\$ <u>94,077</u>	\$ <u>98,466</u>	\$ <u>105,952</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 73,312	\$ 65,385	\$ 64,389
Expendable – Restricted	9,715	10,066	13,969
Unrestricted	<u>78,552</u>	<u>74,420</u>	<u>60,851</u>
Total net assets	\$ <u>161,579</u>	\$ <u>149,871</u>	\$ <u>139,209</u>

Fiscal Year 2008 Compared to 2007

Total assets increased \$7.3 million during the fiscal year ended August 31, 2008, a 2.9% increase. Cash, cash equivalents and investments increased \$6.3 million (7.02%) from \$88 million to \$94.3 million. Responding to interest rate fluctuations over the past year, the College diversified its investments to include certificates of deposits (\$26 million) in the Certificate of Deposit Account Registry Service (CDARS) program with full FDIC coverage.

The College's current ratio increased to 2.58 in 2008 from 1.95 in 2007 due to shorter maturities of investments. As long term investments matured the movement of investments to a short-term classification decreased noncurrent assets by \$8.6 million. Noncurrent assets also declined due to the use of \$1.7 million of cash from unexpended bond proceeds. Total noncurrent assets declined \$12.5 million to \$176.4 in 2008 from \$188.9 in 2007. Capital assets decreased \$2.2 million to \$144.4 million in 2008 from \$146.6 million in 2007 as net additions to capital assets of \$4.4 million were offset by \$6.6 million in net additions to depreciation.

Total liabilities decreased \$4.3 million to \$94 million in 2008 or 4.4%, from \$98.5 million in 2007. Current liabilities remained relatively unchanged for 2008 from 2007. Noncurrent liabilities decreased to \$63.4 million in 2008 from \$68.0 million in 2007 primarily due to the \$4.6 million of reductions caused by traditional repayments of debt service principal.

Net assets increased \$11.7 million for 2008 with \$7.9 million related to funds invested in capital assets, net of related debt. The net assets increase for 2008 is consistent with increases of \$10.6 million and \$12.3 million for 2007 and 2006 respectively

Fiscal Year 2007 Compared to 2006

Total assets increased \$3.2 million during the fiscal year ended August 31, 2007, a 1.3% increase. Cash, cash equivalents and investments increased \$6.7 million (8.2%) from \$81.3 million to \$88.0 million. Responding to interest rate increases over the past year, the College has shortened the maturities of its investments with \$19.4 million classified as short-term in 2007 compared to \$-0- in 2006. Reflecting the outsourcing of bookstore operations in July 2007 to Barnes & Noble, inventories decreased \$2.3 million from the prior year.

The College's current ratio increased from 1.22 in 2006 to 1.95 in 2007 indicative of the shorter maturities of investments. Acting in tandem, the movement of investments to a short-term classification decreased noncurrent assets. Noncurrent assets also declined due to the use of \$9.1 million of cash in the debt service fund for prepayment of debt. Total noncurrent assets declined \$26.5 million from \$215.4 in 2006 to \$188.9 in 2007. Capital assets decreased \$3.1 million as net additions to capital assets of \$2.4 million were more than offset by \$5.5 million in net additions to depreciation.

Total liabilities decreased \$7.4 million, or 7%, from the previous year. Current liabilities increased \$6.0 million due to an increase of \$2.6 million in accounts payable and a \$3.4 million increase in the current portion of notes and bonds payable. The increase in current liabilities relates to a management decision in June, 2007 to release \$6.2 million for late year acquisitions of needed supplies and equipment. The increase in the current portion of notes and bonds payable is due to the issuance of the 2007 General Obligation bonds and normal fluctuations in debt repayment schedules. Noncurrent liabilities decreased from \$81.6 million in 2006 to \$68.0 million in 2007 primarily due to the \$9.1 million of early debt repayment and reductions caused by traditional repayments of principal.

Invested in capital assets, net of related debt increased 11.8% (\$7.6 million, from \$64.4 million to \$72.0 million) primarily due to the early repayment of debt. Mirroring that increase was a decrease in debt service net assets of \$7.2 million. Issuance of the 2007 General Obligation bonds caused an increase in unexpended bond proceeds of \$3.6 million and unrestricted net assets increased \$7.0 million.

The Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets focuses on the "bottom line results" of the College's operations. This approach summarizes and simplifies the user's analysis of the revenues earned and the cost of services. It details how net assets have increased during the year ended August 31, 2008, with comparative information for fiscal year 2007. The statement is divided into operating revenues and expenses and nonoperating revenues and expenses. Generally speaking, operating revenues are received for providing goods and services to various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College.

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

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

**Summary of Revenues, Expenses, and Changes Net Assets
(In Thousands)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:			
Operating revenues:			
Student tuition and fees, net of scholarship allowances and discounts	\$ 29,220	\$ 28,361	\$ 27,358
Federal grants and contracts	25,985	24,950	27,718
State and local grants and contracts	3,816	2,354	805
Non-government grants and contracts	795	831	638
Sales and services of educational activities	734	562	659
Auxiliary enterprises, net of discounts	3,204	5,748	9,463
General operating revenues	22	43	35
Total operating revenues	<u>63,776</u>	<u>62,849</u>	<u>66,676</u>
Expenses:			
Operating expenses:			
Instruction	59,869	48,927	46,147
Public service	4,049	2,376	2,638
Academic support	12,919	8,978	6,514
Student services	11,861	8,108	7,724
Institutional support	25,681	29,608	27,287
Operation and maintenance of plant	14,821	14,218	12,251
Scholarships and fellowships	13,456	18,335	16,417
Auxiliary enterprises	3,279	5,833	13,107
Depreciation	6,765	6,811	6,929
Total operating expenses	<u>152,700</u>	<u>143,194</u>	<u>139,014</u>
Operating loss	<u>(88,924)</u>	<u>(80,345)</u>	<u>(72,338)</u>
Nonoperating revenues (expenses):			
State appropriations	47,658	44,310	43,906
Maintenance ad valorem taxes	42,519	37,666	33,439
Debt service ad valorem taxes	10,798	9,565	8,633
Investment income (net of investment expenses)	3,363	4,908	3,213
Interest on capital related debt	(3,544)	(3,872)	(3,644)
Other nonoperating revenues (expenses)	(162)	(1,570)	(874)
Total nonoperating revenue, net	<u>100,632</u>	<u>91,007</u>	<u>84,673</u>
Increase in net assets	11,708	10,662	12,335
Net assets, beginning of year	<u>149,871</u>	<u>139,209</u>	<u>126,874</u>
Net assets, end of year	<u>\$ 161,579</u>	<u>\$ 149,871</u>	<u>\$ 139,209</u>

Fiscal Year 2008 Compared to 2007

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$39.0 million in 2008 from \$36.4 million in 2007. This 7.1% increase (\$2.6 million) includes tuition and fees for both state-funded academic and non-state funded contract training and workforce development instructional activities. Increases in academic tuition (\$2.5 million) are the result of an increase in tuition of \$3 per semester credit hour for in-district and out-of-district students and a \$33 per semester credit hour increase for international students for the full fiscal year. The tuition increase was approved by the Board of Trustees in April, 2007 and implemented during the Summer 2007 and Fall 2007 terms. In terms of enrollment the fall 2007 semester was essentially unchanged from fall of 2006 with 25 thousand students. Contact hours for both fiscal year 2008 and 2007 remained constant at 9.9 million contact hours. Non-state funded contract training and workforce development instruction revenues increased an additional \$.5 million from 2007 levels as the 2007 restructuring continued to meet the needs of business and industry.

Federal grants and contracts revenue experienced an increase of \$2.46 million in 2008 from 2007 – an 8.75% increase. State grants from the Texas Workforce Commission and scholarships from the Texas Grant program account for \$1.46 million of the increase. Increases from the Department of Education and the Department of Labor account for the \$1.0 million increase in Federal funds.

Due to the conversion to contracted operation of the College bookstores (effective July 1, 2007), auxiliary revenue from bookstore operations was reduced an additional \$2.0 million for the complete fiscal year 2008 and \$3.9 million for the summer and fall sales for 2007.

Expenses for educational activities increased 13.6%, or \$13.3 million with the major increases (\$9.5 million) related to salaries and benefits including the early exit program. The Board approved increases up to 10% for non-instructional salaries and up to 18% for instructional salaries in 2008. Operation and maintenance of plant remained consistent with 2007 with the associated increase in salaries. Scholarships and fellowships declined due to increases in amounts accounted for as discounts reported in tuition and fees. Auxiliary enterprises decreased by \$3.4 million in 2008 from 2007 due to the complete year of outsourcing the bookstore operations. Depreciation remained consistent between 2008 and 2007 at \$6.8 million.

Increases in net non-operating revenue and expenses totaled \$9.6 million in 2008 from 2007. Ad valorem tax revenue increased a total of \$6.1 million (12.9%), with maintenance and operating taxes increasing \$4.9 million and debt service tax revenues increasing \$1.2 million. The College's tax rate for the 2008 fiscal year was the same as the 2007 rate. Net investment income declined due to lower rates and lower investable balances due to the \$9.1 million expended in 2007 to reduce the 2001 Series general obligation bonds. The portfolio yielded \$2.5 million less for 2008 than for 2007.

Fiscal Year 2007 Compared to 2006

Tuition and fee revenue (before the allowance for scholarships and discounts) increased to \$36.4 million from \$34.3 million in 2006. This 6.1% increase (\$2.1 million) includes tuition and fees for both state-funded academic and non-state funded contract training and workforce development instructional activities. Increases in academic tuition (\$1.1 million) are the result of an increase in tuition of \$3 per semester credit hour for in-district and out-of-district students and a \$33 per semester credit hour increase for international students. The tuition increase was approved by the Board of Trustees in April, 2007. In terms of contact hours, the fall 2006 semester was essentially unchanged from fall of 2005. Non-state funded contract training and workforce development instruction revenues increased \$1.0 million from 2006 levels as the 2006 restructuring continued to meet the needs of business and industry.

Federal grants and contracts revenue experienced a decrease in 2007 from 2006 levels of \$2.7 million – a 10% decrease. Federal financial aid programs through the Department of Education were \$2.5 million less than the prior year. Decreases were experienced in the Federal Family Education Loans (\$1.3 million) and the Pell Grant program (\$1.7 million) which were partially offset by increases in other Department of Education programs.

The College, after a comprehensive request for proposals process, signed a contract with Barnes & Noble to manage the College's bookstore operations effective July 1, 2007. Because of the conversion to contracted operations, auxiliary revenue from bookstore operations was reduced by \$3.9 million.

Expenses for educational activities increased 3%, or \$4.2 million with the major increases in the areas of instruction (\$2.8 million), academic support (\$2.5 million), institutional support (\$2.3 million), and scholarships (\$1.9 million), offset by a reduction in auxiliary expenses of \$7.2 million related to outsourcing the bookstore operations.

Increases from 2006 to 2007 in net nonoperating revenue and expenses totaled \$6.3 million. Ad valorem tax revenue increased a total of \$5.1 million, with maintenance and operating taxes increasing \$4.2 million (12.6%) and debt service tax revenues increasing \$0.9 million (10.7%) solely on increases in taxable values. The College's tax rate for the 2007 fiscal year was the same as the 2006 rate. Net investment income continued to rise based on larger investable balances and higher rates. The portfolio yielded \$1.7 million more for 2007 than for 2006.

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

The following chart summarizes the statements of cash flows (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash provided by (used in):			
Operating activities	\$ (67,552)	\$ (62,265)	\$ (60,025)
Non-capital financing activities	78,905	72,639	67,524
Capital and related financing activities	(4,360)	(8,469)	(3,771)
Investing activities	<u>2,210</u>	<u>989</u>	<u>(16,905)</u>
Net decrease in cash and cash equivalents	9,203	2,894	(13,177)
Cash and cash equivalents - beginning of year	<u>33,024</u>	<u>30,130</u>	<u>43,307</u>
Cash and cash equivalents - end of year	\$ <u>42,227</u>	\$ <u>33,024</u>	\$ <u>30,130</u>

In accordance with generally accepted accounting principles, state appropriations and maintenance ad valorem tax revenues are reported as revenues from non-exchange transactions and are, therefore, classified as cash flow from non-capital financing activities. State appropriations and maintenance ad valorem tax revenues provided cash flows of \$80.5 million in 2008 and \$74.1 million in 2007. Uses of non-capital financing for 2008 and 2007 are \$1.6 million and \$1.4 million, respectively, and were for scheduled principal and interest payments on notes. Net cash used by capital and related financing activities is \$4.4 million for 2008 versus \$8.5 million used in 2007. This decrease is attributable to a \$1.1 million increase in debt service ad valorem taxes receipts, \$0.5 million decrease in capital asset and non-capital asset purchases, and \$2.5 million decrease in principal and interest payments on capital debt. Net cash provided by investing activities in 2008 was \$2.2 million which reflects shorter investment maturities.

Capital Assets and Long-Term Debt Activity

Capital Assets - Fiscal Year 2008

In 2008, the College completed three roofing projects and Central Campus bookstore renovations for a total cost of \$1.5 million. At August 31, 2008, \$2.9 million in projects were still under construction consisting of four roofing projects, a College workforce training center, a new North Campus childcare center, a primary feeder tunnel, and site work related to athletic fields. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. For the short term, management is focusing on maintaining and repairing aging facilities. For the long term, management is completing a master planning study for all three campuses. With its completion, decisions will be made as to immediate projects and those long-term building projects which will require a financing combination of pay-as-you-go and the use of general obligation bond proceeds.

Capital Assets - Fiscal Year 2007

In 2007, the College completed five roofing projects, outdoor lighting modifications, infrastructure upgrades, and an air handling unit replacement for a total cost of \$1.6 million. At August 31, 2007, \$1.7 million in projects were still under construction with the majority being roof replacements and covered walkway replacements. Several projects undertaken during the year were related to repairs and maintenance and did not qualify for capitalization. For the short term, management is focusing on maintaining and repairing aging facilities. For the long term, management is completing a master planning study for all three campuses. With its completion, decisions will be made as to immediate projects and those long-term building projects which will require a financing combination of pay-as-you-go and requesting the taxpayers to approve additional bonds. It is anticipated that such decisions will be made during fiscal year 2008.

Long-Term Debt

On May 10, 2008 a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters by a margin of 3,335 votes "Yes" to 1,363 votes "No". Supporting the call for the election is the 2008 Facilities Master Plan which identified the facility needs of the College in priority order. Among the top construction priorities were the Science Building and the Allied Health Science building addition on the Central campus, the Allied Health / Science building and the Spencer addition on the North campus, and, the Science / Allied Health building and the Longenecker addition on the South campus. Construction of these facilities in particular is necessary to meet instructional capacity needs in the science and allied health curriculums. On August 11, 2008 in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming and other construction activities, the Board of Trustees approved an initial issuance of \$80 million of the \$295 million bond authorization.

The Bonds were issued with a September 01, 2008 effective date and the delivery/settlement date was September 16, 2008. On October 16, 2008 the Board of Trustees approved the adoption of the 2008 tax rate of \$0.163411 cents per \$100 valuation of taxable property in the San Jacinto Community College District. The Maintenance and Operations tax rate remains the same at \$0.115927 and the debt service tax rate was increased to \$0.047484, a 61.35% increase in the debt service rate or a 1.24% overall increase. This increase represents an increase of \$27.07 to a home owner for a home with a taxable assessed value of \$150,000. The tax rate increase was necessary to fund the increase in debt service requirements related to the newly issued 2008 general obligation bonds.

At August 31, 2008 the College has \$4.2 million in unexpended bond proceeds. The unexpended proceeds will be used to construct child care facilities at the North and Central campuses as well as to provide ongoing support for the College's major repair and renovation projects. The College is committed to progressing with its construction, facilities management and technology programs while still maintaining an aggressive debt payment schedule.

On May 7, 2007, the College issued the remaining \$4.0 million in unissued bonds from the 1999 bond authorization. At August 31, 2007, the College has \$6.0 million in unexpended bond proceeds. The unexpended proceeds will be used to construct child care facilities at the North and Central campuses as well as to provide ongoing support for the College's major repair and renovation projects. The College is committed to progressing with its construction, facilities management and technology programs while still maintaining an aggressive debt payment schedule.

At August 31, 2008 the College's credit ratings have been affirmed as follows:

	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>
General Obligation Bonds	Aa3	AA
Maintenance and Tax Notes	Aa3	AA

Currently Known Facts, Decisions and Conditions

Looking ahead to fiscal year 2009 and beyond, management sees continuing challenges regarding the levels of State support, increased resistance to property tax increases, and increased pressure to keep tuition and fees affordable for students. Consequently, the College is committed to building upon current efforts to diversify revenue bases, reduce operating costs, develop and expand community partnerships, and manage financial risks while maintaining a clear focus on quality instructional programs. A clear indication of its focus on quality is the College's continued emphasis in 2008 on professional development for faculty, staff and administrators and the review of "best practice" institutions throughout the country.

The College will continue to focus on strengthening the teaching and learning process while maintaining its sound financial position. San Jacinto Community College District is a dynamic institution that is an integral part of the success of East Harris County and the surrounding communities.

Hurricane Ike

On September 13, 2008 the Texas Gulf Coast was struck by Hurricane Ike, a strong category 2 hurricane. The College sustained damage to its facilities now estimated at more than \$6 million. All 60 of the College's buildings sustained some damage. The College was closed for classes for from September 11th through the 28th. The College reopened to faculty and students on September 29th with 59 of 60 buildings in operation. The College is fully insured for the storm damages and expects to receive substantially all of the \$6 million either from the College's insurance carrier or from federal disaster relief funds.

Financial Markets

The recent events relating to deteriorating conditions in credit markets and a potential Federal intervention have continued to adversely affect financial markets and their participants, including the fair value of the College's investment portfolio. The fair value decline in the College's portfolio is muted due to its conservative asset allocation, investment strategies and the College's intent to hold purchased securities until maturity. Nonetheless, future investment returns on the College's investment portfolio could be adversely impacted with a prolonged decline in the world's financial markets. The College's board and management continue to monitor the portfolio and take action as deemed appropriate.

Contacting the College's Financial Management

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Net Assets

	August 31,	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,072,933	\$ 27,043,703
Deposits held by others	21,601	30,921
Other short-term investments	29,023,750	19,437,412
Accounts receivable, net	15,189,794	12,273,346
Deferred charges	555,976	237,135
Inventories	349,448	363,621
Total current assets	79,213,502	59,386,138
Noncurrent assets:		
Restricted cash and cash equivalents	4,243,967	5,980,776
Other long-term investments	26,938,524	35,534,437
Bond issuance costs	855,872	866,822
Capital assets net of accumulated depreciation	135,042,634	138,451,129
Capital assets not being depreciated	9,361,400	8,117,135
Total noncurrent assets	176,442,397	188,950,299
Total assets	255,655,899	248,336,437
Liabilities		
Current liabilities:		
Accounts payable	7,622,708	6,158,840
Accrued liabilities	1,332,655	529,158
Accrued compensable absences	1,393,493	1,063,777
Deferred compensation	28,000	32,000
Deferred revenues	15,292,731	13,941,440
Notes payable - current portion	1,225,000	1,310,000
Bonds payable - current portion	3,775,000	7,345,000
Total current liabilities	30,669,587	30,380,215
Noncurrent liabilities:		
Accrued compensable absences	1,560,006	1,525,166
Deferred compensation	-	18,000
Bond premium payable	897,634	592,296
Notes payable	6,295,000	7,520,000
Bonds payable	54,655,000	58,430,000
Total noncurrent liabilities	63,407,640	68,085,462
Total liabilities	94,077,227	98,465,677
Net assets		
Invested in capital assets, net of related debt	73,312,433	65,384,609
Expendable:		
Student aid	1,332,684	1,209,603
Unexpended bond proceeds	4,243,967	5,986,359
Debt service	4,137,889	2,870,617
Unrestricted	78,551,699	74,419,572
Total net assets	\$ 161,578,672	\$ 149,870,760

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets

	Years Ended August 31,	
	<u>2008</u>	<u>2007</u>
Revenues		
Operating revenues:		
Student tuition and fees, (net of scholarship allowances and discounts of \$9,809,462 and \$8,083,604, respectively)	\$ 29,220,128	\$ 28,361,060
Federal grants and contracts	25,984,857	24,949,539
State and local grants and contracts	3,816,402	2,354,149
Non-government grants and contracts	794,979	830,555
Sales and services of educational activities	734,089	562,045
Auxiliary enterprises, (net of discounts)	3,203,914	5,748,105
General operating revenues	22,213	43,573
Total operating revenues (Schedule A)	<u>63,776,582</u>	<u>62,849,026</u>
Expenses		
Operating expenses:		
Instruction	57,486,803	48,926,799
Public service	3,881,854	2,376,146
Academic support	12,485,944	8,978,239
Student services	11,829,664	8,107,698
Institutional support	25,643,311	29,607,972
Operation and maintenance of plant	14,820,830	14,218,438
Scholarships and fellowships	17,391,102	18,335,239
Auxiliary enterprises	2,395,831	5,832,451
Depreciation	6,764,932	6,810,792
Total operating expenses (Schedule B)	<u>152,700,271</u>	<u>143,193,774</u>
Operating loss	<u>(88,923,689)</u>	<u>(80,344,748)</u>
Non-operating revenues (expenses)		
State appropriations	47,658,028	44,309,565
Maintenance ad valorem taxes	42,518,691	37,666,186
Debt service ad valorem taxes	10,797,774	9,564,793
Investment income (net of investment expenses)	3,363,323	4,907,664
Interest on capital related debt	(3,544,135)	(3,871,800)
Other non-operating revenues (expenses)	(162,080)	(1,569,582)
Total non-operating revenue, net (Schedule C)	<u>100,631,601</u>	<u>91,006,826</u>
Increase in net assets	11,707,912	10,662,078
Net assets, beginning of year	<u>149,870,760</u>	<u>139,208,682</u>
Net assets, end of year	<u>\$ 161,578,672</u>	<u>\$ 149,870,760</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows

	Years Ended August 31,	
	2008	2007
<u>Cash flows from operating activities</u>		
Receipts from students and other customers	\$ 33,614,776	\$ 33,064,871
Receipts of grants and contracts	29,253,382	28,188,848
Payments to suppliers for goods or services	(32,482,877)	(30,514,638)
Payments to or on behalf of employees and fellowships	(84,455,995)	(74,638,981)
Payments of scholarships	(13,480,833)	(18,365,532)
Net cash used by operating activities	(67,551,547)	(62,265,434)
<u>Cash flows from non-capital financing activities</u>		
Receipts from state appropriations	38,563,585	38,415,696
Receipts from ad valorem taxes	41,979,461	37,666,186
Payments on notes - principal	(1,310,000)	(1,065,323)
Payments on notes - interest	(327,974)	(377,756)
Net cash provided by non-capital financial activities	78,905,072	72,638,803
<u>Cash flows from capital and related financing activities</u>		
Receipts from ad valorem taxes - debt service	10,662,966	9,564,793
Purchases of capital assets	(4,762,782)	(3,739,943)
Purchases of non-capital items from bond proceeds	-	(1,510,071)
Proceeds from refunding bond	12,700,000	20,660,000
Payment on capital debt - principal	(20,045,000)	(30,300,000)
Payment on capital debt - interest	(2,915,637)	(3,143,465)
Net cash used by capital and related financing activities	(4,360,453)	(8,468,676)
<u>Cash flows from investing activities</u>		
Proceeds from sale and maturities of investments	70,244,584	27,463,550
Investment income	3,210,964	4,533,221
Purchase of investments	(71,245,930)	(31,007,214)
Net cash provided by investing activities	2,209,618	989,557
Increase in cash and cash equivalents	9,202,690	2,894,250
Cash and cash equivalents, beginning of year	33,024,479	30,130,229
Cash and cash equivalents, end of year	\$ 42,227,169	\$ 33,024,479
<u>Reconciliation of operating loss to net cash used by operating activities</u>		
Operating loss	\$ (88,923,689)	\$ (80,344,748)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	6,764,932	6,810,792
Tax collection fee	189,905	-
State retirement match	2,276,655	1,738,606
State group insurance	8,817,788	6,155,263
Changes in assets and liabilities:		
Receivables, net	(2,269,035)	(2,082,768)
Deferred changes	(318,841)	503,544
Inventories	14,173	2,333,600
Deposits	9,320	31
Funds held by others	-	(315,935)
Accounts payable	1,463,868	2,585,452
Accrued liabilities	819,261	(319,332)
Compensated absences	342,556	139,060
Deferred revenues	1,351,291	531,001
Net cash used by operating activities	\$ (71,461,816)	\$ (62,265,434)

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements August 31, 2008 and 2007

1. Reporting Entity

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

2. Summary of Significant Accounting Policies

Reporting guidelines

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

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

Tuition discounting

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

Title IV Higher Education Authority Program Funds - Certain Title IV funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as 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.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

Basis of accounting

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

Net assets: The College's net assets are classified as follows:

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

Restricted - nonexpendable: Net assets subject to externally imposed stipulations that they be maintained in perpetuity by the College. See Note 25.

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

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

Budgetary data

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

Cash and cash equivalents

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Investments

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

Inventories

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

Capital assets

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

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

Deferred revenues

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

Classification of revenues and expenses

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Management estimates

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

Income taxes

San Jacinto Community College District is exempt from Federal income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to Federal income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2008 and 2007.

Reclassifications

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

3. Authorized Investments

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

4. **Deposits and Investments**

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

Cash and Deposits

	2008	2007
Cash and Cash Equivalents:		
Petty Cash on Hand	\$ 37,500	\$ 14,220
Investment Pools	4,310,345	1,050,151
Money Market	<u>26,028,120</u>	<u>26,418,064</u>
Sub Total Cash and Cash Equivalents	\$ 30,375,965	\$ 27,482,435
Bank Deposits – Demand Deposits	<u>7,940,935</u>	<u>5,542,044</u>
Total Cash and Deposits, August 31,	\$ <u>38,316,900</u>	\$ <u>33,024,479</u>

Reconciliation of Cash, Deposits and Investments to Exhibit 1

	Market Value	
	2008	2007
U. S. Government Securities	\$ 29,962,274	\$ 54,971,849
Certificates of Deposit	<u>26,000,000</u>	<u>-</u>
Total Investments	\$ <u>55,962,274</u>	\$ <u>54,971,849</u>
Total Cash, Deposits and Investments	\$ <u>94,279,174</u>	\$ <u>87,996,328</u>
 Exhibit 1 – Cash, Cash Equivalents and Investments:		
Cash and Cash Equivalents –		
Current and Noncurrent	\$ 38,316,900	\$ 33,024,479
Investments – Short Term and Long Term	<u>55,962,274</u>	<u>54,971,849</u>
Total Cash, Cash Equivalents and Investments	\$ <u>94,279,174</u>	\$ <u>87,996,328</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

<u>2008</u> Investment Type	<u>Investment Maturities (in Years)</u>				Weighted Average Maturity (Days)	Moody's Rating
	Fair Value	Less than 1	1 to 2	2 to 3		
Fannie Mae Global Notes	\$ 1,008,125	\$ 1,008,125	\$ -	\$ -	1.51	Aaa
Fannie Mae Notes	2,972,812	-	-	2,972,812	29.34	Aaa
Fannie Mae Notes Series 1 MSCPN BOND	4,987,500	-	4,987,500	-	31.06	Aaa
Fannie Mae Notes Street Convention	5,017,188	-	-	5,017,188	54.73	Aaa
Fannie Mae Structured Note MSCPN BOND	6,991,250	-	4,996,875	1,994,375	53.74	Aaa
Federal Home Loan Bank Bonds	2,015,625	2,015,625	-	-	2.49	Aaa
Federal Home Loan Bank Global Bonds	2,007,500	-	2,007,500	-	8.92	Aaa
Freddie Mac Domestic MTN Notes	1,978,783	-	-	1,978,783	19.87	Aaa
Freddie Mac Domestic MTN Notes MSCPN	2,983,491	-	-	2,983,491	30.92	Aaa
Certificates of Deposit	26,000,000	26,000,000	-	-	30.76	
Totals	\$ 55,962,274	\$ 29,023,750	\$ 11,991,875	\$ 14,946,649	263.34	

<u>2007</u> Investment Type	<u>Investment Maturities (in Years)</u>				Weighted Average Maturity (Days)	Moody's Rating
	Fair Value	Less than 1	1 to 2	2 to 3		
Federal Home Loan Bank Global Bonds	\$ 1,502,344	\$ -	\$ 1,502,344	\$ -	8.98	Aaa
Federal Home Loan Mortgage	1,998,802	1,998,802	-	-	0.64	Aaa
Freddie Mac Global Notes	2,002,738	-	-	2,002,738	19.74	Aaa
Freddie Mac Notes	3,006,746	-	-	3,006,746	30.59	Aaa
Federal Home Loan Bank Global Bonds	3,510,156	-	-	3,510,156	31.64	Aaa
Fannie Mae Global Notes	4,004,688	-	2,502,813	1,501,875	28.05	Aaa
Federal Farm Credit Bank Bonds	4,493,125	1,993,125	1,500,000	1,000,000	31.68	Aaa
Federal Home Loan Bank	6,476,251	6,476,251	-	-	9.37	Aaa
Fannie Mae Notes	7,984,532	3,981,407	4,003,125	-	34.95	Aaa
Freddie Mac Medium Term Notes	9,486,531	4,981,578	-	4,504,953	57.41	Aaa
Federal Home Loan Bank Bonds	10,505,936	1,999,374	8,006,250	500,312	48.44	Aaa
Totals	\$ 54,971,849	\$ 21,430,537	\$ 17,514,532	\$ 16,026,780	301.49	

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Interest rate risk

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

As of August 31, the portfolio contained no investment maturing beyond three (3) years and the dollar weighted average maturity of the total portfolio was 264 days and 301 days for as of August 31, 2008 and 2007, respectively.

Credit risk

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

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

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

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

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

Concentration of credit risk

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

<u>Type of Investment</u>	<u>Maximum % of Portfolio</u>
Constant Dollar Pools	100 %
US Treasury Obligations	90 %
US Agency Obligations	85 %
Repurchase Agreements	75 %
Commercial Paper	25 %

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

As of August 31, 2008:

US Government securities represented 53.54% of the total portfolio.

Insured or collateralized certificates of deposit represented the remaining 46.46% of the total portfolio.

As of August 31, 2007:

US Government securities represented 100% of the total portfolio.

Custodial credit risk

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

Portfolio disclosure as of August 31, 2008:

The portfolio contained four fully insured certificates of deposit with a combined book value of \$26,000,000.

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.

Portfolio disclosure as of August 31, 2007:

The Portfolio did not contain any repurchase agreements.

All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

5. Disaggregation of Receivables and Payables Balances

Accounts receivable consist of the following at August 31:

	<u>2008</u>	<u>2007</u>
Tuition and fees receivables	\$ 13,782,286	\$ 10,634,295
Federal receivables	2,057,796	971,362
State and local receivables	518,617	262,195
Interest receivable	788,877	625,597
Other receivables	1,602,175	2,637,121
Less allowance for doubtful accounts	<u>(5,741,854)</u>	<u>(4,554,988)</u>
Total	<u>13,007,897</u>	<u>10,575,582</u>
Property tax receivable	3,221,885	3,133,752
Less allowance for doubtful accounts	<u>(1,039,988)</u>	<u>(1,435,988)</u>
Total	<u>2,181,897</u>	<u>1,697,764</u>
Total accounts receivables, net	<u>\$ 15,189,794</u>	<u>\$ 12,273,346</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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

	<u>2008</u>	<u>2007</u>
Vendors payable	\$ 7,190,392	\$ 5,655,343
Students payable	134,964	159,666
Other payables	297,352	343,831
Benefits payable	1,208,547	389,286
Accrued interest payable	<u>124,108</u>	<u>139,872</u>
Total accounts payable and accrued liabilities	\$ <u>8,955,363</u>	\$ <u>6,687,998</u>

6. Capital Assets

Capital assets activities for the years ended August 31:

	2008			Balance August 31, 2008
	Balance September 1, 2007	Increase	Decrease	
Not depreciated:				
Land	\$ 6,427,404	\$ -	\$ -	\$ 6,427,404
Construction in progress	<u>1,689,731</u>	<u>2,816,216</u>	<u>1,571,951</u>	<u>2,933,996</u>
Total not depreciated	<u>8,117,135</u>	<u>2,816,216</u>	<u>1,571,951</u>	<u>9,361,400</u>
Other capital assets:				
Buildings	157,718,451	1,451,216	308,862	158,860,805
Land improvements	24,425,176	-	-	24,425,176
Furniture, equipment and vehicles	13,642,843	512,886	-	14,155,729
Telecommunications and computer peripheral equipment	11,791,877	897,093	-	12,688,970
Library books	<u>6,252,665</u>	<u>657,329</u>	<u>53,304</u>	<u>6,856,690</u>
Total depreciated	<u>213,831,012</u>	<u>3,518,524</u>	<u>362,166</u>	<u>216,987,370</u>
Less accumulated depreciation:				
Buildings	45,052,637	3,756,277	146,775	48,662,139
Land improvements	7,465,180	1,132,316	-	8,597,496
Furniture, equipment and vehicles	10,093,073	668,376	-	10,761,449
Telecommunications and computer peripheral equipment	8,376,112	988,400	-	9,364,512
Library books	<u>4,392,881</u>	<u>219,563</u>	<u>53,304</u>	<u>4,559,140</u>
Total accumulated depreciation	<u>75,379,883</u>	<u>6,764,932</u>	<u>200,079</u>	<u>81,944,736</u>
Net capital assets	\$ <u>146,568,264</u>	\$ <u>(430,192)</u>	\$ <u>1,734,038</u>	\$ <u>144,404,034</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2007			Balance August 31, 2007
	Balance September 1, 2006	Increase	Decrease	
Not depreciated:				
Land	\$ 6,427,404	\$ -	\$ -	\$ 6,427,404
Construction in progress	<u>1,919,789</u>	<u>1,935,830</u>	<u>2,165,888</u>	<u>1,689,731</u>
Total not depreciated	<u>8,347,193</u>	<u>1,935,830</u>	<u>2,165,888</u>	<u>8,117,135</u>
Other capital assets:				
Buildings	157,100,471	750,206	132,226	157,718,451
Land improvements	23,813,595	906,066	294,485	24,425,176
Furniture, equipment and vehicles	12,933,430	709,413	-	13,642,843
Telecommunications and computer peripheral equipment	10,548,903	1,242,974	-	11,791,877
Library books	<u>6,791,927</u>	<u>361,340</u>	<u>900,602</u>	<u>6,252,665</u>
Total depreciated	<u>211,188,326</u>	<u>3,969,999</u>	<u>1,327,313</u>	<u>213,831,012</u>
Less accumulated depreciation:				
Buildings	41,416,575	3,708,778	72,716	45,052,637
Land improvements	6,618,036	1,141,629	294,485	7,465,180
Furniture, equipment and vehicles	9,208,300	884,773	-	10,093,073
Telecommunications and computer peripheral equipment	7,363,801	1,012,311	-	8,376,112
Library books	<u>5,230,182</u>	<u>63,301</u>	<u>900,602</u>	<u>4,392,881</u>
Total accumulated depreciation	<u>69,836,894</u>	<u>6,810,792</u>	<u>1,267,803</u>	<u>75,379,883</u>
Net capital assets	<u>\$ 149,698,625</u>	<u>\$ (904,963)</u>	<u>\$ 2,225,398</u>	<u>\$ 146,568,264</u>

7. Construction Commitment

The College has entered into construction commitments for various projects including the renovation of facilities and the construction of buildings. At August 31, 2008 and 2007, the outstanding commitment under construction contracts for facilities and other projects are approximately \$905,700 and \$1,150,400, respectively.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

8. **Noncurrent Liabilities**

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

	2008				
	Balance September 1, 2007	Increase	Decrease	Balance August 31, 2008	Current Portion
Bonds:					
General obligation bonds	\$ 64,450,000	\$12,700,000	\$18,720,000	\$ 58,430,000	\$ 3,775,000
Revenue bonds	<u>1,325,000</u>	-	<u>1,325,000</u>	-	-
Subtotal	<u>65,775,000</u>	<u>12,700,000</u>	<u>20,045,000</u>	<u>58,430,000</u>	<u>3,775,000</u>
Notes:					
General obligation notes	<u>8,830,000</u>	-	<u>1,310,000</u>	<u>7,520,000</u>	<u>1,225,000</u>
Subtotal	<u>8,830,000</u>	-	<u>1,310,000</u>	<u>7,520,000</u>	<u>1,225,000</u>
Accrued					
compensable absences	<u>2,638,943</u>	<u>1,008,988</u>	<u>666,432</u>	<u>2,981,499</u>	<u>1,421,493</u>
Total	<u>\$ 77,243,943</u>	<u>\$13,708,988</u>	<u>\$22,021,432</u>	<u>\$ 68,931,499</u>	<u>\$ 6,421,493</u>
2007					
	Balance September 1, 2006	Increase	Decrease	Balance August 31, 2007	Current Portion
Bonds:					
General obligation bonds	\$ 72,800,000	\$24,620,000	\$ 32,970,000	\$ 64,450,000	\$ 6,020,000
Revenue bonds	<u>2,615,000</u>	-	<u>1,290,000</u>	<u>1,325,000</u>	<u>1,325,000</u>
Subtotal	<u>75,415,000</u>	<u>24,620,000</u>	<u>34,260,000</u>	<u>65,775,000</u>	<u>7,345,000</u>
Notes:					
General obligation notes	9,340,000	-	510,000	8,830,000	1,310,000
Revenue notes	<u>555,323</u>	-	<u>555,323</u>	-	-
Subtotal	<u>9,895,323</u>	-	<u>1,065,323</u>	<u>8,830,000</u>	<u>1,310,000</u>
Accrued					
compensable absences	<u>2,499,883</u>	<u>218,966</u>	<u>79,906</u>	<u>2,638,943</u>	<u>1,095,777</u>
Total	<u>\$ 87,810,206</u>	<u>\$24,838,966</u>	<u>\$35,405,229</u>	<u>\$77,243,943</u>	<u>\$ 9,750,777</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

9. Bonds and Notes Payable

Bonds and notes payable at August 31 are as follows:

	<u>2008</u>	<u>2007</u>
<u>General Obligation Bonds</u>		
Variable Rate Limited Tax General Obligation Bonds, Series 2000, to provide for construction of new buildings and renovations of existing facilities. Issued September 20, 2000, in the amount of \$20,000,000. Tax supported bonds. Interest rate variable. Due August 2025.	\$ -	\$ 12,700,000
Limited Tax General Obligation Bonds, Series 2001, to construct, improve, renovate, and equip facilities. Issued November 5, 2001, in the amount of \$40,000,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2011.	4,180,000	5,395,000
Limited Tax General Obligation Bonds, Series 2003, to construct, improve, renovate, and equip facilities. Issued January 31, 2003, in the amount of \$6,560,000. Tax supported bonds. Interest rates range from 3.50% to 5.00%. Due February 2031.	3,780,000	3,880,000
Limited Tax General Obligation Bonds, Series 2004, to construct, improve, renovate, and equip facilities. Issued February 2, 2004, in the amount of \$20,835,000. Tax supported bonds. Interest rates range from 3.125% to 5.125%. Due February 2033.	17,560,000	18,545,000
Limited Tax General Obligation Building and Refunding Bonds, Series 2007, to refund 2001 General Obligation Bonds, to construct, improve, renovate, and equip facilities. Issued May 1, 2007, in the amount of \$24,620,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2033.	20,210,000	23,930,000
Limited Tax Refunding Bonds, Series 2008, to refund 2000 General Obligation Bonds. Issued March 19, 2008, in the amount of \$12,700,000. Tax supported bonds. Interest rates range from 4.00% to 5.00%. Due February 2025.	12,700,000	-
<u>Maintenance Tax Notes</u>		
Maintenance Tax Notes, Series 2001, to repair and renovate major building system components and to purchase and install equipment. Issued November 5, 2001, in the amount of \$4,645,000. Tax supported notes. Interest rates range from 3.50% to 3.875%. Due February 2010.	1,300,000	1,950,000
Maintenance Tax Notes, Series 2003, to repair and renovate major building system components and to purchase and install equipment. Issued January 31, 2003, in the amount of \$10,440,000. Tax supported notes. Interest rates range from 2.80% to 4.80%. Due February 2022.	6,220,000	6,880,000
<u>Revenue Bonds</u>		
Revenue Financing System Bonds, Series 2003, to provide for construction of new buildings and renovations of existing facilities. Issued January 31, 2003, in the amount of \$6,295,000. Supported by the College's general revenues. Interest rates range from 2.30% to 3.00%. Due February 2008.	-	1,325,000
Total bonds and notes payable	<u>\$ 65,950,000</u>	<u>\$ 74,605,000</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

10. Debt Obligations

Debt service requirements as of August 31, 2008 were as follows:

Year Ended August 31	General Obligation Bonds/Notes		Total Bonds
	Principal	Interest	
2009	\$ 5,000,000	\$ 2,763,726	\$ 7,763,726
2010	4,770,000	2,585,441	7,355,441
2011	4,950,000	2,407,430	7,357,430
2012	2,890,000	2,263,580	5,153,580
2013	2,365,000	2,163,888	4,528,888
2014-2018	11,115,000	9,432,391	20,547,391
2019-2023	19,720,000	6,843,183	26,563,183
2024-2028	9,340,000	2,081,425	11,421,425
2029-2033	<u>5,800,000</u>	<u>646,429</u>	<u>6,446,429</u>
Total	\$ <u>65,950,000</u>	\$ <u>31,187,493</u>	\$ <u>97,137,493</u>

11. Pledged Revenue Coverage

The College has pledged a portion of maintenance and operating tax revenues for repayment of 2001 and 2003 Maintenance Tax Notes as detailed in Note 9. The period covered is from fiscal year 2002 to fiscal year 2022.

Fiscal Year Ended August 31	Total Maintenance and Operating Tax Recognized	Amount of Pledge Revenue			Percent of M&O Taxes Recognized to Total Pledged
		Principal	Interest	Total	
2002	\$ 25,717,675	\$ -	\$ 107,826	\$ 107,826	0.4193%
2003	26,355,326	500,000	161,131	661,131	2.5085%
2004	29,827,208	2,460,000	510,467	2,970,467	9.9589%
2005	30,668,749	1,290,000	450,370	1,740,370	5.6747%
2006	33,439,538	1,495,000	400,501	1,895,501	5.6684%
2007	37,666,186	510,000	364,018	874,018	2.3204%
2008	42,518,691	1,310,000	330,146	1,640,146	3.8575%
2009-2022	<u> </u>	<u>7,520,000</u>	<u>1,976,268</u>	<u>9,496,268</u>	-
Total	\$ <u>226,193,373</u>	\$ <u>15,085,000</u>	\$ <u>4,300,727</u>	\$ <u>19,385,727</u>	

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The College has pledged a portion of Tuition & Fees and Auxiliary Service revenues for repayment of the Revenue Financing System Bonds, Series 2003, as detailed in Note 9. Additional detail is provided in Supplemental Schedule SS-11.

	Total Tuition & Fees and Auxiliary Services Recognized	<u>Amount of Pledge Revenue</u>			Coverage Ratio
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2007	\$ 9,693,000	\$ 1,732,000	\$ 66,000	\$ 1,798,000	22.11
2008	\$ _____	\$ _____	\$ _____	\$ _____	-

12. Advance Refunding Bonds

On May 1, 2007 the College issued \$24,620,000 of Limited Tax General Obligation Building and Refunding Bonds, Series 2007. The issue consisted of \$3,960,000 General Obligation Bonds and \$20,660,000 Refunding Bonds with reoffering premiums of \$42,281 and \$555,711, respectively. The General Obligation Bonds mature serially through August 2033. The interest rates range from 4.000% to 5.000%. The Bonds are to construct, improve, renovate and equip facilities. The Refunding Bonds mature serially through August 2033. The interest rates range from 4.000% to 5.000%. The par value of the Refunding Bonds was \$20,660,000. The net refunding proceeds were applied to advance refund \$28,950,000 of outstanding Limited Tax General Obligation Bonds, Series 2001 with the College contributing an additional \$9,183,466. The Series 2001 Bonds interest rates range from 4.000% to 5.000%.

The total cash flows required to service the refunded bonds as of the effective date of the refunding were \$29,843,466. The refunding proceeds were deposited into an irrevocable trust with an escrow agent to provide all the debt service payments. The aggregate debt service payments of the refunded bonds of \$39,875,505 is \$1,893,629 more than the aggregate debt service payments of the refunding bonds of \$28,798,410 after the College contribution of \$9,183,466. The net present value of the refunding transaction is \$917,098 or 3.168%. The refunded bonds are considered defeased and the liability for those bonds was removed from the Non Current Liabilities in fiscal year 2007.

13. Refunding Bonds

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

14. Defeased Bonds Outstanding

For the fiscal year ended August 31, 2008 and 2007 the College had the following defeased bonds outstanding:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>	
		<u>2008</u>	<u>2007</u>
Limited Tax General Obligation Bonds, Series 2001	2007	\$ <u>28,950,000</u>	\$ <u>28,950,000</u>

15. Unrestricted Net Assets

The College designates a portion of unrestricted net assets to indicate management's tentative plans for future use of financial resources. At August 31, 2008 and 2007, the College designated \$25,000,000 and \$22,002,756 of unrestricted net assets for deferred maintenance and repairs, and enhancements to technology and education, respectively.

16. Operating Lease Commitments and Rental Agreements

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

	<u>2008</u>	<u>2007</u>
2008	\$ -	\$ 194,189
2009	760,605	60,062
2010	717,786	17,243
2011	717,786	17,243
2012	17,243	17,243
2013	<u>17,243</u>	<u>-</u>
Total	\$ <u>2,230,663</u>	\$ <u>305,980</u>

Computer leases permit automatic renewal at three-month intervals and must be terminated in writing no less than ninety days prior to the end of the lease term. All expire in 2011. In the event sufficient funds are not appropriated for subsequent fiscal years, the leases may be terminated by providing written notice sixty days prior to the end of the current fiscal year period in effect. Leases include purchase options at the end of the lease term at fair market value.

Office space leases have term expiration dates ranging from 2007 to 2009. Each agreement contains an escalation clause allowing the landlord to allocate additional direct costs related to the operation of the leased sites with the exception of the Pasadena Town Square lease. Leases currently in effect contain options to renew and allow for subleasing property with landlord's written consent.

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

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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Operating expenses include \$452,157 and \$196,731 of lease payments paid during fiscal years 2008 and 2007, respectively.

17. Employees' Retirement Plan

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

Teacher Retirement System of Texas (TRS)

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The State funding policy is as follows: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a State contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2008, 2007, and 2006 and a State contribution rate of 6.58% for fiscal year 2008 and 6.0% for the fiscal years 2007 and 2006. In certain instances the reporting district is required to make all or a portion of the State's 6.58% contribution for fiscal year 2008 and 6.0% for fiscal years 2007 and 2006.

Optional Retirement Plan (ORP)

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas State legislature. The percentage of participant salaries currently contributed by the State and each participant are 6.58% and 6.65%, respectively for fiscal year 2008. The State contribution for fiscal years 2007 and 2006 was 6.00%. The College contributed 1.92% for fiscal year 2008 and 2.5% for fiscal years 2007 and 2006 for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, neither the State nor the College has any additional or unfunded liability for this program.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The retirement expense to the State for the College was \$3,717,228, \$2,951,109 and \$2,882,104 for the fiscal years ended August 31, 2008, 2007 and 2006, respectively. This amount represents the portion of expended appropriations made by the State legislature on behalf of the College. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. The total payroll for all College employees was \$75,143,132, \$66,520,291 and \$65,469,914 for fiscal years 2008, 2007, and 2006, respectively. The total payroll of employees covered by the State for TRS was \$34,599,616, \$28,976,772 and \$27,404,803 and the total payroll of employees covered by the State for ORP was \$21,893,206, \$20,208,378 and \$20,628,700 for fiscal years 2008, 2007, and 2006, respectively. See Schedules B & C.

18. Post Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through a State sponsored program with premiums based on benefits paid during the previous year. The State recognizes the cost of providing these benefits by expending the annual insurance premiums. The State contribution per full-time employees was \$338, \$281 and \$313 per month for the years ended August 31, 2008, 2007, and 2006, respectively. The State's cost of providing those benefits for 1,192 active employees was \$4,835,969 and 398 retirees was \$1,981,819 for a total State funded amount of \$6,817,788 for the year ended August 31, 2008. The State's cost of providing those benefits for 1,232 active employees was \$4,150,114 and 369 retirees was \$2,005,149 for a total State funded amount of \$6,155,263 for the year ended August 31, 2007. The State's cost of providing those benefits for 1,096 active employees was \$4,116,532 and 335 retirees was \$1,704,004 for a total State funded amount of \$5,820,537 for the year ended August 31, 2006. On-behalf payments of these benefits were recognized as restricted revenues and restricted expenses during the period. See Schedule C.

19. Compensable Absences

Full-time employees earn annual leave from 6.66 to 16.66 hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry a maximum of 200 hours of his accrued leave forward from one fiscal year to another fiscal year. Employees who terminate their employment are entitled for payment of all annual leave earned in the current year. The College recognized the accrued liability for the unpaid annual leave in the amounts of \$759,404 and \$580,911 for August 31, 2008, and 2007, respectively.

The College provides retirement incentive pay for unused sick days accumulated prior to August 1, 1998. 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, 1998. The College recognized for those employees who qualify for retirement incentive pay an accrued liability of \$1,780,751 and \$2,008,032 for August 31, 2008 and 2007, respectively.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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.

20. Deferred Compensation

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2008 and 2007 the College had one employee participating in the program and the College had an accrued liability of \$28,000 and \$50,000, respectively.

21. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$457,217 and \$372,714 as of August 31, 2008 and 2007, 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>2008</u>	<u>2007</u>
Beginning Balance, September 1	\$ 372,714	\$ 592,075
Claims incurred and changes in estimates	600,955	76,095
Payments on Claims	<u>(516,452)</u>	<u>(295,456)</u>
Ending Balance, August 31	\$ <u>457,217</u>	\$ <u>372,714</u>

22. Ad Valorem Tax

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

At August 31:

	<u>2008</u>	<u>2007</u>
Assessed valuation of the College:	\$ 43,571,836,764	\$ 39,245,802,910
Less: Exemptions	(7,403,077,641)	(7,035,224,772)
Less: Abatements	<u>-</u>	<u>-</u>
Net assessed valuation of the College	\$ <u>36,168,759,123</u>	\$ <u>32,210,578,138</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2008			2007		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation	\$ 0.20000	\$ 0.50000	\$ 0.70000	\$ 0.20000	\$ 0.50000	\$ 0.70000
Assessed tax rate per \$100 valuation	\$ 0.115927	\$ 0.02943	\$ 0.145365	\$ 0.115927	\$ 0.02943	\$ 0.145365

Taxes levied for the years ended August 31, 2008, and 2007 amounted to \$52,576,717 and \$46,822,907, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Harris County and Chamber County Tax collectors are the collecting agencies for the levy and remit the collections to the College, net of collection fees.

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

	2008			2007		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Taxes collected for <u>the year</u>						
Current taxes	\$ 40,837,864	\$ 10,377,568	\$ 51,215,432	\$ 36,343,430	\$ 9,210,099	\$ 45,553,529
Delinquent taxes	648,827	162,206	811,033	905,304	244,861	1,150,165
Penalties and interest	<u>492,770</u>	<u>123,192</u>	<u>615,962</u>	<u>417,452</u>	<u>109,833</u>	<u>527,285</u>
Total Collections	<u>\$ 41,979,461</u>	<u>\$ 10,662,966</u>	<u>\$ 52,642,427</u>	<u>\$ 37,666,186</u>	<u>\$ 9,564,793</u>	<u>\$ 47,230,979</u>

Tax collections for the years ended August 31, 2008, and 2007 were 97.41 percent and 97.29 percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

23. Contract and Grant Awards

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 Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. 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. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2008 and 2007 for which monies have not been received nor funds expended totaled \$15,334,749 and \$15,264,237, respectively. Of these amounts, \$12,745,362 and \$11,568,226 were from federal contract and grant awards; \$2,589,387 and \$3,696,010 were from State contract and grant awards for the fiscal years ended August 31, 2008 and 2007, respectively.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

24. Contingent Liabilities

Pending lawsuits and claims

As of August 31, 2008, the College is a defendant in various legal actions. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

State and Federally assisted programs

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

25. Related Parties

The San Jacinto Community College Foundation (Foundation) incorporated in 1996, is a nonprofit organization with the purpose of supporting the educational and general activities of the College. The College does not appoint a voting majority nor does it fund or is it obligated to pay debt related to the Foundation. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation paid grants of \$974,331 and \$609,213 to the College's students and programs during the years ended August 31, 2008 and 2007, respectively. The College furnished certain services, such as office space, utilities, and staff assistance to the Foundation. The cost of these un-reimbursed services was \$413,266 and \$434,853 for the fiscal years ended August 31, 2008 and 2007, respectively. The financial position of the Foundation is not significant to the College, therefore, it is not included in the College's basic financial statements. Additionally, in 2007 the College transferred to the Foundation the balances of the Endowment & Similar funds in the amount of \$287,618 and the balances of the Funds held for Others in the amount of \$315,935 for a combined total of \$603,553. The funds were originally receipted by the College as restricted funds for the intended use as Scholarships. Only \$12,000 pertains to Endowments. The Foundation will adhere to the same restrictions on these funds that were imposed on the College.

26. Recent Accounting Pronouncements – Governmental Accounting Standards Board (GASB)

The GASB has issued Statement No. 42, *Accounting for Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. The provisions of this statement are effective for periods beginning after December 31, 2004. The College does not have any impairment of capital assets meeting these requirements as of August 31, 2008 and 2007, respectively.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The GASB issued Statements No. 43, *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The standards in this statement apply for trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of other post employment benefit (OPEB) plans or the public employee retirement systems, or other third parties, that administer them. The provisions of this statement are effective for periods beginning after December 15, 2006. The State of Texas administers postemployment benefits other than pension plans through the Employee Retirement System of Texas (ERS). See note 16. Post Retirement Health Care and Life Insurance Benefits. The College does not have any contractual liabilities related to OPEB.

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation of GASB 34 and after December 15, 2008, for governments that were phase 3 for the implementation of GASB 34. The College does not have any contractual liabilities related to OPEB. Management of the College is considering the effects of this new standard, application will first be applied in the 2009 financial statements, and management does not believe such standards will have a material effect to the College.

The GASB has issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2006. The pledged revenues of the College related to Revenue Bonds were \$0.00 and \$1,798,000 as of August 31, 2008 and 2007, respectively. See Note 11.

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007. Management of the College is considering the effects of this new standard, application will first be applied in the 2009 financial statements, and management does not believe such standards will have a material effect to the College.

The GASB has issued Statement No. 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2007 except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007. The College does not have any contractual liabilities related to pension plans as of August 31, 2008 and 2007, respectively from implementation of this statement.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of the new statement are effective for fiscal periods beginning after June 15, 2009. Management of the College is considering the effects of this new standard, application will first be applied in the fiscal year 2010 financial statements, and management does not believe such standards will have a material effect to the College.

27. Subsequent Events

New general obligation bonds

On May 10, 2008 a bond referendum providing for the issuance of \$295 million of general obligation bonds for College facilities was approved by the voters by a margin of 3,335 votes "Yes" to 1,363 votes "No". Supporting the call for the election is the 2008 Facilities Master Plan which identified the facility needs of the College in priority order. Among the top construction priorities were the Science Building and the Allied Health Science building addition on the Central campus, the Allied Health / Science building and the Spencer addition on the North campus, and, the Science / Allied Health building and the Longenecker addition on the South campus. Construction of these facilities in particular is necessary to meet instructional capacity needs in the science and allied health curriculums. On August 11, 2008 in order to provide funds for architectural design, site work, infrastructure upgrades, facility programming and other construction activities, the Board of Trustees approved an initial issuance of \$80 million of the \$295 million bond authorization.

Based on pre-bid cost estimates developed by the College construction department, the \$80 million issuance will provide funding for construction activities through the spring of 2010 (estimated). The College anticipates subsequent bond issues in 2010 and 2012. Those dates will be monitored and adjusted, if necessary, according to construction schedules and spending patterns.

The Bonds were issued with a September 1, 2008 effective date and the delivery/settlement date was September 16, 2008. On October 16, 2008 the Board of Trustees approved the adoption of the 2008 tax rate of \$0.163411 cents per \$100 valuation of taxable property in the San Jacinto Community College District. The Maintenance and Operations tax rate remains the same at \$0.115927 and the debt service tax rate was increased to \$0.047484, a 61.35% increase in the debt service rate or a 1.24% overall increase. This increase represents an increase of \$27.07 to a home owner for a home with a tax assessed value of \$150,000. The tax rate increase was necessary to fund the increase in debt service and meet the operational needs of the College for the 2008-2009 budget year.

Financial markets

The recent events relating to deteriorating conditions in credit markets and a potential Federal intervention have continued to adversely affect financial markets and their participants, including the market value of the College's investment portfolio. The fair market value decline in the College's portfolio is muted due to its conservative asset allocation, investment strategies and the College's intent to hold purchased securities until maturity. Nonetheless, future investment returns on the College's investment portfolio could be adversely impacted with a prolonged decline in the world's financial markets. The College's board and management continue to monitor the portfolio and take action as deemed appropriate.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Hurricane Ike

On September 13, 2008 the Texas Gulf Coast was struck by Hurricane Ike, a strong category 2 hurricane. The College sustained damage to its facilities now estimated at more than \$6 million. All 60 of the College's buildings sustained some damage. The College was closed for classes from September 11th through the 28th. The College reopened to faculty and students on September 29th with 59 of 60 buildings in operation. The College is fully insured for the storm damages and expects to receive substantially all of the \$6 million either from the College's insurance carrier or from federal disaster relief funds.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Revenues
 Year Ended August 31, 2008
 (With Memorandum Totals for the Year Ended August 31, 2007)

	2008				2007	
	Educational Activity		Total	Educational Activity		Total
	Unrestricted	Restricted	Educational Activity	Auxiliary Enterprises	Total	
Tuition						
State funded courses:						
In-district resident tuition	\$ 8,216,017	\$ -	\$ 8,216,017	\$ -	\$ 8,216,017	\$ 7,265,507
Out-of-district resident tuition	11,678,566	-	11,678,566	-	11,678,566	10,785,168
Non-resident tuition	2,526,364	-	2,526,364	-	2,526,364	1,709,428
TPEG - credit (set aside) *	674,034	-	674,034	-	674,034	788,548
State funded non credit continuing education courses	3,975,416	-	3,975,416	-	3,975,416	3,831,211
TPEG (set aside) *	239,465	-	239,465	-	239,465	162,395
Non - state funded educational programs	1,535,165	-	1,535,165	-	1,535,165	1,444,245
Total tuition	<u>28,845,027</u>	<u>-</u>	<u>28,845,027</u>	<u>-</u>	<u>28,845,027</u>	<u>25,786,502</u>
Fees						
General service	7,545,852	-	7,545,852	-	7,545,852	7,448,682
Incidental	122,408	-	122,408	-	122,408	162,935
Instructional	1,891,682	-	1,891,682	-	1,891,682	2,426,321
Laboratory	624,621	-	624,621	-	624,621	620,224
Total fees	<u>10,184,563</u>	<u>-</u>	<u>10,184,563</u>	<u>-</u>	<u>10,184,563</u>	<u>10,658,162</u>
Scholarship allowances and discounts						
Remissions and exemption - state	(442,061)	-	(442,061)	-	(442,061)	(989,530)
Remissions and exemption - local	(754,607)	-	(754,607)	-	(754,607)	(814,110)
Scholarship allowances	(470,305)	-	(470,305)	-	(470,305)	(358,286)
TPEG awards	(435,176)	-	(435,176)	-	(435,176)	(396,828)
Federal grants to students	(5,368,652)	-	(5,368,652)	-	(5,368,652)	(4,408,453)
State grants to students	(2,338,661)	-	(2,338,661)	-	(2,338,661)	(1,318,397)
Total scholarship allowances and discounts	<u>(9,809,462)</u>	<u>-</u>	<u>(9,809,462)</u>	<u>-</u>	<u>(9,809,462)</u>	<u>(8,083,604)</u>
Total net tuition and fees	<u>29,220,128</u>	<u>-</u>	<u>29,220,128</u>	<u>-</u>	<u>29,220,128</u>	<u>28,361,060</u>
Other operating revenues						
Federal grants and contracts	467,919	25,516,938	25,984,857	-	25,984,857	24,949,539
State grants and contracts	-	3,816,402	3,816,402	-	3,816,402	2,354,149
Non-governmental grants and contracts	-	794,979	794,979	-	794,979	830,555
Sales and services of educational activities	259,217	-	259,217	-	259,217	291,188
Sales and services of non-educational activities	474,872	-	474,872	-	474,872	270,857
Investment income (program restricted)	-	22,213	22,213	-	22,213	43,573
Total other operating revenues	<u>1,202,008</u>	<u>30,150,532</u>	<u>31,352,540</u>	<u>-</u>	<u>31,352,540</u>	<u>28,739,861</u>
Auxiliary enterprises						
Bookstores	-	-	-	1,278,194	1,278,194	5,527,354
Less bookstore discounts	-	-	-	-	-	(2,181,128)
Child care centers	-	-	-	866,566	866,566	872,578
Less child care center discounts	-	-	-	(219,402)	(219,402)	(123,710)
Food services	-	-	-	477,073	477,073	412,910
Less food service discounts	-	-	-	(357,988)	(357,988)	(17,050)
Student services/other services	-	-	-	1,159,481	1,159,481	1,257,151
Total auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,203,914</u>	<u>3,203,914</u>	<u>5,748,105</u>
Total operating revenues	<u>\$ 30,422,136</u>	<u>\$ 30,150,532</u>	<u>\$ 60,572,668</u>	<u>\$ 3,203,914</u>	<u>\$ 63,776,582</u>	<u>\$ 62,849,026</u>
				(Exhibit 2)	(Exhibit 2)	

* In accordance with Education Code 58.033, \$913,499 and \$950,943 for years ended August 31, 2008 and 2007, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Operating Expenses by Object
 Year Ended August 31, 2008
 (With Memorandum Totals for the Year Ended August 31, 2007)

	2008					2007
	Salaries and Wages	Benefits		Other Expenses	Total	Total
		State	Local			
<u>Unrestricted - educational activities</u>						
Instruction	\$ 41,356,885	\$ -	\$ 3,551,996	\$ 5,483,041	\$ 50,391,922	\$ 44,288,118
Public service	1,773,237	-	189,806	1,193,099	3,156,142	2,119,323
Academic support	5,915,288	-	949,595	2,999,297	9,864,180	7,965,873
Student services	6,765,634	-	587,835	1,270,037	8,623,506	6,924,549
Institutional support	10,568,457	-	1,229,802	11,092,670	22,890,929	23,123,554
Operation and maintenance of plant	4,426,205	-	1,752,829	8,641,796	14,820,830	14,218,438
Total unrestricted educational activities	<u>70,805,708</u>	<u>-</u>	<u>8,261,863</u>	<u>30,679,940</u>	<u>109,747,509</u>	<u>98,639,855</u>
<u>Restricted - educational activities</u>						
Instruction	864,524	5,769,367	125,531	335,439	7,094,881	4,638,681
Public service	313,441	290,219	40,424	81,628	725,712	256,823
Academic support	475,768	1,087,915	54,945	1,003,136	2,621,764	1,012,366
Student services	1,348,881	1,388,215	95,301	373,761	3,206,158	1,183,149
Institutional support	150,336	1,999,280	133,799	468,967	2,752,382	6,484,418
Scholarships and fellowships	-	-	-	17,391,102	17,391,102	18,335,239
Total restricted educational activities	<u>3,152,950</u>	<u>10,535,016</u>	<u>450,000</u>	<u>19,654,033</u>	<u>33,791,999</u>	<u>31,910,676</u>
Total educational activities	<u>73,958,658</u>	<u>10,535,016</u>	<u>8,711,863</u>	<u>50,333,973</u>	<u>143,539,508</u>	<u>130,550,531</u>
Auxiliary enterprises	1,184,476	-	322,244	889,111	2,395,831	5,832,451
Depreciation expense - buildings and improvements	-	-	-	4,888,593	4,888,593	4,850,407
Depreciation expense - equipment, furniture and library books	-	-	-	1,876,339	1,876,339	1,960,385
Total operating expenses	<u>\$ 75,143,132</u>	<u>\$ 10,535,016</u>	<u>\$ 9,034,107</u>	<u>\$ 57,988,016</u>	<u>\$ 152,700,271</u>	<u>\$ 143,193,774</u>
				Exhibit 2		Exhibit 2

SAN JACINTO COLLEGE DISTRICT

Schedule of Non-operating Revenues and Expenses
Year Ended August 31, 2008
(With Memorandum Totals for the Year Ended August 31, 2007)

	2008			2007
	Unrestricted	Restricted	Total	Total
<u>Non-operating revenues</u>				
State appropriations:				
Education and general state support	\$ 37,123,012	\$ -	\$ 37,123,012	\$ 35,203,193
State group insurance	-	6,817,788	6,817,788	6,155,263
State retirement matching	-	3,717,228	3,717,228	2,951,109
Total state appropriations	<u>37,123,012</u>	<u>10,535,016</u>	<u>47,658,028</u>	<u>44,309,565</u>
Ad valorem taxes:				
Taxes for maintenance and operations	42,518,691	-	42,518,691	37,666,186
Taxes for general obligation bonds	-	10,797,774	10,797,774	9,564,793
Investment income	<u>3,160,701</u>	<u>202,622</u>	<u>3,363,323</u>	<u>4,907,664</u>
Total non-operating revenues	<u>45,679,392</u>	<u>11,000,396</u>	<u>56,679,788</u>	<u>52,138,643</u>
<u>Non-operating expenses</u>				
Interest on capital related debt	-	3,544,135	3,544,135	3,871,800
Loss on disposal of capital assets	162,080	-	162,080	59,511
Other non-operating expenses	-	-	-	1,510,071
Total non-operating expenses	<u>162,080</u>	<u>3,544,135</u>	<u>3,706,215</u>	<u>5,441,382</u>
Net non-operating revenues, net	<u>\$ 82,640,324</u>	<u>\$ 17,991,277</u>	<u>\$ 100,631,601</u> (Exhibit 2)	<u>\$ 91,006,826</u> (Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Assets by Source and Availability
 Year Ended August 31, 2008
 (with Memorandum Totals for the Year Ended August 31, 2007)

	Detail by Source				Total	Available for Current Operations	
	Unrestricted	Restricted	Expendable	Capital Assets Net of Depreciation and Related Debt		Yes	No
<u>Current</u>							
Unrestricted Board designated	\$ 38,473,954	\$ -	\$ -	\$ -	\$ 38,473,954	\$ -	\$ -
Restricted	25,000,000	-	-	-	25,000,000	-	25,000,000
Auxiliary	-	1,332,684	-	-	1,332,684	-	1,332,684
	15,077,745	-	-	-	15,077,745	15,077,745	-
<u>Plant</u>							
Unexpended bond proceeds	-	4,243,967	-	-	4,243,967	-	4,243,967
Debt service	-	4,137,889	-	-	4,137,889	-	4,137,889
Investment in plant	-	-	-	73,312,433	73,312,433	-	73,312,433
Total net assets, August 31, 2008	78,551,699	9,714,540	-	73,312,433	161,578,672	53,551,699	108,026,973
Total net assets, August 31, 2007	74,419,572	10,066,579	-	65,384,609	149,870,760	45,838,162	104,032,598
Net increase (decrease) in net assets	\$ 4,132,127	\$ (352,039)	\$ -	\$ 7,927,824	\$ 11,707,912	\$ 7,713,537	\$ 3,994,375

Exhibit 2

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statistical Section

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Net Assets by Component
Fiscal years 2008 to 2002
(Unaudited)

	For the Year Ended August 31, (Amounts expressed in thousands)						
	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 73,312	\$ 65,385	\$ 64,389	\$ 60,990	\$ 54,161	\$ 40,752	\$ 44,699
Restricted - expendable	9,715	10,067	13,957	9,892	27,636	10,996	1,087
Restricted - nonexpendable	-	-	12	12	12	12	12
Unrestricted	<u>78,552</u>	<u>74,419</u>	<u>60,851</u>	<u>55,981</u>	<u>39,144</u>	<u>64,248</u>	<u>69,695</u>
Total primary government net assets	<u>\$ 161,579</u>	<u>\$ 149,871</u>	<u>\$ 139,209</u>	<u>\$ 126,875</u>	<u>\$ 120,953</u>	<u>\$ 116,008</u>	<u>\$ 115,493</u>
Prior Year Change	\$ 11,708	\$ 10,662	\$ 12,334	\$ 5,922	\$ 4,945	\$ 515	

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2008-2002 are available.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Revenues by Source
Fiscal years 2008 to 2002
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)						
	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 29,220	\$ 28,361	\$ 27,358	\$ 24,446	\$ 28,868	\$ 19,667	\$ 18,619
Governmental grants and contracts:							
Federal grants and contracts	25,985	24,950	27,718	26,380	22,856	15,206	13,412
State and local grants and contracts	3,816	2,354	805	449	761	1,244	1,597
Non-Governmental grants and contracts	795	831	638	783	425	962	251
Sales and services of educational activities	734	562	659	1,121	796	398	336
Auxiliary enterprises	3,204	5,748	9,463	8,154	11,299	6,931	8,658
Other operating revenues	22	43	35	26	13	281	41
Total operating revenues	<u>63,776</u>	<u>62,849</u>	<u>66,676</u>	<u>61,359</u>	<u>65,018</u>	<u>44,689</u>	<u>42,914</u>
State appropriations	47,658	44,310	43,906	41,472	41,457	42,976	44,950
Ad valorem taxes	53,316	47,231	42,073	38,777	37,984	33,848	32,897
Investment income	3,363	4,908	3,213	2,019	1,636	1,471	2,261
Total nonoperating revenues	<u>104,337</u>	<u>96,449</u>	<u>89,192</u>	<u>82,268</u>	<u>81,077</u>	<u>78,295</u>	<u>80,108</u>
Total revenues	<u>\$ 168,113</u>	<u>\$ 159,298</u>	<u>\$ 155,868</u>	<u>\$ 143,627</u>	<u>\$ 146,095</u>	<u>\$ 122,984</u>	<u>\$ 123,022</u>
Tuition and fees (net of discounts)	17.38%	17.80%	17.55%	17.02%	19.76%	15.99%	15.13%
Governmental grants and contracts:							
Federal grants and contracts	15.46%	15.66%	17.78%	18.37%	15.64%	12.36%	10.90%
State and local grants and contracts	2.27%	1.48%	0.52%	0.31%	0.52%	1.01%	1.30%
Non-Governmental grants and contracts	0.47%	0.52%	0.41%	0.55%	0.29%	0.78%	0.20%
Sales and services of educational activities	0.44%	0.35%	0.42%	0.78%	0.54%	0.32%	0.27%
Auxiliary enterprises	1.91%	3.61%	6.07%	5.68%	7.73%	5.64%	7.04%
Other operating revenues	0.01%	0.03%	0.02%	0.02%	0.01%	0.23%	0.03%
Total operating revenues	<u>37.94%</u>	<u>39.45%</u>	<u>42.78%</u>	<u>42.72%</u>	<u>44.50%</u>	<u>36.34%</u>	<u>34.88%</u>
State appropriations	28.35%	27.82%	28.17%	28.87%	28.38%	34.94%	36.54%
Ad valorem taxes	31.71%	29.65%	26.99%	27.00%	26.00%	27.52%	26.74%
Investment income	2.00%	3.08%	2.06%	1.41%	1.12%	1.20%	1.84%
Total nonoperating revenues	<u>62.06%</u>	<u>60.55%</u>	<u>57.22%</u>	<u>57.28%</u>	<u>55.50%</u>	<u>63.66%</u>	<u>65.12%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2008-2002 are available.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Program Expenses by Function
Fiscal years 2008 to 2002
(Unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)						
	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 59,870	\$ 48,927	\$ 46,147	\$ 43,506	\$ 40,122	\$ 44,550	\$ 40,201
Public service	4,049	2,376	2,638	2,342	2,629	3,073	4,053
Academic support	12,919	8,978	6,514	6,143	5,870	6,667	7,026
Student services	11,861	8,108	7,724	7,619	7,199	7,660	7,284
Institutional support	25,681	29,608	27,287	24,294	25,268	23,240	21,689
Operation and maintenance of plant	14,821	14,218	12,251	12,781	10,705	9,920	10,972
Scholarships and fellowships	13,456	18,335	16,417	16,595	17,624	5,953	6,867
Auxiliary enterprises	3,279	5,832	13,107	10,137	10,181	9,608	9,048
Depreciation	6,764	6,811	6,929	6,923	7,103	2,999	3,361
Total operating expenses	<u>152,700</u>	<u>143,193</u>	<u>139,014</u>	<u>130,340</u>	<u>126,701</u>	<u>113,670</u>	<u>110,501</u>
Interest on capital related debt	3,544	3,872	3,645	3,953	3,282	3,062	1,746
Loss on disposal of fixed assets	162	59	348	2,747	-	241	-
Other non-operating revenues	-	1,510	526	666	6,002	5,497	3,707
Total non-operating expenses	<u>3,706</u>	<u>5,441</u>	<u>4,519</u>	<u>7,366</u>	<u>9,284</u>	<u>8,800</u>	<u>5,453</u>
Total expenses	<u>\$ 156,406</u>	<u>\$ 148,634</u>	<u>\$ 143,533</u>	<u>\$ 137,706</u>	<u>\$ 135,985</u>	<u>\$ 122,470</u>	<u>\$ 115,954</u>
Instruction	38.28%	32.92%	32.15%	31.59%	29.50%	36.38%	34.67%
Public service	2.59%	1.60%	1.84%	1.70%	1.93%	2.51%	3.50%
Academic support	8.26%	6.04%	4.54%	4.46%	4.32%	5.44%	6.06%
Student services	7.58%	5.46%	5.38%	5.53%	5.29%	6.25%	6.28%
Institutional support	16.42%	19.92%	19.01%	17.64%	18.58%	18.98%	18.70%
Operation and maintenance of plant	9.48%	9.57%	8.54%	9.28%	7.87%	8.10%	9.46%
Scholarships and fellowships	8.60%	12.34%	11.44%	12.05%	12.96%	4.86%	5.92%
Auxiliary enterprises	2.10%	3.92%	9.13%	7.36%	7.49%	7.85%	7.80%
Depreciation	4.32%	4.58%	4.83%	5.03%	5.22%	2.45%	2.90%
Total operating expenses	<u>97.63%</u>	<u>96.34%</u>	<u>96.85%</u>	<u>94.65%</u>	<u>93.17%</u>	<u>92.81%</u>	<u>95.30%</u>
Interest on capital related debt	2.27%	2.61%	2.54%	2.87%	2.41%	2.50%	1.51%
Loss on disposal of fixed assets	0.10%	0.04%	0.24%	1.99%	0.00%	0.20%	0.00%
Other non-operating	0.00%	1.02%	0.37%	0.48%	4.41%	4.49%	3.20%
Total non-operating expenses	<u>2.37%</u>	<u>3.66%</u>	<u>3.15%</u>	<u>5.35%</u>	<u>6.83%</u>	<u>7.19%</u>	<u>4.70%</u>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2008-2002 are available.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Tuition and Fees
Last Ten Academic Years
(Unaudited)

Academic Year (Fall)	Matriculation Fee	General Service Fee	Resident Fees per Semester Credit Hour (SCH)					Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
			In-District Tuition		Technology Fees	Student Activity Fees	Out-of-District Tuition				
			In-District Tuition	Out-of-District Tuition							
2008	\$ -	130	33	58	-	-	526	826	-	-	
2007	-	130	33	58	-	-	526	826	7.35%	4.56%	
2006	-	130	30	55	-	-	490	790	-	-	
2005	-	130	30	55	-	-	490	790	13.16%	11.42%	
2004	15	60	22	45	6	6	433	709	-	-	
2003	15	60	22	45	6	6	433	709	13.86%	16.93%	
2002	32	7	20	38	6	6	373	589	12.33%	11.88%	
2001	32	7	18	34	5	5	327	519	19.88%	17.15%	
2000	15	7	16	30	3	3	262	430	-	-	
1999	15	7	16	30	3	3	262	430	-	-	

Academic Year (Fall)	Matriculation Fee	General Service Fee	Non-Resident Fees per Semester Credit Hour (SCH)					Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
			Non-Resident Tuition		Technology Fees	Student Activity Fees	Non-Resident Tuition International				
			Non-Resident Tuition Out-of-State	Non-Resident Tuition International							
2008	\$ -	130	108	108	-	-	1426	1426	-	-	
2007	-	130	108	108	-	-	1426	1426	38.45%	38.45%	
2006	-	130	75	75	-	-	1030	1030	-	-	
2005	-	130	75	75	-	-	1030	1030	4.57%	4.57%	
2004	15	60	68	68	6	6	985	985	-	-	
2003	15	60	68	68	6	6	985	985	13.40%	13.40%	
2002	32	7	60	60	6	6	853	853	2.58%	2.58%	
2001	32	7	60	60	5	5	831	831	4.93%	4.93%	
2000	15	7	60	60	3	3	790	790	-	-	
1999	15	7	60	60	3	3	790	790	-	-	

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees, and certification fees.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(Amounts expressed in thousands)				Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of TAV to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2007-08	\$ 43,571,837	\$ 7,403,078	\$ 36,168,759	83.01%	0.115927	0.029438	0.145365
2006-07	39,245,803	7,035,225	32,210,578	82.07%	0.115927	0.029438	0.145365
2005-06	34,824,332	6,030,925	28,793,407	82.68%	0.115927	0.029438	0.145365
2004-05	31,370,541	3,928,408	27,442,133	87.48%	0.109700	0.029430	0.139130
2003-04	30,129,024	3,576,980	26,552,044	88.13%	0.109700	0.029430	0.139130
2002-03	28,882,123	3,281,633	25,600,490	88.64%	0.101280	0.029430	0.130710
2001-02	28,294,370	3,260,583	25,033,787	88.48%	0.101280	0.029430	0.130710
2000-01	26,750,533	2,811,274	23,939,259	89.49%	0.096570	0.029430	0.126000
1999-00	25,469,382	2,513,382	22,956,000	90.13%	0.096570	0.013430	0.110000
1998-99	25,156,108	2,352,398	22,803,710	90.65%	0.096730	0.013270	0.110000

Source: Harris County Appraisal District

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years

(Unaudited)

(Amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc-Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2007-08	\$ 37,123	27	\$ 1,375	6,852	3,119	9,971	\$ 3.72
2006-07	35,203	27	1,304	6,781	3,148	9,929	3.55
2005-06	35,203	27	1,304	6,739	3,288	10,027	3.51
2004-05	32,999	26	1,269	6,395	3,447	9,842	3.35
2003-04	32,999	28	1,179	6,497	3,367	9,864	3.35
2002-03	34,316	35	980	6,207	3,256	9,463	3.63
2001-02	36,826	40	921	5,995	3,248	9,243	3.98
2000-01	33,352	37	901	5,464	3,231	8,695	3.84
1999-00	32,593	35	931	5,051	3,212	8,263	3.94
1998-99	29,633	33	898	4,761	3,058	7,819	3.79

Notes: FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

(a) Source CBM001 for FTSE

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Taxpayers
Fiscal Years 2008 to 2002
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$'000 omitted)						
		2008	2007	2006	2005	2004	2003	2002
Shell Oil Co.	Refinery	\$ 2,322,379	\$ 2,259,147	\$ 2,023,449	\$ 1,535,652	\$ 1,357,730	\$ 1,583,169	\$ 1,221,691
Equistar Chemicals LP	Chemicals	1,365,749	1,237,973	-	998,731	887,592	1,035,598	1,071,895
Houston Refining	Refinery	1,149,523	925,293	-	-	-	-	368,605
Lyondell Chemical Co.	Chemicals	878,319	842,933	1,548,825	1,125,395	649,833	1,056,866	739,259
Rohm & Haas Co.	Petrochemical	601,731	593,949	558,543	565,260	536,652	560,545	330,957
Chevron Chemical Co.	Refinery	433,345	301,017	238,414	197,235	-	-	-
Oxy Vinyls LP	Petrochemical	420,549	425,328	394,494	399,150	373,580	410,675	529,838
Centerpoint Energy, Inc.	Energy	366,282	395,178	424,297	426,292	476,685	494,653	-
Air Liquide	Chemicals	354,719	-	-	-	-	-	-
Dow Chemical	Refinery	309,893	285,665	-	-	275,072	-	254,916
Conoco Phillips	Refinery	-	416,796	-	376,933	-	480,763	-
Calpine Central LP	Energy	-	-	225,987	412,795	308,600	-	-
Celanese LTD	Chemicals	-	-	-	-	-	288,933	326,449
GE Aero Energy Products	Petrochemical	-	-	-	-	-	200,424	-
GE Packaged Power	Energy	-	-	211,958	-	-	288,933	326,449
H L & P Co.	Electric Utility	-	-	-	-	-	-	368,605
Phillips 66 Company	Refinery	-	-	233,513	-	364,037	-	287,977
Reliant Energy Channelview	Energy	-	-	208,486	205,189	277,296	228,000	250,000
Lyondell Citgo Ref Co LTD	Refinery	-	-	-	-	275,072	-	254,916
Totals		\$ 8,192,489	\$ 7,683,279	\$ 6,067,966	\$ 6,242,632	\$ 5,781,149	\$ 6,828,559	\$ 6,331,557
Total Taxable Assessed Value		\$ 38,168,759	\$ 32,210,578	\$ 28,793,407	\$ 27,442,133	\$ 26,552,044	\$ 25,800,490	\$ 25,033,787

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year						
		2008	2007	2006	2005	2004	2003	2002
Shell Oil Co.	Refinery	6.42%	6.25%	5.59%	5.60%	5.11%	6.18%	4.88%
Equistar Chemicals LP	Chemicals	3.75%	3.42%	0.00%	3.64%	3.34%	4.05%	4.28%
Houston Refining	Refinery	3.18%	2.56%	0.00%	0.00%	0.00%	0.00%	1.47%
Lyondell Chemical Co.	Chemicals	2.43%	2.33%	4.28%	4.10%	2.45%	4.13%	2.95%
Rohm & Haas Co.	Petrochemical	1.66%	1.64%	1.54%	2.06%	2.02%	2.19%	1.32%
Chevron Chemical Co.	Refinery	1.20%	0.83%	0.66%	0.72%	0.00%	0.00%	0.00%
Oxy Vinyls LP	Petrochemical	1.18%	1.18%	1.09%	1.45%	1.41%	1.60%	2.12%
Centerpoint Energy, Inc.	Energy	1.01%	1.09%	1.17%	1.55%	1.79%	1.93%	0.00%
Air Liquide	Chemicals	0.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dow Chemical	Refinery	0.86%	0.79%	0.00%	0.00%	1.04%	0.00%	1.02%
Conoco Phillips	Refinery	0.00%	1.15%	0.00%	1.37%	0.00%	1.88%	0.00%
Calpine Central LP	Energy	0.00%	0.00%	0.62%	1.50%	1.16%	0.00%	0.00%
Celanese LTD	Chemicals	0.00%	0.00%	0.00%	0.00%	0.00%	1.13%	1.30%
GE Aero Energy Products	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%	0.00%
GE Packaged Power	Energy	0.00%	0.00%	0.59%	0.00%	0.00%	1.13%	1.30%
H L & P Co.	Electric Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.47%
Phillips 66 Company	Refinery	0.00%	0.00%	0.65%	0.00%	1.37%	0.00%	1.15%
Reliant Energy Channelview	Energy	0.00%	0.00%	0.58%	0.75%	1.04%	0.89%	1.00%
Lyondell Citgo Ref Co LTD	Refinery	0.00%	0.00%	0.00%	0.00%	1.04%	0.00%	1.02%
Totals		22.65%	21.24%	16.77%	11.74%	21.77%	25.69%	25.28%

Source: Harris County Appraisal District

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Property Tax Levies and Collections
Last Ten Tax Years

(Unaudited)

(Amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Total Collections (c+d)	Percentage Cumulative Collections of Adjusted Levy
2008	\$ 52,577	\$ -	\$ 52,577	\$ 51,215	97.41%	\$ 811	\$ 52,026	98.95%
2007	46,823	-	46,823	45,515	97.21%	1,150	46,665	99.66%
2006	41,856	-	41,856	40,729	97.31%	839	41,568	99.31%
2005	38,182	1,881	40,063	37,574	98.41%	1,335	38,909	97.12%
2004	36,945	1,168	38,113	35,487	96.05%	975	36,462	95.67%
2003	33,462	1,243	34,705	32,618	97.48%	702	33,320	96.01%
2002	32,722	700	33,422	31,700	96.88%	597	32,297	96.63%
2001	30,163	1,335	31,498	29,302	97.15%	678	29,980	95.18%
2000	25,252	1,071	26,323	24,702	97.82%	258	24,960	94.82%
1999	25,084	158	25,242	24,626	98.17%	476	25,102	99.45%

Source: Harris County Tax Assessor Collector

(a) As reported in notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only - does not include penalties and interest.

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Bonded Debt:										
General obligation bonds	\$ 58,430	\$ 64,450	\$ 72,800	\$ 75,380	\$ 77,845	\$ 59,095	\$ 56,900	\$ 20,800	\$ 26,000	\$ 8,000
Notes	7,520	8,830	9,340	10,835	12,125	14,585	4,645	-	-	-
Less: funds restricted for debt service	(4,138)	(1,527)	(8,541)	(6,250)	(3,940)	(710)	(4)	-	-	-
Net general bonded debt	\$ 61,812	\$ 71,753	\$ 73,599	\$ 79,965	\$ 86,030	\$ 72,970	\$ 61,541	\$ 20,800	\$ 26,000	\$ 8,000
Revenue bonds	-	1,325	2,615	5,325	7,940	10,475	5,590	190	945	1,705
Notes	-	-	555	980	1,388	1,780	2,156	-	-	-
Less: funds restricted for debt service	-	(1,344)	(1,342)	(2,595)	(2,755)	-	-	-	-	-
Total outstanding debt	\$ 61,812	\$ 71,734	\$ 75,427	\$ 83,675	\$ 92,603	\$ 85,225	\$ 69,287	\$ 20,990	\$ 26,945	\$ 9,705
General Bonded Debt Ratios:										
Per Capita	\$ 144	\$ 163	\$ 184	\$ 194	\$ 204	\$ 169	\$ 145	\$ 49	\$ 62	\$ 20
Per FTSE	2,423	2,747	3,061	3,300	3,176	2,076	1,545	556	740	239
As a percentage of taxable assessed value	0.21%	0.25%	0.26%	0.29%	0.32%	0.29%	0.25%	0.09%	0.11%	0.04%
Total Outstanding Debt Ratios:										
Per Capita	\$ 135	\$ 160	\$ 169	\$ 189	\$ 184	\$ 196	\$ 163	\$ 50	\$ 64	\$ 24
Per FTSE	2,271	2,689	2,811	3,202	3,269	2,401	1,739	561	767	290
As a percentage of taxable assessed value	0.21%	0.25%	0.26%	0.30%	0.35%	0.33%	0.28%	0.09%	0.12%	0.04%

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Taxable Assessed Value	\$ 36,168,759	\$ 32,210,578	\$ 28,793,407	\$ 27,442,133	\$ 26,552,044	\$ 25,600,490	\$ 25,033,787	\$ 23,939,259	\$ 22,956,000	\$ 22,803,710
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	180,844	161,053	143,967	137,211	132,760	128,002	125,169	119,696	114,760	114,019
Less: funds restricted for repayment of general obligation bonds	(4,138)	(1,527)	(8,305)	(5,399)	(2,952)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Total net general obligation debt	176,706	159,526	135,662	131,812	129,808	127,002	124,169	118,696	113,760	113,019
Current year debt service requirements	9,844	6,822	6,488	5,731	5,492	5,544 *	6,546	5,428	6,143	2,363
Excess of statutory limit for debt service over current requirements	\$ 166,862	\$ 152,704	\$ 129,174	\$ 126,081	\$ 124,316	\$ 121,458	\$ 117,623	\$ 113,268	\$ 107,637	\$ 110,656
Net current requirements as a % of statutory limit	5.44%	4.24%	4.51%	4.18%	4.14%	4.33%	5.23%	4.53%	5.35%	2.07%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation. The College previously did not present this schedule. Information is being presented for the past nine years, and the College will continue to implement prospectively.
* For fiscal year ended 1999 thru 2003 the amount of funds restricted for repayment have been estimated.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Revenue Bonds	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			
	Fiscal Year Ended August 31	Tuition	Technology Fee	General Service/Other Fees	Laboratory Fees	Continuing or Non-Credit Education Tuition/Fees	General Fund Interest Income	Food Service Revenue	Bookstore Revenue	Total	Principal	Interest	Total	Coverage Ratio
2008	\$ 5,605	\$ -	\$ -	\$ 9,560	\$ 625	\$ 5,511	\$ 3,363	\$ 119	\$ 1,278	\$ 26,061	\$ -	\$ -	\$ -	-
2007	4,816	-	-	10,532	620	5,075	4,908	396	3,346	29,693	1,732	66	1,798	16.51
2006	4,744	-	-	11,435	724	2,391	3,213	344	7,276	30,127	3,135	147	3,282	9.18
2005	4,392	2,999	2,999	6,770	719	2,928	1,707	300	8,917	28,732	3,023	254	3,277	8.77
2004	4,409	4,159	4,159	5,369	600	3,315	1,220	313	10,808	30,193	2,927	355	3,282	9.20
2003	2,783	3,140	3,140	4,060	477	3,955	718	200	8,506	23,839	1,410	195	1,605	14.85
2002	809	2,223	2,223	3,288	399	3,322	2,372	333	9,228	21,974	1,610	14	1,624	13.53
2001	754	1,891	1,891	3,224	391	3,257	2,325	330	9,047	21,219	755	20	775	27.38
2000	714	1,854	1,854	3,160	383	3,193	2,126	326	8,699	20,455	760	50	810	25.25
1999	682	1,125	1,125	1,658	352	3,749	1,599	202	8,030	17,397	60	49	109	159.61

Debt service requirements include revenue bonds.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Demographic and Economic Statistics - Taxing District
Calendar Years 2007 to 2005

(Unaudited)

<u>Calendar Year</u>	<u>District Population</u>	<u>District Personal Income (a) (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>Harris County Unemployment Rate</u>
2007	457,980	\$ 8,640,251	\$ 18,866	5.10%
2006	449,000	8,784,685	19,565	5.50%
2005	443,684	7,803,958	17,589	5.70%

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Principal Employers for the Service Area

Calendar Year 2007

(Unaudited)

Employer	Number of Employees **	Percentage of Total Employment *
Pasadena School District	7,000	2.39%
Lockheed Martin Mission Svc	5,000	1.71%
United Space Alliance LLC	3,000	1.02%
NASA Lyndon B Johnson Space Ctr	2,500	0.85%
Boeing Co	2,000	0.68%
Gulf Stream Marine	1,700	0.58%
Clear Lake Regional Med Ctr	1,600	0.55%
Pasadena Bayshore Hospital Inc (Columbia Bayshore Medical Ctr)	1,500	0.51%
Equistar Chemicals LP	1,500	0.51%
Memorial Hermann Southeast Hsp	1,350	0.46%
Powell Industries Inc (Pemco)	1,200	0.41%
Channelview Complex	1,200	0.41%
Lyondell Chemical Co	1,200	0.41%
Pasadena Paper Co	1,100	0.38%
IBM	1,100	0.38%
Pasadena City Hall	1,100	0.38%
University Of Houston-Clear Lake	1,092	0.37%
Shell Chemical LP	1,000	0.34%
Lockheed Martin Corp	1,000	0.34%
Rohm & Haas Texas Inc	1,000	0.34%
East Houston Regl Medical Ctr (Columbia/HCA Healthcare)	1,000	0.34%
Wyle Life Sciences	1,000	0.34%
Memorial 55 Plus	1,000	0.34%
	41,142	14.04%

Source: InfoUSA & D&B databases

Note: *Based on businesses with 1,000 or more full time employees for a total of 292,718 local employees

**Based on latest information available for the year 2007

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Faculty, Staff, and Administrators Statistics
 Fiscal Years 2008 to 2004
 (Unaudited)

	Fiscal Year				
	2008	2007	2006	2005	2004
Faculty:					
Full-Time	463	440	439	428	426
Part-Time	648	685	680	720	696
Total	<u>1,111</u>	<u>1,125</u>	<u>1,119</u>	<u>1,148</u>	<u>1,122</u>
Percent:					
Full-Time	41.7%	39.1%	39.2%	37.3%	38.0%
Part-Time	58.3%	60.9%	60.8%	62.7%	62.0%
Staff and Administrators:					
Full-Time	759	739	694	687	667
Part-Time	583	518	571	502	553
Total	<u>1,342</u>	<u>1,257</u>	<u>1,265</u>	<u>1,189</u>	<u>1,220</u>
Percent:					
Full-Time	56.6%	58.8%	54.9%	57.8%	54.7%
Part-Time	43.4%	41.2%	45.1%	42.2%	45.3%
FTSE per Full-Time Faculty	77	81	81	88	87
FTSE per Full-Time Staff Member	47	48	51	55	55
Average over 9 months Faculty Salary	\$55,944	\$49,000	\$46,166	\$47,686	\$46,821

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Enrollment Details
Fiscal Years 2008 to 2002
(Unaudited)

Student Classification	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00 - 30 hours	15,150	59.29%	14,843	58.23%	15,725	60.31%	14,610	61.65%	13,731	60.64%	14,776	66.41%	13,852	64.11%
31 - 60 hours	6,756	26.44%	7,043	27.63%	7,308	28.03%	6,537	27.38%	5,793	25.59%	4,791	21.53%	4,801	22.22%
> 60 hours	3,646	14.27%	3,604	14.14%	3,040	11.66%	2,553	10.77%	3,119	13.77%	2,683	12.06%	2,953	13.67%
Total	25,552	100.00%	25,490	100.00%	26,073	100.00%	23,700	100.00%	22,643	100.00%	22,250	100.00%	21,606	100.00%
Semester Hour Load														
Less than 3	256	1.00%	248	0.97%	250	0.96%	177	0.75%	154	0.68%	3,273	14.71%	3,539	16.38%
3 - 5 semester hours	4,964	19.43%	4,824	18.93%	4,953	19.00%	3,571	15.06%	3,568	15.76%	1,903	8.55%	1,436	6.65%
6 - 8 semester hours	5,804	22.71%	5,530	21.69%	5,852	22.44%	5,711	24.10%	5,810	25.66%	5,597	25.16%	5,161	23.89%
9 - 11 semester hours	4,156	16.26%	4,364	17.12%	4,322	16.58%	4,527	19.10%	4,245	18.75%	3,780	16.99%	3,565	16.50%
12 - 14 semester hours	7,234	28.31%	7,321	28.72%	7,392	28.35%	7,524	31.75%	6,887	30.41%	5,839	26.24%	5,892	27.27%
15 - 17 semester hours	2,209	8.65%	2,264	8.88%	2,438	9.35%	1,936	8.17%	1,797	7.94%	1,722	7.74%	1,869	8.65%
18 & over	929	3.64%	939	3.69%	866	3.32%	254	1.07%	182	0.80%	136	0.61%	144	0.66%
Total	25,552	100.00%	25,490	100.01%	26,073	100.00%	23,700	99.98%	22,643	99.99%	22,250	100.00%	21,606	100.00%
Average course load	9.4		9.5		9.4		8.8		8.8		8.5		8.8	
Tuition Status														
Texas Resident (in-District)	12,392	48.50%	12,785	50.16%	13,394	51.37%	12,748	53.79%	12,935	57.13%	12,429	55.86%	12,329	57.06%
Texas Resident (out-of-District)	9,255	36.22%	9,162	35.94%	9,352	35.87%	8,243	34.78%	8,964	37.82%	8,720	39.19%	8,329	38.55%
Non-Resident Tuition	3,905	15.28%	3,543	13.90%	3,327	12.76%	2,709	11.43%	1,144	5.05%	1,101	4.95%	948	4.39%
Total	25,552	100.00%	25,490	100.00%	26,073	100.00%	23,700	100.00%	22,643	100.00%	22,250	100.00%	21,606	100.00%

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

Source: Data from the CBM001 and CBM01A reports.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Student Profile
Fiscal Years 2008 to 2002
(Unaudited)

	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender														
Female	14,622	57.22%	14,701	57.67%	15,192	58.27%	13,619	57.46%	12,993	57.38%	12,595	56.61%	12,162	56.29%
Male	10,930	42.78%	10,789	42.33%	10,881	41.73%	10,081	42.54%	9,650	42.62%	9,655	43.39%	9,444	43.71%
Total	25,552	100.00%	25,490	100.00%	26,073	100.00%	23,700	100.00%	22,643	100.00%	22,250	100.00%	21,606	100.00%
Ethnic Origin														
White	11,449	44.81%	11,613	45.56%	12,177	46.70%	11,539	48.69%	11,478	50.69%	11,237	50.50%	11,597	53.67%
Hispanic	8,645	33.83%	8,453	33.16%	8,407	32.24%	7,401	31.23%	6,603	29.16%	6,089	27.37%	5,718	26.48%
African American	2,637	10.32%	2,668	10.47%	2,775	10.64%	2,525	10.65%	2,343	10.35%	2,333	10.49%	2,232	10.33%
Asian	1,603	6.27%	1,513	5.94%	1,460	5.60%	1,172	4.95%	1,189	5.25%	1,006	4.52%	1,005	4.65%
Foreign	119	0.47%	913	3.58%	974	3.74%	856	3.61%	826	3.65%	921	4.14%	542	2.51%
Native American	898	3.51%	101	0.40%	72	0.28%	113	0.48%	86	0.38%	92	0.41%	87	0.40%
Other	201	0.79%	229	0.90%	208	0.80%	94	0.40%	118	0.51%	572	2.57%	425	1.98%
Total	25,552	100.00%	25,490	100.00%	26,073	100.00%	23,700	100.00%	22,643	100.00%	22,250	100.00%	21,606	100.00%
Age														
Under 18	1,711	6.70%	1,385	5.43%	1,183	4.54%	958	4.04%	717	3.17%	2,683	12.06%	2,623	12.14%
18 - 21	11,896	46.56%	11,756	46.12%	11,693	44.85%	10,300	43.46%	9,695	42.82%	7,415	33.33%	7,311	33.84%
22 - 24	4,188	16.39%	4,292	16.84%	4,552	17.46%	4,090	17.26%	3,891	17.18%	3,704	16.65%	3,505	16.22%
25 - 35	5,211	20.39%	5,435	21.32%	5,832	22.37%	5,489	23.16%	5,350	23.63%	5,223	23.47%	4,928	22.81%
36 - 50	2,137	8.36%	2,236	8.77%	2,411	9.25%	2,440	10.30%	2,549	11.26%	2,730	12.27%	2,814	13.02%
51 & over	409	1.60%	386	1.51%	402	1.53%	423	1.78%	441	1.95%	495	2.22%	425	1.97%
Total	25,552	100.00%	25,490	100.00%	26,073	100.00%	23,700	100.00%	22,643	100.00%	22,250	100.00%	21,606	100.00%
Average age	24		24		25		25		25		26		26	

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

Source: Data from the CBM001 and CBM01A reports.

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Transfers to Senior Institutions
Institutions Attended Fall 2007

(Unaudited)

(Includes only public senior colleges in Texas)

	Total Transfer Student Count Academic	Total Transfer Student Count Technical	Total Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Student
1 University of Houston - Clear Lake	1,193	21	36	1,250	25.02%
2 University of Houston	1,116	26	54	1,196	23.93%
3 Texas A&M University	380	5	3	388	7.76%
4 University of Texas - Austin	363	3	1	367	7.34%
5 University of Houston - Downtown	267	12	29	308	6.16%
6 Sam Houston State University	187	5	21	213	4.26%
7 Texas State University	188	7	4	199	3.98%
8 University of Texas Medical Branch Galveston	108	22	2	132	2.64%
9 Stephen F. Austin State University	106	2	-	108	2.16%
10 Texas Tech University	103	1	-	104	2.08%
11 University of Texas - San Antonio	96	2	5	103	2.06%
12 Texas Southern University	79	4	10	93	1.86%
13 Lamar University Institute of Technology	66	3	4	73	1.46%
14 Texas Woman's University	54	13	2	69	1.38%
15 University of North Texas	55	2	-	57	1.14%
16 University of Texas Health Science Center - Houston	50	5	-	55	1.10%
17 Prairie View A&M University	42	3	1	46	0.92%
18 Texas A&M University - Galveston	40	-	1	41	0.82%
19 University of Texas - Tyler	27	1	1	29	0.58%
20 Texas A&M University - Corpus Christi	24	-	-	24	0.48%
21 University of Texas - Dallas	23	-	-	23	0.46%
22 University of Texas - Arlington	13	3	-	16	0.32%
23 University of Texas M.D. Anderson Cancer Center	13	3	-	16	0.32%
24 Texas Tech University Health Science Center	11	3	-	14	0.28%
25 University of Houston - Victoria	10	-	2	12	0.24%
26 Angelo State University	8	-	-	8	0.16%
27 Texas A&M University - Kingsville	7	1	-	8	0.16%
28 Texas A&M University - Commerce	7	-	-	7	0.14%
29 University of Texas - Pan American	6	1	-	7	0.14%
30 University of Texas Health Science Center - San Antonio	4	2	-	6	0.12%
31 Tarleton State University	3	1	-	4	0.08%
32 University of Texas - El Paso	4	-	-	4	0.08%
33 University of Texas - Permian Basin	4	-	-	4	0.08%
34 West Texas A&M University	4	-	-	4	0.08%
35 Midwestern State University	3	-	-	3	0.06%
36 University of North Texas Health Science Center - Fort Worth	2	-	-	2	0.04%
37 Sul Ross State University	1	-	-	1	0.02%
38 Texas A&M International University	1	-	-	1	0.02%
39 Texas A&M University Health Science Center	1	-	-	1	0.02%
40 University of Texas - Brownsville	1	-	-	1	0.02%
Totals	<u>4,670</u>	<u>151</u>	<u>176</u>	<u>4,997</u>	<u>100.00%</u>

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

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

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Capital Asset Information
Fiscal Years 2008 to 2006
(Unaudited)

	Fiscal Year		
	2008	2007	2006
Academic Buildings	32	32	32
Square footage (in thousands)	1,457,408	1,457,408	1,457,408
Libraries	3	3	3
Square footage (in thousands)	163,615	163,615	163,615
Number of Volumes (in thousands)	259,434	238,489	275,713
Administrative and Support Buildings	4	4	4
Square footage (in thousands)	265,906	265,906	265,906
Dormitories	1	1	1
Square footage (in thousands)	6,050	6,050	6,050
Athletic Facilities	10	10	10
Square footage (in thousands)	165,527	165,527	165,527
Stadiums	3	3	3
Fitness Centers/Gymnasiums	4	4	4
Tennis Courts	1	1	1
Other	2	2	2
Plant Facilities	14	14	14
Square footage (in thousands)	49,137	49,137	49,137
Transportation:			
Cars	11	12	12
Light Trucks/Vans	50	47	40

Source: Master property schedule.

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

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

Board of Trustees
San Jacinto Community College District:

We have audited the basic financial statements of San Jacinto Community College District (the College) as of and for the year ended August 31, 2008, and have issued our report thereon dated December 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's basic financial statements that is more than inconsequential will not be prevented or detected by the College's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Mari Fox; Rodriguez

December 11, 2008

INDEPENDENT AUDITORS'
REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Board of Trustees
San Jacinto Community College District:

Compliance

We have audited the compliance of San Jacinto Community College District (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal and State of Texas (State) programs for the year ended August 31, 2008. The College's major Federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal and State programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal and State programs for the year ended August 31, 2008.

Internal Control over Compliance

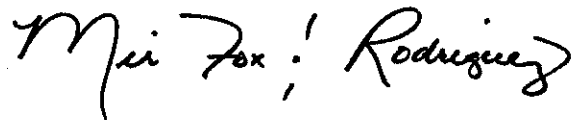
The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal and State programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major Federal and State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal and State program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal and State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal and State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal or State program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Mei Fox ; Rodriguez". The signature is written in a cursive, flowing style.

December 11, 2008

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2008

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
U. S. Department of Education:			
Direct Programs:			
Federal Supplemental Educational Opportunity Grants	84.007	P007A074114	\$ 806,953
Higher Education-Institutional Aid: Title V	84.031S	P031S050003	729,799
Federal Family Education Loans - Subsidized Loans	84.032	91-4251-0-1-502	3,283,553
Federal Family Education Loans - Unsubsidized Loans	84.032	91-4251-0-1-502	2,736,101
Federal Family Education Loans - PLUS Loans	84.032	91-4251-0-1-502	86,503
			<u>6,106,157</u>
Federal Work-Study Program	84.033	P033A074114	471,008
TRIO-Student Support Services	84.042A	P042A050182	240,057
TRIO-Talent Search II	84.044A	P044A070353	209,467
TRIO Upward Bound III	84.047A	P047A070042	297,820
TRIO-Upward Bound: Math & Science	84.047M	P047M070003	154,955
Federal Pell Grant Program	84.063	P063P072303	11,955,061
Gaining Early Awareness and Readiness for Undergraduate Programs: Gear-Up	84.334A	P334A020014	299,116
Academic Competitiveness Grants	84.375	P375A072303	172,136
Pass-Through From:			
Harris County Juvenile Board - Title I Grants to Local Educational Agencies - Harris County JJAEP 07-08	84.010A	P0134207	177,840
Texas Higher Education Coordinating Board:			
Carl Perkins Basic 07/08- Annual Application	84.048	84239	750,116
Carl Perkins CDEAR Manual grant	84.048	8091	87,610
Del Mar College - 2008 Skill Standards-Based Curriculum Development Incentive Award	84.048	P098726	3,713
			<u>841,439</u>
Leveraging Educational Assistance Partnership (LEAP)	84.069A	91-0200-0-1-502	23,176
Special Leveraging Educational Assistance Partnership (SLEAP)	84.069B	91-0200-0-1-502	30,820
University of Texas at Austin:			
Teacher Quality -Type B Grants Prg - Algebra 1 No.2	84.367B	0607 B1 TQG 299	49,651
Teacher Quality - Type B Grants Preparing Algebra 2 Teachers	84.367B	0607 B1 TQG 311	103,254
			<u>152,905</u>
Total U.S. Department of Education			<u>22,668,709</u>
U. S. Department of Agriculture:			
Pass-Through From -			
Texas Department Human Services - Child and Adult Care Food Program	10.558	TX101-038/75F4009	881
U. S. Department of Housing and Urban Development:			
Direct Programs - Hispanic Serving Institution Assisting Communities Program			
	14.514	HSIAC-06-TX-28	150,696
Pass-Through From -			
City of Pasadena - Community Development Block Grant	14.218	2008-39	23,000
Total U. S. Department of Housing and Urban Development			<u>173,696</u>
U. S. Department of Labor:			
Pass-Through From:			
Texas Workforce Commission			
Meeting Industries' Critical Workforce Needs (YR2)	17.258/17.259/17.260	2807WSW001	365,795
Adult Technology Training for Individuals with Limited English Proficiency	17.258/17.259/17.260	2808WSW003	68,400
WIA Statewide Summer Merit Program	17.258	2808WSW005	39,900
Lee College - Gulf Coast Petrochemical Information Network (GC-PIN)	17.258/17.259/17.260	2707WSW005	69,640
Bay Area Houston Economic Partnership -			
Meeting Industries' Critical Workforce Needs / Aerospace (AWIN)	17.258/17.259/17.260	2807WSW002	685,343
Texas Higher Education Coordinating Board -			
University of Houston - Clear Lake -			
Computer Science Scholars: Recruiting, Retention and Mentoring (Phasell)	17.258/17.259/17.260	07-05	84,192
Total U. S. Department of Labor			<u>1,313,270</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, Continued
Year Ended August 31, 2008

Federal Grantors/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass-Through Disbursements
<u>National Aeronautics and Space Administration:</u>			
Direct Programs:			
NCC 9-172 Aerospace Scholars	43.001	NCC 9-172	235
NASA STEM Grant	43.001	NNJ05JL47G	42,212
NASA Strategic Education Alliance Grant (SEA)	43.001	NNX07AP99A	1,036,387
Total National Aeronautics and Space Administration (NASA)			1,078,834
<u>National Science Foundation:</u>			
Direct Programs:			
Partnership for Innovation in Biotechnology and Life Sciences (PIBLS)	47.041	IIP-0649713	239,518
Computer Science, Engineering & Mathematics Scholarship Prog (CSEMS)	47.076	DUE-0324196	63,370
National Middle School Aerospace Scholars (NaMAS)	47.076	ESI-0422698	141,409
Pass-Through From:			
University of Houston:			
Houston Alliance for Minority Participation Project (AMP)	47.076	HRD-0402623	28,332
Expanding Pathways to Success in Science (EPSS)	47.076	DUE-00336612	81,650
Total National Science Foundation			314,761 554,279
<u>U. S. Small Business Administration:</u>			
Pass-Through From -			
The University of Houston-Central:			
Small Business Development Center 07/08	59.037	8-603001-Z-0047-24	113,186
Small Business Development Center 08/07	59.037	9-7620-0047-15	14,275
Total U. S. Small Business Administration			127,461
<u>U. S. Department of Veterans Affairs:</u>			
Direct Programs - Veteran's Administration Admin. Allowance	64.124	362I242D	6,399
<u>U. S. Department of Health and Human Services:</u>			
Pass-Through From -			
Texas Workforce Commission:			
Child Care and Development Block Grant II	93.575	06260C26708	48,621
Texas Education Agency -			
The University of Texas Health Science Center at Houston			
CCDF - Higher Demonstration	93.575	PO/0000285725	12,707
Total U. S. Department of Health and Human Services			61,328
Total Federal Financial Assistance			\$ 25,984,857

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards
For the Year Ended August 31, 2008

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission:		
West Gulf Maritime Worker Training	2807SDF000	\$ 390,787
Association for Plant Inspection Professionals	2807SDF002	<u>1,732,429</u>
Total Texas Workforce Commission		<u>2,123,216</u>
Texas Higher Education Coordinating Board:		
College G Force Workstudy	#740	150
P-16 College Readiness Special Advisors Program	P-16 SA-SJCD	1,398
Stipend for Services of Faculty on Vertical Teams	N/A	735
State Military Tuition Assistance	26041	5,346
Texas Grant Program - Initial	13099	544,950
Texas Grant Program - Renewal	13099	124,560
Texas Education Opportunity Grant Program - Initial (TEOG)	13399	119,370
Texas Education Opportunity Grant Program - Renewal (TEOG)	13399	107,260
Financial Aid - Professional Nursing	13025	20,758
Financial Aid - Licensed Vocational Nursing	13026	2,215
Be On Time Loan Program	13128	1,678
College Work Study Program	22339	68,604
Early High School - HB1479	33080	275,020
Certified Education Aide Program	33081	27,736
Health Educational Loan Program		11,355
College Access Loan		187,317
Professional Nursing Scholarships	HB 3034	128,055
Professional Nursing Shortage Reduction Program	N/A	<u>17,500</u>
Total Higher Education Coordinating Board		<u>1,644,008</u>
Texas Education Agency -		
Pass-Through From:		
Clear Creek ISD - Early College High School Grant	SAS #828-07	<u>49,179</u>
Total State Financial Assistance		<u>\$ 3,816,403</u>

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards
Year Ended August 31, 2008

1. Federal Assistance Reconciliation

Total Federal Financial Assistance - Schedule E	\$ <u>25,984,857</u>
Total Federal grants and contracts per Schedule A (including Family Federal Loans totaling \$6,106,157)	\$ 25,516,938
Plus indirect costs	<u>467,919</u>
Total Federal grants and contracts per Schedule A	\$ <u>25,984,857</u>

2. State Assistance Reconciliation

Total State Financial Assistance - Schedule F	\$ <u>3,816,402</u>
Total State grants and contracts included in Schedule A	\$ 1,477,741
Plus tuition fees	<u>2,338,661</u>
Total State grants and contracts per Schedule A	\$ <u>3,816,402</u>

3. Significant Accounting Policies Used in Preparing the Schedules

The schedules of expenditures of Federal and State awards present the activity of Federal and State programs of the College for the year ended August 31, 2008. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purposes of the award and may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedules.

4. Relationship to Federal and State Financial Reports

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules of expenditures of Federal and State awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2008**

Section 1 Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

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

4. Identification of major programs:

<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
17.258/17.259/17.260	Workforce Investment Act
59.037	Small Business Development Center
84.031S	Hispanic – Serving Institutions Development Program
84.007A	Student Financial Aid Cluster: Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063P	Federal Pell Grant Program
84.375	Academic Competitiveness Grant

State - Contract Number

Name of State Program

2807SDF000	Texas Workforce Commission – West Gulf	
		Maritime Worker Training
2807SDF002	Texas Workforce Commission – Association for Plant Inspection Professionals	

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | |
| Federal | \$596,361 |
| State | \$300,000 |
| 6. Auditee qualified as a low-risk auditee? | |
| Federal | Yes |
| State | Yes |

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Schedule of Findings and Questioned Costs, Continued
Year Ended August 31, 2008

Section 2

Financial Statement Findings

None reported

Section 3

Federal and State Award Findings and Questioned Costs

None reported

Section 4

Schedule of Prior Year Findings

The audit of Federal and State of Texas awards disclosed no findings that were required to be reported for the year ended August 31, 2007.