

# Popular Annual Financial Report

(Fiscal Year Ending August 31, 2013)

Pasadena, Texas





### Recognition

#### Government Finance Officers Association Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an **Award for Outstanding Achievement in Popular Annual Financial Reporting** to San Jacinto Community College District for its **Popular Annual Financial Report** for the fiscal year ended August 31, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. San Jacinto Community College District has received this prestigious award for the last three consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

*Note: The College's PAFR and CAFR are available at the College's website at [www.sanjac.edu/annual-financial-reports](http://www.sanjac.edu/annual-financial-reports).*

**Financial Review**

The following is an overview of the College’s financial operations for the fiscal year ended August 31, 2013 (FY 2013). Most of the information contained within this Popular Annual Financial Report (PAFR) is extracted from the financial information contained within the FY 2013 Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the College’s independent auditors, receiving an unmodified opinion. An unmodified opinion is given when an auditor can state that the financial statements are accurately and fairly presented. While the financial data in this PAFR conforms to GAAP, the statistical, economic, and demographic data is taken from various sources and is unaudited. The College’s CAFR is available on the College’s website at [www.sanjac.edu/annual-financial-reports](http://www.sanjac.edu/annual-financial-reports).

**Financial Highlights: Assets, Liabilities and Net Position**

The College’s financial position in FY 2013 continues to remain strong with total assets of \$572 million, total liabilities of \$355 million, and total net position of \$216 million. The following is prepared from the College’s Statement of Net Position and provides a summary of its assets, liabilities, and net position for the years ended August 31:

	<b>August 31</b>		
	(in thousands)		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current Assets <sup>1</sup>	\$ 103,610	\$ 119,522	\$ 76,660
Noncurrent Assets <sup>2</sup>			
Capital Assets, Net of Depreciation	361,794	326,940	236,471
Other	<u>106,659</u>	<u>129,653</u>	<u>266,704</u>
Total Assets <sup>3</sup>	572,063	576,115	579,835
Current Liabilities <sup>4</sup>	55,891	54,059	57,051
Noncurrent Liabilities <sup>5</sup>	<u>299,541</u>	<u>309,704</u>	<u>318,602</u>
Total Liabilities <sup>6</sup>	355,432	363,763	375,653
Net Position			
Invested in Capital Assets, Net of Related Debt <sup>7</sup>	135,105	130,942	121,440
Expendable – Restricted <sup>8</sup>	5,251	3,197	4,199
Unrestricted <sup>9</sup>	<u>76,275</u>	<u>78,213</u>	<u>78,543</u>
<b>Total Net Position<sup>10</sup></b>	<b>\$ 216,631</b>	<b>\$ 212,352</b>	<b>\$ 204,182</b>

**1 Current Assets:** The value of all assets that are reasonably expected to be converted into cash within one year in the normal course of business.

**2 Noncurrent Assets:** An asset which is not easily converted to cash or not expected to become cash within the next year.

**3 Total Assets:** The sum of all cash, investments, equipment, receivables, intangibles, and any other items of value owned by the College.

**4 Current Liabilities:** The sum of all money owed by the institution and due within one year.

**5 Noncurrent Liabilities:** The sum of all money owed by the institution not due to be paid within the next year.

**6 Total Liabilities:** The sum of the College’s long-term debt, current liabilities, and irregular or miscellaneous expenses.

**7 Invested in Capital Assets, Net of Related Debt:** The difference between assets, deferred outflows, deferred inflows and liabilities that consist of capital assets.

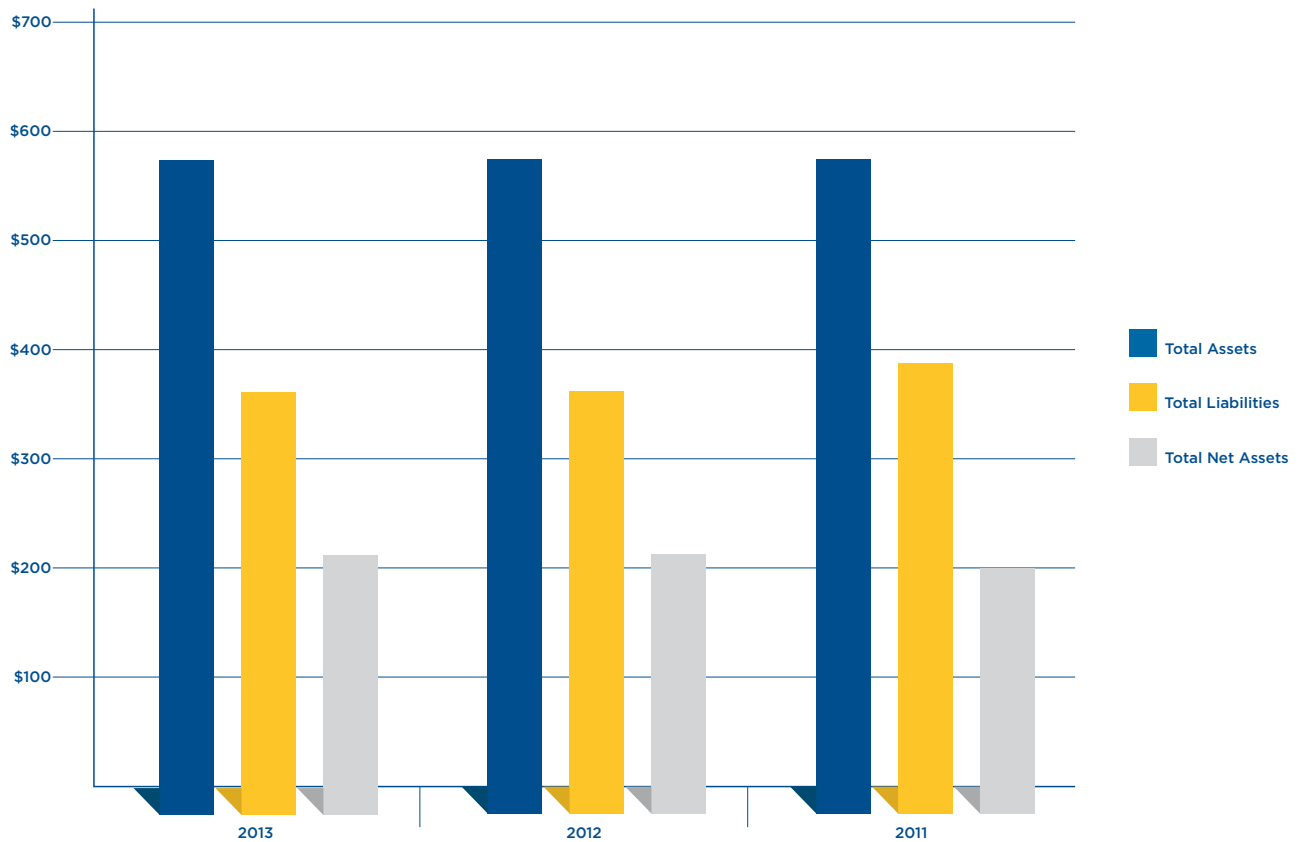
**8 Expendable - Restricted:** Resources that are constrained for a particular purpose.

**9 Unrestricted:** Resources considered usable for any purpose.

**10 Total Net Position:** The excess value of the College’s total assets less its total liabilities.

# POPULAR ANNUAL FINANCIAL REPORT

## Assets, Liabilities, and Net Position (in millions)



### Assets

Total assets decreased \$4.1 million during 2013, a 0.07% decrease. Capital assets<sup>11</sup> increased by \$34.9 million related to the on-going construction projects.

The College's current ratio<sup>12</sup> decreased to 1.85 in 2013 from 2.21 in 2012 due to longer term investments carried in FY 2013.

### Liabilities

Total liabilities decreased by \$8.3 million in 2013, a 2.3% decrease. This is primarily due to a decrease in bonds payable of \$10.96 million.

### Net Position

Total net position increased by \$4.3 million during 2013, a 2.0% increase.

**11 Capital Assets:** An asset that has an expected life of more than two years, a cost of \$5,000 or more, and that is not bought and sold in the usual course of business. Land, buildings, and equipment are examples of capital assets.

**12 Current Ratio:** A measure of the College's ability to meet its short-term obligations. The current ratio is calculated by dividing current assets by current liabilities.

## POPULAR ANNUAL FINANCIAL REPORT

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

	(in thousands)		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating Revenues<sup>13</sup></b>			
Student Tuition and Fees, Net of Allowances, and Discounts	\$ 37,525	\$ 32,746	\$ 34,233
Federal Grants and Contracts	7,366	8,322	7,913
State Grants and Contracts	2,932	4,824	4,495
Non-Government Grants and Contracts	1,817	1,260	1,470
Sales and Services of Educational and Non-Educational Activities	1,322	1,510	1,124
Auxiliary Enterprises, Net of Discounts	3,872	3,895	3,923
General Operating Revenues	<u>2</u>	<u>1</u>	<u>2</u>
<b>Total Operating Revenues</b>	<b>54,836</b>	<b>52,558</b>	<b>53,160</b>
<b>Operating Expenses<sup>14</sup></b>			
Instruction	70,339	64,118	68,296
Public Service	5,208	4,343	3,702
Academic Support	13,772	12,750	12,620
Student Services	13,740	12,453	13,471
Institutional Support	34,962	33,560	31,638
Operation and Maintenance Of Plant	17,298	17,168	15,487
Scholarships and Fellowships	40,616	45,304	42,060
Auxiliary Enterprises	4,012	3,980	4,125
Depreciation	<u>13,107</u>	<u>9,627</u>	<u>7,798</u>
<b>Total Operating Expenses</b>	<b>213,054</b>	<b>203,303</b>	<b>199,197</b>
<b>Operating Loss</b>	<b>(158,218)</b>	<b>(150,745)</b>	<b>(146,037)</b>
<b>Non-Operating Revenues(Expenses)<sup>15</sup></b>			
State Appropriations	45,888	42,513	47,123
Maintenance Ad Valorem Taxes	48,245	43,476	43,432
Debt Service Ad Valorem Taxes	25,381	25,173	21,374
Federal Revenue, Non-Operating	51,797	56,053	51,385
Investment Income (Net of Investment Expenses)	369	942	1,100
Interest on Capital Related Debt	(9,183)	(9,135)	(12,144)
Other Non-Operating Revenues (Expenses)	<u>-</u>	<u>(107)</u>	<u>(355)</u>
<b>Total Non-Operating Revenues, Net</b>	<b>162,497</b>	<b>158,915</b>	<b>151,915</b>
<b>Increase In Net Position</b>	<b>4,279</b>	<b>8,170</b>	<b>5,878</b>
<b>Net Position, Beginning of Year</b>	<b>212,352</b>	<b>204,182</b>	<b>198,304</b>
<b>Net Position, End of Year</b>	<b>216,631</b>	<b>\$212,352</b>	<b>\$204,182</b>

**13 Operating Revenues:** The results of exchange transactions with those who purchase, use, or directly benefit from the goods or services of the College.

**14 Operating Expenses:** An expense incurred in carrying out an organization's day-to-day activities.

**15 Non - Operating Revenue/Expenses:** Non-operating revenues are derived from non-exchange transactions or those that are not reported as operating activities. Non-operating revenues consist of the following categories: state appropriations, taxes levied by the college, investment income not restricted to a specific program, and other non-operating, non-capital revenues. Federal grant revenues related to the Federal Title IV programs are considered non-operating revenue. Non-Operating expense is primarily the interest expense related to capital debt.

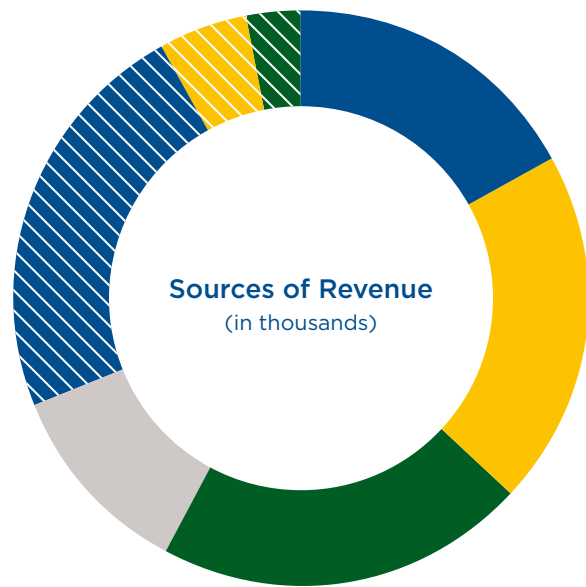
# POPULAR ANNUAL FINANCIAL REPORT

## Where Does the Money Come From?

Community colleges in Texas have three primary sources of revenue – tuition and fees, state appropriations, and ad valorem taxes.

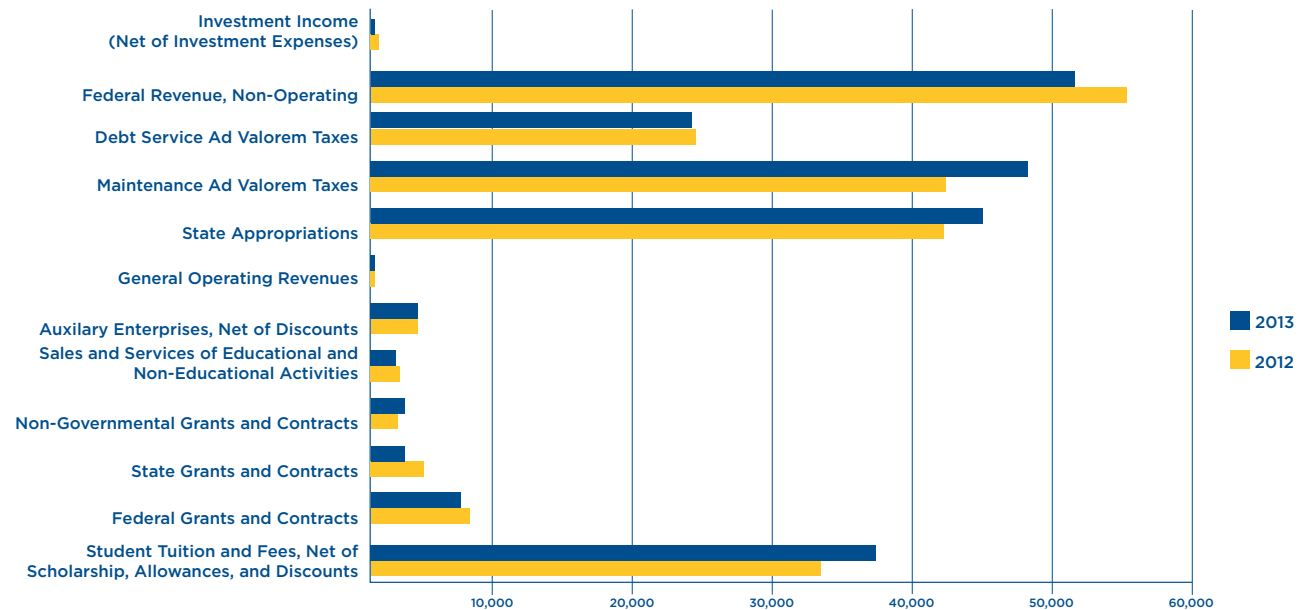
## Fiscal Year 2013 Compared to 2012

- Tuition and fee revenue (before the allowance for scholarships and discounts) increased by \$8.1 million in 2013 to \$59.5 million from \$51.4 million in 2012. This increase is the result of consistent enrollment and increases in semester credit hour tuition rates and general service fee. Tuition and fee amounts include academic contract training and workforce development instructional activities.
- State appropriations are based on enrollment measured by contact hours. Contact hours were stable for 2013 and 2012 at 11.9 million and 12.3 million, respectively. The State appropriation per contact hour increased to \$3.10 for 2013 from \$2.94 in 2012.
- Total ad valorem tax revenue increased by \$5.0 million to \$73.6 million in 2013 from \$68.6 million in 2012 due to increases in taxable assessed valuations. The College's tax rate for maintenance and operations per \$100 valuation increased to 12.1571 cents for 2013 from 11.8688. The debt service tax rate decreased to 6.4031 cents in 2013 from 6.6914 cents to offset the decrease in debt service payment requirements. The College's total tax rate remained consistent at 18.5602 per \$100 valuation.



Source	Amount	Percentage
Tuition and Fees	\$37,525	17%
State Appropriations	\$45,888	20%
Maintenance Ad Valorem Taxes	\$48,245	21%
Debt Service Ad Valorem	\$25,381	11%
Federal Revenue, Non-operating	\$51,797	23%
Federal, State, and Local Grants - Operating	\$12,115	5%
Other	\$5,565	3%

## Sources of Funds for Fiscal Years 2013 and 2012 (in thousands)

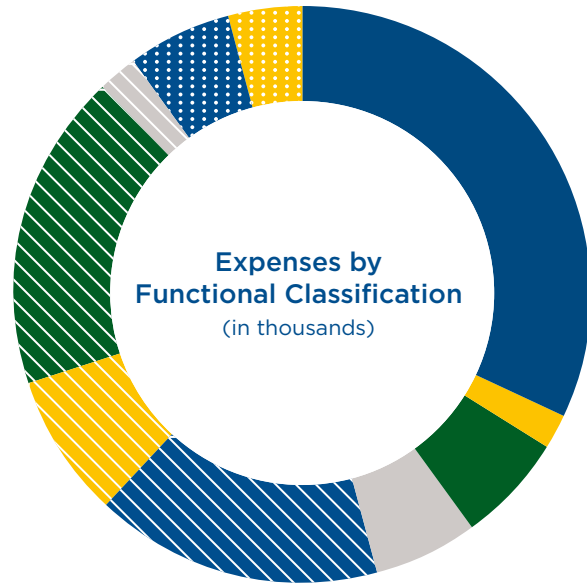


**What is the Money Used For?**

Expenses represent the cost of personnel, goods, and services used or acquired by the College in providing its service to the public. Expenses are classified and reported by functional category.

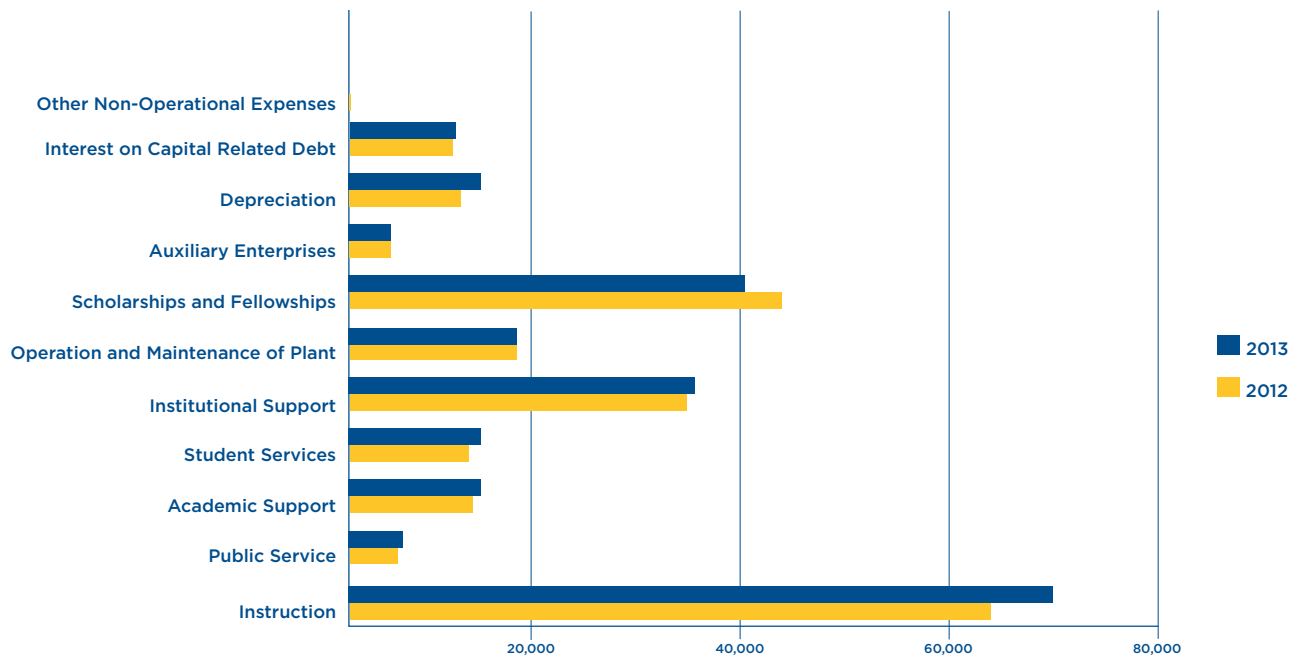
**Fiscal Year 2013 Compared to 2012**

- Scholarships and Fellowships decreased by \$4.7 million, attributable primarily to decreases in payments to Federal Title IV recipients for direct loans and grant programs.
- Auxiliary enterprises remained relatively unchanged at \$4 million, and depreciation increased by \$3.5 million due to new buildings that were placed in service in 2013.
- Interest on capital related debt remained unchanged at \$9.1 million.
- Operating expenses increased by \$9.7 million largely due to paying an increased share of state benefits, merit pay adjustments, technology investments, and contractual obligations.



Instruction	\$70,339 / 32%
Public Service	\$5,208 / 2%
Academic Support	\$13,772 / 6%
Student Services	\$13,740 / 6%
Institutional Support	\$34,962 / 16%
Operation and Maintenance of Plant	\$17,298 / 8%
Scholarships and Fellowships	\$40,616 / 18%
Auxiliary Enterprises	\$4,012 / 2%
Depreciation	\$13,107 / 6%
Non-Operating	\$9,183 / 4%

**Uses of funds for Fiscal Years 2013 and 2012 (in thousands)**





## Capital Programs

- In 2013, the College completed the Allied Health Science Buildings at the North and South Campuses, and the South Paving and Drainage Project for a total cost of \$93.3 million.
- Land located on Cunningham Drive, consisting of approximately one acre, was purchased for \$214,389.

At August 31, 2013, \$31.8 million remained in construction in process for:

### Central Campus

- Davis Library
- Anders Gym
- Maintenance and Police Building
- Transportation Center Build Out

### North Campus

- Nichols Gym Renovation
- Lehr Library


### South Campus

- Smallwood Gym
- Parker Williams Library

### Other

- Network Upgrades and Building Renovations
- Site Work Related to Phase 2 Athletic Field Improvements.
- Maritime Training Center
- Administration Campus Master Plan





*San Jac is the beginning of a new future for me. It's the base building block for the rest of my educating career for becoming a Medical Laboratory Technician and a Marine Biologist. I am extremely grateful for San Jac.*

*- Lisa Paggeot, student*





SAN JACINTO  
COLLEGE  
*Your Goals. Your College.*

An equal opportunity institution