

San Jacinto College District

**Audit Report
August 31, 2001**

**EUGENE HOVEY
CERTIFIED PUBLIC ACCOUNTANT
902 WEST MAIN STREET
LA PORTE, TEXAS 77571**

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San Jacinto College District

Organization Data For Fiscal Year 2000-2001

Board of Regents

Officers

Dr. Ruede Wheeler	Chair
Mrs. Marie Flickinger	Vice Chair
J. D. Bruce	Secretary
Dr. Parker Williams	Assistant Secretary

Members

Term Expires

J. D. Bruce	Pasadena, Texas	2005
Marie Flickinger	Houston, Texas	2007
John W. Nichols, M.D.	Galena Park, Texas	2003
C. Wayne Slovacek	Deer Park, Texas	2003
W. L. "Levi" Smallwood	Pasadena, Texas	2007
Ruede Wheeler, D.D.S.	La Porte, Texas	2005
Dr. Parker Williams	Houston, Texas	2003

District Administrators

Key Officers

Dr. James F. Horton, Jr.	Chancellor
Dr. Ron Rucker	Vice Chancellor for Administration
Dr. William Lindemann, Jr.	Vice Chancellor of Instructional Programs and Services
Mr. Rudy V. Gonzales	Vice Chancellor of Fiscal Affairs
Mr. James Fowler	Vice Chancellor of Human Resources
Mrs. Tuesday Stanley	Associate Vice Chancellor of Marketing and Enrollment
Mrs. Brenda Hellyer	Executive Vice President for Institutional Advancement
Dr. Monte Blue	President, Central Campus
Dr. Charles Grant	President, North Campus
Dr. Adena Williams Loston	President, South Campus

EUGENE HOVEY
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NOVEMBER 24, 2001

TO THE BOARD OF REGENTS
SAN JACINTO COLLEGE DISTRICT

Re: Independent Auditor's Report

I have audited the accompanying balance sheet of the San Jacinto College District as of August 31, 2001 and the related statements of changes in fund balances and the current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Jacinto College District as of August 31, 2001, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated November 24, 2001 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

To The Board of Regents
November 24, 2001
Page Two

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of expenditures of state awards required by the State of Texas Uniform Grants Management Standards, and statistical data marked "unaudited" are presented for purposes of additional analysis. Such information, except for the statistical data marked "unaudited" on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements, and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink that reads "Eugene Hovey". The signature is written in a cursive, flowing style.

Eugene Hovey
Certified Public Accountant

SAN JACINTO COLLEGE DISTRICT
EXHIBIT A
BALANCE SHEET
August 31, 2001
With Comparison Totals at August 31, 2000

CURRENT FUNDS

ASSETS	Unrestricted	Auxiliary Enterprises	Restricted	Total
Cash and Cash Equivalents	\$ 802,903	\$ 1,195,990	\$ 46,223	\$ 2,045,116
Short-Term Investments	27,712,350	8,205,317	605,946	36,523,613
Accounts Receivable	2,417,898	1,377,782	352,588	4,148,268
Taxes Receivable (net of allowance for doubtful accounts of \$3,758,217)	481,827	-	-	481,827
Due from Other Funds	723,571	-	-	723,571
Accrued Interest Receivable	119,576	25,414	-	144,990
Federal Receivables	-	-	401,378	401,378
Bond Proceeds Receivable	-	-	-	-
Deferred Expense	-	-	-	-
Inventories for Resale	-	2,129,775	-	2,129,775
Consumable Inventories	141,091	-	-	141,091
Land	-	-	-	-
Buildings	-	-	-	-
Improvements Other Than Buildings	-	-	-	-
Equipment	-	-	-	-
Library Books	-	-	-	-
Construction in Progress	-	-	-	-
Total Assets	\$ 32,399,216	\$ 12,934,278	\$ 1,406,135	\$ 46,739,629
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,178,008	\$ 1,354,817	\$ 43,713	\$ 3,576,538
Accrued Liabilities	-	-	-	-
Due To Other Funds	-	-	723,571	723,571
Deferred Revenues	7,147,115	-	-	7,147,115
Accrued Compensable Absences Payable	2,414,775	8,043	-	2,422,818
Bonds Payable	-	-	-	-
Notes Payable	-	-	-	-
Funds Held in Custody for Others	-	-	-	-
Total Liabilities	\$ 11,739,898	\$ 1,362,860	\$ 767,284	\$ 13,870,042
Fund Balance				
Unrestricted				
Reserved:				
Encumbrances	\$ -	\$ -	\$ -	\$ -
Accounts & Taxes Receivable	2,899,725	1,377,782	-	4,277,507
Inventories	141,091	2,129,775	-	2,270,866
Unreserved-Undesignated	17,618,502	8,063,861	-	25,682,363
Restricted	-	-	638,851	638,851
Net Investment in Plant	-	-	-	-
Total Fund Balances	\$ 20,659,318	\$ 11,571,418	\$ 638,851	\$ 32,869,587
Total Liabilities And Fund Balances	\$ 32,399,216	\$ 12,934,278	\$ 1,406,135	\$ 46,739,629

See Accompanying Notes to the Financial Statements.

Endowment and Similar Funds	PLANT FUNDS				TOTALS MEMORANDUM ONLY	
	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$ 1,040	\$ 5,215	\$ 3,622	\$ -	\$ 273,653	\$ 2,328,646	\$ 622,266
246,998	11,225,616	2,368,940	-	313,213	50,678,380	37,264,739
-	-	-	-	-	4,148,268	2,422,111
-	-	-	-	-	481,827	306,188
-	-	-	-	-	723,571	2,561,377
-	-	-	-	-	144,990	326,797
-	-	-	-	-	401,378	307,685
-	-	-	-	-	-	20,000,000
-	-	-	-	-	-	-
-	-	-	-	-	2,129,775	2,214,867
-	-	-	-	-	141,091	140,269
-	-	-	5,189,067	-	5,189,067	4,914,142
-	-	-	89,490,517	-	89,490,517	89,490,517
-	-	-	7,008,144	-	7,008,144	6,823,544
-	-	-	18,781,242	-	18,781,242	15,494,152
-	-	-	416,187	-	416,187	301,605
-	-	-	8,020,867	-	8,020,867	566,447
<u>\$ 248,038</u>	<u>\$ 11,230,831</u>	<u>\$ 2,372,562</u>	<u>\$ 128,906,024</u>	<u>\$ 586,866</u>	<u>\$ 190,083,950</u>	<u>\$ 183,756,706</u>
\$ 23	\$ 1,303,811	\$ -	\$ -	\$ 49	\$ 4,880,421	\$ 1,934,985
-	-	-	-	-	-	59,391
-	-	-	-	-	723,571	2,561,377
-	-	-	-	-	7,147,115	5,092,738
-	-	-	-	-	2,422,818	2,486,089
-	10,404,424	-	10,585,576	-	20,990,000	26,945,000
-	-	-	2,517,490	-	2,517,490	2,864,780
-	-	-	-	586,817	586,817	617,754
<u>\$ 23</u>	<u>\$ 11,708,235</u>	<u>\$ -</u>	<u>\$ 13,103,066</u>	<u>\$ 586,866</u>	<u>\$ 39,268,232</u>	<u>\$ 42,562,114</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	4,277,507	1,954,523
-	-	-	-	-	2,270,866	2,355,136
-	-	-	-	-	25,682,363	28,124,264
248,015	(477,404)	2,372,562	-	-	2,782,024	980,042
-	-	-	115,802,958	-	115,802,958	107,780,627
<u>\$ 248,015</u>	<u>\$ (477,404)</u>	<u>\$ 2,372,562</u>	<u>\$ 115,802,958</u>	<u>\$ -</u>	<u>\$ 150,815,718</u>	<u>\$ 141,194,592</u>
<u>\$ 248,038</u>	<u>\$ 11,230,831</u>	<u>\$ 2,372,562</u>	<u>\$ 128,906,024</u>	<u>\$ 586,866</u>	<u>\$ 190,083,950</u>	<u>\$ 183,756,706</u>

SAN JACINTO COLLEGE DISTRICT
EXHIBIT B
STATEMENT OF CHANGES IN FUND BALANCES
August 31, 2001
With Comparison Totals at August 31, 2000

	CURRENT FUNDS			
	Unrestricted	Auxiliary Enterprises	Restricted	Total
FUND BALANCES, September 1, 2000	\$ 20,547,347	\$ 11,886,576	\$ 605,016	\$ 33,038,939
REVENUES AND OTHER ADDITIONS				
Unrestricted Current Funds Revenue (Exh. C)	\$ 79,398,182	\$ 11,370,347	\$ -	\$ 90,768,529
State Appropriations - Restricted		-	6,639,784	6,639,784
Federal Grants and Contracts	-	-	9,678,248	9,678,248
State Grants and Contracts	-	-	71,897	71,897
Local Gifts and Grants	-	-	-	-
Investment Income	-	-	31,842	31,842
Expended for Plant Facilities (Includes \$3,287,090 Charged to Current Funds Expenditures)	-	-	-	-
Local Taxes	-	-	-	-
Net Decrease in Notes Payable	-	-	-	-
Net Decrease in Bonds Payable	-	-	-	-
Bond Proceeds on Sale of Bonds	-	-	-	-
Total Revenues and Other Additions	\$ 79,398,182	\$ 11,370,347	\$ 16,421,771	\$ 107,190,300
EXPENDITURES AND OTHER DEDUCTIONS				
Expenditures (Exh. C)	\$ 77,566,318	\$ 11,685,505	\$ 16,804,938	\$ 106,056,761
Expended for Plant Facilities	-	-	-	-
Indirect Costs Recovered	-	-	69,752	69,752
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Facilities	-	-	-	-
Net Increase in Notes Payable	-	-	-	-
Net Increase in Bonds Payable	-	-	-	-
Other Deductions	-	-	-	-
Total Expenditures and Other Deductions	\$ 77,566,318	\$ 11,685,505	\$ 16,874,690	\$ 106,126,513
TRANSFERS - ADDITIONS / (DEDUCTIONS)				
Mandatory Transfers				
TPEG Transfer	\$ (486,754)	\$ -	\$ 486,754	\$ -
Retirement of Indebtedness	(1,233,139)	-	-	(1,233,139)
Non-Mandatory Transfers	-	-	-	-
Total Transfers - Additions / (Deductions)	\$ (1,719,893)	\$ -	\$ 486,754	\$ (1,233,139)
NET INCREASE(DECREASE) FOR FISCAL YR	\$ 111,971	\$ (315,158)	\$ 33,835	\$ (169,352)
FUND BALANCES, August 31, 2001	\$ 20,659,318	\$ 11,571,418	\$ 638,851	\$ 32,869,587

See Accompanying Notes to the Financial Statements

Endowment and Similar Funds	PLANT FUNDS			TOTALS MEMORANDUM ONLY	
	Unexpended	Retirement of Indebtedness	Investment in Plant	Current Year	Prior Year
\$ 235,546	\$ (1,318,002)	\$ 1,457,482	\$ 107,780,627	\$ 141,194,592	\$ 145,194,909
\$ -	\$ -	\$ -	\$ -	\$ 90,768,529	\$ 84,092,921
-	-	-	-	6,639,784	6,340,652
-	-	-	-	9,678,248	7,316,538
-	-	-	-	71,897	64,401
-	-	-	-	-	1,638
12,992	1,024,477	160,332	-	1,229,643	36,404
-	-	-	11,315,617	11,315,617	2,514,155
-	-	6,913,094	-	6,913,094	3,039,209
-	-	-	347,290	347,290	251,458
-	9,595,576	-	5,955,000	15,550,576	3,100,342
-	-	-	-	-	20,000,000
\$ 12,992	\$ 10,620,053	\$ 7,073,426	\$ 17,617,907	\$ 142,514,678	\$ 126,757,718
\$ -	\$ -	\$ -	\$ -	\$ 106,056,761	\$ 93,075,668
-	7,913,945	-	-	7,913,945	1,162,667
-	-	-	-	69,752	123,431
-	-	6,302,290	-	6,302,290	3,011,458
-	-	1,072,651	-	1,072,651	504,542
-	-	-	-	-	10,937,532
-	-	-	-	-	30,866
-	-	-	9,595,576	9,595,576	20,340,342
523	1,865,510	16,544	-	1,882,577	1,571,529
\$ 523	\$ 9,779,455	\$ 7,391,485	\$ 9,595,576	\$ 132,893,552	\$ 130,758,035
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,233,139	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 1,233,139	\$ -	\$ -	\$ -
\$ 12,469	\$ 840,598	\$ 915,080	\$ 8,022,331	\$ 9,621,126	\$ (4,000,317)
\$ 248,015	\$ (477,404)	\$ 2,372,562	\$ 115,802,958	\$ 150,815,718	\$ 141,194,592

SAN JACINTO COLLEGE DISTRICT
EXHIBIT C
STATEMENT OF CURRENT FUNDS REVENUES EXPENDITURES AND OTHER CHANGES
For the Year Ended August 31, 2001
With Memorandum Totals at August 31, 2000

REVENUES	Unrestricted	Auxiliary Enterprises	Restricted	TOTALS MEMORANDUM ONLY	
				Current Year	Prior Year
State Appropriations - General Revenue	\$ 33,384,277	\$ -	\$ 6,639,784	\$ 40,024,061	\$ 38,933,252
Tuition and Fees also remissions	19,835,342	590,929	-	20,426,271	17,096,300
Taxes for Current Operation	23,521,072	-	-	23,521,072	22,226,636
Federal Grants and Contracts	69,752	-	9,608,496	9,678,248	7,316,538
State Grants and Contracts	-	-	71,897	71,897	64,401
Sales & Services of Educational Activities	759,542	-	-	759,542	290,447
Auxiliary Enterprises Sales and Services	-	10,313,068	-	10,313,068	9,637,574
Investment Income	1,828,197	466,350	31,842	2,326,389	2,135,784
Total Current Funds Revenues	\$ 79,398,182	\$ 11,370,347	\$ 16,352,019	\$ 107,120,548	\$ 97,700,932
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General instruction	\$ 33,123,841	\$ -	\$ 4,043,619	\$ 37,167,460	\$ 36,223,176
Public Service	5,430,509	-	500,207	5,930,716	4,635,179
Academic Support	5,553,573	-	654,831	6,208,404	6,079,046
Student Services	6,024,675	-	2,841,163	8,865,838	8,091,343
Institutional Support	16,802,035	-	946,818	17,748,853	12,598,683
Operation and Maintenance of Plant	9,461,134	-	521,887	9,983,021	9,684,279
Scholarships and Fellowships	1,170,551	-	7,272,305	8,442,856	6,625,042
Total Educational and General Expenditures	\$ 77,566,318	\$ -	\$ 16,780,830	\$ 94,347,148	\$ 83,936,748
Auxiliary Enterprise Expenditures	\$ -	\$ 11,685,505	\$ 24,108	\$ 11,709,613	\$ 9,138,920
Mandatory Transfers for:					
TPEG to Restricted Funds	(486,754)	-	452,919	(33,835)	60,565
Retirement of Indebtedness-Note Payable	(457,920)	-	-	(457,920)	(343,357)
Retirement of Indebtedness-Bonds Payable	(775,219)	-	-	(775,219)	(810,343)
Total expenditures and mandatory transfers	\$ 79,286,211	\$ 11,685,505	\$ 16,352,019	\$ 107,323,735	\$ 94,168,803
Other transfers and additions/(deductions):					
Non-mandatory transfers					
Transfer to Building Fund	\$ -	\$ -	\$ -	\$ -	\$ (440,059)
Excess(Deficit) of TPEG Transfer over Grant Award	-	-	33,835	33,835	(60,565)
Net increase (decrease) in fund balances	\$ 111,971	\$ (315,158)	\$ 33,835	\$ (169,352)	\$ 3,031,505

See Accompanying Notes to the Financial Statements

SAN JACINTO COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2001

1. Reporting Entity

San Jacinto College was established in 1962, in accordance with the laws of the State of Texas, to serve the educational needs of the Public and the surrounding communities. The San Jacinto College District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

Report Guidelines

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Reporting Requirements for Texas Public Community and Junior Colleges. These requirements are in substantial conformity with the the AICPA Industry Audit Guide, Audits of Colleges and Universities, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by applicable FASB pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements cited in Codification Section Co5, "Colleges and Universities."

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis, except depreciation expense related to plant fund assets is not recorded. The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Encumbrance Accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Current Funds. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year end that were provided for in the subsequent year's budget are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Inventories, consisting of consumable office supplies, physical plant supplies, book store stock, and food service supplies, are valued at the lower of cost under the "first-in, first-out" method or market.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment and library holdings; (2) mandatory transfers in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the District, accounts are maintained in accordance with the principles of "fund accounting". Resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the

accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

Endowment and Similar Funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income be utilized. Term endowment funds are similar to other endowment funds, except that all or part of the principal may be utilized after a stated period of time or upon the occurrence of a certain event. Funds functioning as endowments are funds that the governing board has approved to be used as endowments.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned the assets. Ordinary income derived from investments, receivables, and other sources is accounted for in the fund owning such assets, except for income derived from investment of Endowment and Similar Funds. That income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the appropriate unrestricted fund. Restricted gifts, grants, appropriation, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted Current Funds are reported as revenues and expenditures when expended for current operating purposes. Contract and grant awards for the current reporting period are shown as additions to fund balances in Restricted Current Funds.

The different fund groups used at the District are as follows:

Current Funds

Funds available for current operating and maintenance purposes as well as those restricted by donors and other outside agencies for specific operating purposes. Current funds are segregated into separate balance fund groups:

Unrestricted Current Funds

Funds received by an institution that have no limitations or stipulations placed on them by external agencies or donors. The funds are used for carrying out the primary purpose of an institution, i.e. educational, research, extension and administration.

Auxiliary Enterprises

Funds for activities that serve students, faculty, or staff for charges that are directly related to, although not necessarily equal to, the cost of the service. Examples are food services and bookstores.

Restricted Current Funds

Funds available for current purposes, but with restrictions from outside agencies or persons. Revenues are reported only to the extent of expenditures for the current year.

Endowment and Similar Funds

Funds subject to restrictions of endowment and trust instruments requiring that principal be maintained and that only the income be spent.

Plant Funds

Plant funds are divided into these separate balanced fund groups:

Unexpended-Funds for the construction, rehabilitation, and acquisition of physical properties for institutional purposes.

Retirement of Indebtedness-Funds accumulated to meet debt service charges and the retirement of indebtedness.

Investment in Plant-Funds already expended for plant properties. Physical properties are stated at cost at date of acquisition or fair market value at date of donation for gifts. Library books and holdings are recorded at minimal value. Depreciation on physical plant and equipment is not recorded.

Agency Funds

Funds held by the District as custodial or fiscal agent for students, faculty members, and/or others.

Memorandum Totals

The Balance Sheet in columnar form, the Statement of Changes in Fund Balances, and the Statement of Current Funds Revenues and Expenditures and Other Changes are shown with memorandum totals for the current and prior years. Interfund borrowing has not been eliminated, but has offset in the assets and liability sections. The memorandum totals are presented only to facilitate financial analysis and do not purport to present financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

3. Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

In accordance with Sec. 2256.005 (n) of the Public Funds Investment Act, the community college shall arrange for a compliance audit of management controls on investments and adherence to the college's established investment policies. The compliance audit shall be performed by the college's internal auditor or by a private auditor. Not later than January 1 of each even-numbered year, the community college shall report the results of the most recent audit performed to the state auditor.

The State Auditor has determined that the District and its independent auditor would indicate compliance with the Act by completing the following:

- The categorization of investments by risk which is required by GASB Statement No. 3, in the footnote "Deposits and Investments" and
- Placing a statement in the scope paragraph of the Report on Compliance and Internal Controls over Financial Reporting which indicates the audit work covered in the Act.

or

writing a separate letter to the State Auditor's Office stating that the District is in compliance with all aspects of the Act.

4. Deposits and Investments

At August 31, 2001, the District's bank balances of deposits are entirely insured or collateralized with securities held by the District or by its agent in its name. Cash and Deposits included on Exhibit A, Balance Sheet, consist of the items reported below:

Cash and Deposits

Deposits and Cash Equivalents		
Bank Demand Deposits	\$ (1,522,750)	\$
Bank Overnight Investment (1)	<u>3,782,096</u>	2,259,346
Petty Cash on Hand		<u>69,300</u>
Total Cash and Deposits		<u>\$ 2,328,646</u>

(1) The bank overnight investment (a mutual fund) of \$3,782,096 is an uncategorized investment.

To comply with the reporting requirements of FASB Statement No. 3, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, the College's investments are categorized under "Investment Categories" to give an indication of credit risk assumed by the College at year end. Credit risk is the risk that another party to a deposit or investment will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note.

The following categories of credit risk are included:

- Category 1: Investments that are insured or registered or for which the securities are held by the institution or its agent in the institution's name.
- Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the institution's name.
- Category 3: Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the institution's name.

Investment Categories	Category			Carrying Amount	Market Value
	1	2	3		
Type of Security					
U.S. Government Securities	\$ 17,159,071	\$ -	\$ -	\$ 17,159,071	\$ 17,159,071
Repurchase Agreement	11,196,421	-	-	11,196,421	11,196,421
TOTALS	<u>\$ 28,355,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,355,492</u>	<u>\$ 28,355,492</u>

Uncategorized Investments:

Tex Pool		7,595,228	7,595,228
Lone Star-Liquidity Corporate Fund		7,213,100	7,213,100
Lone Star-Liquidity Plus Fund		7,514,560	7,514,560
TOTAL INVESTMENTS		<u>\$ 50,678,380</u>	<u>\$ 50,678,380</u>
Total Cash and Deposits		\$ 2,328,646	
Total Investments		50,678,380	
TOTAL DEPOSITS AND INVESTMENTS		<u>\$ 53,007,026</u>	

5. Bonds Payable at August 31, 2001 are as follows:

School Building Bonds, Series 1993, Issued \$12,000,000, January 1, 1993		
Tax Supported Bonds	\$	4,000,000
Public Property Finance Contractual Obligation Bonds, Series 1998, Issued \$1,765,000, November 1, 1998. To purchase equipment and other personal property. Obligations are supported by District's general revenues		190,000
General Obligation Bonds, Series 2000, \$20,000,000 Sold, August 15, 2000 and Issued September 20, 2000; To provide for construction of new buildings and renovating existing District facilities; Tax Supported Bonds		16,800,000
Total Bonds Payable	\$	<u>20,990,000</u>

Bonds payable are due in annual installments varying from \$990,000 to \$4,080,373 with interest rates from 3.40% to 6.00% with the final installment due 2025. The principal and interest expense requirements for the next five years and beyond is summarized below for bonds issued.

Fiscal Year	Principal	Interest	Total
2002	\$2,890,000	\$1,190,373	\$4,080,373
2003	\$2,000,000	\$1,041,250	\$3,041,250
2004	-	\$990,000	\$990,000
2005	-	\$990,000	\$990,000
2006	-	\$990,000	\$990,000
Beyond Five Yrs	\$16,100,000	\$17,316,000	\$33,416,000
Total	\$20,990,000	\$22,517,623	\$43,507,623

6. Notes and Loans Payable

Lone Star Note Payable, Issued on November 8, 1999 for \$3,166, 239 for energy conservation program; debt service to be paid from District general revenue in equal quarterly installments of \$114,452 over an eight year period at 4.04% interest.

Description	Balance, 9-1-00	Increase	Decrease	Balance, 8-31-01
Lone Star Note	\$2,864,780	-	\$347,290	\$2,517,490

Summary of Debt Service Requirements to Maturity Year Ending August 31,

2002	2003	2004	2005	2006	All Other Yrs	Total Required
\$457,810	\$457,810	\$457,810	\$457,810	\$457,810	\$572,262	\$2,861,312

7. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the District participates is administered by the Teacher Retirement System of Texas. The percentage of participant salaries currently contributed by the State and by each participant are 6.00% and 6.4% respectively, of annual compensation. A participant is vested after 5 years. Normal retirement age is 65 with 15 years of service, age 60 with 20 years of service or age 50 with 30 years of service.

The Teacher Retirement System does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program 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. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

8. Retirement Incentive Pay and Compensated Absences

The District provides retirement incentive pay for employees hired before August 1, 1988 based on unused sick days accumulation prior to August 1, 1988. To receive the incentive pay, the employee must accumulate 10 years of service, 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. The District recognized, for those hired before

August 1, 1988 and who qualify, the accrued liability for sick pay of \$158,123 for the unrestricted current fund. Effective August 1, 1988, the District allows sick leave to accumulate at a rate of 8 hrs per month to a maximum of 1,280 hours. However, there is no additional accumulation for retirement incentive pay purposes for any sick days that an employee earned after August 1, 1988. An employee who is on sick leave will be paid only to the extent of accumulated sick leave hours. The District's policy is to recognize this sick leave cost when paid. No liability is shown in the financial statements since experience indicates the expenditure for sick leave to be minimal. Full-time employees earn annual leave from 6.66 to 12.66 hours per month depending on the number of years employed with the District. The District's policy is that an employee may carry his accrued leave forward to a maximum of 80 hours. Employees who terminate their employment are entitled to payment for accumulated annual leave up to the maximum allowed. The District recognized the accrued liability for the unpaid annual leave for \$51,017 for the unrestricted current fund and no accrual for the Auxiliary Enterprises funds. Total compensated absences and deferred compensation at August 31, 2001 are \$2,422,818 which includes unrestricted current fund liability of \$2,414,775 and Auxiliary Enterprises liability of \$8,043.

9 Pending Lawsuits and Claims

On August 31, 2001, certain lawsuits and claims involving the District were pending. While the ultimate liability with respect to litigation and other claims asserted against the District cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the District.

10. Contract and Grant Awards.

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Funds received, but not expended during the reporting period, are shown as additions to fund balance on Exhibit B. Revenues are recognized on Exhibit C as funds are actually expended. For Federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables on Exhibit A. 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 or grant awards funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 2001 for which monies have not been received nor funds expended totalled \$3,110,267. Of this amount \$2,644,250 was from Federal Contract and Grant Awards and \$466,017 was from State Contract and Grant Awards.

11. 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's contribution per full-time employees was \$236 per month for the year ended August 31, 2001. The State's cost of providing those benefits for 1,192 active employees was \$3,371,073 and 250 retirees was \$783,973, or a total state funded amount of \$4,155,046.

12 Related Parties

The San Jacinto College Foundation, incorporated in 1996, is a nonprofit organization with the sole purpose of supporting the educational and other activities of the District. The District 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 coordinator of gifts made by other parties. During the fiscal year ended August 31, 2001, the Foundation provided grants of \$334,065 to District students and programs. During the fiscal year, the District provided certain services, such as office space, utilities and staff to the Foundation. The cost of these unreimbursed services for the year were \$234,799.

13 Property Tax

The District's ad valorem property 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 in the District.

At August 31, 2001:

Assessed Valuation of the District	26,750,533,320
Less: Exemptions	(2,777,923,860)
Less: Abatements	(33,349,970)

Net Assessed Valuation of the District	23,939,259,490
	=====

	Current Operations	Debt Service	Total
	-----	-----	-----
Tax Rate per \$100 valuation for authorized	0.15000	0.50000	0.65000
Tax Rate per \$100 valuation for assessed	0.09657	0.02943	0.12600

Taxes levied for the year ended August 31, 2001 is \$30,163,467. 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

Taxes Collected	Current Operations	Debt Service	Total
-----	-----	-----	-----
Current Taxes Collected	22,567,908	6,733,912	29,301,820
Delinquent Taxes Collected	550,961	126,968	677,929
Penalties & Interest Collected	226,565	52,214	278,779
	-----	-----	-----
Total Collections	23,345,434	6,913,094	30,258,528
	=====	=====	=====

Current tax collections for the year ended August 31, 2001 were 97.1% 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 to either maintenance and operations or interest and sinking expenditures.

14 Deferred Revenues

Revenues, representing unrestricted current fund tuition and fees related to academic terms in the next fiscal year, are recorded on the balance sheet as deferred revenue in the current fiscal year.

15 Other Deductions

Other deductions in unexpended in plant funds (Exhibit B) includes major rehabilitation to facilities of \$1,605,797 and bond issue expense of \$259,713.

16 Budgetary Data

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

17 Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Income Revenue Code Section 511 (a)(2)(B). Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The District had no unrelated business income tax liability for the year ended August 31, 2001.

18 Deferred Compensation Program

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001

19 Interfund Borrowing

Interfund borrowing has been made from unrestricted current funds and other funds and is payable within one year without interest. Unrestricted current funds has \$723,571 due from restricted funds. The restricted funds owe the unrestricted current funds \$723,571.

20 Operating Lease Commitments and Rental Agreement

The District paid rental payments from current funds of \$181,709 and \$173,875 under operating leases in 2001 and 2000 respectively. Future minimum lease payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2001 are as follows:

Year Ending August 31	Minimum Future Lease Payments
-----	-----
2002	\$63,316
Total	\$63,316
	=====

21 GASB Statement No. 31

The District follows GASB Statement No. 31 reporting investments at fair value. Market quotations are used for U S Treasury and agency obligations. The only investments reported at amortized cost are U S securities that mature within one year or less of the date of acquisition. Investments in TexPool and Lone Star Investment Pool are reported at market value.

22 Bond Election and Issuance of Bonds

On December 14, 1999, the District passed a bond election in the amount of \$91,395,000 of general obligation bonds for the purpose of constructing new buildings and renovating existing District facilities. The District sold \$20,000,000 of the bonds on August 15, 2000 and issued them on September 20, 2000. In November 2001, the District authorized the sale of \$40,000,000 of these 1999 bonds. In addition, revenue financing system bonds of \$7,270,000 of revenue financing system bonds, not related to the 1999 bonds, were authorized by the Board of Regents to be sold to construct, improve buildings, property and equipment. Also in November 2001, the Regents authorized the sale of \$4,645,000 of maintenance tax notes for the maintenance, repair or replacement of buildings, property and equipment .

EUGENE HOVEY
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1375
LA PORTE, TEXAS 77572

PHONE 281-471-2700

November 24, 2001

To The Board of Regents
San Jacinto College District

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

I have audited the financial statements of the San Jacinto College District for the year ended August 31, 2001, and have issued my report thereon dated November 24, 2001. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the San Jacinto College District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. In accordance with the Public Funds Investment Act, I performed a compliance audit of management controls over its investments and adherence to its established investment policies. The results of my tests indicated that the District is in compliance with all aspects of the Act.

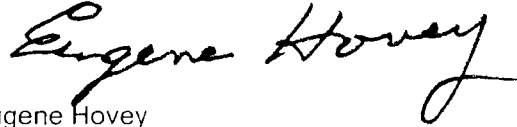
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the San Jacinto College District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 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 in amounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

To The Board of Regents
November 24, 2001
Page Two

This report is intended for the information of the Board of Regents, the District's management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink that reads "Eugene Hovey". The signature is written in a cursive style with a large, sweeping initial "E" and a long, trailing flourish at the end.

Eugene Hovey
Certified Public Accountant

EUGENE HOVEY
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1375
LA PORTE, TEXAS 77572

PHONE 281-471-2700

November 24, 2001

To The Board of Regents
San Jacinto College District

Re: Report on Compliance and Internal Control Related to Federal and State
Programs

Compliance

I have audited the compliance of the San Jacinto College District 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, 2001. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying federal and state schedules of findings and questioned cost. 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 District's management. My responsibility is to express an opinion on the District's compliance based on our audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of Texas Uniform Grant Management Standards (UGMS). These standards, OMB Circular A-133 and UGMS require that I 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 District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

In my opinion, the San Jacinto 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, 2001.

Internal Control Over Compliance

The management of the San Jacinto College District 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 plan-

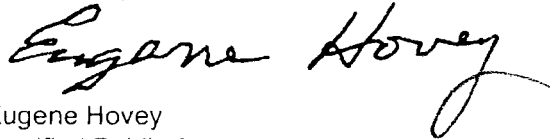
To The Board of Regents
November 24, 2001
Page 2

ning and performing my audit, I considered the District'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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS.

My 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 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 that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the Board of Regents, the District's management, federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink that reads "Eugene Hovey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Eugene Hovey
Certified Public Accountant

SAN JACINTO COLLEGE DISTRICT
 SCHEDULE A-1
 SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
 AUGUST 31, 2001

	CURRENT FUNDS			
	Unrestricted	Auxiliary Enterprises	Restricted	Total
Cash on Hand				
Cashier Accounts	\$ -	\$ -	\$ -	\$ -
Petty Cash	28,138	41,162	-	69,300
Subtotal	\$ 28,138	\$ 41,162	\$ -	\$ 69,300
Cash in Bank (includes overnight sweep)	\$ 774,765	\$ 1,154,828	\$ 46,223	\$ 1,975,816
Total Cash and Cash Equivalents	\$ 802,903	\$ 1,195,990	\$ 46,223	\$ 2,045,116
Short-Term Investments				
Tex Pool	\$ 751,874	\$ 3,279,062	\$ 605,946	\$ 4,636,882
Lonestar Investment Pool	14,711,725	15,935	-	14,727,660
U.S. Securities	12,248,751	4,910,320	-	17,159,071
Repurchase Agreement	-	-	-	-
Total Short-term Investments	\$ 27,712,350	\$ 8,205,317	\$ 605,946	\$ 36,523,613
Long-Term Investments				
U. S. Securities	\$ -	\$ -	\$ -	\$ -
Total Cash, Cash Equivalents and Investments	\$ 28,515,253	\$ 9,401,307	\$ 652,169	\$ 38,568,729

PLANT FUNDS

Endowment and Similar Funds	Unexpended	Retirement of Indebtedness	Agency Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	69,300
-----	-----	-----	-----	-----
\$ -	\$ -	\$ -	\$ -	\$ 69,300
-----	-----	-----	-----	-----
\$ 1,040	\$ 5,215	\$ 3,622	\$ 273,653	\$ 2,259,346
-----	-----	-----	-----	-----
\$ 1,040	\$ 5,215	\$ 3,622	\$ 273,653	\$ 2,328,646
-----	-----	-----	-----	-----
\$ 246,998	\$ 29,195	\$ 2,368,940	\$ 313,213	\$ 7,595,228
-	-	-	-	14,727,660
-	-	-	-	17,159,071
-	11,196,421	-	-	11,196,421
-----	-----	-----	-----	-----
\$ 246,998	\$ 11,225,616	\$ 2,368,940	\$ 313,213	\$ 50,678,380
-----	-----	-----	-----	-----
\$ -	\$ -	\$ -	\$ -	\$ -
-----	-----	-----	-----	-----
\$ 248,038	\$ 11,230,831	\$ 2,372,562	\$ 586,866	\$ 53,007,026
=====	=====	=====	=====	=====

San Jacinto College District
Schedule B-3
Schedule of Changes in Fund Balances
Unrestricted Current Funds - Auxiliary Enterprises
For the Year Ended August 31, 2001

	Student Services	Food Service	Golf Course	Recreation Hall/UIL	Bookstore	Child Care Center	Total
Revenues							
Sales and Services	\$ -	\$ 337,837	\$ 30,647	\$ 3,085	\$ 9,375,211	\$ 566,288	\$ 10,313,068
Student Service Fees	590,929	-	-	-	-	-	590,929
Miscellaneous Income	-	34,935	21,925	1,626	407,864	-	466,350
Total Revenue (Exhibit C)	\$ 590,929	\$ 372,772	\$ 52,572	\$ 4,711	\$ 9,783,075	\$ 566,288	\$ 11,370,347
Expenditures							
Salaries and Wages	\$ 34,308	\$ 146,584	\$ 44,232	\$ 2,150	\$ 618,613	\$ 608,025	\$ 1,453,912
Other Operating Expenses	1,081,568	113,048	1,118,703	38,147	7,684,894	195,233	10,231,593
Capital Outlay	-	-	-	-	-	-	-
Total Expenditure (Exhibit C)	\$ 1,115,876	\$ 259,632	\$ 1,162,935	\$ 40,297	\$ 8,303,507	\$ 803,258	\$ 11,685,505
Excess of Revenue over Expenditures	\$ (524,947)	\$ 113,140	\$ (1,110,363)	\$ (35,586)	\$ 1,479,568	\$ (236,970)	\$ (315,158)
Summary of Fund Balances							
as of September 1, 2000	-	611,901	735,820	9,427	10,529,428	-	11,886,576
Addition/Deduction							
Excess of Revenue over Expenditures	\$ (524,947)	\$ 113,140	\$ (1,110,363)	\$ (35,586)	\$ 1,479,568	\$ (236,970)	\$ (315,158)
Intrafund Transfers							
Activity	\$ 524,947	\$ -	\$ -	\$ -	\$ (524,947)	\$ -	\$ -
Golf Course	-	-	377,618	-	(377,618)	-	-
Child Care	-	-	-	-	(236,970)	236,970	-
Recreation Hall/UIL	-	-	-	59,872	(59,872)	-	-
Total Intrafund Transfers	\$ 524,947	\$ -	\$ 377,618	\$ 59,872	\$ (1,199,407)	\$ 236,970	\$ -
Interfund Transfers							
Unrestricted Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plant Funds	-	-	-	-	-	-	-
Total Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Additions/Deductions	\$ -	\$ 113,140	\$ (732,745)	\$ 24,286	\$ 280,161	\$ -	\$ (315,158)
Balance August 31, 2001 (Exhibit B)	\$ -	\$ 725,041	\$ 3,075	\$ 33,713	\$ 10,809,589	\$ -	\$ 11,571,418

San Jacinto College District
 Schedule B-13
 Schedule of Transfers
 For the Year Ended August 31, 2001

FUNDS TRANSFERRED FROM:		FUNDS TRANSFERRED TO:						
FUND	Amount	Unrestricted	Auxilliary Enterprises	Restricted	Endowment	Unexpended Plant	Retirement of Indebtedness	
MANDATORY								
Unrestricted Funds								
Transfer to TPEG Restricted Fund	\$ 486,754	\$ -	\$ -	\$ 486,754	\$ -	\$ -	\$ -	
Transfer to Retirement of Indebtedness- Notes Payable	457,920	-	-	-	-	-	457,920	
Bonds Payable	775,219	-	-	-	-	-	775,219	
Total Unrestricted Funds	\$ 1,719,893	\$ -	\$ -	\$ 486,754	\$ -	\$ -	\$ 1,233,139	
TOTAL MANDATORY TRANSFERS	\$ 1,719,893	\$ -	\$ -	\$ 486,754	\$ -	\$ -	\$ 1,233,139	
NON-MANDATORY								
Unrestricted Funds								
Transfer to Unexpended Plant Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Unrestricted Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-MANDATORY TRANSFERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL TRANSFERS AMONG FUNDS	\$ 1,719,893	\$ -	\$ -	\$ 486,754	\$ -	\$ -	\$ 1,233,139	

SAN JACINTO COLLEGE DISTRICT
 SCHEDULE C-1
 DETAIL OF STATE APPROPRIATIONS AND TUITION AND FEES
 For the Year Ended August 31, 2001

	Unrestricted	Auxiliary Enterprises	Restricted	Total
State Appropriations:				
Education and General State Support	\$ 32,562,068	\$ -	\$ -	\$ 32,562,068
State Group Insurance	-	-	4,155,046	4,155,046
State Retirement Matching	-	-	2,484,738	2,484,738
Other	822,209	-	-	822,209
Total State Appropriations	\$ 33,384,277	\$ -	\$ 6,639,784	\$ 40,024,061
Tuition and Fees				
State Funded Courses				
In-District Resident Tuition	\$ 7,571,678	\$ -	\$ -	\$ 7,571,678
Out-of-District Resident Tuition	3,898,176	-	-	3,898,176
Non-resident Tuition	1,121,630	-	-	1,121,630
Continuing Education	544,736	-	-	544,736
Subtotal Tuition	\$ 13,136,220	\$ -	\$ -	\$ 13,136,220
Building Use Fees				
Building Use Fees	\$ 372,190	\$ -	\$ -	\$ 372,190
Student Service Fees	-	590,929	-	590,929
Laboratory Fees	417,696	-	-	417,696
Other Fees	4,738,685	-	-	4,738,685
Subtotal Fees	\$ 5,528,571	\$ 590,929	\$ -	\$ 6,119,500
Remissions and Exemptions--State	\$ 1,170,551	\$ -	\$ -	\$ 1,170,551
Total Tuition and Fees	\$ 19,835,342	\$ 590,929	\$ -	\$ 20,426,271

- a) Amounts reported for tuition categories should agree with those reported on the Fiscal Activities Report.
 b) In accordance with Education Code 56.033, \$486,754 was set aside for Texas Public Education Grants (TPEG).

SAN JACINTO COLLEGE DISTRICT
SCHEDULE C-2
STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2001

	Salaries And Wages	Staff Benefits	Other Expenses	Capital Outlay	Total
Unrestricted-Educational and General					
Instruction	\$ 27,827,807	\$ 2,024,273	\$ 3,069,937	\$ 201,824	\$ 33,123,841
Public Service	3,018,529	219,583	2,175,978	16,419	5,430,509
Academic Support	4,371,821	318,194	788,695	74,863	5,553,573
Student Services	4,622,619	336,157	1,037,732	28,167	6,024,675
Institutional Support	6,590,119	479,491	7,354,645	2,377,780	16,802,035
Operation and Maintenance of Plant	3,960,878	288,135	4,911,701	300,420	9,461,134
Scholarships and Fellowships	-	-	1,170,551	-	1,170,551
Total Unrestricted	\$ 50,391,773	\$ 3,665,833	\$ 20,509,239	\$ 2,999,473	\$ 77,566,318
Restricted-Educational and General					
Instruction	\$ 213,371	\$ 6,541	\$ 3,783,765	\$ 39,942	\$ 4,043,619
Public Service	78,892	12,678	405,847	2,790	500,207
Academic Support	73,055	-	581,776	-	654,831
Student Services	941,264	132,167	1,753,726	14,006	2,841,163
Institutional Support	64,803	2,660	879,355	-	946,818
Operation and Maintenance of Plant	-	-	521,887	-	521,887
Scholarships and Fellowships	-	-	7,272,305	-	7,272,305
Total Restricted	\$ 1,371,385	\$ 154,046	\$ 15,198,661	\$ 56,738	\$ 16,780,830
Restricted-Auxiliary Enterprises	\$ 24,108	\$ -	\$ -	\$ -	\$ 24,108
Total Restricted	\$ 1,395,493	\$ 154,046	\$ 15,198,661	\$ 56,738	\$ 16,804,938
Total Educational and General	\$ 51,787,266	\$ 3,819,879	\$ 35,707,900	\$ 3,056,211	\$ 94,371,256
Auxiliary Enterprises	\$ 1,453,913	\$ 294,041	\$ 9,706,672	\$ 230,879	\$ 11,685,505
Total Current Fund Expenditures	\$ 53,241,179	\$ 4,113,920	\$ 45,414,572	\$ 3,287,090	\$ 106,056,761

SAN JACINTO COLLEGE DISTRICT
 SCHEDULE D-1
 SCHEDULE OF BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS
 FOR THE YEAR ENDED AUGUST 31, 2001

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding 09/01/00	Bonds Issued After 09/01/00	Bonds Matured or Retired	Bonds Outstanding 08/31/01	Maturities	
							First/Last Year	First Call Date
School Building Bonds, Series 1993	\$ 12,000,000	5.125-7.125	\$ 6,000,000	\$ -	\$ 2,000,000	\$ 4,000,000	1993/2002	NONE
General Obligation Bonds, Series 1998	1,705,000	3.40-4.50	945,000	-	755,000	190,000	1998/2002	NONE
General Obligation Bonds, Series 2000	20,000,000	2.52-6.00	20,000,000	-	3,200,000	16,800,000	2001/2025	NONE
Total	\$ 33,705,000		\$ 26,945,000	\$ -	\$ 5,955,000	\$ 20,990,000		

Summary of Debt Service Requirements to Maturity

Year Ending August 31,

Description	2002	2003	2004	2005	2006	All Other Years	Total Requirements
School Building Bonds, Series 1993	\$ 2,155,000	\$ 2,051,250	\$ -	\$ -	\$ -	\$ -	\$ 4,206,250
General Obligation Bonds, Series 1998	193,373	-	-	-	-	-	193,373
General Obligation Bonds, Series 2000	1,732,000	990,000	990,000	990,000	990,000	33,416,000	39,108,000
	\$ 4,080,373	\$ 3,041,250	\$ 990,000	\$ 990,000	\$ 990,000	\$ 33,416,000	\$ 43,507,623

SAN JACINTO COLLEGE DISTRICT
SCHEDULE D-3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2001

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PASS-THROUGH DISBURSEMENTS AND EXPENDITURES
U S DEPARTMENT OF AGRICULTURE			
Pass-Through From:			
Texas Department of Human Services			
Child Care Food Program	10 558		<u>2,894</u>
U S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through From:			
The City of Pasadena			
Community Development Block Grant	14 218		<u>125,397</u>
U S DEPARTMENT OF LABOR			
Pass-Through From:			
Houston-Galveston Area Council			
Harris County Community Development	17.000		<u>23,647</u>
NATIONAL SCIENCE FOUNDATION			
Pass-Through From:			
University of Houston			
Houston Alliance for Minority Participation Project (AMP)	47 076		<u>15,500</u>
U S SMALL BUSINESS ADMINISTRATION			
Pass-Through From:			
The University of Houston-Central			
Small Business Development Center	59 037		<u>100,926</u>
U S DEPARTMENT OF VETERANS AFFAIRS			
Direct Programs			
Veteran's Administration Admin Allowance	64 124		<u>2,318</u>
U S DEPARTMENT OF EDUCATION			
Direct Programs:			
Federal Supplemental Educational Opportunity Grant	84.007		770,204
Title V - Strengthening the Institution	84.031S		517,381
Federal College Workstudy Program	84 033		458,393
Upward Bound Grant	84 047A		278,082
Federal Pell Grant	84 063		6,015,605
Pass-Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins Voc Ed -- 00	84 048		811,590
Eisenhower	84 281		83,489
North Harris Community College District			
Schools To Careers-Local Implementation Partnership Grant	84.278E		31,011
TOTAL U S DEPARTMENT OF EDUCATION			<u>8,965,755</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Temporary Assistance for Needy Families SSF-TANF	93.558		347,170
Boot Up Plus 4	93.558		94,589
Health and Sciences	93.558		52
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>441,812</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>9,678,248</u>

SAN JACINTO COLLEGE DISTRICT
 SCHEDULE D-3
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2001

Note 1: Federal Assistance Reconciliation

Federal Revenues - per Exhibit C:	
Federal Grants and Contracts	\$ 9,608,496
Indirect/Administrative Cost Recoveries	69,752

Total Expenditures per Federal Schedule	\$ 9,678,248
	=====

Note 2: Student Loans Processed-not Included in Schedule

Federal Grantor CFDA Number/Program Name	New Loans Processed
-----	-----
Department of Education	
84.032 Federal Family Education Loan Program	\$ 2,213,497
	=====

Note 3: Significant accounting policies used in preparing the schedule

The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the fund agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 4: Nonmonetary federal assistance received-not Included in Schedule

Federal Grantor CFDA Number/Program Name	

39.003 U S General Services Administration	
Pass-through from:	
Texas State General Services Commission	
Donation of Federal Surplus Personal Property	\$ 9,716
	=====

SAN JACINTO COLLEGE DISTRICT
 SCHEDULE D-4
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2001

GRANTOR AGENCY/PROGRAM TITLE	GRANT CONTRACT NUMBER	EXPENDITURES
TEXAS WORKFORCE COMMISSION		
Skills Development	281SDF1152	139,217
Skills Development	POT-00-033	1,490
Skills Development	POT-00-033	46,967
Skills Development	POT-00-033	36,410
Skills Development	POT-00-041	77,556
Skills Development	POT-00-033	31,449
Skills Development	POT-00-021	1,603
Skills Development	POT-00-013	98,997
Skills Development	POT-70330	30,253
Skills Development	POT-70330	130,936
Skills Development	POT-70330	52,575
Skills Development	POT-70330	26,416
Skills Development	POT-70330	43,204
Skills Development	POT-70330	8,926
Skills Development	POT-70330	10,460
Skills Development	POT-70330	10,602
Skills Development	POT-70330	12,326
Skills Development	POT-70330	36,657
Skills Development	POT-70330	40,101
Skills Development	POT-70330	35,984
Skills Development	POT-70330	154,898
Skills Development	POT-70330	73,315
Skills Development	POT-70330	17,671
Skills Development	POT-70330	22,156
TOTAL TEXAS WORKFORCE COMMISSION		<u>1,140,169</u>
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION		
Texttreasures Grant - TIFB Grant 00/01	713-01048	14,649
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Incentive Grant for Vocational Nursing Retention		1,000
New Horizons		1,947
State Military Tuition Assistance		5,242
Texas Grant I		40,733
Texas College Work Study		15,094
Early High School - HB1479		49,755
Certified Edu Aide Program		3,373
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		<u>117,143</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u><u>1,271,961</u></u>

SAN JACINTO COLLEGE DISTRICT
 SCHEDULE D-4
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2001

Note 1: State Assistance Reconciliation

State Revenues - per Exhibit C:

State Financial Assistance		
Per Schedule of expenditures of state awards	\$	1,271,961
State Financial Assistance		
Continuing Education tuition and fees included in Exhibit C captioned "Tuition and Fees"		(1,200,064)

Total State Revenues per Exhibit C	\$	71,897
		=====

Note 2: Significant accounting policies used in preparing the schedule

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 of the notes to the financial statements for the college's significant accounting policies. These expenditures are reported on the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

SAN JACINTO COLLEGE DISTRICT
 FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2001

1. SUMMARY OF AUDIT RESULTS:

Financial Statements

The type of report issued on the financial statements of the District was an unqualified opinion.

Internal control over financial reporting:

Material weakness(es) identified? yes no

Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements. yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? yes no

The type of report issued on compliance for major programs was unqualified.

Identification of major programs:

CFDA Number	Name of Federal Program

Student Financial Aid-Cluster:	
84.007	Federal SEOG Program
84.032	Federal Family Education Loan Program
84.033	Federal College Workstudy Program
84.063	Federal Pell Grant Program
84.048	Carl Perkins Voc Ed Program

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The District was determined to be a low-risk auditee.

FINDINGS--FINANCIAL STATEMENTS AUDIT None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

	Federal CFDA Number	Findings	Questioned Costs

Student Financial Aid--Cluster:			
Federal SEOG Program	84.007	None	None
Federal Family Education Loan	84.032	None	None
Federal College Workstudy	84.033	None	None
Federal Pell Grant Program	84.063	None	None
Carl Perkins Voc Ed Program	84.048	None	None

SAN JACINTO COLLEGE DISTRICT
 STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2001

1. SUMMARY OF AUDIT RESULTS:

Financial Statements

The type of report issued on the financial statements of the District was an unqualified opinion.

Internal control over financial reporting:

Material weakness(es) identified? yes no

Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements. yes no

State Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of the State of Texas Single Audit Circular? yes no

The type of report issued on compliance for major programs was unqualified.

Identification of major state programs:

Grant Contract Number	Name of State Program
POT - 70330	Skills Development
POT - 00 -041	Skills Development
POT - 00-033	Skills Development
POT - 281SDF1152	Skills Development

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The District was determined to be a low-risk auditee.

FINDINGS--FINANCIAL STATEMENTS AUDIT None

STATE AWARD FINDINGS AND QUESTIONED COSTS

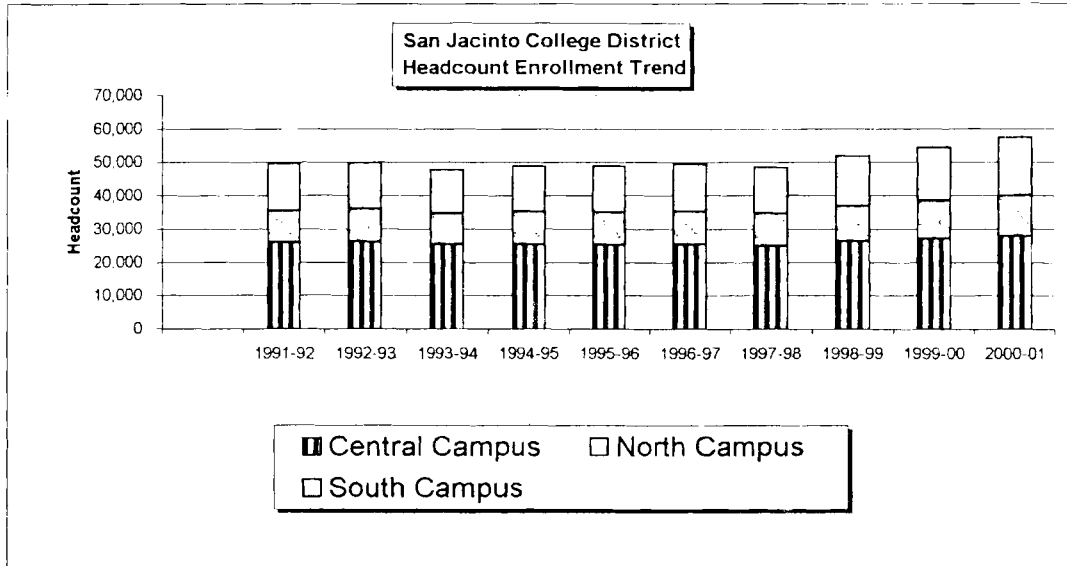
	Grant Contract Number	Findings	Questioned Costs
Skills Development	POT - 70330	None	None
Skills Development	POT - 00-041	None	None
Skills Development	POT - 00-033	None	None
Skills Development	POT - 281SDF1152	None	None

San Jacinto College District
 Headcount Enrollment*
 Last 10 Fiscal Years
 (UNAUDITED)

Fiscal Year	State Funded			Total**	Non State Funded Other
	Central Campus	North Campus	South Campus		
1991-92	25,952	9,598	14,167	49,717	
1992-93	26,259	9,805	13,782	49,846	
1993-94	25,330	9,299	13,217	47,846	
1994-95	25,357	9,868	13,742	48,967	
1995-96	25,290	9,865	13,742	48,897	
1996-97	25,510	9,813	14,264	49,587	
1997-98	24,845	9,361	13,893	48,599	
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	

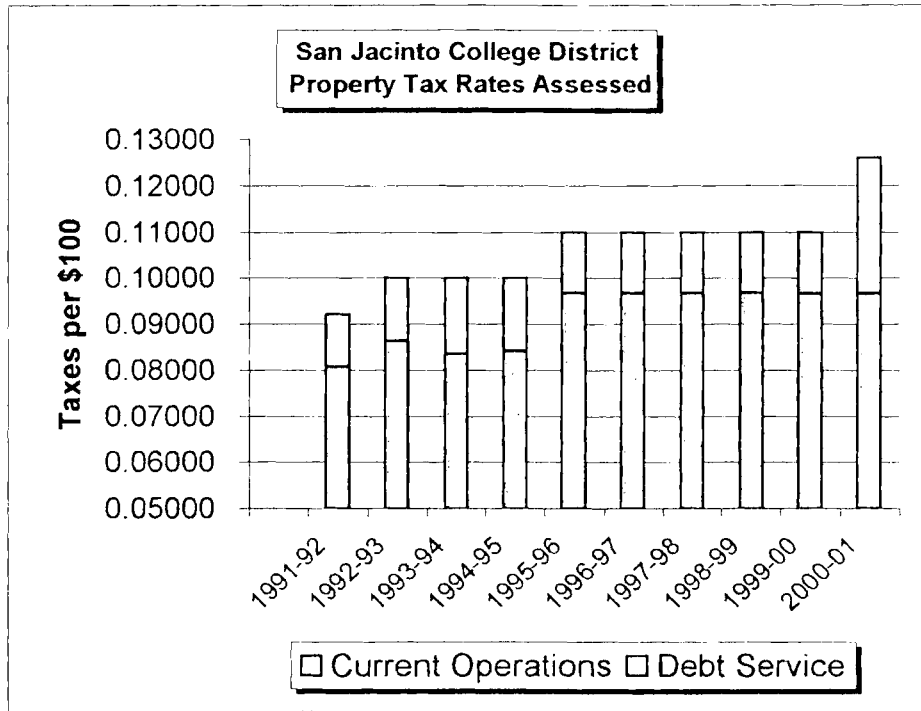
*Duplicated Headcount

**Includes Semester Length Courses - Does Not Include Continuing Education



San Jacinto College District
 Property Tax Rates Assessed
 Last 10 Fiscal Years
 (UNAUDITED)

Fiscal Year	Current Operations	Debt Service	Total
1991-92	0.08067	0.01133	0.09200
1992-93	0.08633	0.01367	0.10000
1993-94	0.08360	0.01640	0.10000
1994-95	0.08406	0.01594	0.10000
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

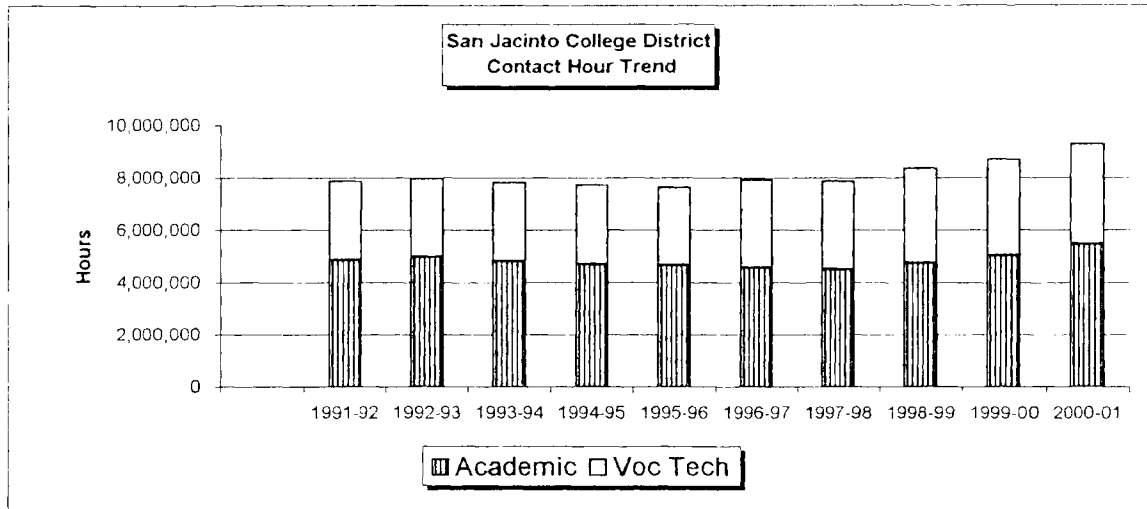


San Jacinto College District
Property Tax Rates Authorized
Last 10 Fiscal Years
(UNAUDITED)

Fiscal Year	Current Operations	Debt Service	Total
1991-92	0.20000	0.50000	0.70000
1992-93	0.20000	0.50000	0.70000
1993-94	0.20000	0.50000	0.70000
1994-95	0.20000	0.50000	0.70000
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

San Jacinto College District
 Contact Hour Information
 Last 10 Fiscal Years
 (UNAUDITED)

Fiscal Year	Contact Hours		
	Academic	Voc Tech	Total
1991-92	4,874,826	3,011,585	7,886,411
1992-93	4,978,910	2,996,541	7,975,451
1993-94	4,822,288	3,009,031	7,831,319
1994-95	4,703,512	3,024,431	7,727,943
1995-96	4,663,832	2,968,188	7,632,020
1996-97	4,585,952	3,356,341	7,942,293
1997-98	4,507,640	3,385,799	7,893,439
1998-99	4,756,008	3,609,549	8,365,557
1999-00	5,039,080	3,677,619	8,716,699
2000-01	5,463,816	3,818,841	9,282,657

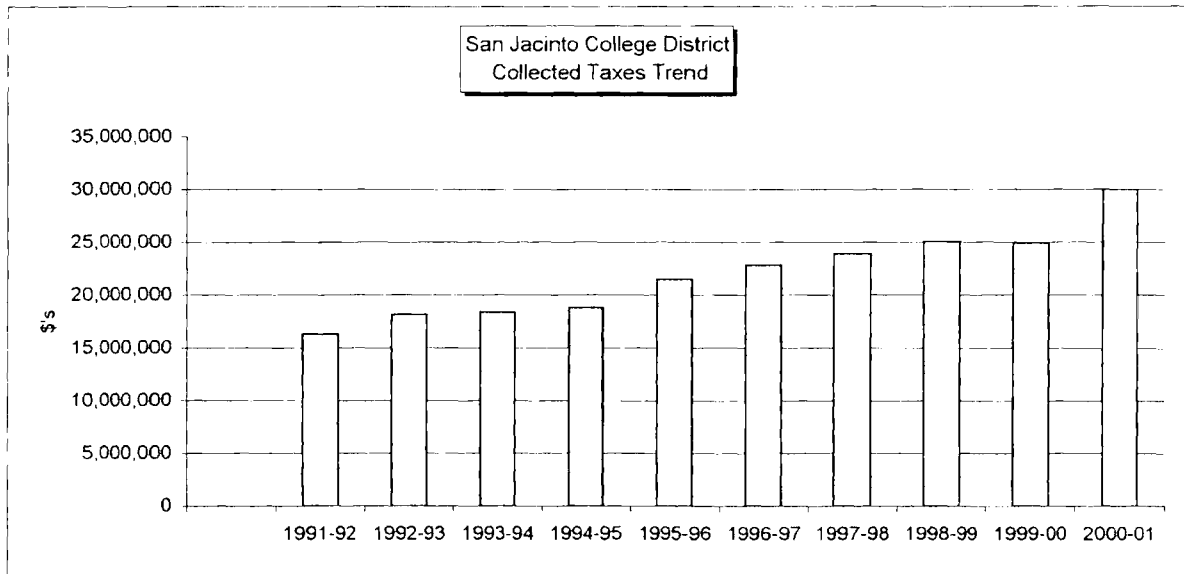


San Jacinto College District
 Net Assessed Valuation
 Last 10 Fiscal Years
 (UNAUDITED)

Fiscal Year	Assessed Valuation	Less: Exemptions	Net Assessed Valuation
1991-92	17,931,165,100	xx	17,931,165,100
1992-93	18,226,162,164	xx	18,226,162,164
1993-94	18,444,560,180	xx	18,444,560,180
1994-95	18,880,811,130	xx	18,880,811,130
1995-96	19,473,628,855	xx	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

San Jacinto College District
Property Tax Collected
Last 10 Fiscal Years
(UNAUDITED)

Fiscal Year	Current Tax Collections	Delinquent Collections	Total Tax Collections
1991-92	16,017,470	307,728	16,325,198
1992-93	17,763,795	388,210	18,152,005
1993-94	18,011,432	363,662	18,375,094
1994-95	18,411,512	387,109	18,798,621
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



San Jacinto College District
State Appropriations Per FTSE
Last 10 Fiscal Years
(UNAUDITED)

<u>Fiscal Year</u>	<u>Appropriations Per FTSE</u>
1991-92	\$ 1,044.07
1992-93	\$ 1,056.94
1993-94	\$ 1,110.61
1994-95	\$ 1,102.74
1995-96	\$ 1,054.23
1996-97	\$ 1,031.22
1997-98	\$ 1,215.51
1998-99	\$ 1,186.70
1999-00	\$ 1,233.73
2000-01	\$ 1,194.96

*Credit Courses Only