

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Annual Financial Report

**Fiscal Years Ended
August 31, 2005 and 2004**

**Mir & Fox
Rodriguez, P.C.**
Certified Public Accountants

SAN JACINTO COMMUNITY COLLEGE DISTRICT

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SAN JACINTO COMMUNITY COLLEGE DISTRICT

Organizational Data
Year Ended August 31, 2005

Board of Regents

Officers

Dr. Ruede Wheeler, D.D.S.	Chairman
Mrs. Marie Flickinger	Vice Chairman
Mr. J.D. Bruce	Secretary

Members

		Term Expires <u>May 31,</u>
Mr. J.D. Bruce	Pasadena, Texas	2011
Mrs. Marie Flickinger	Houston, Texas	2007
Mr. Ben Meador	Pasadena, Texas	2011
Mr. Dan Mims	Channelview, Texas	2009
Mr. C. Wayne Slovacek	Deer Park, Texas	2009
Mr. W. L. "Levi" Smallwood	Pasadena, Texas	2007
Dr. Ruede Wheeler, D.D.S.	La Porte, Texas	2011

Key Officers

Dr. William Lindemann, Jr.	Chancellor
Dr. Ron Rucker	Vice Chancellor of Administration
Dr. Gwen Tilley	Vice Chancellor of Instructional Programs and Services
Mrs. Brenda Hellyer, CPA	Vice Chancellor of Fiscal Affairs
Mr. James Fowler	Vice Chancellor of Human Resources
Dr. Tuesday Stanley	Associate Vice Chancellor of Marketing and Enrollment Services
Dr. Monte Blue	President, Central Campus
Dr. Charles Grant	President, North Campus
Dr. Linda Watkins	President, South Campus

INDEPENDENT AUDITORS' REPORT

Board of Regents
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 year ended August 31, 2005, 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 audit. The basic financial statements of San Jacinto Community College District as of August 31, 2004, were audited by other auditors whose report dated November 20, 2004, expressed an unqualified opinion on those statements.

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 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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2005 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

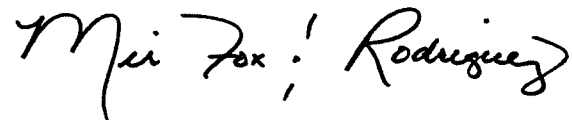
As discussed in note 2 to the basic financial statements, the College changed its method of accounting for the depreciation of library books.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2005 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 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 audit was performed for the purpose of forming an opinion on the 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 audit 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 audit of the basic financial statements and, accordingly, we express no opinion on them.

Our audit was conducted for the purpose of forming an opinion on the August 31, 2005 basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Schedule E) and Schedule of Expenditures of State Awards (Schedule F) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* and the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and are not a part of the basic financial statements. These schedules are the responsibility of the management of the College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 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 large initial "M" and a stylized "R".

November 9, 2005

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Management's Discussion and Analysis

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 24,000 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 1,100 faculty members and 1,200 staff members. 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. In true community college fashion, the College partners with many of the areas 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 non-profit 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 thanks to state-approved tech prep initiatives, articulation agreements and dual credit programs. Many students from outside areas are attracted to the College's specialized instructional programs and all credits transfer to four-year universities. Associate of arts, associate of science and associate of arts in teaching degrees are available to its students, along with various certificate programs and workshops. In total the College offers more than 140 degree and certificate programs.

The College is governed by a seven member Board of Regents elected for six year terms by the taxpayers within its taxing district, which encompasses more than 560,000 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 Standard's 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 others provide service 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 financial statements. This section of the report presents management's discussion and analysis and is intended to provide the readers of this report with an overview of the College's financial activities for the current year with a comparison to the prior year. Additionally, the annual financial report includes an unqualified opinion letter from the College's independent auditors.

Financial Highlights for 2005

- The College changed its method of accounting for library books based on a recommendation by the Texas Higher Education Coordinating Board. In the past library books were capitalized but were not depreciated. Under the change, library books are depreciated over 15 years. The College implemented this change with an effective date of September 1, 2004 which resulted in a restatement of the beginning accumulated depreciation by \$5.2 million.
- The College's net assets increased by \$5.9 million or 4.9% to a total of \$126.8 million.
- The College continued its commitment to enhance and upgrade facilities by adding \$8 million of new costs to various construction projects. During the year, \$12.5 million of renovation projects were placed into service.

Financial Highlights for 2004 (includes restatement for library books)

- The College's net assets increased by \$10.1 million or 9.1% to a total of \$120.9 million.
- During the year the College opened three Interactive Learning Centers and two Fine Arts Buildings with a total construction cost of \$55.2 million.
- General obligation bonds totaling \$20.8 million were issued in February 2004 with proceeds used to supplement construction projects, renovation projects, and technology initiatives.

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. Its 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 non-current 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:

Net Assets (In Thousands) (2003 Not Adjusted For Accounting Restatement)			
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current assets	\$ 48,712	47,819	55,057
Non-current assets:			
Capital assets, net of depreciation	153,510	153,458	151,911
Other	<u>40,619</u>	<u>41,277</u>	<u>27,905</u>
Total assets	\$ <u>242,841</u>	<u>242,554</u>	<u>234,873</u>
Current liabilities	28,940	25,877	37,155
Non-current liabilities	<u>87,026</u>	<u>95,724</u>	<u>81,709</u>
Total liabilities	<u>115,966</u>	<u>121,601</u>	<u>118,864</u>
Net assets:			
Invested in capital assets, net of related debt	60,990	54,161	64,248
Restricted for expendable	23,445	27,648	11,008
Unrestricted	<u>42,440</u>	<u>39,144</u>	<u>40,753</u>
Total net assets	\$ <u>126,875</u>	<u>120,953</u>	<u>116,009</u>

Fiscal Year 2005 Compared to 2004

Total assets for the end of 2005 and 2004 remained consistent at \$242.8 million compared to \$242.5 million. Cash and short-term investments account for 71% or \$34.6 million of the current asset total for 2005 which is consistent with the 2004 cash and short-term investments of \$34.5 million or 72% of total current assets. Additionally, current assets exceed current liabilities by a ratio of 1.68 and 1.85 for 2005 and 2004, respectively indicating a strong ability to pay outstanding current debts. Restricted cash and cash equivalents decreased by \$10.3 million to \$8.6 million due to the expenditure of bond proceeds. Other long-term investments increased \$9.8 million as additional funds were invested in Federal agency securities in order to take advantage of rising long-term interest rates. The weighted average maturity for long-term investments and cash and cash equivalents is 310 days.

Capital assets increased by \$.1 million to \$153.5 million and are discussed in a separate heading in this management's discussion and analysis.

Total liabilities of the College decreased \$5.6 million to \$116.0 million. The majority of the decrease is due to \$6.8 million in bond and note principal payments bringing the total outstanding balance on notes and bonds payable to \$92.5 million compared to \$99.3 million for 2004. The outstanding debt bears interest at fixed and variable rates with maturities varying through 2032.

Total accrued compensable absences decreased \$.2 million but the current portion increased \$1.1 million. On October 10, 2005, the Board approved an Early Exit Incentive Benefit for employees meeting a combined age and years of service requirement. Employees must submit a written agreement by February 13, 2006 and must retire on May 31, 2006 or August 31, 2006. This program should enable the College to reduce salaries, redirect funds to other instructional priorities, and hire employees in targeted positions and areas. An estimate was made for those employees that are eligible and are anticipated to elect the benefit thus being eligible for payment of the related compensable absences balance. At this point, no one has exercised the option.

Net assets increased by \$5.9 million to \$126.8 million at August 31, 2005. Restricted net assets related to unexpended bond proceeds and debt service decreased by \$4.2 million to \$23.4 million at August 31, 2005, primarily due to the expenditure of bond proceeds for construction activity. Total net assets invested in capital assets, net of related debt increased by \$6.8 million to a total of \$60.9 million. Unrestricted net assets increased \$3.3 million due to the College's continued commitment to cost reduction activities and the development of efficiency measures.

Fiscal Year 2004 Compared to 2003

Total assets closed the year at \$242.5 million compared to \$234.9 million at the beginning of the year. The overall change in assets was due to a \$20.1 million increase in non-current assets offset by a \$7.3 million decrease in current assets. The increase in non-current assets is attributable to the College's construction and renovation program (net \$6.7 million increase) and an \$11.1 million increase in long-term investments consisting of federal agency securities. Offsetting the investment increase was a decrease in short-term investments, cash, and cash equivalents of \$8.3 million. Other significant changes in current assets include a \$3.9 million increase in accounts receivable and a \$2.5 million decrease in deferred charges. Both of these changes are related to student receivables and the processing of student financial aid payments; and both were largely paid off on September 8, 2004 (State of Texas enrollment reporting date).

Total liabilities closed the year at \$121.6 million compared to \$118.9 million at the beginning of the year. The overall change in liabilities was due to a \$14.0 million increase in non-current liabilities offset by an \$11.3 million decrease in current liabilities. Non-current liabilities consist largely of notes and bonds payable which increased by \$13.8 due to a new bond issue of \$20.8 million offset by \$7.5 million in principal reductions for the year. Current liabilities decreased by \$11.3 million due to a reduction in payables related to construction projects and a decrease in deferred revenues (tuition and fees collected for the ensuing year).

Net assets increased by \$10.1 million to \$120.8 million at August 31, 2004 which is largely due to the College's commitment to cost reduction activities, detailed program evaluations. Additional revenues were generated due to increases in each of the following: tuition and fees; enrollment head count, property tax rate, and assessed valuations.

The Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenue, 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, 2005 with comparative information for fiscal year 2004. The statement is divided into operating revenues and expenses and non-operating 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, depreciation is provided for capital assets, and there is a required subtotal for net operating income or loss. This required subtotal will generally reflect a "loss" for community colleges in Texas. This is primarily due to the way operating and non-operating items are defined by generally accepted accounting principles. For community colleges, state appropriations and ad valorem taxes, while budgeted for operations, are treated as non-operating revenues for financial statement purposes.

The following is a summary prepared from the College's Statement of Revenues, Expenses and Changes in Net Assets for the year ending:

Summary of Revenues, Expenses, and Net Assets
(In Thousands)
(Ending Net Assets for 2003 Not Restated for Accounting Change)

	2005	2004	Increase (Decrease) 2005-2004	2003	Increase (Decrease) 2004-2003
Operating Revenue	\$ 61,359	65,017	(3,658)	44,692	20,325
Less Operating Expenses	130,340	126,702	3,638	113,671	13,031
Net Operating Loss	(68,981)	(61,685)	(7,296)	(68,979)	7,294
Non-Operating Revenues, net	74,902	71,793	3,109	69,495	2,298
Increase in Net Assets	5,921	10,108	(4,187)	516	9,592
Net Assets Beginning of Year	120,953	110,845	10,108	115,493	(4,648)
Net Assets End of Year	\$ 126,874	120,953	5,921	116,009	4,944

Fiscal Year 2005 Compared to 2004

Tuition and fee revenue was \$30.9 million before discounts compared to \$32.1 million for the prior year. The \$1.2 million decrease in tuition and fees prior to discounts is due to stable credit enrollment offset by a decline in non-credit enrollment. Additionally, the College simplified its tuition and fee structure resulting in a loss of revenue generated by the summer term which will be offset by increases in future fall and spring semesters. A restructuring of the non-credit areas is under way and will be complete by March 2006. This restructuring will target portfolio management, performance metrics and will refocus course offerings.

Federal and state grants and contracts increased by \$2.9 million, which is largely attributable to additional student loans (\$1.8 million) processed through the College's electronic funds transfer system and an increase of \$1.1 million in Federal Pell awards which is attributable to continued efforts to recruit and inform students of available funding. Additionally, the College saw increases in grants from the National Science Foundation and the U.S. Department of Housing and Urban Development offset by decreases related to the close-out of Skills Development grants and a Title V grant.

Auxiliary enterprises consist of bookstore operations, childcare facilities, student service fees, cafeterias, and the golf course. Auxiliary revenues prior to discounts were \$10.9 million of which \$8.9 million is due to the operations of three bookstores. For the year, bookstore revenues decreased \$2.1 million which is due to the timing of the start of the fall semester (fiscal year 2005 included approximately seven fewer days of operations compared to fiscal year 2004).

Expenses for educational activities increased by \$3.9 million reaching a total of \$113.3 million representing 86.9% of the total 2005 operating expenses for the College compared to \$109.4 million or 86.4% of the total operating expenses in 2004. Of the increase, \$3.4 million is related to instruction with \$1.5 million in salaries and \$1.6 million in other expenses largely related to purchases for instructional equipment and supplies. During the year, special emphasis was put into prioritizing instructional needs and re-allocating funds accordingly. Similarly, operation and maintenance of plant increased \$2.1 million of which \$.8 million is due to classroom furniture purchases related to instructional priorities and \$.5 million is related to increases in utilities cost.

Net Non-Operating Revenues and Expenses increased by \$3.1 million due to a decrease in other non-operating expenses. Non-capital purchases decreased from \$6 million in 2004 to \$.7 million in 2005. In 2004, non-capital purchases were related to the three Interactive Learning Centers and several large renovation projects compared to 2005 in which the non-capital purchases are related to smaller renovation and roof projects. In 2005, the College wrote-off \$2.7 million representing an estimate of the net book value of facilities that were renovated and remodeled during 2005.

Other non-operating revenues include state appropriations, which remained consistent with 2004 at \$41.5 million. The state continues to fund at levels that approximate the per hour contact rate of the mid 1990's which is difficult for community colleges considering increased operating costs, changing demographics, and a diverse pool of student needs.

Ad valorem taxes in total were \$38.8 million for 2005 versus \$38.0 million for 2004. The tax rate remained the same for both years at 13.913 cents which is well below the authorized rate of 70.000 cents. The College's tax base increased 3.35% from the prior year to a net assessed valuation of \$27.4 billion.

The increase in net assets for the year was \$5.9 million versus \$10.1 million for the prior year. In 2004, the College was focused on reducing costs and consequently very few discretionary purchases were made. Additionally in 2004, employees did not receive a raise. During 2005, focus continued on improving efficiencies and effectiveness, and enhancing instructional programs which included the allocation of \$4.3 million for instructional equipment and technology upgrades. Additionally in 2005, all full-time employees received a 2% raise.

Fiscal Year 2004 Compared to 2003

Tuition and fee revenue was \$32.1 million before discounts compared to \$23.6 million for the prior year. The \$8.4 million increase in tuition and fees prior to discounts is due to an annual contact hour increase of 5%, and the impact of a full year of the tuition and fee rate increase which was effective for the 2003 summer semester.

Federal grants and contracts increased by \$7.6 million which is attributable to additional student loans (\$5.8 million) processed by the College and an increase in Federal Pell awards (\$3.8 million) to students due to centralization of the financial aid packaging process. This process change also had a direct impact on the increase of \$.2 million in State grants to students. Additionally, State grants and contracts related to workforce training initiatives and library services decreased by \$.9 million; and U.S. Department of Labor pass-through grants decreased by \$1.4 million as the Federal grant reached its completion.

Auxiliary enterprise revenues prior to discounts were \$12.6 million of which \$10.8 million is due to the operations of the three bookstores. For the year, bookstore revenues increased \$3.4 million which is due to the timing of the start of the fall semesters (fiscal year 2004 included approximately eight additional days of operations compared to fiscal year 2003) and the computer integration of the bookstore point of sale software with the financial aid disbursement system.

Expenses for educational activities increased by \$8.3 million reaching a total of \$109.4 million or 86.4% of the total operating expenses for the District. Of the increase, \$11.7 million is related to scholarship and fellowships due to the prescribed Federal treatment of student loans, increased Pell awards, and discount methods (all discussed above). Offsetting the scholarship and fellowship increase was a \$3.4 million decrease in other educational activities. Salaries and wages decreased \$2 million due to efforts to achieve a net reduction in employee head count through attrition and the combining of job duties. Additionally, no salary increases or banding adjustments were approved for the fiscal year. Benefit costs decreased \$1 million due to changes at the State requiring a 90-day waiting period for new hires, increased contributions by employees, and increased claims' monitoring. Depreciation expense (a non-cash expense) increased \$4.1 million due to the addition of five new buildings, a full year of depreciation for a building placed in service during 2003, and a change from a half-year convention to monthly convention.

Net Non-Operating Revenues and Expenses increased by \$2.3 million largely due to increases in ad valorem tax revenue offset by a decrease in the state appropriations and an increase in other non-operating expenses. State funding for education and general state support decreased by \$1.3 million as a result of actions during the 78th Session of the Texas Legislature (Session). The results of this Session continued the reduction of funding for most State-assisted entities including higher education institutions which began in January 2003 with an unprecedented mid-session cut. Additionally, funding for group insurance and retirement was reduced by a net of \$201 thousand.

The tax rate for fiscal year ended August 31, 2004 increased from 13.071 to 13.913 cents per \$100 of assessed valuation which generated \$2.2 million in revenue. Also, new property additions and increased in property valuations generated \$1.6 million in additional tax revenue. Non-capital furniture and equipment for the five new buildings totaled \$4.6 million and the remainder was related to repairs and rehabs on various facilities.

For the year, the College increased net assets by \$10.1 million versus an increase of \$516 thousand in the prior year. The difference is due to an increase in tuition and fees revenue related mainly to enrollment growth, concerted efforts to decrease expenses, and the development of a conservative budget.

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 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>2005</u>	<u>2004</u>	<u>2003</u>
Cash provided by (used in):			
Operating activities	\$ (52,449)	(57,403)	(50,326)
Non-capital financing activities	61,314	58,372	58,259
Capital and related financing activities	(11,110)	2,542	(22,076)
Investing activities	<u>(2,464)</u>	<u>(11,699)</u>	<u>6,605</u>
Net (decrease) increase in cash and cash equivalents	(4,709)	(8,188)	(7,538)
Cash and cash equivalents - beginning of year	<u>48,016</u>	<u>56,204</u>	<u>63,742</u>
Cash and cash equivalents - end of year	\$ <u>43,307</u>	<u>48,016</u>	<u>56,204</u>

The College's cash from operations will always show a decrease as the College relies heavily on state appropriations and maintenance ad valorem taxes to fund operations. But in accordance with generally accepted accounting principles, these sources are reported as non-capital financing for a total of \$63.5 million in 2005 versus \$61.8 million in 2004. Uses of non-capital financing are principal and interest payments on notes which decreased \$1.0 million which is in accordance with the required debt schedule. Net cash used by capital and related financing activities is \$11.1 million which is due to bond payments, capital purchases, and non-capital bond purchases offset by ad valorem taxes restricted for debt. In 2004, \$20.8 million in bonds were issued which offset the capital and non-capital purchases. Net cash used by investing activities was \$2.5 million which is due to investment purchases exceeding investment maturities.

Capital Assets and Long-Term Debt Activity

Capital Assets - Fiscal Year 2005

As previously stated the College implemented an accounting change related to the depreciation of library books which resulted in a prior period restatement of \$5.2 million. Current year depreciation on all capitalized assets totaled \$6.9 million.

The College continued with its commitment to enhance and upgrade facilities by adding \$8 million of new construction costs to the \$6.7 million of construction projects in progress at the beginning of the year. During the year \$12.5 million of renovation projects were placed into service including:

- Slocumb Auditorium on the Central Campus – This 48,641 square foot building was built in 1965 and received a complete facelift including redesigning the former music department which was moved to the new Fine Arts Building, enlarging the drama and art areas; adding a ceramics wing, renovating the theater in the round, and upgrading the audio, visual, and electrical. The cost of this project was \$3.7 million.
- The Burluson Wing on the North Campus – This 48,730 square foot facility was built in 1979 and the instructional spaces housed within it had reached their useful lives. The renovation included removing areas that are now housed in the new Fine Arts Building, constructing and equipping a new biology lab, and redesigning new classroom space. The cost of this project was \$2.0 million.
- The Longenecker Wing on the South Campus – This 53,112 square foot facility was built in 1983. Changes in instructional programs and delivery had left this facility obsolete. All instructional areas received a complete renovation and the continuing education and testing center are now housed in the facility. The cost of the project was \$2.1 million.
- Site improvements at the Central Campus – This \$2.3 million project include 823 new parking spaces, drainage and detention work, and landscaping.

At August 31, 2005, \$1.8 million in projects were still under construction with the majority being roof replacements. Management continues to assess the growing facility needs of the college and has kicked off a master planning project which is scheduled to be completed during the summer of 2006

Capital Assets - Fiscal Year 2004

Capital Assets before depreciation increased from \$199.7 million to \$213.5 million during fiscal year ended 2004. The following projects and additions comprise the majority of the \$13.8 million increase:

- Completed Projects – Fine arts buildings on the South and North Campus and Interactive Learning Centers on each of the three campuses (for a total of five buildings) were completed and opened for instruction. Significant enhancements and rehab were completed on roof replacements, parking lots, and the infrastructure systems including wastewater and heating and air conditioning. Completed projects transferred from construction in process during fiscal year 2004 totaled \$56.9 million.
- Continued Projects – Infrastructure upgrades, site improvements, roof replacements, and major building renovations were in progress at all three campuses. The balance of construction in process at August 31, 2004 was \$6.7 million of which \$4.6 million was invested during the current fiscal year.
- Other – The District reclassified \$3.1 million between capital asset classifications (from furniture and equipment to telecommunications and peripheral equipment).

Long-Term Debt

Financing for the above projects has been achieved through the issuance of long-term bonds. The College is committed to progressing with its construction, facilities management and technology programs while still maintaining an aggressive debt payment schedule.

The College's credit ratings have been affirmed as followings:

	<u>Moody's Investor's Service</u>	<u>Standard & Poor's</u>
Revenue Bonds	A1	AA-
General Obligation Bonds	Aa3	AA
Maintenance and Tax Notes	Aa3	AA

Currently Known Facts, Decisions and Conditions

The College continues to position itself to support the changing demographics and growing needs of its constituents. The following events have occurred subsequent to the close of the fiscal year ended 2005:

- As discussed above, the Board approved an Early Exit Incentive Benefit for employees meeting a combined age and years of service requirement. Employees must submit a written agreement by February 13, 2006 and must retire on May 31, 2006 or August 31, 2006. This program should enable the College to reduce salaries, redirect funds to other instructional priorities, and hire employees for targeted positions and areas.
- The College approved an increase in the ad valorem tax rate to 14.5365 cents (an increase of .6235 cents). The additional revenues will be allocated for instructional initiatives including development education, non-credit restructuring, distance learning, educational technology support, instructional enhancement, honors, and advertising; technology initiatives including computer replacement purchases, classroom retrofit, and information technology enhancements including backup and data storage; and other initiatives including preventative roof maintenance, special maintenance requests, and operational review projects.
- On October 1, 2005, the College was awarded a \$3.2 million Department of Education Title V Cooperative grant. The funds will be spent over five years with the 2006 award in the amount of \$605,000. The grant will be used to develop programs to increase student success in the first year by strengthening career counseling, development programs and providing extensive support services in the gateway classes which should result in significant increase in persistence and completion.

Looking ahead to fiscal year 2006 and beyond, college 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 their revenue base, reduce their operating costs, develop their community partnerships, and manage their financial risks. 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.

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, students, investors, and creditors with 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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 34,671,094	29,061,104
Deposits held by others	31,912	33,076
Short-term investments		5,397,051
Accounts receivable, net	10,119,533	10,157,567
Deferred charges	363,252	254,045
Inventories	<u>3,526,529</u>	<u>2,916,070</u>
Total current assets	<u>48,712,320</u>	<u>47,818,913</u>
Noncurrent assets:		
Restricted cash and cash equivalents	8,618,431	18,938,140
Endowment cash and cash equivalents	17,247	17,069
Other long-term investments	31,260,485	21,495,310
Bond issuance costs	722,703	826,260
Capital assets, net (note 6)	<u>153,509,607</u>	<u>153,458,315</u>
Total noncurrent assets	<u>194,128,473</u>	<u>194,735,094</u>
Total assets	<u>242,840,793</u>	<u>242,554,007</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	4,580,614	4,604,866
Accrued liabilities	2,253,872	2,380,056
Accrued compensable absences	1,398,010	301,802
Deferred revenues	13,582,311	12,094,572
Funds held for others	315,935	317,617
Notes payable - current portion	1,919,600	1,697,870
Bonds payable - current portion	<u>4,890,000</u>	<u>4,480,000</u>
Total current liabilities	<u>28,940,342</u>	<u>25,876,783</u>
Noncurrent liabilities:		
Accrued compensable absences	1,315,839	2,604,323
Notes payable	9,895,323	11,814,923
Bonds payable	<u>75,815,000</u>	<u>81,305,000</u>
Total noncurrent liabilities	<u>87,026,162</u>	<u>95,724,246</u>
Total liabilities	<u>115,966,504</u>	<u>121,601,029</u>
Net assets:		
Invested in capital assets, net of related debt	60,989,684	54,160,522
Restricted for - non-expendable - student aid	12,000	12,000
Expendable:		
Student aid	1,752,915	1,339,903
Unexpended bond proceeds	4,952,778	14,160,607
Debt service	16,727,142	12,135,546
Unrestricted	<u>42,439,770</u>	<u>39,144,400</u>
Total net assets, as restated for 2004	<u>\$ 126,874,289</u>	<u>120,952,978</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Operating revenues:		
Student tuition and fees, net of scholarship allowances and discounts of \$6,429,354 and \$3,259,930, respectively	\$ 24,445,406	28,867,649
Federal grants and contracts	26,380,085	22,855,584
State and local grants and contracts	449,474	761,186
Non-government grants and contracts	782,857	424,686
Sales and services of educational activities	1,120,895	795,824
Auxiliary enterprises, net of discounts of \$2,693,010 and \$1,350,484, respectively	8,154,371	11,299,155
General operating revenues	<u>26,060</u>	<u>12,599</u>
Total operating revenues (Schedule A)	<u>61,359,148</u>	<u>65,016,683</u>
Expenses:		
Operating expenses:		
Instruction	43,506,084	40,121,615
Public service	2,341,926	2,628,974
Academic support	6,142,614	5,869,992
Student services	7,618,506	7,199,167
Institutional support	24,294,285	25,268,343
Operation and maintenance of plant	12,781,444	10,705,352
Scholarships and fellowships	16,595,163	17,624,387
Auxiliary enterprises	10,137,245	10,180,523
Depreciation	<u>6,922,896</u>	<u>7,103,248</u>
Total operating expenses (Schedule B)	<u>130,340,163</u>	<u>126,701,601</u>
Operating loss	<u>(68,981,015)</u>	<u>(61,684,918)</u>
Nonoperating revenues (expenses):		
State appropriations	41,472,390	41,457,251
Maintenance ad valorem taxes	30,668,749	29,827,208
Debt service ad valorem taxes	8,108,508	8,156,495
Investment income (net of investment expenses)	2,018,567	1,635,764
Interest on capital related debt	(3,953,180)	(3,281,571)
Other non-operating revenues (expenses)	<u>(3,412,708)</u>	<u>(6,002,291)</u>
Total non-operating revenue, net (Schedule C)	<u>74,902,326</u>	<u>71,792,856</u>
Increase in net assets, as restated for 2004	5,921,311	10,107,938
Net assets, beginning of year, as restated for 2004	<u>120,952,978</u>	<u>110,845,040</u>
Net assets, end of year, as restated for 2004	<u>\$ 126,874,289</u>	<u>120,952,978</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Statements of Cash Flows
Years Ended August 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Receipts from students and other customers	\$ 35,048,065	33,915,810
Receipts of grants and contracts	27,410,332	24,054,055
Payments to suppliers for goods or services	(31,127,656)	(34,874,499)
Payments to or on behalf of employees and fellowships	(66,973,426)	(65,361,502)
Payments of scholarships	<u>(16,806,530)</u>	<u>(15,136,151)</u>
Net cash used by operating activities	<u>(52,449,215)</u>	<u>(57,402,287)</u>
Cash flows from non-capital financing activities:		
Receipts from state appropriations	32,998,636	32,999,181
Receipts from ad valorem taxes	30,531,692	28,589,087
Payments to student organizations and other agency transactions	(1,682)	(198)
Payments on notes - principal	(1,697,870)	(2,926,800)
Payments on notes - interest	<u>(516,958)</u>	<u>(289,208)</u>
Net cash provided by non-capital financial activities	<u>61,313,818</u>	<u>58,372,062</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of capital debt		20,779,272
Receipts from ad valorem taxes - debt service	8,072,415	8,156,495
Receipts from capital grants and gifts		41,149
Purchases of capital assets	(9,720,894)	(13,731,167)
Purchases of non-capital items from bond proceeds	(665,956)	(5,351,589)
Payment on capital debt - principal	(5,080,000)	(4,545,000)
Payment on capital debt - interest	<u>(3,715,676)</u>	<u>(2,807,446)</u>
Net cash (used) provided by capital and related financing activities	<u>(11,110,111)</u>	<u>2,541,714</u>
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	11,465,600	11,166,022
Investment income	2,066,767	1,482,197
Purchase of investments	<u>(15,996,400)</u>	<u>(24,347,143)</u>
Net cash used by investing activities	<u>(2,464,033)</u>	<u>(11,698,924)</u>
Decrease in cash and cash equivalents	(4,709,541)	(8,187,435)
Cash and cash equivalents, beginning of year	<u>48,016,313</u>	<u>56,203,748</u>
Cash and cash equivalents, end of year	<u>\$ 43,306,772</u>	<u>48,016,313</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (68,981,015)	(61,684,918)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	6,922,896	7,103,248
Tax collection fee	721,817	460,880
State retirement match	2,756,711	2,751,832
State group insurance	5,717,042	5,706,238
Changes in assets and liabilities:		
Receivables, net	(396,202)	(3,844,251)
Deferred charges	(109,207)	2,488,236
Inventories	(610,459)	242,577
Funds held by others	1,164	
Accounts payable	358,759	(6,850,786)
Accrued liabilities	(126,184)	981,013
Compensated absences	(192,276)	(111,896)
Deferred revenues	<u>1,487,739</u>	<u>(4,644,460)</u>
Net cash used by operating activities	<u>\$ (52,449,215)</u>	<u>(57,402,287)</u>

See accompanying notes to basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements August 31, 2005 and 2004

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.

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 Regents 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.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

Accounting principle change

Effective September 1, 2004, the College changed its method of accounting for library books, based on the recommendation from the Texas Higher Education Coordinating Board. Library books will be depreciated over 15 years. The following adjustment has been made to reflect the cumulative effect of the accounting change:

Net assets – invested in capital assets, net of related debt:

Balance, as previously reported at August 31, 2004	\$ 59,344,496
Less accumulated depreciation library books	(5,164,234)
Less library book depreciation	<u>(19,740)</u>
Balance, as restated at August 31, 2004	\$ <u>54,160,522</u>

Cash and cash equivalents

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

Investments

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

Inventories

Inventories consist of consumable office supplies, physical plant supplies and bookstore stock. 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

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

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.

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, 2005 and 2004.

Reclassifications

Certain 2004 amounts have been reclassified to conform to the 2005 presentation.

3. Authorized Investments

The Board of Regents 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 Regents' 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

Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance. The following table presents the cash and cash equivalents included in Exhibit 1 Statement of Net Assets as of August 31:

	<u>2005</u>	<u>2004</u>
Petty cash	\$ 37,910	54,706
Demand deposits	10,202,625	16,847,043
Money market	26,682,615	24,549,821
Investment pools:		
Lone Star	5,519,314	5,380,728
Tex Pool	<u>864,308</u>	<u>1,184,015</u>
Cash and cash equivalents	<u>\$ 43,306,772</u>	<u>48,016,313</u>

Investments

The following table presents the investments in debt securities as of August 31, 2005 and 2004 by type of investment.

August 31, 2005:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities</u>
Federal Home Loan Bank	\$ 16,362,270	December 2005 - March 2008
Federal National Mortgage	11,405,640	October 2006 - May 2008
Federal Farm Credit Bonds	2,003,120	October 2008
Federal Home Loan Mortgage	<u>1,489,455</u>	May 2008
	<u>\$ 31,260,485</u>	

August 31, 2004:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities</u>
Federal Home Loan Bank	\$ 7,957,500	December 2005 – February 2007
Federal National Mortgage	7,995,505	September 2004 – September 2007
Federal Home Loan Mortgage	<u>10,939,356</u>	May 2005 – June 2008
	<u>\$ 26,892,361</u>	

In accordance with its investment policy, the College limits its exposure to interest risk by structuring its portfolio to provide for liquidity for operating funds and maximizing yields for funds not immediately needed. The investment policy limits the maximum maturity length of investments to three years unless matched to a specific requirement.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

The College limits its exposure to credit risk, the risk that the issuer of the debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly guaranteed by the United States Government.

Concentration of credit risk - At August 31, 2005, the College had greater than 5% of its overall portfolio in Federal Home Loan Bank, Federal National Mortgage, and Federal Farm Credit Bonds debt securities. At August 31, 2004 the College had greater than 5% of its overall portfolio in Federal Home Loan Bank, Federal National Mortgage and Federal Home Loan Mortgage debt securities. This is in accordance with the College's investment policy, which does not contain any specific guidelines on diversification.

Derivates - the College's investment policy specifically prohibits the investing in any type of derivatives.

5. Disaggregation of Receivables and Payables Balances

Receivables consist of the following at August 31:

	<u>2005</u>	<u>2004</u>
Tuition and fees receivables	\$ 8,688,032	7,684,461
Federal receivables	1,483,331	1,211,995
Accounts receivable	317,310	386,562
Interest receivable	300,770	186,679
Other receivables	107,469	99,757
Less allowance for doubtful accounts	<u>(2,498,244)</u>	<u>(1,681,079)</u>
Total	<u>8,398,668</u>	<u>7,888,375</u>
Property tax receivable	3,513,080	4,949,169
Less allowance for doubtful accounts	<u>(1,792,215)</u>	<u>(2,679,977)</u>
Total	<u>1,720,865</u>	<u>2,269,192</u>
Total receivables	<u>10,119,533</u>	<u>10,157,567</u>

Payables and accrued liabilities consist of the following at August 31:

Vendors payable	4,187,050	4,025,135
Benefits payable	2,109,915	1,853,088
Students payable	196,992	408,359
Accrued interest payable	143,957	526,968
Other payables	<u>196,572</u>	<u>171,372</u>
Total payables and accrued liabilities	\$ <u>6,834,486</u>	<u>6,984,922</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

6. **Capital Assets**

Capital assets activities for the years ended August 31:

	2005			
	Balance September 1, 2004 <u>Restated</u>	<u>Increase</u>	<u>Decrease</u>	Balance August 31, 2005
Not depreciated:				
Land	\$ 6,415,654	11,775	25	6,427,404
Construction in progress	<u>6,663,228</u>	<u>8,008,596</u>	<u>12,886,668</u>	<u>1,785,156</u>
Total not depreciated	<u>13,078,882</u>	<u>8,020,371</u>	<u>12,886,693</u>	<u>8,212,560</u>
Other capital assets:				
Buildings	151,228,376	10,109,846	5,779,351	155,558,871
Land improvements	21,340,404	2,473,191	-	23,813,595
Furniture, equipment and vehicles	11,523,410	1,025,250	272,164	12,276,496
Telecommunications and computer peripheral equipment	9,931,379	715,554	301,004	10,345,929
Library books	<u>6,402,207</u>	<u>263,375</u>	<u>100,835</u>	<u>6,564,747</u>
Total depreciated	<u>200,425,776</u>	<u>14,587,216</u>	<u>6,453,354</u>	<u>208,559,638</u>
Less accumulated depreciation:				
Buildings	37,857,189	3,232,875	3,032,645	38,057,419
Land improvements	4,306,333	1,150,899	-	5,457,232
Furniture, equipment and vehicles	7,562,808	1,020,896	272,164	8,311,540
Telecommunications and computer peripheral equipment	5,136,039	1,428,234	301,004	6,263,269
Library books	<u>5,183,974</u>	<u>89,992</u>	<u>100,835</u>	<u>5,173,131</u>
Total accumulated depreciation	<u>60,046,343</u>	<u>6,922,896</u>	<u>3,706,648</u>	<u>63,262,591</u>
Net capital assets	<u>\$ 153,458,315</u>	<u>15,684,691</u>	<u>15,633,399</u>	<u>153,509,607</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

	2004			
	Balance			Balance
	September 1, 2003			August 31, 2004
	<u>Restated</u>	<u>Increase</u>	<u>Decrease</u>	<u>Restated</u>
Not depreciated:				
Land	\$ 6,417,219		1,565	6,415,654
Construction in progress	<u>51,114,328</u>	<u>13,246,777</u>	<u>57,697,877</u>	<u>6,663,228</u>
Total not depreciated	<u>57,531,547</u>	<u>13,246,777</u>	<u>57,699,442</u>	<u>13,078,882</u>
Other capital assets:				
Buildings	96,034,577	55,193,799	-	151,228,376
Land improvements	19,248,900	2,091,504	-	21,340,404
Furniture, equipment and vehicles	13,893,686	712,623	3,082,899	11,523,410
Telecommunications and computer peripheral equipment	6,664,139	3,267,240	-	9,931,379
Library books	<u>6,317,040</u>	<u>148,049</u>	<u>62,882</u>	<u>6,402,207</u>
Total depreciated	<u>142,158,342</u>	<u>61,413,215</u>	<u>3,145,781</u>	<u>200,425,776</u>
Less accumulated depreciation:				
Buildings	34,989,859	2,867,330	-	37,857,189
Land improvements	2,807,520	1,498,813	-	4,306,333
Furniture, equipment and vehicles	6,699,079	863,729	-	7,562,808
Telecommunications and computer peripheral equipment	3,282,403	1,853,636	-	5,136,039
Library books	<u>5,227,116</u>	<u>19,740</u>	<u>62,882</u>	<u>5,183,974</u>
Total accumulated depreciation	<u>53,005,977</u>	<u>7,103,248</u>	<u>62,882</u>	<u>60,046,343</u>
Net capital assets	\$ <u>146,683,912</u>	<u>67,556,744</u>	<u>60,782,341</u>	<u>153,458,315</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

7. **Noncurrent Liabilities**

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

	2005				
	Balance September 1, 2004	Increase	Decrease	Balance August 31, 2005	Current Portion
Bonds:					
General obligation bonds	\$ 77,845,000	-	2,465,000	75,380,000	2,180,000
Revenue bonds	<u>7,940,000</u>	<u>-</u>	<u>2,615,000</u>	<u>5,325,000</u>	<u>2,710,000</u>
Subtotal	<u>85,785,000</u>	<u>-</u>	<u>5,080,000</u>	<u>80,705,000</u>	<u>4,890,000</u>
Notes:					
General obligation notes	12,125,000	-	1,290,000	10,835,000	1,495,000
Revenue Notes	<u>1,387,793</u>	<u>-</u>	<u>407,870</u>	<u>979,923</u>	<u>424,600</u>
Subtotal	<u>13,512,793</u>	<u>-</u>	<u>1,697,870</u>	<u>11,814,923</u>	<u>1,919,600</u>
Accrued compensated absences	<u>2,906,125</u>	<u>106,771</u>	<u>299,047</u>	<u>2,713,849</u>	<u>1,398,010</u>
Total	<u>\$ 102,203,918</u>	<u>106,771</u>	<u>7,076,917</u>	<u>95,233,772</u>	<u>8,207,610</u>

	2004				
	Balance September 1, 2003	Increase	Decrease	Balance August 31, 2004	Current Portion
Bonds:					
General obligation bonds	\$ 59,095,000	20,835,000	2,085,000	77,845,000	1,865,000
Revenue bonds	<u>10,475,000</u>	<u>-</u>	<u>2,535,000</u>	<u>7,940,000</u>	<u>2,615,000</u>
Subtotal	<u>69,570,000</u>	<u>20,835,000</u>	<u>4,620,000</u>	<u>85,785,000</u>	<u>4,480,000</u>
Notes:					
General obligation notes	14,585,000	-	2,460,000	12,125,000	1,290,000
Revenue Notes	<u>1,779,593</u>	<u>-</u>	<u>391,800</u>	<u>1,387,793</u>	<u>407,870</u>
Subtotal	<u>16,364,593</u>	<u>-</u>	<u>2,851,800</u>	<u>13,512,793</u>	<u>1,697,870</u>
Accrued compensable absences	<u>3,018,021</u>	<u>219,783</u>	<u>331,679</u>	<u>2,906,125</u>	<u>301,802</u>
Total	<u>\$ 88,952,614</u>	<u>21,054,783</u>	<u>7,803,479</u>	<u>102,203,918</u>	<u>6,479,672</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

8. **Debt and Lease Obligations**

Debt service requirements as of August 31, 2005, were as follows:

Year Ended	General Obligation Bonds/Notes		Revenue Bonds/Notes		Total Bonds/Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>August 31</u>						
2006	\$ 3,675,000	3,951,989	3,134,600	146,555	6,809,600	4,098,544
2007	3,540,000	3,821,939	1,732,015	66,405	5,272,015	3,888,344
2008	3,610,000	3,693,018	1,438,308	19,032	5,048,308	3,712,050
2009	3,740,000	3,560,241	-	-	3,740,000	3,560,241
2010	3,875,000	3,423,931	-	-	3,875,000	3,423,931
2011-2015	16,785,000	15,118,066	-	-	16,785,000	15,118,066
2016-2020	17,735,000	11,369,842	-	-	17,735,000	11,369,842
2021-2025	21,110,000	6,155,086	-	-	21,110,000	6,155,086
2026-2030	9,985,000	1,611,138	-	-	9,985,000	1,611,138
2031-2032	<u>2,160,000</u>	<u>140,444</u>	<u>-</u>	<u>-</u>	<u>2,160,000</u>	<u>140,444</u>
Total	\$ <u>86,215,000</u>	<u>52,845,694</u>	<u>6,304,923</u>	<u>231,992</u>	<u>92,519,923</u>	<u>53,077,686</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, 2005, are as follows:

Lone Star Note Payable, to provide for an energy conservation program. Issued November 8, 1999, in the amount of \$3,166,239. Supported by the College's general revenues.	\$ 979,923
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.	13,400,000
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.	36,715,000
Revenue Financing System Bonds, Series 2001, to provide for construction of buildings and renovations of existing facilities. Issued November 5, 2001, in the amount of \$7,010,000. Supported by the College's general revenues.	1,450,000
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.	3,150,000
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.	4,535,000
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.	7,685,000
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.	3,875,000
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.	<u>20,730,000</u>
Total bonds and notes payable	\$ <u>92,519,923</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

10. 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, 2005 the College has designated \$13,802,756 of unrestricted net assets for deferred maintenance and repairs, and enhancements to technology and education.

11. Employee Retirement Plans

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). The percentages of participant salaries currently contributed by the state and by each participant are 6.00% and 6.40%, respectively, of annual compensation.

TRS does not separately account for each of its component government agencies because it bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions together with audited financial statements, are included in the TRS annual financial report.

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 annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.00% and 6.65%, respectively. The College contributes 2.5% 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, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the College was \$2,756,712 and \$2,751,832 for the fiscal years ended August 31, 2005 and 2004, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$61,426,744 and \$60,307,817 for fiscal years 2005 and 2004, respectively. The total payroll of employees covered by the State for TRS was \$25,427,805 and \$25,162,265 and the total payroll of employees covered by the State for ORP was \$20,534,500 and \$20,700,995 for fiscal years 2005 and 2004, respectively.

12. Deferred Compensation Program

College employees participated in a plan to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

As of August 31, 2004, the College had ten employees participating in the plan, and all were vested. A total of \$50,000 in contributions were invested in the plan during the fiscal year bringing the total of deferred salaries and accumulated earnings of current employees to \$135,074 and creating a payable to all vested employees of \$135,074. The employees were paid as of September 16, 2004. The plan has been discontinued.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

13. 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 \$324 and \$335 per month for the year ended August 31, 2005, and 2004, respectively. The state's cost of providing those benefits for 1,097 active employees was \$4,267,298 and 325 retirees was \$1,449,744 for a total state funded amount of \$5,717,042 for the year ended August 31, 2005. The state's cost of providing those benefits for 1,110 active employees was \$4,458,806 and 297 retirees was \$1,247,432 for a total state funded amount of \$5,706,238 for the year ended August 31, 2004.

14. 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 80 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 \$553,062 and \$509,432 for August 31, 2005, and 2004, 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 \$2,160,787 and \$2,261,620 for August 31, 2005 and 2004, respectively.

Effective August 1, 1998, 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.

15. Self-Insured Plans

The College provides workers' compensation insurance through a partially self-funded risk pool. An accrued liability in the amount of \$696,276 and \$635,117 as of August 31, 2005 and 2004, 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 fund.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

16. 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>2005</u>	<u>2004</u>
Assessed valuation of the College:	\$ 31,370,540,481	30,129,023,760
Less: Exemptions	(3,928,407,620)	(3,548,817,570)
Less: Abatements	-	(28,162,150)
Net assessed valuation of the College	\$ <u>27,442,132,861</u>	<u>26,552,044,040</u>

	<u>2005</u>			<u>2004</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation	\$ 0.20000	0.50000	0.70000	0.20000	0.50000	0.70000
Assessed tax rate per \$100 valuation	0.10970	0.02943	0.13913	0.10970	0.02943	0.13913

Taxes levied for the year ended August 31, 2005, and 2004 amounted to \$38,182,239 and \$36,945,399, 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.

	<u>2005</u>			<u>2004</u>		
<u>Taxes collected for the year</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes	\$ 29,724,724	7,849,112	37,573,836	27,560,035	7,926,635	35,486,670
Delinquent taxes	1,164,505	170,067	1,334,572	817,931	157,400	975,331
Penalties and interest	327,847	89,330	417,177	211,121	72,460	283,581
Total Collections	\$ <u>31,217,076</u>	<u>8,108,509</u>	<u>39,325,585</u>	<u>28,589,087</u>	<u>8,156,495</u>	<u>36,745,582</u>

Tax collections for the years ended August 31, 2005, and 2004 were 99.84 percent and 96.05 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/or general obligation debt service.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

17. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as 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 already committed for funds awarded during fiscal years 2005 and 2004 for which monies have not been received nor funds expended totaled \$14,607,903 and \$13,309,958. Of these amounts, \$13,918,821 and \$12,806,278 were from federal contract and grant awards and \$689,082 and \$503,680 were from state contract and grant awards for the fiscal years ended August 31, 2005 and 2004, respectively.

18. Contingent Liabilities

Pending lawsuits and claims

As of August 31, 2005, the College is involved in various lawsuits. 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.

19. 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 provided grants of \$463,662 and \$1,122,198 to the College's students and programs during the years ended August 31, 2005 and 2004, 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 \$157,144 and \$182,135 for the fiscal years ended August 31, 2005 and 2004, respectively. The financial position of the Foundation is not significant to the College, therefore, it should not be included in the College's basic financial statements.

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements, Continued

20. Recent Accounting Pronouncements

In November 2003, GASB issued Statement No. 42, *Accounting and 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.

In April 2004, 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, 2005.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This statement is effective for periods beginning after December 15, 2006.

Management has not yet determined the impact that implementation of GASB statements No. 42, 43, and 45 will have on the College's basic financial statements.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Detailed Operating Revenues
Year Ended August 31, 2005
(With Memorandum Totals for the Year Ended August 31, 2004)

	2005				2004 Total
	Educational Activity Unrestricted	Educational Activity Restricted	Total Educational Activity	Auxiliary Enterprises	
Tuition:					
State funded courses:					
In-district resident tuition	\$ 6,769,680		6,769,680		6,647,336
Out-of-district resident tuition	8,288,397		8,288,397		8,944,211
Non-resident tuition	1,352,471		1,352,471		1,410,793
TPEG - credit (set aside) *	1,048,803		1,048,803		633,852
State funded non credit continuing education courses	1,132,635		1,132,635		1,461,992
TPEG (set aside) *	110,259		110,259		114,504
Non - state funded educational programs	590,590		590,590		457,911
Total tuition	<u>19,292,835</u>	-	<u>19,292,835</u>	-	<u>19,670,599</u>
Fees:					
General service	4,184,096		4,184,096		3,461,667
Incidental	1,426,974		1,426,974		1,383,745
Instructional	1,272,766		1,272,766		1,723,183
Laboratory	719,101		719,101		681,180
Student services			-	980,025	1,041,699
Technology	2,998,963		2,998,963		4,158,506
Total fees	<u>10,601,900</u>	-	<u>10,601,900</u>	<u>980,025</u>	<u>12,449,980</u>
Scholarship allowances and discounts:					
Remissions and exemption - state	(353,731)		(353,731)		(315,952)
Remissions and exemption - local	(380,472)		(380,472)		(170,731)
Scholarship allowances	(379,476)		(379,476)		(247,094)
TPEG awards	(301,963)		(301,963)		(236,383)
Federal grants to students	(5,013,712)		(5,013,712)		(2,251,321)
State grants to students			-		(31,449)
Total scholarship allowances and discounts	<u>(6,429,354)</u>	-	<u>(6,429,354)</u>	-	<u>(3,252,930)</u>
Total net tuition and fees	<u>23,465,381</u>	-	<u>23,465,381</u>	<u>980,025</u>	<u>28,867,649</u>
Other operating revenues:					
Federal grants and contracts	241,523	26,138,562	26,380,085		22,855,584
State grants and contracts		449,474	449,474		761,186
Non-governmental grants and contracts		782,857	782,857		424,686
Sales and services of educational activities	345,415		345,415		393,558
Sales and services of non-educational activities	775,480		775,480		402,266
Investment income (program restricted)		26,060	26,060		12,599
Total other operating revenues	<u>1,362,418</u>	<u>27,396,953</u>	<u>28,759,371</u>	-	<u>24,849,879</u>
Auxiliary enterprises:					
Bookstores			-	8,917,257	10,808,123
Child care centers			-	749,524	643,474
Food services			-	300,499	312,806
Less discounts			-	(2,693,010)	(1,350,484)
Student services/other services			-	880,101	885,236
Total auxiliary enterprises	-	-	-	<u>8,154,371</u>	<u>11,299,155</u>
Total operating revenues	<u>\$ 24,827,799</u>	<u>27,396,953</u>	<u>52,224,752</u>	<u>9,134,396</u>	<u>65,016,683</u>
				(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$1,159,062 and \$748,356 for years ended August 31, 2005 and 2004, 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, 2005
 (With Memorandum Totals for the Year Ended August 31, 2004)

	2005				Other Expenses	Total	2004 Total
	Salaries and Wages	State	Local	Benefits			
Unrestricted - educational activities:							
Instruction	\$ 33,532,507		1,707,801		4,119,789	39,360,097	36,146,856
Public service	1,308,043		101,083		678,997	2,088,123	2,266,489
Academic support	4,284,077		244,970		872,641	5,401,688	5,182,242
Student services	5,112,295		366,880		1,085,360	6,564,535	6,317,656
Institutional support	9,248,468		1,088,119		8,596,594	18,933,181	18,385,257
Operation and maintenance of plant	4,497,679		1,364,275		6,919,490	12,781,444	10,705,352
Total unrestricted educational activities	57,983,069	-	4,873,128		22,272,871	85,129,068	79,003,852
Restricted - educational activities:							
Instruction	174,498	3,971,489				4,145,987	3,974,759
Public service	9,124	244,679				253,803	362,485
Academic support	48,138	692,788				740,926	687,750
Student services	182,902	871,069				1,053,971	881,511
Institutional support	1,464,294	2,693,729	248,540		954,541	5,361,104	6,883,086
Scholarships and fellowships					16,595,163	16,595,163	17,624,387
Total restricted educational activities	1,878,956	8,473,754	248,540		17,549,704	28,150,954	30,413,978
Total educational activities	59,862,025	8,473,754	5,121,668		39,822,575	113,280,022	109,417,830
Auxiliary enterprises	1,564,719		372,645		8,199,861	10,137,245	10,180,523
Depreciation expense - buildings and improvements					4,383,774	4,383,774	4,366,143
Depreciation expense - equipment, furniture and library books					2,539,122	2,539,122	2,737,105
Total operating expenses	\$ 61,426,744	8,473,754	5,494,313		54,945,352	130,340,163	126,701,601

Exhibit 2

Exhibit 2

SAN JACINTO COLLEGE DISTRICT

Schedule of Non-operating Revenues and Expenses
Year Ended August 31, 2005
(With Memoradum Totals for the Year Ended August 31, 2004)

	2005			2004 Total
	Unrestricted	Restricted	Auxiliary Enterprises	
Non-operating revenues:				
State appropriations:				
Education and general state support	\$ 32,998,636			32,998,636
State group insurance		5,717,042		5,717,042
State retirement matching		2,756,712		2,756,712
Total state appropriations	<u>32,998,636</u>	<u>8,473,754</u>	<u>-</u>	<u>41,472,390</u>
Ad valorem taxes				
Taxes for maintenance and operations	30,668,749			30,668,749
Taxes for general obligation bonds	8,108,508			8,108,508
Investment income	<u>1,979,518</u>		<u>39,049</u>	<u>2,018,567</u>
Total non-operating revenues	<u>73,755,411</u>	<u>8,473,754</u>	<u>39,049</u>	<u>82,268,214</u>
Non-operating expenses:				
Interest on capital related debt	3,953,180			3,953,180
Loss on disposal of capital assets	2,746,752			-
Other non-operating expenses	<u>665,956</u>			<u>665,956</u>
Total non-operating expenses	<u>7,365,888</u>	<u>-</u>	<u>-</u>	<u>7,365,888</u>
Net non-operating revenues, net	<u>\$ 66,389,523</u>	<u>8,473,754</u>	<u>39,049</u>	<u>74,902,326</u>
			(Exhibit 2)	(Exhibit 2)

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Net Assets by Source and Availability
 Year Ended August 31, 2005
 (with Memorandum Totals for the Year Ended August 31, 2004)

	Detail by Source				Capital Assets Net of Depreciation and Related Debt	Total	Available for Current Operations	
	Unrestricted	Restricted		Non-Expendable			Yes	No
		Expendable	Non-Expendable					
Current:								
Unrestricted	\$ 13,399,793				13,399,793	13,399,793		
Board designated	13,802,756				13,802,756			13,802,756
Restricted		1,497,592			1,497,592	1,497,592		
Auxiliary	15,237,221				15,237,221	12,147,556		3,089,665
Scholarships		255,323	12,000		267,323	255,323		12,000
Plant:								
Unexpended		4,952,778			4,952,778	4,952,778		4,952,778
Debt service		16,727,142			16,727,142	16,727,142		16,727,142
Investment in plant					60,989,684	60,989,684		60,989,684
Total net assets, August 31, 2005	42,439,770	23,432,835	12,000		126,874,289	27,300,264		99,574,025
Total net assets, August 31, 2004	39,144,400	27,636,056	12,000		120,952,978	13,024,004		107,928,974
Net increase (decrease) in net assets	\$ 3,295,370	(4,203,221)	-		5,921,311	14,276,260		(8,354,949)

Exhibit 1

Exhibit 1

Exhibit 2

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

Board of Regents
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, 2005, and have issued our report thereon dated November 9, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the College in a separate letter dated November 9, 2005.

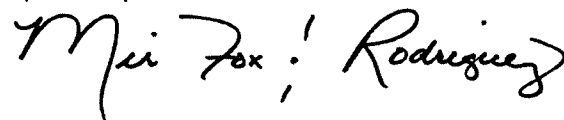
Compliance and Other Matters

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

Texas Public Funds Investment Act

We have performed tests designed to verify the College's compliance with the requirements of the Texas Public Funds Investment Act (the Act). During the year ended August 31, 2005, the results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

This report is intended solely for the information and use of the Board of Regents, the College's management, 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.



November 9, 2005

One Riverway, Suite 1900
Houston, TX 77056
Off. (713) 622-1120
Fax (713) 961-0625

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 Regents
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 programs for the year ended August 31, 2005. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

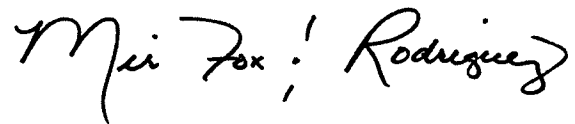
In our opinion, San Jacinto Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2005.

Internal Control over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State of Texas Single Audit Circular*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Regents, the College's management, 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 "Mui Fox Rodriguez". The signature is written in a cursive, flowing style.

November 9, 2005

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2005

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures And Pass-Through Disbursements
<u>U.S. Department of Education</u>			
Direct Program:			
Federal Supplemental Educational Opportunity Grant	84.007	E-P007A024114	\$ 770,860
Title V - Strengthening the Institution	84.031S	P0031S990018	126,062
Federal Family Education Loans	84.032*		7,502,789
Federal College Workshop Program	84.033	E-P0033A024114	507,757
Upward Bound Grant - Student support services	84.042A	P042A010146	159,954
Talent Search	84.044A	P044A020538	193,589
Upward Bound Grant II	84.047A	P047A030121	292,016
Federal Pell Grant	84.063P	P063P032303	13,864,598
Gear Up 02-07	84.334A	P334A020014	420,448
CCAMPIS - N.C	84.335A	P335A010032	28,844
CCAMPIS - S.C	84.335A	P335A020132	13,058
Pass-Through From:			
Harris County Juvenile Board			
Title I Grants to Local Educational Agencies			
Harris County JJAEP 04-05	84.010	P093939	11,997
Texas Higher Education Coordinating Board			
Carl Perkins Voc Ed	84.048	14239	912,053
Leveraging Educational Assistance Partnerships (LEAP)	84.069A		10,847
Robert V Byrd Scholarship	84.185		1,500
Eisenhower / Teacher Quality Grant Program	84.281**	133	156,782
Ferris State University - Michigan			
Funds for the Improvement of Postsecondary Education	84.116B	P116B010128	(8,166)
North Harris Montgomery Community College District			
Carl Perkins Tech Prep	84.243	51713	4,949
Total U.S. Department of Education			<u>24,969,937</u>
<u>U.S. Department of Agriculture</u>			
Pass-Through From:			
Texas Department of Human Services			
Child and Adult Care Food Program	10.558	TX101-038	5,900
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Hispanic - Serving Institutions Assisting the Community	14.514	HSIAC01TX10	391
Hispanic - Serving Institutions Assisting the Community - Aldine	14.514	HSIAC03TX19	326,996
			<u>327,387</u>
Pass-Through From:			
The City of Pasadena			
Community Development Block Grant	14.218	B-02-MC-48-0019	56,137
Harris County			
Community Development Block Grant	14.218	04/0359	410
Total U.S. Department of Housing and Urban Development			<u>56,547</u>

Continued

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of Federal Awards, (Continued)

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures And Pass-Through Disbursements
<u>U.S. Department of Labor</u>			
Pass-Through From:			
Houston-Galveston Area Council			
Employment and Training Administration Pilots, Demonstrations and Research Projects	17.261	503-05	112,441
The University of Texas Medical Branch			
Employment and Training Administration Pilots, Demonstrations and Research Projects	17.261	DOL H-1B	<u>19,994</u>
Total U.S. Department of Labor			<u>132,435</u>
<u>National Aeronautics and Space Administration</u>			
Direct Programs - Aerospace Education Service Programs:			
NASA KC-135 Student Program	43.001	NNJ05JB02A	128,891
NCC 9-172 TX Aerospace Scholars	43.001	NCC 9-172	<u>113,120</u>
Total National Aeronautics and Space Administration			<u>242,011</u>
<u>National Science Foundation</u>			
Direct Programs:			
Computer Science, Engineering & Mathematics Scholarship Program	47.076	DUE-0324196	21,591
National Middle School Aerospace Scholars	47.076	ESI-0422698	315,171
Pass-Through From:			
University of Houston - Education and Human Resources:			
Houston Alliance for Minority Participation Project (AMP)	47.076	HRD-0402623	29,161
Expanding Pathways to Success in Science (EPSS)	47.076	DUE-00336612	107,085
Brevard Community College, Space TEC	40.076	DUE-0202398	<u>62,064</u>
Total National Science Foundation			<u>535,072</u>
<u>U. S. Small Business Administration</u>			
Pass-Through From -			
The University of Houston-Central			
Small Business Development Center	59.037	9-7620-0047-15	<u>105,579</u>
<u>U. S. Department of Veterans Affairs</u>			
Direct Programs -			
All - Volunteer Force Educational Assistance	64.124	362/242D	<u>5,461</u>
U.S. Department of Health and Human Services			
Pass-Through From:			
Greater Houston Collaborative for Children			
FC-4 Family Centered Child Care Grant	93.596	301-04	<u>(244)</u>
Total Federal Financial Assistance			<u>\$ 26,380,085</u>

See accompanying notes to Schedule of Expenditure of Federal and State Awards.

* US Department of Education			
84.032 Subsidized Loans			\$ 3,447,762
Unsubsidized Loans			3,965,525
Plus Loans			<u>89,502</u>
			<u>\$ 7,502,789</u>

** Pass through grantor numbers for Eisenhower/Teacher Quality Grant Program 99022/2024/2023/196/681/134/183/197/326/327.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Schedule of Expenditures of State Awards
For the Year Ended August 31, 2005

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Workforce Commission - Skills Development - Petrochemical Industries	2803SDF000	\$ (88,435)
APEX IV - Current Worker Skills Enhancement	APEX IV	12,279
Texas Higher Education Coordinating Board:		
Teach for TX Alternative Certification Conditional Program	101707	5,376
BCS11 - Nursing Student Retention Program	BCS11	5,408
State Military Tuition Assistance		5,736
Texas Grant I - Initial		157,480
Texas Grant I - Renewal		182,880
Texas Grant II - Initial		86,995
Texas Grant II - Renewal		31,115
Public Student Incentive Grant		17,574
Professional Nursing		7,123
Licensed Vocational Nursing Scholarship		4,071
Be On Time Loan Program		14,783
Texas College Work Study		46,966
Early High School - HB1479		201,178
Certified Education Aide Program		28,754
Harris County Junvenile Board - Harris County JJAEP 04-05	P093939	9,351
Total State Financial Assistance		<u>\$ 728,634</u>

See accompanying notes to Schedules of Expenditures of Federal and State awards.

SAN JACINTO COMMUNITY COLLEGE DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Awards Year Ended August 31, 2005

1. Federal Assistance Reconciliation

Total Federal grants and contracts per Schedule A	
Federal grants and contracts including Family Federal Loans \$7,502,789	\$ 26,138,562
Plus indirect costs	<u>241,523</u>
Total expenditure of federal awards	\$ <u>26,380,085</u>

2. State Assistance Reconciliation

State grants and contract per Schedule A	\$ 449,474
Plus tuition fees	270,829
Plus bookstore purchases	<u>8,331</u>
Total expenditures of state awards	\$ <u>728,634</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, 2005. 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 schedule.

4. Relationship to Federal and State Financial Report College 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, 2005

Section 1	Summary of Auditors' Results
<u>Financial Statements</u>	
1. Type of auditors' report issued:	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Reportable conditions identified not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No
<u>Federal and State Awards</u>	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Reportable conditions 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, Section 510(a)?	No
4. Identification of major programs:	
<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
84.007	Student Financial Aid Cluster
84.032	Federal Supplemental Educational Opportunity Grants
84.033	Federal Family Education Loans
84.063	Federal Work-Study Program
84.031S	Federal Pell Grant Program
<u>State – Contract Number</u>	<u>Name of State Program</u>
N/A	Early High School – HB 1479
5. Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$791,000
State	\$300,000
6. Auditee qualified as a low-risk auditee	
Federal	Yes
State	Yes

Section 2

Financial Statement Findings

(None reported)

Section 3

Federal and State Award Findings and Questioned Costs

(None reported)

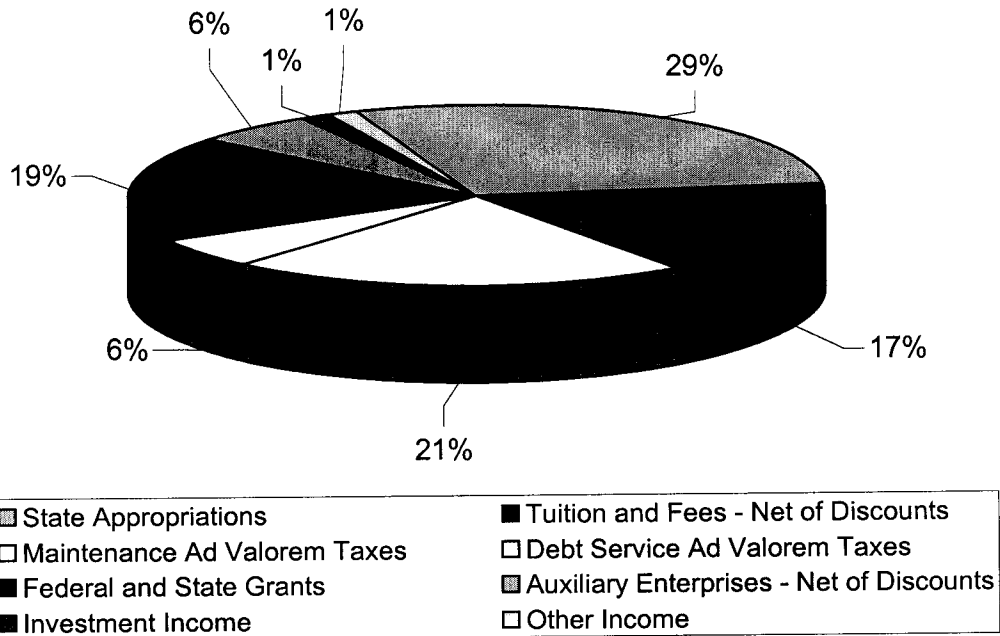
Section 4

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, 2004.

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Revenue by Source
August 31, 2005
(Unaudited)

State Appropriations	\$ 41,472,390	28.87%
Tuition and Fees - Net of Discounts	24,445,406	17.02%
Maintenance Ad Valorem Taxes	30,668,749	21.35%
Debt Service Ad Valorem Taxes	8,108,508	5.65%
Federal and State Grants	26,829,559	18.68%
Auxiliary Enterprises - Net of Discounts	8,154,371	5.68%
Investment Income	2,018,567	1.41%
Other Income	1,929,812	1.34%
	\$ 143,627,362	100.00%



SAN JACINTO COMMUNITY COLLEGE DISTRICT
Headcount Enrollment Trends
Last 10 Fiscal Years**
(Unaudited)

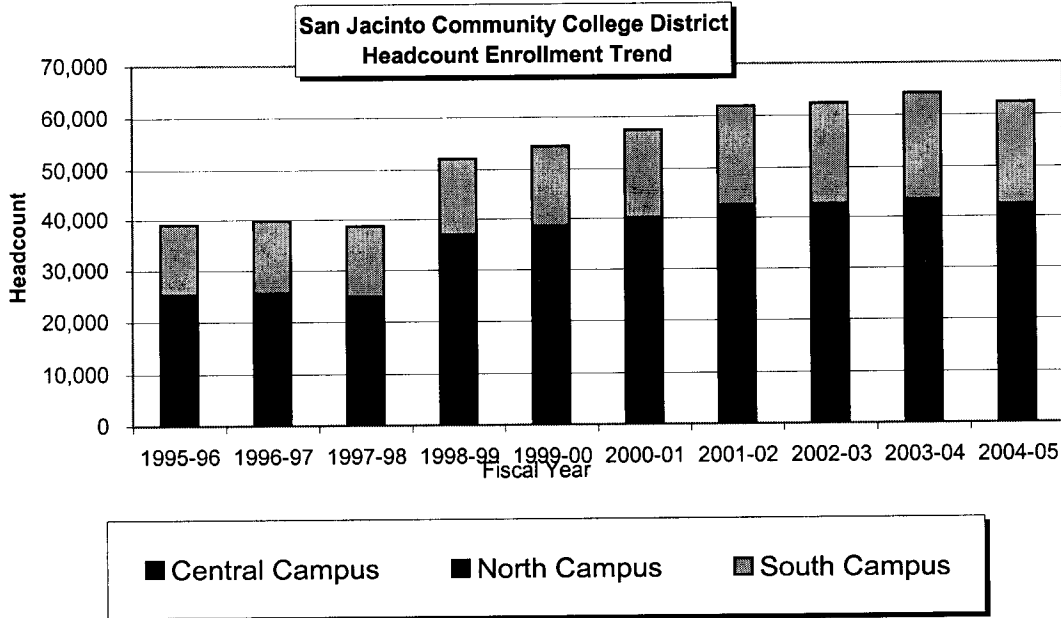
State Funded*

Fiscal Year	Central Campus	North Campus	South Campus	District Total ***
1995-96	25,290	9,865	13,742	39,032
1996-97	25,510	9,813	14,264	39,774
1997-98	24,845	9,861	13,893	38,738
1998-99	26,354	10,587	15,083	52,024
1999-00	27,148	11,390	15,838	54,376
2000-01	27,916	12,157	17,371	57,444
2001-02	29,478	13,045	19,345	61,868
2002-03	30,267	12,295	19,808	62,370
2003-04	30,654	12,679	20,816	64,149
2004-05	29,353	13,049	19,984	62,386

*Includes semester length credit courses only.

**A fiscal year consists of fall, spring and summer semesters.

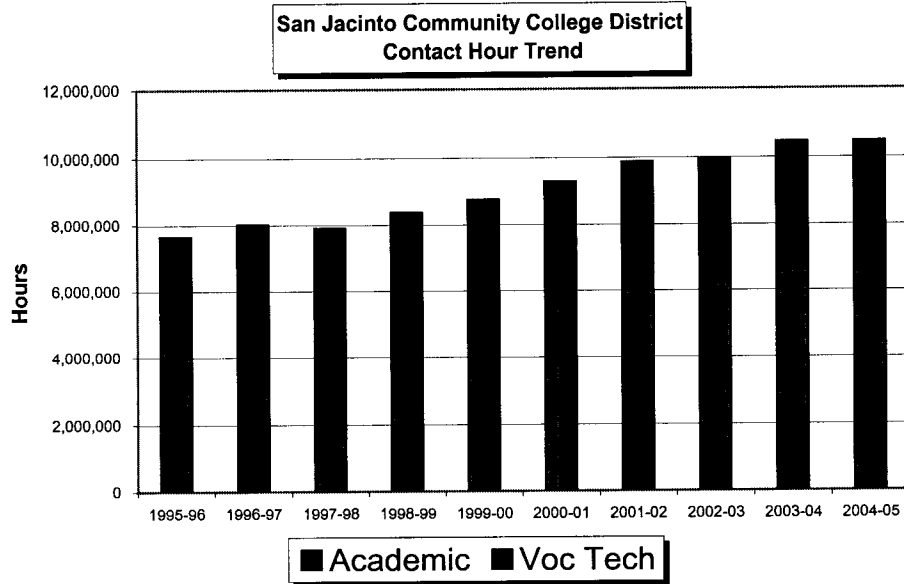
***District Total is a duplicated sum of the students attending the Central, North, and South campuses. If a student takes a course at the South and North campuses the same semester, that student is counted twice. Additionally, because this is a fiscal year count, a student is counted twice if he/she attended more than one term.



SAN JACINTO COMMUNITY COLLEGE DISTRICT
 Contact Hour Information
 Last 10 Fiscal Years
 (Unaudited)

Funded and Non-Funded Contact Hours

<u>Fiscal Year</u>	<u>Academic</u>	<u>Voc Tech</u>	<u>Total</u>
1995-96	4,668,680	2,968,348	7,637,028
1996-97	4,654,152	3,354,373	8,008,525
1997-98	4,509,816	3,384,412	7,894,228
1998-99	4,761,144	3,610,197	8,371,341
1999-00	5,051,456	3,705,889	8,757,345
2000-01	5,463,816	3,818,841	9,282,657
2001-02	5,995,176	3,863,939	9,859,115
2002-03	6,206,592	3,737,691	9,944,283
2003-04	6,595,592	3,846,021	10,441,613
2004-05	6,591,440	3,863,125	10,454,565



SAN JACINTO COMMUNITY COLLEGE DISTRICT
State Appropriations Per Full-Time Student Equivalent
Last 10 Fiscal Years
(Unaudited)

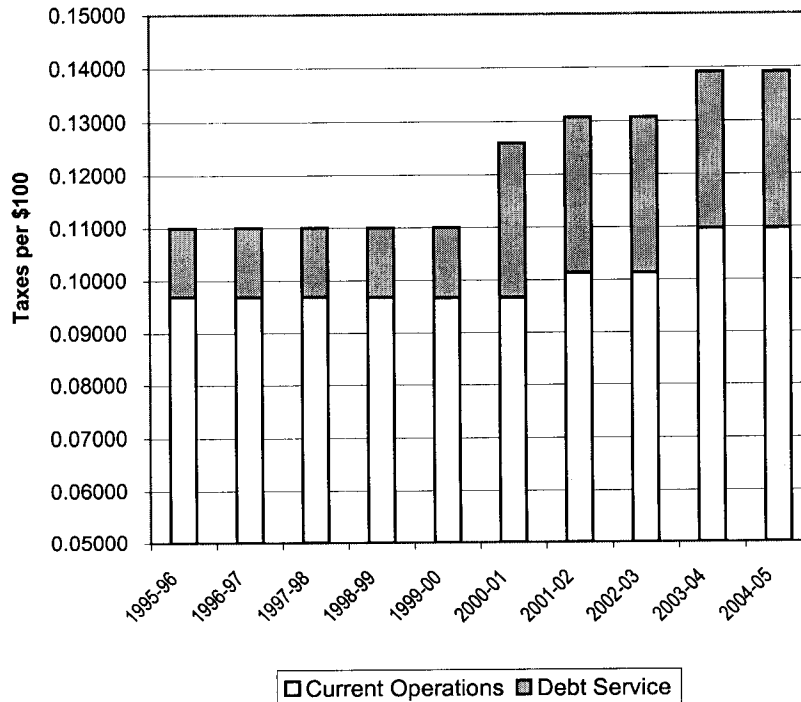
<u>Fiscal Year</u>	<u>State Appropriations</u>	<u>Full - Time Students Equivalent*</u>	<u>Appropriations Per FTSE</u>
1995-96	\$ 24,803,922	28,509	\$ 870.04
1996-97	24,803,922	29,258	847.77
1997-98	28,530,456	28,625	996.70
1998-99	29,633,092	30,352	976.31
1999-00	32,592,600	31,948	1,020.18
2000-01	33,352,476	33,557	993.91
2001-02	36,825,719	36,078	1,020.73
2002-03	34,315,738	36,307	945.15
2003-04	32,999,181	38,951	847.20
2004-05	32,998,636	37,273	885.32

*Represents credit semester length courses

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Ad Valorem Rates Assessed
Last 10 Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
1995-96	\$ 0.09680	\$ 0.01320	\$ 0.11000
1996-97	0.09678	0.01322	0.11000
1997-98	0.09678	0.01322	0.11000
1998-99	0.09673	0.01327	0.11000
1999-00	0.09657	0.01343	0.11000
2000-01	0.09657	0.02943	0.12600
2001-02	0.10128	0.02943	0.13071
2002-03	0.10128	0.02943	0.13071
2003-04	0.10970	0.02943	0.13913
2004-05	0.10970	0.02943	0.13913

San Jacinto Community College District
Ad Valorem Rates Assessed



SAN JACINTO COMMUNITY COLLEGE DISTRICT
Ad Valorem Rates Authorized
Last 10 Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
1995-96	\$ 0.20000	\$ 0.50000	\$ 0.70000
1996-97	0.20000	0.50000	0.70000
1997-98	0.20000	0.50000	0.70000
1998-99	0.20000	0.50000	0.70000
1999-00	0.20000	0.50000	0.70000
2000-01	0.20000	0.50000	0.70000
2001-02	0.20000	0.50000	0.70000
2002-03	0.20000	0.50000	0.70000
2003-04	0.20000	0.50000	0.70000
2004-05	0.20000	0.50000	0.70000

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Net Assessed Valuation
Last 10 Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Less: Exemptions</u>	<u>Net Assessed Valuation</u>
1995-96	\$ 19,473,628,855	\$	\$ 19,473,628,855
1996-97	23,660,535,694	(2,818,066,774)	20,842,468,920
1997-98	24,091,167,482	(2,309,988,900)	21,781,178,582
1998-99	25,156,108,236	(2,352,397,800)	22,803,710,436
1999-00	25,469,382,330	(2,513,382,140)	22,956,000,190
2000-01	26,783,885,330	(2,803,006,470)	23,980,878,860
2001-02	28,294,370,480	(3,260,583,170)	25,033,787,310
2002-03	28,882,123,450	(3,281,633,290)	25,600,490,160
2003-04	30,129,023,760	(3,576,979,720)	26,552,044,040
2004-05	31,370,540,481	(3,928,407,620)	27,442,132,861

SAN JACINTO COMMUNITY COLLEGE DISTRICT
Ad Valorem Taxes Collected
Last 10 Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Delinquent Collections</u>	<u>Total Tax Collections</u>
1995-96	\$ 21,048,944	\$ 455,348	\$ 21,504,292
1996-97	22,450,943	384,991	22,835,934
1997-98	23,547,044	369,402	23,916,446
1998-99	24,625,891	476,143	25,102,034
1999-00	24,701,689	258,433	24,960,122
2000-01	29,301,820	677,929	29,979,749
2001-02	31,699,548	860,436	32,559,984
2002-03	32,617,950	1,017,205	33,635,155
2003-04	35,486,670	975,331	36,462,001
2004-05	37,573,836	1,334,572	38,908,408

San Jacinto Community College District
Collected Taxes Trend

