



TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 1993

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

AUGUST 31, 1993

TEXAS SOUTHMOST COLLEGE
ORGANIZATIONAL DATA
For the Fiscal Year 1992 - 1993

Board of Trustees

Officers

Mary Rose Cardenas	Chairperson
Ricardo Efrain Lara	Vice-Chairperson
Praxedis Orive, Jr.	Secretary

Members

		Term Expires
Mary Rose Cardenas	Brownsville, Texas	May, 1996
Ricardo Efrain Lara	Brownsville, Texas	May, 1994
Praxedis Orive, Jr.	Brownsville, Texas	May, 1998
Anthony Carnesi, Jr.	Brownsville, Texas	May, 1994
Dr. Joseph Zavaletta	Brownsville, Texas	May, 1998
Chester Gonzalez	Brownsville, Texas	May, 1998
Leon Belila	Brownsville, Texas	May, 1996

Key Officer

Michael Putegnat

Executive Director/Secretary

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AUGUST 31, 1993

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Page No.</u>
Report of Independent Certified Public Accountants	1
Financial Statements	
Balance Sheet - Exhibit A	2 - 5
Statement of Changes in Fund Balances - Exhibit B	6 - 7
Statement of Current Funds Revenues, Expenditures, and Other Changes - Exhibit C	9
Notes to the Financial Statements	11 - 22
Report on Compliance Based on an Audit of General-Purpose Financial Statements Performed in Accordance With Government Auditing Standards	23
Report on the Internal Control Structure Based on an Audit of General-Purpose Financial Statements Performed in Accordance With Government Auditing Standards	24 - 25
Schedules	
Schedule A-1 Schedule of Cash, Cash Equivalents and Short-term Investments	26 - 27
Schedule A-2 Schedule of Long-Term Investments by Fund Group	28 - 29
Schedule C-1 Statement of Current Fund Revenues	31
Schedule C-2 Statement of Current Funds Expenditures by Object	33
Schedule C-3 Schedule of Educational and General Expenditures (excludes auxiliary enterprises) summarized by Elements of Institutional Costs.	35
Schedule C-4 Schedule of District Taxes	37
Schedule D-1 Bonds Payable and Debt Service Requirements	38 - 39
Schedule D-2 Schedule of Pledged Revenues and Fund Balances for Revenue Bonds Outstanding	40 - 41

SINGLE AUDIT SECTION

Report on Supplementary Schedule of Federal Financial Assistance	43
Schedule of Federal Financial Assistance - Schedule D-3	44
Single Audit Report on the Internal Control Structure Used in Administering Federal Federal Financial Assistance Programs	45 - 47
Single Audit Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs	48
Single Audit Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs	49
Single Audit Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	50
Schedule of Findings and Questioned Costs	51 - 60
Status of Corrective Actions on Prior Year Findings	61 - 62

SUPPLEMENTARY INFORMATION SECTION

Schedule of Revenues Compared with Budget - General and Auxiliary Enterprise Funds	64
Schedule of Expenditures Compared with Budget - General and Auxiliary Enterprise Funds	65 - 66
Auxiliary Enterprise Fund	
Balance Sheet	68
Statement of Changes in Fund Balance	69
Statement of Revenues and Expenditures	70
Student Assistance Funds	
Combining Balance Sheet	72
Combining Statement of Changes in Fund Balance	73
Combining Statement of Revenues and Expenditures	74
Loan Funds	
Combining Balance Sheet	76
Combining Statement of Changes in Fund Balance	77
Endowment Funds	
Combining Balance Sheets	79
Combining Statement of Changes in Fund Balances	80
Plant Funds	
Balance Sheet - Unexpended Funds	82
Statement of Changes in Fund Balance - Unexpended Funds	83
Balance Sheet - Renewals and Replacements	84
Statement of Changes in Fund Balance - Renewals and Replacements	85
Combining Balance Sheets - Retirement of Indebtedness	86

	<u>Page No.</u>
Combining Statement of Changes in Fund Balances - Retirement of Indebtedness	87
Balance Sheet - Investment in Plant	88
Statement of Changes in Fund Balance - Investment in Plant	89
Schedule of General Fixed Assets	90 - 91
Agency Funds	
Combining Balance Sheets	93
Combining Statement of Changes in Fund Balances	94
Bond Schedules	
Board of Trustees of Southmost Union Junior College District - Building Revenue Bonds - Series 1970	96
Board of Trustees of Southmost Union Junior College District - Building Revenue Bonds - Series 1975-A	97
Southmost Union Junior College District - School Building Tax Bonds - Series 1987 and Series 1988	98

FINANCIAL SECTION

LCP & H LONG, CHILTON, PAYTE & HARDIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

Stuart C. Mayo, CPA
H. Eugene Sanford, CPA
Pablo Vela, Jr., CPA
Ygnacio D. Garza, CPA
Rance G. Sweeten, P.C., CPA
A. Carlos Barrera, CPA
Wayne D. Beneke, CPA
Susana L. Reynoso, CPA
Ruben Moreno, CPA
Quentin N. Anderson, CPA

Members - Division of Firms,
American Institute of CPAs

745 E. ST. CHARLES
BROWNSVILLE, TEXAS 78520
(210) 546-1655
FAX (210) 546-0377

OF COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Joe J. Garza, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Texas Southmost College

We have audited the accompanying general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, as listed in the table of contents. These general-purpose financial statements are the responsibility of Texas Southmost College management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Texas Southmost College, as of August 31, 1993, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Texas Southmost College. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Long, Chilton, Payte & Hardin
LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993

TEXAS SOUTHWEST COLLEGE

EXHIBIT A

BALANCE SHEET

August 31, 1993

With Memorandum Totals At August 31, 1992

	CURRENT FUNDS				Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total	
ASSETS					
Cash and Cash Equivalents (Sch. A-1)	\$ (160,095)	\$ 104,992	\$ 9,788	\$ (45,315)	\$ 5
Short-Term Investments (Sch. A-1)	3,484,866	200,000		3,684,866	
Balance in State Appropriations					
Accounts Receivable (net of allowance for doubtful accounts of \$-0- for both years)	65,158	27,885		93,043	
Taxes Receivable (net of allowance for doubtful accounts of \$14,981 and \$14,408 at August 31, 1993 and 1992)	308,384			308,384	
Due From Other Funds	440,799		152,035	592,834	26,684
Due From Other Agencies	82,721			82,721	76,601
Investments (Sch. A-2)					
Accrued Interest Receivable	33,116	2,584		35,700	
Prepaid Expenses	20,783			20,783	
Deferred Charges	1,698,166			1,698,166	
Federal Receivables	337,852			337,852	
Contract and Grant Awards					
Deposits					
Notes Receivable (net of allowance for doubtful accounts of \$41,565 for both years)					28,843
Bond Proceeds Receivable					
Variable Rate Notes Receivable					
Consumable Inventories					
Inventories, at cost					
Land					
Buildings					
Improvements Other Than Buildings					
Equipment					
Library Books					
Museums and Art Collections					
Leasehold Improvements					
Assets Held in Trust					
Construction in Progress					
Total Assets	\$ 6,311,750	\$ 335,461	\$ 161,823	\$ 6,809,034	\$ 132,133

TEXAS SOUTHMOST COLLEGE

Exhibit A

BALANCE SHEET - CONTINUED
 August 31, 1993
 With Memorandum Totals At August 31, 1992

	CURRENT FUNDS				Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total	
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 60,407	\$	\$	\$ 60,407	\$
Accrued Liabilities					
Deposits Payable	100			100	
Due To Other Funds	153,753	60,800	35,103	249,656	
Due To Other Agencies	831,140		20,995	852,135	5
Deferred Revenues	1,391,417			1,391,417	
Deferred Lease Obligations					
Accrued Compensable Absences Payable					
Annuities Payable					
Bonds Payable (Sch. D-1)					
Notes and Loans Payable					
Lease-Purchase Agreements Payable					
Assets Held in Trust					
Funds Held in Custody for Others					
Total Liabilities	<u>2,436,817</u>	<u>60,800</u>	<u>56,098</u>	<u>2,553,715</u>	<u>5</u>
Fund Balance:					
Unrestricted					
Reserved	\$	\$	\$	\$	\$
Encumbrances					
Accounts Receivable	65,158	27,885		93,043	
Goods for Resale Inventory					
Prepaid Expenses	20,783			20,783	
Unreserved					
Designated					
Future Operating Budget(s)					
Capital Projects					
College Loan Funds					132,128
Undesignated	3,788,992	246,776		4,035,768	
Restricted					
Encumbrances					
Other			105,725	105,725	
U.S. Government Grants Refundable					
Net Investment in Plant					
Total Fund Balances (Exh. B)	<u>3,874,933</u>	<u>274,661</u>	<u>105,725</u>	<u>4,255,319</u>	<u>132,128</u>
Total Liabilities and Fund Balances	<u>\$ 6,311,750</u>	<u>\$ 335,461</u>	<u>\$ 161,823</u>	<u>\$ 6,809,034</u>	<u>\$ 132,133</u>

The accompanying notes are an integral part of these financial statements.

Endowment and Similar Funds	PLANT FUNDS				Agency Funds	TOTALS MEMORANDUM ONLY	
	Unexpended	Renewals and Replaces- ments	Retirement of Indebt- edness	Investment in Plant		Current Year	Prior Year
\$	\$	\$ 28,910	\$	\$	\$	\$ 89,317	\$ 185,526
		221,813	149,767			100	100
			176,022			621,236	734,036
						852,140	36,695
						1,567,439	1,854,647
				11,975,000		11,975,000	12,525,000
				138,450		138,450	238,548
							33,442
		<u>250,723</u>	<u>325,789</u>	<u>12,113,450</u>		<u>15,243,682</u>	<u>15,607,994</u>
\$	\$	\$	\$	\$	\$	\$	\$ 389,256
						93,043	
						20,783	
	23,783	94,697				118,480	451,638
						132,128	
					13,127	4,048,895	2,886,628
3,943,196			528,732			4,577,653	4,481,311
<u>3,943,196</u>	<u>23,783</u>	<u>94,697</u>	<u>528,732</u>	<u>39,410,565</u>		<u>39,410,565</u>	<u>34,478,977</u>
				<u>39,410,565</u>	<u>13,127</u>	<u>48,401,547</u>	<u>42,687,810</u>
<u>\$3,943,196</u>	<u>\$ 23,783</u>	<u>\$ 345,420</u>	<u>\$ 854,521</u>	<u>\$51,524,015</u>	<u>\$ 13,127</u>	<u>\$63,645,229</u>	<u>\$58,295,804</u>

TEXAS SOUTHWEST COLLEGE

Exhibit B

STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 1993
With Memorandum Totals For the Year Ended August 31, 1992

	CURRENT FUNDS				
	Unrestricted	Auxiliary Enterprises	Restricted	Total	Loan Funds
REVENUES AND OTHER ADDITIONS					
Unrestricted Current Funds Revenue (Exh. C)	\$20,303,711	\$ 208,916	\$	\$20,512,627	\$
Federal Appropriations					
State Appropriations - Restricted			18,216	18,216	
Federal Grants and Contracts			1,135,536	1,135,536	
State Grants and Contracts					
Local Gifts, Grants and Contracts			45,426	45,426	
Private Gifts, Grants and Contracts					
Investment Income					
Endowment Income					
Realized Gains on Investments					
U.S. Government Advances					
Net Decrease in Accrued Compensable Absences Payable					
Net Change in Bonds Payable					
Net Change in Notes Payable					
Expended for Plant Facilities (Includes \$148,523 Charged to Current Funds Expenditures)					
Other Interest Income			3,012	3,012	52
Other Revenues					
Other Additions		2,250		2,250	
Total Revenues and Other Additions	<u>\$20,303,711</u>	<u>\$ 211,166</u>	<u>\$ 1,202,190</u>	<u>\$21,717,067</u>	<u>\$ 52</u>
EXPENDITURES AND OTHER DEDUCTIONS					
Expenditures (Exh. C)	19,100,672	159,212	1,324,484	20,584,368	
Expended for Plant Facilities					
Lapsed Appropriations					
Indirect Costs Recovered					
Refunded to Grantors					2,855
Loan Cancellations and Write Offs					
Administrative and Collection Costs					
Retirement of Indebtedness Bonds:					
Interest on Indebtedness					
Net Realized Losses on Investments					
Net Increase in Accrued Compensable Absences Payable					
Disposal of Plant Facilities					
Other Deductions					
Transfers to UT-B			156,033	156,033	(26,643)
Total Expenditures and Other Deductions	<u>\$19,100,672</u>	<u>\$ 159,212</u>	<u>\$ 1,480,517</u>	<u>\$20,740,401</u>	<u>\$ (23,788)</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS)					
Mandatory Transfers					
Retirement of Indebtedness					
Building Use Fees	(321,614)			(321,614)	
Tuition					
Operations					
Auxiliary Enterprises					
Designated Funds					
Unexpended Plant Funds					
Revenue Bonds					
Renewals and Replacements					
Loan Fund Matching/Grant Matching					
Scholarships	(122,035)		122,035		
Non-Mandatory Transfers	172,751		3,316	176,067	26,684
Total Transfers - Additions (Deductions)	<u>(270,898)</u>		<u>125,351</u>	<u>(145,547)</u>	<u>26,684</u>
NET INCREASE/(DECREASE) FOR THE FISCAL YEAR	932,141	51,954	(152,976)	831,119	50,524
FUND BALANCES, September 1, 1992:	\$ 2,934,511	\$ 223,040	\$ 258,455	\$ 3,416,006	\$ 81,604
Restatements (Prior Period Adjustments)	8,281	(333)	246	8,194	
FUND BALANCES September 1, 1992 - Restated	2,942,792	222,707	258,701	3,424,200	81,604
FUND BALANCES, August 31, 1993	<u>\$ 3,874,933</u>	<u>\$ 274,661</u>	<u>\$ 105,725</u>	<u>\$ 4,255,319</u>	<u>\$ 132,128</u>

The accompanying notes are an integral part of these financial statements.

TEXAS SOUTHMOST COLLEGE

Exhibit C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

For the Year Ended August 31, 1993
With Memorandum Totals For the Year Ended August 31, 1992

	Unrestricted	Auxiliary Enterprises	Total Unrestricted	Restricted	TOTALS MEMORANDUM ONLY	
					Current Year	Prior Year
REVENUES						
State Appropriations - General Revenue	\$8,733,408	\$ -	\$ 8,733,408	\$ 18,216	\$ 8,751,624	\$10,449,794
Local Funds:						
Tuition and Fees (Net of TPEG \$122,035)	6,142,801	-	6,142,801	-	6,142,801	4,748,053
Taxes for Current Operation	1,873,869	-	1,873,869	-	1,873,869	1,835,766
Sales & Service of Educational Activities	-	-	-	-	-	-
Sales & Service of Auxiliary Enterprises	-	198,235	198,235	-	198,235	193,909
Other Sources	385,118	3,240	388,358	-	388,358	301,738
Federal Grants and Contracts	-	-	-	1,135,536	1,135,536	6,293,085
State Grants and Contracts	1,928,381	-	1,928,381	-	1,928,381	94,873
Local Grants and Contracts	1,092,792	-	1,092,792	-	1,092,792	1,264,812
Private Gifts, Grants and Contracts	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Endowment Income	-	-	-	-	-	-
Other Interest Income	147,342	7,441	154,783	-	154,783	184,957
Other Gains/Losses on Investments	-	-	-	-	-	-
Total Current Funds Revenues	\$20,303,711 (Exh. B)	\$ 208,916 (Exh. B)	\$20,512,627	\$ 1,153,752	\$21,666,379	\$25,366,987
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational and General:						
Instruction	-	-	-	-	-	12,785,788
Research	-	-	-	-	-	-
Public Service	-	-	-	-	-	715,255
Academic Support	6,328,121	-	6,328,121	-	6,328,121	1,020,131
Student Services	-	-	-	-	-	1,138,972
Institutional Support	828,829	-	828,829	18,216	847,045	2,728,618
Operation and Maintenance of Plant	390,270	-	390,270	-	390,270	1,973,959
Scholarships and Fellowships	-	-	-	170,732	170,732	5,280,773
Transfers to UTB	11,553,452	-	11,553,452	1,135,536	12,688,988	-
Total Educational and General Expenditures (Sch. C-2)	19,100,672	-	19,100,672	1,324,484	20,425,156	25,643,496
Auxiliary Enterprise Expenditures (Sch. C-2)	-	159,212	159,212	-	159,212	167,446
Mandatory Transfers for:						
Building Use Fees	321,614	-	321,614	-	321,614	390,626
Principal and interest	-	-	-	-	-	-
Renewals and replacements	-	-	-	-	-	-
Matching grant	-	-	-	-	-	-
Scholarships	122,035	-	122,035	(170,732)	(48,697)	(610)
Non-mandatory transfers	(172,751)	-	(172,751)	(3,316)	(176,067)	(130,190)
Total expenditures and transfers	19,371,570	159,212	19,530,782	1,150,436	20,681,218	26,070,768
Other transfers and additions/ (deductions):						
Excess of restricted receipts over transfers to revenues	-	-	-	(3,316)	(3,316)	-
Refunded to grantors	-	-	-	-	-	-
Unrestricted gifts allocated to other funds	-	-	-	-	-	-
Portion of funds functioning as endowment gains appropriated	-	-	-	-	-	-
Net increase (decrease) in fund balances	\$ 932,141	\$ 49,704	\$ 981,845	\$ -	\$ 981,845	\$ (650,781)

The accompanying notes are an integral part of these financial statements.

TEXAS SOUTHMOST COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 1993

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Texas Southmost College have been prepared on accrual basis. The statement of current funds revenues and expenditures 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.

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, library holdings, and livestock; (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 college, 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 endowments 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 use 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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1993

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 Texas Southmost College 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 balanced funds 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 residence halls, food services and book stores.

Restricted

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.

Loan Funds

Funds available for loans to students, faculty and staff.

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.

Annuity and Life Income Funds

The Annuity Funds group consists of funds donated to an institution on the condition that the institution pay a stipulated amount of the funds to the donor or designated individual for a specified time or until the time of death of the annuitant. The Life Income funds group consists of funds contributed to an institution subject to the requirement that the institution periodically pay the income earned on the assets (less management expenses) to designated beneficiaries.

Plant Funds

Plant funds are divided into these separate balanced fund groups:

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

Unexpended

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

Renewals and Replacements

Funds accumulated for the renewal and replacement of physical plant properties.

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 and fair market value at August 31, 1992 for livestock. Depreciation on physical plant and equipment is not recorded.

Agency Funds

Funds held by the college 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 are shown with memorandum totals for the current and prior years. Interfund borrowing has not been eliminated, but has been off-set 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.

Other Significant Accounting Policies

Other significant accounting policies are in the financial statements and their notes.

1. Authorized Investments

Texas Southmost College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act of 1987 (Art. 842a-2, Texas Revised Civil Statutes). 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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

2. Deposits and Investments

At August 31, 1993, the carrying amount of Texas Southmost College deposits was \$4,064,866, and total bank balances equalled \$7,353,754. Bank balances of \$745,720 are covered by federal depository insurance and \$3,000,000 was covered by collateral pledged in Texas Southmost College name. The collateral was held in the safekeeping departments of unrelated banks which act as the pledging bank's agents (Category 1). Bank balances totalling \$291,438 were uncollateralized at fiscal year end (Category 3). Cash and Deposits include as reported on Exhibit A, Balance Sheet, consist of the items reported below.

Cash and Deposits

Bank Deposits		
Demand Deposits	\$ 745,720	
U.S. Treasury Bills	<u>3,964,866</u>	\$ 4,710,586
Cash and Cash Equivalents		
Petty Cash on Hand	\$ 2,450	
Local Funds in State Treasury	<u>100</u>	<u>2,550</u>
Total Cash and Deposits		<u>\$ 4,713,136</u>

To comply with the reporting requirements of GASB Statement No. 3, Texas Southmost College investments are categorized under "Investment Categories" to give an indication of credit risk assumed by Texas Southmost College at year end. Credit risk is the risk that another party to a deposit or investment transaction 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 institution 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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

Investment Categories

Type of Security	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Treasury Bills	\$3,814,800	\$	\$	\$3,814,800	\$3,964,866
Real Estate Mortgage and Other Notes					
Corporate Stocks		36,620		36,620	36,620
Repurchase Agreements					
TOTALS	<u>\$3,814,800</u>	<u>\$ 36,620</u>	<u>\$ -</u>	<u>\$3,851,420</u>	<u>\$4,001,486</u>

3. Bonds and Variable Rate Notes Payable

- a. • Library Revenue Bonds, Series 1975-A.
 - To construct, improve and equip the library building.
 - Issued May 31, 1975.
 - \$800,000; all authorized bonds have been issued.
 - Source of revenue for debt service -- Building Use fees, Library lease revenue.
- b. • Eidman Science - Math Building, Series 1970.
 - To construct the Science - Math Building.
 - Issued November 15, 1970.
 - \$650,000; all authorized bonds have been issued.
 - Source of revenue for debt service -- Building Use fees, Department of Education annual interest grant.
- c. • School Building Tax Bonds, Series 1987 - 1988.
 - To construct, improve various building within the District.
 - Issued March 12, 1987 and March 10, 1988.
 - \$13,500,000; all authorized bonds have been issued.
 - Source of revenue for debt service -- Ad Valorem Tax levy.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

Bonds and variable rate notes payable are due in annual installments varying from \$40,000 to \$350,000 with interest rates from 7.5% to 7.7% with the final installment due in 2008. The principal and interest expense for the next five years and beyond is summarized below for bonds and variable rate notes issued.

Year Ending August 31,	Total	Interest	Principal	Balance of Principal Outstanding
1994	\$ 1,413,945	\$ 813,945	\$ 600,000	\$11,975,000
1995	1,397,593	762,593	635,000	10,740,000
1996	1,369,325	709,325	660,000	10,080,000
1997	1,355,475	655,475	700,000	9,380,000
1998	1,269,850	589,850	680,000	8,700,000
1999	1,235,975	545,975	690,000	8,010,000
2000	1,288,125	498,125	790,000	7,320,000
2001	1,260,438	445,438	815,000	6,405,000
2002	1,230,275	390,275	840,000	5,565,000
2003	1,270,325	330,325	940,000	4,625,000
2004	1,240,163	265,163	975,000	3,650,000
2005	1,273,438	198,438	1,075,000	2,575,000
2006	1,254,938	129,938	1,125,000	1,450,000
2007	1,256,750	56,750	1,200,000	250,000
2008	<u>259,375</u>	<u>9,375</u>	<u>250,000</u>	
	<u>\$18,375,990</u>	<u>\$ 6,400,900</u>	<u>\$11,975,000</u>	

4. 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 college participates is administered by the Teacher Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 7.31% and 6.40% respectively, of annual compensation.

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. According to an independent actuarial evaluation as of August 31, 1993, the present value of the retirement system's actual and projected liabilities, including projected benefits payable to its retirees and active members and their beneficiaries, was in excess of the assets of the retirement system. However, the actuary projected that such assets, augmented by projected future contributions and earnings, would be sufficient to amortize the unfunded difference over a period of 30 years assuming payroll growth of 6%. Further information regarding actuarial assumptions and conclusions, as well as audited financial statements, are included in the retirement system's annual financial report.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1993

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, the Institution and each participant are 7.31% and 1.19% and 6.65%, respectively. Since 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 \$18,254 for the fiscal year ended August 31, 1993. This amount represents the portion of expended appropriations made by the state Legislature on behalf of the college.

5. Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Senate Bill No. 872 of the 63rd Legislature. A total of \$29,708 in payroll deductions had been invested in approved plans during the fiscal year.

6. Compensated Absences

Full-time employees earn annual leave at a rate of one day per month. The college district's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year without limit. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave. The liability is not shown in the financial statements since the expenditure for compensated absences is minimal.

7. Pending Lawsuits and Claims

On August 31, 1993, there were no lawsuits involving Texas Southmost College.

8. Capital Lease Obligations

Certain leases to finance the purchase of equipment are capitalized at the present value of future minimum lease payments.

The original capitalized cost of equipment under capital lease as of August 31, 1993 is \$423,635.

Minimum Lease Payments for:

1994	\$ 138,450
Less: Interest	<u>(7,022)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 131,428</u>

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

9. Operating Lease Commitments and Rental Agreement

Included in current expenditures are the following amounts of rent paid or due under operating leases.

Fund Group	Year Ended August 31,	
	1993	1992
Unrestricted Current Funds	\$ 2,400	\$ 8,205
Restricted Current Funds	-	-
Totals	<u>\$ 2,400</u>	<u>\$ 8,205</u>

10. Leases

On November 26, 1963 the Institution executed a Library Lease Agreement with the City of Brownsville. The agreement was amended on July 30, 1985. Under the terms of the agreement the City of Brownsville will pay the College a pre-determined annual lease payment each January 31st. The agreement further states that \$15,000 be set aside for the purchase, maintenance and circulation of books of primary interest to the general public. The amounts remaining of the payment made by the City each year shall be the lease payment due to the College. The agreement is in effect through August 31, 2001.

The lease payment required over the next five years are as follows:

<u>August 31,</u>	<u>Amount</u>
1994	\$ 246,986
1995	251,922
1996	257,235
1997	262,592
1998	268,409
Beyond five years	<u>845,084</u>
	<u>\$2,132,228</u>

On September 10, 1987 a lease agreement was signed with ARA Services, Inc. to provide meals and beverages for the College to resell to its students, faculty, staff and guests. Under the terms of the agreement ARA will pay the College a flat rate of \$24,000 per year and a commission rate of 10% on sales over \$230,000 per year.

On July 15, 1988 the College leased the bookstore to Texas Book Company for a three year period. The lease calls for lease payments of \$85,000 for the first year; \$90,000 for the second year and \$95,000 for the third year plus an additional 10% of gross revenues above \$1,250,000. On March 20, 1990, the lease was extended for four additional years through July 15, 1995.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

11. 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. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit A. Contract and grants awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 1993 for which monies have not been received nor funds expended totalled \$1,015,978. Of this amount, \$1,015,978 was from Federal Contract and Grant Awards.

12. 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 an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$173.72 per month for the year ended August 31, 1993 and totalled \$24,715 for the year.

13. Interfund Borrowing

All interfund borrowing has been made from unrestricted funds and is payable within one year without interest.

14. Property, Plant and Equipment

Land is valued at it's original cost of \$232,150. In addition, \$817,500 have been added to the value of the land based on a non-formal appraisal made in 1971 on the 54.5 acres occupied by the College, most of which was acquired by gift from the U.S. Government (Old Fort Brown).

Physical plant and equipment are stated at cost on date of acquisition or fair market value at date of gift. Library books are valued at replacement cost estimated by the Library Director. Depreciation on physical plant and equipment is not recorded.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

Changes in general fixed assets is as follows:

	Balance 8-31-92	Purchased Additions	Other*	Balance 8-31-93
BUILDINGS				
Auto Body Building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied Health	698,407	-	-	698,407
Tandy Hall I	1,087,093	-	-	1,087,093
Tandy Hall II	2,065,351	-	-	2,065,351
A. A. Champion	43,436	-	-	43,436
Gymnasium	814,002	-	-	814,002
Business Services	5,565	-	-	5,565
Student Center	944,335	-	-	944,335
Library	4,021,742	-	-	4,021,742
Rusteberg	787,252	-	-	787,252
Gomez-Farias Project (Mexico)	5,063	-	-	5,063
Eidman Science-Math Building	809,454	-	-	809,454
Gorgas Hall Improvements	1,682,096	-	-	1,682,096
Music Hall	94,770	-	-	94,770
Maintenance	34,898	-	-	34,898
PAU-B Administration	222,158	-	-	222,158
PAU-B Temporary Office	13,444	-	-	13,444
Child Care Center	378,509	-	-	378,509
Cavalry Barracks	409,904	-	-	409,904
Women's Center	76,019	-	-	76,019
Continuing Education	45,000	-	-	45,000
Athletic Houses	13,143	-	-	13,143
Marion Hedrick Smith Memorial Amphitheater	296,391	-	-	296,391
U.S. Coast Guard Station (S.P.I.)	320,353	-	-	320,353
Security/First Aid (Carpet)	888	-	-	888
Continuing Education (American Legion Building)	56,417	-	-	56,417
Classroom/office	5,936,735	-	-	5,936,735
Art	673,412	-	-	673,412
Total Buildings	<u>21,623,458</u>	<u>-</u>	<u>-</u>	<u>21,623,458</u>
LAND				
Land 50 year Lease Amphitheater	1,250	-	-	1,250
Land	176,014	-	-	176,014
Land - Appraisal Increase	817,500	-	-	817,500
Land - Parking Lot	54,886	83,225	-	138,111
Total Land	<u>1,049,650</u>	<u>83,225</u>	<u>-</u>	<u>1,132,875</u>

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

	Balance 8-31-92	Purchased Additions	Other*	Balance 8-31-93
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168	-	-	16,168
Landscaping - S.P.I.	3,395	-	-	3,395
Paving	392,615	-	-	392,615
Remodel Courtyard Fountain	18,638	-	-	18,638
Tennis Courts	43,002	-	-	43,002
Reflecting Pool	27,591	-	-	27,591
Gorgas Monument	24,121	-	-	24,121
Roofing	592,560	126,952	-	719,512
ACM Abatement	649,036	-	-	649,036
Resaca Bulkhead	281,424	-	-	281,424
Paseo	265,071	-	-	265,071
Paseo - Classroom	448,523	-	-	448,523
Paseo - East	570,218	-	-	570,218
Central Plant	2,258,148	-	-	2,258,148
	<u>5,590,510</u>	<u>126,952</u>	<u>-</u>	<u>5,717,462</u>
Total Improvements				
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Gorgas	165,958	10,872	-	176,830
Champion	97,880	-	-	97,880
Art Building	45,098	-	-	45,098
Gymnasium	98,321	-	-	98,321
Tandy Hall	1,165,892	-	-	1,165,892
Leased Computer Equipment	423,635	-	-	423,635
Library	1,008,156	5,520	-	1,013,676
Library Books	10,290,253	3,798,258	-	14,088,511
Student Center	203,319	6,113	-	209,432
Eidman Hall	393,943	-	-	393,943
Applied Arts	1,277,797	-	-	1,277,797
Maintenance	380,988	-	-	380,988
Allied Health	600,308	-	-	600,308
Adult Continuing Ed Center	321,799	-	-	321,799
Music Department	247,811	-	-	247,811
Athletic Houses	12,446	-	-	12,446
Security/First Aid	35,026	-	-	35,026
Child Care	88,237	-	-	88,237
Old President's Home	23,429	-	-	23,429
Cavalry Barracks	418,505	-	-	418,505
South Padre Island	75,012	-	-	75,012
Rancho del Cielo	36,369	-	-	36,369
LVN McAllen	17,456	-	-	17,456
Classroom/Office	1,183,379	29,889	-	1,213,268
LVN - Weslaco	8,508	-	-	8,508
	<u>18,619,525</u>	<u>3,850,652</u>	<u>-</u>	<u>22,470,177</u>
Total Equipment				
Total General Fixed Assets	<u>\$46,883,143</u>	<u>\$ 4,060,829</u>	<u>\$ -</u>	<u>\$50,943,972</u>

* Stolen, Transfers, Deletions, Donations, Auctions, Corrections, and Additional Library Books.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

15. Partnership Agreement With the University of Texas in Brownsville

On September 1, 1992 an agreement was entered into between Texas Southmost College and the Board of Regents of the University of Texas System on behalf of The University of Texas at Brownsville. The purpose of this agreement was to enter into an educational partnership as authorized by state law, Texas Education Code Section 51.661 et seq., to improve the continuity, quality and efficiency of educational programs and services.

This agreement is implemented by specific interagency contracts and/or leases between the parties. The interagency contracts consist of the following:

- A. Lease of TSC facilities by UTB as necessary to provide both UTB programs and TSC programs. Provisions for facility maintenance is included in the lease.

Property (Excluding Real Property)

Under this agreement TSC agrees to provide UTB for a period of five years, the right to use all the tangible personal property belonging to TSC for the purpose of providing educational and student services to students. UTB agrees to pay TSC \$44,418.41 per month during the term of the agreement. As part of the agreement any physical property, purchased by Lessee after September 1, 1992, shall become the physical property of the Lessor in a proportion equal to Lessor's funds used in the purchase. For the purpose of this agreement, it is agreed that the proportion of funds used is equal to the Lessor's official fall student headcount of the prior year divided by the official fall student headcount of both institutions of that same year, where Lessor's students are all students not enrolled as upper division or post-graduate students. At August 31, 1993 UTB had property purchases of \$1,220,203. TSC's interest in this property is 80% or \$976,162.

Real Property

Under this agreement UTB also agrees to pay TSC \$116,280 per month for the use of all real property.

- B. Agreement for the coordination of personnel with provisions for conditions of employment by UTB.
- C. Agreement for the coordination and financing of programs and support services.

Payment for agreements A and B above will be in accordance with the Educational Partnership Cooperation Contrast Regarding Finance and Funding. Under this contract UTB agrees to deliver all programs and provide all services for both entities. TSC will pay UTB for instruction and services for TSC students as follows: Tuition for lower division academic and vocational courses, and all appropriations and contracts. In addition, TSC will pay UTB for the 93/94 fiscal year no less than \$2,400,000.



LONG, CHILTON, PAYTE & HARDIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

Stuart C. Mayo, CPA
H. Eugene Sanford, CPA
Pablo Vela, Jr., CPA
Ygnacio D. Garza, CPA
Rance G. Sweeten, P.C., CPA
A. Carlos Barrera, CPA
Wayne D. Beneke, CPA
Susana L. Reynoso, CPA
Ruben Moreno, CPA
Quentin N. Anderson, CPA

Members - Division of Firms,
American Institute of CPAs

745 E. ST. CHARLES
BROWNSVILLE, TEXAS 78520
(210) 546-1655
FAX (210) 546-0377

REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

OF COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Joe J. Garza, CPA

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 13, 1993.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Texas Southmost College, is the responsibility of Texas Southmost College, management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Texas Southmost College, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the College had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee, management, and Board of Trustees. However, this report is a matter of public record and its distribution is not limited.

LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993



LONG, CHILTON, PAYTE & HARDIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

Stuart C. Mayo, CPA
H. Eugene Sanford, CPA
Fabio Vela, Jr., CPA
Ignacio D. Garza, CPA
Rance G. Sweeten, P.C., CPA
A. Carlos Barrera, CPA
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Susana L. Reynoso, CPA
Ruben Moreno, CPA
Quentin N. Anderson, CPA

Members - Division of Firms,
American Institute of CPAs

745 E. ST. CHARLES
BROWNSVILLE, TEXAS 77820

(210) 546-1655

FAX (210) 546-0377

REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

OF COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Joe J. Garza, CPA

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 13, 1993.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing 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 general-purpose financial statements are free of material misstatement.

In planning and performing our audit of the general-purpose financial statements of Texas Southmost College for the year ended August 31, 1993, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure.

The management of Texas Southmost College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories.

Accounting Applications

Receivables
Cash Receipts

Accounts Payable
Cash Disbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

There are no separation of duties and there are no other established procedures in place to overcome this condition.

There are no established procedures in place to monitor the use of federal grant proceeds. The college relies on the controls at the University of Texas - Brownsville for compliance.

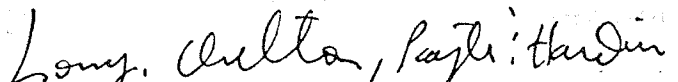
As mentioned in prior years, asset acquisitions and deletions are not being recorded in the General Fixed Asset Fund.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the lack of separation of duties and lack of adequate monitoring procedures over federal grant proceeds are material weaknesses.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Texas Southmost College, in a separate letter dated October 13, 1993.

This report is intended for the information of the audit committee, management, and Board of Trustees. However, this report is a matter of public record and its distribution is not limited.


LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993

TEXAS SOUTHMOST COLLEGE

SCHEDULE A-1

SCHEDULE OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
August 31, 1993

CURRENT FUNDS

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>	<u>Loan Funds</u>
Cash on Hand	\$	\$	\$	\$
Petty Cash	200	2,250		
Cash In Transit				
Subtotal	<u>200</u>	<u>2,250</u>		
Cash in Bank				
Demand Accounts	<u>(160,295)</u>	<u>102,742</u>	<u>9,688</u>	<u>5</u>
Cash Equivalents				
Cash in State Treasury			100	
Certificate of Deposits				
U.S. Treasury Bills				
Subtotal			<u>100</u>	
Total Cash and Cash Equivalents (Exhibit A)	<u>(160,095)</u>	<u>104,992</u>	<u>9,788</u>	<u>5</u>
Short-Term Investments				
Certificates of Deposit				
Texpool				
U.S. Treasury Bills	<u>3,484,866</u>	<u>200,000</u>		
Total Short-Term Investments (Exhibit A)	<u>3,484,866</u>	<u>200,000</u>		
Total Cash, Cash Equivalents and Short-Term Investments	<u>\$3,324,771</u>	<u>\$ 304,992</u>	<u>\$ 9,788</u>	<u>\$ 5</u>
	<u>Cash In Banks</u>	<u>Cash Equivalents</u>	<u>Short-Term Investments</u>	
Balance in Depositories as follows:				
Texas Commerce Bank	741,654	-	3,964,866	
Bank of America	4,066	-	-	
State Treasury	-	100	-	
Total Balance in Depositories	<u>\$ 745,720</u>	<u>\$ 100</u>	<u>\$ 3,964,866</u>	

PLANT FUNDS

Endowment and Similar Funds	Unexpended	Renewals and Replac- ements	Retirement of Indebt- edness	Agency Funds	Total
\$	\$	\$	\$	\$	\$
					2,450
					2,451
<u>86,772</u>	<u>14,599</u>	<u>10,777</u>	<u>668,305</u>	<u>13,127</u>	<u>745,720</u>
					100
					100
<u>86,772</u>	<u>14,599</u>	<u>10,777</u>	<u>668,305</u>	<u>13,127</u>	<u>748,270</u>
		280,000			3,964,866
		280,000			3,964,866
<u>\$ 86,772</u>	<u>\$ 14,599</u>	<u>\$ 290,777</u>	<u>\$ 668,305</u>	<u>\$ 13,127</u>	<u>\$4,713,136</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE A-2

SCHEDULE OF LONG-TERM INVESTMENTS BY FUND GROUP
August 31, 1993

	<u>CURRENT FUNDS</u>			
	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>	<u>Loan Funds</u>
U. S. Government and Agency Securities	\$	\$	\$	\$
Municipal and State Agency Bonds				
Corporate Bonds and Notes				
Corporate Stocks - Preferred				
Corporate Stocks - Common				
Insured Shares in Banking Institutions				
Commercial Paper				
Mineral Interests				
Mutual Funds				
Notes Receivable				
Real Estate				
Bankers Acceptances				
Certificates of Deposit				
Total (Exh. A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLANT FUNDS

<u>Endowment and Similar Funds</u>	<u>Unexpended</u>	<u>Renewals and Replac- ements</u>	<u>Retirement of Indebt- edness</u>	<u>Agency Funds</u>	<u>Total</u>
* \$3,814,800	\$	\$	\$	\$	\$3,814,800

36,620

36,620

GRAND TOTAL YEAR-END BALANCE

<u>\$3,851,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,851,420</u>
--------------------	-------------	-------------	-------------	-------------	--------------------

* The investments are in Federal Farm Credit Bank Notes maturing within three months. However, federal regulations require this money to be invested for a period of twenty years.

TEXAS SOUTHMOST COLLEGE

SCHEDULE C-1

STATEMENT OF CURRENT FUND REVENUES
For the Year Ended August 31, 1993

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Total Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>State Appropriations:</u>					
State Basic Aid	\$ 8,706,019	\$ -	\$ 8,706,019	\$ -	\$ 8,706,019
State Group Insurance	24,715	-	24,715	-	24,715
State Retirement Matching	-	-	-	18,216	18,216
Other	2,674	-	2,674	-	2,674
Total State Appropriations	8,733,408	-	8,733,408	18,216	8,751,624
<u>Tuition and Fees</u>					
Tuition (Net of TPEG \$122,035)	3,234,772	-	3,234,772	-	3,234,772
Building Use Fee	321,614	-	321,614	-	321,614
General Fees	1,173,340	-	1,173,340	-	1,173,340
Student Center Fee	-	-	-	-	-
Student Service Fee	992,493	-	992,493	-	992,493
Laboratory Fee	94,019	-	94,019	-	94,019
Correspondence Fee	-	-	-	-	-
Remissions and Exemptions	-	-	-	-	-
Blind, Deaf Students	2,146	-	2,146	-	2,146
Concurrent Registration	112	-	112	-	112
Good Neighbor	-	-	-	-	-
Highest Ranking High School Graduates	1,021	-	1,021	-	1,021
Statutory Waiver of Non-Resident Status	-	-	-	-	-
Veteran, Dependents, Etc.	13,400	-	13,400	-	13,400
Other Fees	309,884	-	309,884	-	309,884
Total Tuition and Fees	6,142,801	-	6,142,801	-	6,142,801
<u>Taxes for Current Operations</u>	1,873,869	-	1,873,869	-	1,873,869
<u>Federal Grants and Contracts</u>					
Research	-	-	-	-	-
Other Programs	-	-	-	1,135,536	1,135,536
Recovery of Indirect Costs	-	-	-	-	-
Total Federal Grants and Contracts	-	-	-	1,135,536	1,135,536
<u>State Grants and Contracts</u>					
Research	-	-	-	-	-
Other Programs	1,928,381	-	1,928,381	-	1,928,381
Recovery of Indirect Costs	-	-	-	-	-
Total State Grants and Contracts	1,928,381	-	1,928,381	-	1,928,381
<u>Local Grants and Contracts</u>					
Research	-	-	-	-	-
Other Programs	1,092,792	-	1,092,792	-	1,092,792
Recovery of Indirect Costs	-	-	-	-	-
Total Local Grants and Contracts	1,092,792	-	1,092,792	-	1,092,792
<u>Private, Gifts, Grants, and Contracts</u>					
Research	-	-	-	-	-
Other Program	-	-	-	-	-
Recovery of Indirect Costs	-	-	-	-	-
Other	-	-	-	-	-
Total Private Gifts, Grants, and Contracts	-	-	-	-	-
Endowment Income	-	-	-	-	-
Sales & Services of Educational Activities	-	-	-	-	-
Sales & Services of Auxiliary Activities	-	198,235	198,235	-	198,235
Professional Fees	-	-	-	-	-
<u>Other Sources</u>					
Gains/Losses on Investments	-	-	-	-	-
Interest Income	147,342	7,441	154,783	-	154,783
Other Miscellaneous Income	385,118	3,240	388,358	-	388,358
Total Other Sources	532,460	10,681	543,141	-	543,141
Total Current Funds Revenues (Exh. C)	\$20,303,711	\$ 208,916	\$20,512,627	\$ 1,153,752	\$21,666,379

TEXAS SOUTHMOST COLLEGE

SCHEDULE C-2

STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 1993

	<u>SALARIES AND WAGES</u>	<u>OTHER EXPENSES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
<u>Unrestricted - Education and General</u>				
Instruction	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-
Public Service	-	-	-	-
Academic Support	-	6,328,121	-	6,328,121
Student Services	-	-	-	-
Institutional Support	234,033	11,915,128	191,726	12,340,887
Operation and Maintenance of Plant	-	390,270	-	390,270
Scholarships and Fellowships	-	-	-	-
Total Unrestricted	<u>234,033</u>	<u>18,633,519</u>	<u>191,726</u>	<u>19,059,278</u>
<u>Restricted - Education and General</u>				
Instruction	-	-	-	-
Research	-	-	-	-
Public Service	-	-	-	-
Academic Support	-	1,135,536	-	1,135,536
Student Services	-	-	-	-
Institutional Support	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Scholarships and Fellowships	-	170,732	-	170,732
Total Restricted	<u>-</u>	<u>1,306,268</u>	<u>-</u>	<u>1,306,268</u>
Total Educational and General	234,033	19,939,787	191,726	20,365,546
Auxiliary Enterprises	-	159,212	-	159,212
Total Current Fund Expenditures	<u>\$ 234,033</u>	<u>\$20,098,999</u>	<u>\$ 191,726</u>	<u>\$20,524,758</u>

TEXAS SOUTHWEST COLLEGE

SCHEDULE C-3

SCHEDULE OF EDUCATIONAL AND GENERAL EXPENDITURES (EXCLUDES AUXILIARY ENTERPRISES)
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS
For the Year Ended August 31, 1993

	CURRENT FUNDS		Total
	Unrestricted	Restricted	
General Administration and Student Services	\$ 268,973	-	\$ 268,973
General Institutional Expense	<u>311,833</u>	-	<u>311,833</u>
Staff Benefits			
Group Insurance Premiums	7,769	-	7,769
O.A.S.I.	18,254	-	18,254
Workmen's Compensation Insur.	1,342	-	1,342
Longevity Pay	-	-	-
Other	6,065	-	6,065
Total Staff Benefits	<u>33,430</u>	-	<u>33,430</u>
Resident Instruction			
Other Instruction			
Tuition Paid to UTB	3,928,121	-	3,928,121
Subsidy Paid to UTB	2,400,000	-	2,400,000
Total Other Instruction	<u>6,328,121</u>	-	<u>6,328,121</u>
Academic Programs			
Faculty Salaries	-	-	-
Departmental Operating Expenses	-	-	-
Instructional Administration	-	-	-
Organized Activities Related to Instructional Departments	-	-	-
Total Academic Programs	-	-	-
Vocational Technical Programs			
Faculty Salaries	-	-	-
Departmental Operating Expenses	-	-	-
Instructional Administration	-	-	-
Organized Activities Related to Instructional Departments	-	-	-
Total Vocational Technical Programs	-	-	-
Library	-	-	-
Extension and Public Service	-	-	-
Physical Plant Operation and Maintenance			
Plant Support Services	-	-	-
Campus Security	-	-	-
Building Maintenance	-	-	-
Custodial Services	390,270	-	390,270
Grounds Maintenance	-	-	-
Utilities	-	-	-
Total Physical Plant Operation and Maintenance	<u>390,270</u>	-	<u>390,270</u>
Special Items			
Transfers to UTB	11,553,452	1,135,536	12,688,988
Federal Contracts - Scholarship	-	170,732	170,732
Major Repairs and Rehabilitation of Facilities and Buildings	173,199	-	173,199
	<u>11,726,651</u>	<u>1,306,268</u>	<u>13,032,919</u>
Total Expenditures by Elements of Institutional Costs	<u>\$19,059,278</u>	<u>\$ 1,306,268</u>	<u>\$20,365,546</u>
	(a)	(a)	
(a) Reconciliation			
Total Expenditures by Function (Exh. C)	\$19,100,672	\$ 1,324,484	
Less: Group Insurance	24,715		
State Retirement Matching		18,216	
Remissions and Exemptions	16,679		
Total Expenditures by Elements of Institutional Costs	<u>\$19,059,278</u>	<u>\$ 1,306,268</u>	

TEXAS SOUTHMOST COLLEGE

SCHEDULE C-4

SCHEDULE OF DISTRICT TAXES
 For the Year Ended August 31, 1993
 With Comparative Totals at August 31, 1992

	CURRENT YEAR			Prior Year Total
	Current Operations	Debt Service	Total	
Tax rate authorized per \$100 valuation	<u>.068812</u>	<u>.043405</u>	<u>.112217</u>	<u>.10842</u>
Tax rate assessed per \$100 valuation	<u>.06480</u>	<u>.043405</u>	<u>.108205</u>	<u>.10837</u>
Taxes collected				
Current	1,743,097	1,165,757	2,908,854	2,832,730
Delinquent	85,382	62,810	148,192	152,375
Penalties and interest	<u>45,390</u>	<u>25,118</u>	<u>70,508</u>	<u>73,930</u>
Gross Taxes collected	<u>1,873,869</u>	<u>1,253,685</u>	<u>3,127,554</u>	<u>3,059,035</u>
Assessed valuation of District	<u>2,899,144,430</u>			

TEXAS SOUTHWEST COLLEGE

SCHEDULE D-1

BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS
For the Year Ended August 31, 1993

Description	<u>Bonds Issued to Date</u>	<u>Range of Interest Rates</u>	<u>Bonds Outstanding 09/01/92</u>	<u>Bonds Issued After 09/01/92</u>	<u>Bonds Matured Or Retired</u>	<u>Bonds Refunded</u>	<u>Bonds Outstanding 08/31/93</u>
Library Revenue Bonds Series 1975-A	\$ 800,000.00	7.6% - 7.7%	\$ 220,000.00	\$ -	\$ 40,000.00	\$ -	\$ 180,000.00
Eidman - Science Math Building Revenue Bonds Series 1970	650,000.00	7.5%	215,000.00		50,000.00		165,000.00
School Building Tax Bonds - Series 1987 - 1988	<u>13,500,000.00</u>	<u>7.5%</u>	<u>12,090,000.00</u>		<u>460,000.00</u>		<u>11,630,000.00</u>
Total	<u>\$14,950,000.00</u>	<u>-</u>	<u>\$12,525,000.00</u>	<u>\$ -</u>	<u>\$550,000.00</u>	<u>\$ -</u>	<u>\$11,975,000.00</u>

Maturities			Summary of Debt Service Requirements to Maturity					Total Requirements
First Year	Last Year	First Call Date	Year Ending August 31,					
			1994	1995	1996	1997	1998	All Other Years
1975	1997	11/15/75	\$ 53,820.00	\$ 50,780.00	\$ 57,700.00	\$ 53,850.00	\$	\$ 216,150.00
1970	1996	11/15/70	64,500.00	61,562.50	62,250.00			188,312.50
1988	2008	02/15/88	<u>1,284,225.00</u>	<u>1,269,850.00</u>	<u>1,233,975.00</u>	<u>1,286,225.00</u>	<u>1,269,850.00</u>	<u>11,569,802.00</u>
			<u>\$1,402,545.00</u>	<u>\$1,382,192.50</u>	<u>\$1,353,925.00</u>	<u>\$1,340,075.00</u>	<u>\$1,269,850.00</u>	<u>\$11,569,802.00</u>
								<u>\$18,318,389.50</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-2

SCHEDULE OF PLEDGED REVENUES AND FUND BALANCES
FOR REVENUE BONDS OUTSTANDING
FOR THE YEAR ENDED AUGUST 31, 1993

Description	PLEDGED REVENUES AND RELATED EXPENDITURES						
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	(a) Total Pledged Revenues	(b) Other Revenue Sources	(c) Operating Expense	(d) Capital Outlay
Library Revenue Bonds Series 1975-A	\$ 83,385.00	\$ 3,041.51	\$	\$ 86,426.51	\$	\$ 139.00	\$
Eidman - Science Math Building Revenue Bonds Series 1970	121,178.00	3,409.21	19,954.00	144,541.21			
School Building Tax Bonds Series 1987 - 1988	<u>1,253,684.69</u>	<u>8,251.93</u>		<u>1,261,936.62</u>		<u>2,392.50</u>	
Totals	<u>\$1,458,247.69</u>	<u>\$14,702.65</u>	<u>\$19,954.00</u>	<u>\$1,492,904.34</u>	<u>\$</u>	<u>\$ 2,531.50</u>	<u>\$</u>

<u>(a+b-c-d)</u> Net Available for Debt Service	Debt Service Principal	Debt Service Interest	RESTRICTED ACCOUNT BALANCES			
			INTEREST AND SINKING FUND		BOND RESERVE FUND	
			Required	Actual	Required	Actual
\$ 86,287.51	\$ 40,000.00	\$ 16,860.00	\$ 60,080.00	\$ 60,080.00	\$	\$109,208.60
144,541.21	50,000.00	14,250.00	64,500.00	64,500.00		172,535.73
<u>1,259,544.12</u>	<u>460,000.00</u>	<u>814,432.50</u>				<u>122,104.83</u>
<u>\$1,490,372.84</u>	<u>\$550,000.00</u>	<u>\$845,542.50</u>	<u>\$124,580.00</u>	<u>\$124,580.00</u>	<u>\$ -</u>	<u>\$403,849.16</u>

SINGLE AUDIT SECTION



LONG, CHILTON, PAYTE & HARDIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

Stuart C. Mayo, CPA
H. Eugene Sanford, CPA
Fabió Vela, Jr., CPA
Venancio D. Garza, CPA
Rance G. Sweeten, P.C., CPA
A. Carlos Barrera, CPA
Wayne D. Beneke, CPA
S. Sara L. Reynoso, CPA
Ruben Moreno, CPA
Quentin N. Anderson, CPA

Members - Division of Firms,
American Institute of CPAs

745 E. ST. CHARLES
BROWNSVILLE, TEXAS 78520
(210) 546-1655
FAX (210) 546-0377

CPA COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Venancio D. Garza, CPA

REPORT ON SUPPLEMENTARY SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

Independent Auditor's Report

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 13, 1993. These general-purpose financial statements are the responsibility of Texas Southmost College management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of Texas Southmost College taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Long, Chilton, Payte & Hardin
LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended August 31, 1993

<u>Grantor/Program</u>	<u>CFDA No.</u>	<u>Grant Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>U.S. Department of Education Direct Programs:</u>			
IAP-Endowment Grant Program	84.0316	P031670171	\$ 1,260
Academic Facilities-Interest Subsidy Grant			19,954
Total			<u>21,214</u>
<u>Passed Through Texas Higher Education Coordinating Board:</u>			
Carl D. Perkins - Voc Ed. 92-93	84.048*	33420246	627,750
Carl D. Perkins - Discretionary 92-93	84.048	33150002	17,098
Carl D. Perkins - Starlink 92-93	84.048	33140052	2,000
Carl D. Perkins - The Net 92-93	84.048	33140098	-
Carl D. Perkins - Voc. Ed. 93-94	84.048	44420246	64,873
Carl D. Perkins - Discretionary 93-94	84.048	44150004	20,521
Carl D. Perkins - Starlink 93-94	84.048	44140054	-
Total			<u>732,242</u>
Total Department of Education			<u>\$ 753,456</u>
<u>U.S. Department of Labor:</u>			
Passed through Texas Department of Commerce and: Cameron County Private Industry Council Individual Referral Program	17.250	92-20-0001	\$ 128,007
Total Department of Labor			<u>\$ 128,007</u>
<u>U.S. Department of Agriculture</u>			
Passed through Texas Department of Human Services: Child Care Food Program	10.558	TX-031006	\$ 37,444
Total Department of Agriculture			<u>\$ 37,444</u>
<u>U.S. Department of Human Services</u>			
Passed through Texas Migrant Council, Inc. Child Day Care Center	13.667	081-26-P00	\$ 120,012
Total Department of Human Services			<u>\$ 120,012</u>
<u>National Aeronautics and Space Administration</u>			
Research Grant		NAGW-3060	117,831
Total National Aeronautics and Space Administration			<u>\$ 117,831</u>
Total Federal Financial Assistance			<u>\$ 1,156,750</u>

* Denotes major federal financial assistance programs as defined by the Single Audit Act of 1984 and OMB Circular A-128.

Note 1: Federal Assistance Reconciliation

Federal Revenues - Per Exhibit C: Federal Grants and Contracts	\$ 1,135,536
Reconciling Items:	
Add: Endowment Fund Scholarships	1,260
Debt Service Fund - Interest Subsidy	19,954
Total Pass-Through and Expenditures Per Federal Schedule	<u>\$ 1,156,750</u>



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Stuart C. Mayo, CPA
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Ygnacio D. Garza, CPA
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745 E. ST. CHARLES
BROWNSVILLE, TEXAS 78520
(210) 546-1655
FAX (210) 546-0377

SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

OF COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Joe J. Garza, CPA

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 31, 1993. We have also audited the compliance of Texas Southmost College with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 13, 1993.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether Texas Southmost College complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended August 31, 1993, we considered the College's internal control structure of Texas Southmost College, in order to determine our auditing procedures for the purpose of expressing our opinions on the general-purpose financial statements of Texas Southmost College, and on the compliance of Texas Southmost College, with requirements applicable to major programs and not the report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated October 13, 1993.

The management of Texas Southmost College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories.

<u>General Requirements</u>	<u>Specific Requirements</u>
<ul style="list-style-type: none">. Political activity. Davis-Bacon Act. Civil rights. Cash management. Federal financial reports. Allowable costs/costs principles. Drug-free workplace. Administration requirements	<ul style="list-style-type: none">. Types of services. Eligibility. Matching, level of effort, or earmarking. Reporting. Cost allocation. Special requirements, if any. Monitoring subrecipients

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended August 31, 1993, Texas Southmost College, expended 54.27% percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the College's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect Texas Southmost College's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of Texas Southmost College, with requirements applicable to its major federal financial assistance programs for the year ended August 31, 1993, and this report does not affect our report thereon dated October 13, 1993.

There are no separation of duties and there are no other established procedures in place to overcome this condition.

There are no established procedures in place to monitor the use of federal grant proceeds. The college relies on the controls at the University of Texas - Brownsville for compliance.

As mentioned in prior years, asset acquisitions and deletions are not being recorded in the General Fixed Asset Fund.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relative low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the lack of separation of duties and the lack of monitoring procedures over federal grant proceeds are material weaknesses.

We also noted, other matters involving the internal control structure and its operation that we have reported to the management of Texas Southmost College in a separate letter dated October 13, 1993.

This report is intended for the information of the audit committee, management, and Board of Trustees. However, this report is a matter of public record and its distribution is not limited.

Long, C. Chilton, Payte, Hardin
LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993

LCP & H LONG, CHILTON, PAYTE & HARDIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

Stuart C. Mayo, CPA
H. Eugene Sanford, CPA
Pablo Vela, Jr., CPA
Ygnacio D. Garza, CPA
Rance G. Sweeten, F.C., CPA
A. Carlos Barrera, CPA
Wayne D. Beneke, CPA
Susana L. Reynoso, CPA
Ruben Moreno, CPA
Quentin N. Anderson, CPA

Members - Division of Firms,
American Institute of CPAs

745 E. ST. CHARLES
BROWNSVILLE, TEXAS 78520
(210) 546-1655
FAX (210) 546-0377

OF COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Joe J. Garza, CPA

SINGLE AUDIT REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO FEDERAL
FINANCIAL ASSISTANCE PROGRAMS

Independent Auditor's Report on Texas Southmost College's
Compliance With General Requirements

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 13, 1993.

We have applied procedures to test Texas Southmost College's, compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended August 31, 1993: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, drug-free workplace and administration requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Texas Southmost College's, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Texas Southmost College, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the audit committee, management, and Board of Trustees. However, this report is a matter of public record and its distribution is not limited.

Long, Chilton, Payte, Hardin
LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993



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American Institute of CPAs

745 E. ST. CHARLES
BROWNSVILLE, TEXAS 78520
(210) 546-1655
FAX (210) 546-0377

SINGLE AUDIT OPINION ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS

OF COUNSEL

Carl S. Chilton, Jr., CPA
Frank S. Hardin, CPA
Joe J. Garza, CPA

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 13, 1993.

We have also audited Texas Southmost College, compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended August 31, 1993. The management of Texas Southmost College's, is responsible for Texas Southmost College, compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Texas Southmost College, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Texas Southmost College, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended August 31, 1993.

This report is intended for the information of the audit committee, management, and Board of Trustees. However, this report is a matter of public record and its distribution is not limited.

Long, Chilton, Payte & Hardin
LONG, CHILTON, PAYTE & HARDIN, LLP
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Brownsville, Texas
October 13, 1993



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SINGLE AUDIT REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Independent Auditor's Report on Texas Southmost College's
Compliance With Its Nonmajor
Federal Financial Assistance Programs

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1993, and have issued our report thereon dated October 13, 1993.

In connection with our audit of the general-purpose financial statements of Texas Southmost College, and with our consideration of Texas Southmost College's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended August 31, 1993. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; and eligibility, and reporting that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Texas Southmost College's, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Texas Southmost College, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the audit committee, management, and Board of Trustees. However, this report is a matter of public record and its distribution is not limited.

Long, Chilton, Payte & Hardin
LONG, CHILTON, PAYTE & HARDIN, LLP
Certified Public Accountants

Brownsville, Texas
October 13, 1993

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048)

Questioned
Costs

Finding

1. Banners and T-shirts were purchased as promotional items. The design on these items were promoting the University of Texas - Brownsville in partnership with Texas Southmost College and not the vocational-technical programs at Texas Southmost College.

\$ 992.50

Regulation

Promotional items are not allowable under the grant especially those not related to the vocational-technical programs.

Recommendation

Promotional expenditures should not be charged to the grant.

Response

The Carl Perkins approved annual application for Fiscal 92-93 allowed for promotional materials. We concur that vocational-technical statements were not on the materials. All account managers have been informed that under Carl Perkins rules for 93-94, no promotional materials are permitted.

Finding

2. Several purchases of equipment were charged to a supply account because of the lack of understanding of the definition of equipment. We found that in some cases the changes were made by the coordinator and in other cases by business office personnel.

The purchase of Plato 2000 software package for \$39,050.00 was coded to supplies.

No documentation on the use of a voice-mail system could be found to justify the use strictly to vocational-technical students.

A requisition for spelling books was initiated charging the correct department. The purchase order changed the account to administration.

149.85

Regulation

Section B, page 14, paragraph 2.5 of the TAG manual deals with the purchase of equipment and software. It defines equipment and the specific requirements for equipment purchases.

TEXAS SOUTHMOST COLLEGE

FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Recommendation

We suggest that the individuals responsible for the authorization and allocation of expenditures be thoroughly familiar with the Carl Perkins Act and the TAG manual. Account distributions once authorized by the coordinator should not be changed by another department.

Response

We agree with the recommendations. The Carl Perkins Grant Coordinator and individuals responsible for the authorization and allocation of expenditures will be thoroughly familiar with the Carl Perkins Act and the Technical Assistance Guide manual. Internal control of account distributions has been resolved by placing the Vice President for Academic Affairs and the Assistant as the only authorized signatures for all Carl Perkins activity purchases.

Finding

3. Several purchases for equipment were made late in the year. Purchase orders were dated after February 1 of the funding year and equipment was received after June 30 of the funding year.

24,729.83

Regulation

Section B, page 14, paragraph 2.5-4 of the TAG manual states "... Purchase orders must be issued by February 1 and equipment received no later than June 30."

Recommendation

We suggest that the individuals responsible for the authorization and allocation of expenditures be thoroughly familiar with the regulations.

Response

We agree with the recommendations. The individuals responsible for the authorization and allocation of expenditures will be thoroughly familiar with the regulations. A cut-off date has been established for all Carl Perkins purchases, and all account managers are receiving training in the new internal control policies and procedures.

TEXAS SOUTHMOST COLLEGE

FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Finding

4. A purchase order was initiated in October, 1992 and paid in March, 1993 without a receiving report. The equipment was delivered directly to the instructional department without going through the receiving department and therefore the equipment was not inventoried or added to the fixed asset schedule.

Our physical observation of equipment use and location disclosed that the equipment is not located where the inventory printout says it should be. In addition, we found a lap top computer that did not have an inventory tag.

A purchase of four DVOM benches with a cost of \$225.00 each are not listed on the inventory printout. While not required to be tagged, other items with similar cost are tagged.

Another purchase of two monitors were tagged according to the receiving report, but only one is listed on the printout.

Regulation

Section B, page 19, paragraph 2.6-5 of the TAG manual deals with equipment management. Basically it states that equipment inventory shall be taken and the results reconciled with property records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

Recommendation

Equipment purchase orders should not be paid unless there is a completed receiving report. Equipment should be inventoried and added to the inventory schedule. The physical inventory taken at year end should have caught the un-inventoried and un-tagged items.

Response

We concur with the finding and recommendation. There was a break in procedure and the part-time help during physical inventory did not identify untagged inventory. Stricter adherence to procedures in place will be enforced.

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Finding

5. Purchase of equipment for \$1,154.00 is listed on the final equipment report to the Coordinating Board. This purchase was canceled during the year.

Another item is listed with a total cost of \$23,350.00. It includes a purchase of unrelated equipment costing \$4,800.00 with a unit cost of less than \$1,000.

A purchase of seven computers and monitors for \$11,739.00 was listed as a purchase of eleven computers.

Regulation

Regulation B, page 14, paragraph 2.5-2 of the TAG manual deals with equipment purchases with a unit cost of \$1,000 or more. The instructions to form CB-CTCD-001 "Equipment/Software purchase request form" outlines the information that should be included in the report.

Recommendation

The final report to the Coordinating Board should include all equipment purchased with a single unit cost of \$1,000.00 or more that has prior approval. This report should be reconciled with the general ledger equipment accounts.

Response

We agree with the recommendations. The Carl Perkins Grant Coordinator will track and match all requisitions, purchase orders, billing, vouchers, and checks for effective monitoring of all purchase and receiving reports. The final report to the THECB will include only equipment purchased with a single unit cost of \$1,000.00 or more. This report will be reconciled with the general ledger equipment accounts.

Finding

6. In the prior year an account payable was recorded for \$6,000. When the payment was made during the current year it was charged to the expenditure account duplicating the expenditure. A correcting journal entry was not made until year end.

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Another payable for \$3,500.00 was listed as an expenditure even though the order was canceled. A correcting journal entry was not made until year end.

Regulation

Books of record must be kept in accordance with generally accepted accounting principles. This information is the basis for the preparation of accurate quarterly reports.

Recommendation

All general ledger accounts should be reviewed and adjusted throughout the year. This will lead to the preparation of accurate reports.

Response

We concur with the recommendation. The addition of the Sponsored Project Coordinator will allow time to review information before it gets posted.

Finding

7. Five individuals were overpaid a total of \$11,535.40. Of this amount \$7,697.68 were charged to the federal grant. At year end a reversing entry was made to clear the overpayment however, an overpayment of \$618.60 was not reversed.

618.60

Time and effort time log sheets for two individuals did not support the amount charged to the grant. One individual did not maintain a log sheet.

A financial aid advisor's salary charged 100% to the grant cannot be fully justified. While his title states he assist the economically disadvantaged, his duties are not limited to vocational-technical students.

Regulation

Payrolls must be supported by individual employee time and attendance records. If an employee divides his time between more than one project, EDGAR requires that the employer keeps records of time distributions between projects.

TEXAS SOUTHMOST COLLEGE

FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Carl Perkins funds can only be used to supplement services already offered by the institution.

Recommendation

The coordinator should acquire from all personnel time and effort reports and review them for adequacy. For those individuals whose salary is allocated to different departments he should determine on a monthly basis whether the individual worked the required number of hours charged to the grant.

Response

We agree with the recommendations. The Carl Perkins Grant Coordinator has put into place the process that will acquire all personnel time and effort reports and review them for accuracy. For those individuals whose salaries are allocated to different departments, the Coordinator will verify on a monthly basis whether the individual worked the required number of hours charged to the grant.

Finding

8. Travel expense for the financial aid advisor is not supported by adequate log sheets that indicate he was recruiting vocational-technical students or that he was providing services to vocational-technical students. 630.36

Travel cost for an individual to attend an annual conference was charged 50% to the grant. No supporting justification could be found to charge this amount to the grant. 148.50

Travel cost for an individual to attend a seminar was charged to the grant. The supporting documentation indicated that this seminar was general in nature and had nothing to do with vocational-technical students. 389.77

Regulation

Travel costs are allowable to the extent it can be demonstrated such expenditures are directly related to the improvement of funded programs.

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Recommendation

All travel costs charged to the federal grant should be supported with adequate documentation to show its relevance to the program.

Response

We agree with the recommendations. The Carl Perkins Grant Coordinator is now requiring all travel costs charged to the federal grant be supported with adequate documentation to show its relevance to the program.

Finding

9. Several requisitions for the purchase of equipment and supplies do not have the authorization of the coordinator or the assistant vice-president for academic affairs.

A requisition dated November 19, 1992 was not authorized. The purchase order is dated December 12, 1992. This item is still listed as an account payable at June 30, 1993 however on April 7, 1993 a check was issued for \$132.75 to add additional funds to the purchase order.

Regulation

All purchases charged to the grant must be authorized by the coordinator. Accounts payable are those items that have been received by June 30, but not paid until the following month.

Recommendation

Purchase requisitions should be authorized by the coordinator. Any requisition not authorized should be returned to the coordinator for approval. Purchase orders outstanding for long periods of time should be investigated and either canceled or reissued.

Response

We agree with the recommendations. The Carl Perkins Grant Coordinator has established authorization signatures with purchasing to ensure that only the Vice President and the Assistant have the authority to sign for purchase requisitions. Purchase orders will be tracked and those outstanding for long periods of time will be investigated and either canceled or reissued.

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Finding

10. Fringe benefits paid to the coordinator for a teaching overload were charged to the grant.

612.56

Regulation

Only those expenses directly related to the program are allowable expenditures.

Recommendation

We suggest that the coordinator review all expenditures charged to the departments and make necessary adjustments during the year.

Response

We agree with the recommendations. The Carl Perkins Grant Coordinator has established a review of all expenditures charged to the departments, and will make necessary adjustments during the year.

NASA Grant (NAGW-3060)

Finding

1. The financial reports are not being filed in accordance with the grant requirements. The first report was filed for a six month period the second for a two month period and the third and fourth reports for a one and one-half month period.
2. The reports are currently being filed on a reimbursement basis.
3. The amounts claimed for reimbursement did not agree to the amounts recorded as expenditures in the general ledger.

Regulation

Federal cash transaction reports are to be filed within 15 days following the end of each fiscal quarter containing current estimates of the cash requirements for each of the four months following the quarter being reported.

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

NASA Grant (NAGW-3060) - Continued

Questioned
Costs

Recommendation

Reports should be filed in accordance with the grant requirements. Amounts reported on the cash transactions report should show the amounts posted to the general ledger.

Response

We concur with the recommendations.

1. Reports will be filed in accordance with grant requirements. The end of the grant year (May 15) will be incorporated into the quarter ending June 30 rather than filing it separately.
2. More persistence will be required on our part to precipitate timely funding from NASA.
3. Business Office Services income will be recorded on a monthly basis rather than upon receipt in order that the cash transactions report will equal the General Ledger.

Finding

1. Expenditures through the last reporting period totalled \$101,081.58 per the general ledger. The reports reflect expenditures of \$109,794.07.
2. All expenditures and receipts are recorded on one receivable account.

Recommendation

The general ledger should have one account to record revenue received and another account to record expenditures. The expenditure accounts should be broken up by category (personnel, supplies, travel).

Response

We concur with the recommendations.

1. Business Officer Services income will be recorded on a monthly basis rather than upon receipt in order that the cash transactions report will equal the General Ledger. One additional payroll was included in the last reporting period for reimbursement because of the amount of time funding has taken in the past.

TEXAS SOUTHMOST COLLEGE
FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1993

NASA Grant (NAGW-3060) - Continued

	<u>Questioned Costs</u>
2. A new fund has been set up for Federal Restricted Funds. All NASA revenues and expenses will be recorded in the General Ledger for this fund.	
Total Questioned Costs	<u>\$ 28,271.97</u>

TEXAS SOUTHMOST COLLEGE
 STATUS OF CORRECTIVE ACTIONS ON PRIOR YEAR FINDINGS
 Year Ended August 31, 1993

	<u>Questioned Costs</u>
Financial Reporting	
<i>Finding</i>	
1. On the FISAP report, a total of \$10,748 of 92-93 college work study award was transferred to the 91-92 award year. Since Texas Southmost College does not have any financial aid awards after June 30, 1992, this transfer was made in error. The change in the award amount resulted in an over calculation of the administrative allowance which has been corrected on the general ledger.	\$ -0-
2. The amount reported as "Reimbursement on Loans to the Fund of Amounts Canceled", on the FISAP report for the Perkins Loan Program did not agree to the amount shown on the general ledger.	-0-
3. \$273.00 of interest income reported on the general ledger were not included on the FISAP report.	-0-
 Status of Corrective Action	
FISAP report has been corrected and resubmitted as of November 30, 1992.	
<i>Finding</i>	
4. The Quarterly Transactions Reports have not reflected the correct cash balance throughout the year. In addition, several letters from the Department of Education disallowing expenditures have not been resolved. In July, 1992 the Department suspended the line of credit because these disallowed expenditures have caused excess cash in the Departments books. As of November, 1992 the problems have not been resolved.	-0-
 Status of Corrective Action	
On January 29, 1993 a letter was written to the Department of Education explaining discrepancies. On May 7, 1993 another letter was written after verbal communication was made with ED. As of the date of this report no response has been received from ED.	
 Student Eligibility	
<i>Finding</i>	
1. One student (ID # 71-7072) was found to have received Title IV money when the student's file did not contain a copy of a high school transcript or diploma.	2,230.00

Texas Southmost College

STATUS OF CORRECTIVE ACTIONS ON PRIOR YEAR FINDINGS - CONTINUED
Year Ended August 31, 1993

Questioned
Costs

Status of Corrective Action

Procedures are in place to ensure all students meet the criteria for enrollment.

Carl Perkins Vocational Grant

Finding

1. The amount reported in the annual performance report at June 30, 1992, was overstated by \$229.75.

229.75

Status of Corrective Action

Amended reports have been filed.

Supplemental Opportunity Educational Grant

Finding

1. Department of Education regulations require the Institution to match SEOG disbursements. The matching funds (15% of disbursements) comes from the TPEG funds. As of June 30, 1992, the end of the reporting year, a total of \$23,445 or 13.79% had been transferred to the Federal Financial Aid Fund. On August 31, 1992 a journal entry was made to record the receivable from the TPEG scholarship fund however, no money has been transferred.

-0-

Status of Corrective Action

The transfer has been made.

Total Questioned Costs

\$ 2,459.75

SUPPLEMENTARY INFORMATION SECTION

TEXAS SOUTHMOST COLLEGE
 SCHEDULE OF REVENUES COMPARED WITH BUDGET
 GENERAL AND AUXILIARY ENTERPRISE FUNDS
 Year Ended August 31, 1993

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Educational and General Income:			
State Appropriations:			
Coordinating Board Appropriation	\$ 8,803,837	\$ 8,706,019	\$ (97,818)
Coordinating Board Insurance	898,784	-	(898,784)
Coordinating Board 2% Wages	-	-	-
Remedial	60,000	-	(60,000)
ORP and TRS State Contributions	-	2,674	2,674
Total State Appropriations	<u>9,762,621</u>	<u>8,708,693</u>	<u>(1,053,928)</u>
Tuition and Fees:			
Tuition	3,311,350	2,921,037	(390,313)
Building Use Fee	-	321,614	321,614
General Fees	687,000	1,173,340	486,340
Student Service Fee	738,599	992,493	253,894
Laboratory Fee	80,000	94,019	14,019
Other Fees	275,000	309,884	34,884
Remissions and Exemptions	-	-	-
Total Tuition and Fees	<u>5,091,949</u>	<u>5,812,387</u>	<u>720,438</u>
Taxes for Current Operations	<u>1,717,646</u>	<u>1,873,869</u>	<u>156,222</u>
Federal Grants and Contracts:			
Financial Aid Admin. Allow.	44,000	-	(44,000)
Veterans Cost of Instruction	2,700	-	(2,700)
College Work Study	-	-	-
Carl Perkins Vocational Grant & Basis	814,142	732,242	(81,900)
Child Day Care Center	135,000	120,011	(14,989)
Child Care Food Program	50,000	37,444	(12,556)
Cameron County Private Industry Council	-	128,008	128,008
Nasa Research Grant	-	117,831	117,831
Total Federal Grants and Contracts	<u>1,045,842</u>	<u>1,135,536</u>	<u>89,694</u>
State Grants and Contracts:			
UTB Building Lease	1,941,227	1,928,381	(12,846)
UTB First Aid Center	-	-	-
College Work-Study	-	-	-
Total State Grants and Contracts	<u>1,941,227</u>	<u>1,928,381</u>	<u>(12,846)</u>
Local Grants and Contracts:			
Elderhostel Program	376,255	313,735	(62,520)
Local Contracts	780,914	1,092,792	311,878
Total Local Grants and Contracts	<u>1,157,169</u>	<u>1,406,527</u>	<u>249,358</u>
Other Sources:			
Interest Income	125,360	147,342	21,982
Child Care Parent Contribution	50,000	87,927	37,927
Other Income	533,400	297,191	(236,209)
Total Other Sources	<u>708,760</u>	<u>532,460</u>	<u>(176,300)</u>
Other Financing Sources:			
Transfers from Other Funds	484,000	202,751	(281,249)
Total Other Financing Sources	<u>484,000</u>	<u>202,751</u>	<u>(281,249)</u>
Total Education and General Income	<u>21,909,214</u>	<u>21,600,604</u>	<u>(308,600)</u>
Auxiliary Enterprises Revenue:			
Leases and Rentals	150,464	198,235	47,771
Other Interest Income	4,200	10,681	6,481
Total Auxiliary Enterprises Revenue	<u>154,664</u>	<u>208,916</u>	<u>54,252</u>
Total General and Auxiliary Enterprise Funds Revenues	<u>\$22,063,878</u>	<u>\$21,809,520</u>	<u>\$ (254,358)</u>

TEXAS SOUTHMOST COLLEGE
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL AND AUXILIARY ENTERPRISE FUNDS
 Year Ended August 31, 1993

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Administration and Student Services:			
Gov't of the Institution	29,229	11,593	17,636
Exec. Direction and Control	-	-	-
Business and Fiscal Mgmt.	230,435	257,380	(26,945)
Student Admission and Registration	-	-	-
Student Service	-	-	-
Total	<u>259,664</u>	<u>268,973</u>	<u>(9,309)</u>
General Institutional Expense			
Total	<u>454,157</u>	<u>311,833</u>	<u>142,324</u>
Staff Benefits:			
Group Health Ins. Premiums	6,648	7,904	(1,256)
Old Age and Survivors Ins.	21,475	19,556	1,919
Workmen's Comp. Insurance	2,345	1,342	1,003
Other Staff Benefits:			
Other	3,502	3,804	(302)
Life Insurance Premiums	1,673	824	849
ORP and TRS State Contributions	-	-	-
Total	<u>35,643</u>	<u>33,430</u>	<u>2,213</u>
Resident Instruction:			
Subsidy to UTB	2,433,227	2,400,000	33,227
Tuition Paid to UTB	<u>3,446,192</u>	<u>3,928,121</u>	<u>(481,929)</u>
	<u>5,879,419</u>	<u>6,328,121</u>	<u>(448,702)</u>
General Academic Courses:			
Faculty Salaries	-	-	-
Dept. Operating	-	-	-
Instructional Adm. Expense	-	-	-
Organized Activities	-	-	-
Sub-Total	<u>-</u>	<u>-</u>	<u>-</u>
Vocational-Technical Programs:			
Faculty Salaries	-	-	-
Dept. Operating Expense	-	-	-
Instructional Adm. Expense	-	-	-
Organized Activities	-	-	-
Sub-Total	<u>-</u>	<u>-</u>	<u>-</u>
Total Resident Instruction	<u>-</u>	<u>-</u>	<u>-</u>
Library:			
Salaries, Wages and Other	-	-	-
Operating Expenses	-	-	-
Books and Equipment	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Extension and Public Service:			
Community Service	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Physical Plant Operation and Maintenance:			
Campus Security	-	-	-
Bldg. Maintenance	-	-	-
Custodial Service	-	390,270	(390,270)
Grounds Maintenance	-	-	-
Utilities	-	-	-
Reserve for Major Repairs	150,000	173,199	(23,199)
Reserve for Replacements	450,000	-	450,000
Total	<u>600,000</u>	<u>563,469</u>	<u>36,531</u>

TEXAS SOUTHWEST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL AND AUXILIARY ENTERPRISE FUNDS - CONTINUED
 Year Ended August 31, 1993

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Special Items:			
Carl Perkins Vocational Grant	814,142	732,242	81,900
Transfers to UTB	<u>13,866,189</u>	<u>11,956,746</u>	<u>1,909,443</u>
Total Special Items	<u>14,680,331</u>	<u>12,688,988</u>	<u>1,991,343</u>
Other Financing Sources:			
Transfers to Other Funds	-	473,649	(473,649)
Total Other Financing Sources	-	<u>473,649</u>	<u>(473,649)</u>
Total Education and General Expenditures	<u>21,909,214</u>	<u>20,668,463</u>	<u>1,240,751</u>
Auxiliary Enterprises:			
Cafeteria/Bookstore Expenditures	-	-	-
Copy Machine Expense	23,000	16,251	6,749
Rancho del Cielo:			
Subsidy to UTB	99,000	99,000	-
Direct Expenses	11,510	28,961	(17,451)
Radio Station	<u>14,000</u>	<u>15,000</u>	<u>(1,000)</u>
Total Auxiliary Enterprises	<u>147,510</u>	<u>159,212</u>	<u>(11,702)</u>
Total General and Auxiliary Enterprise Funds Expenditures	<u>22,056,724</u>	<u>20,827,675</u>	<u>1,229,049</u>
Excess Revenue Over (Under) Expenditures	<u>7,154</u>	<u>981,845</u>	
	<u>\$22,063,878</u>	<u>\$21,809,520</u>	

AUXILIARY ENTERPRISE FUND

TEXAS SOUTHMOST COLLEGE
BALANCE SHEET
AUXILIARY ENTERPRISE FUND
August 31, 1993

ASSETS

ASSETS

Cash in Bank	\$ 102,742
Accounts Receivable	200,000
Investments	27,835
Petty Cash	2,250
Accrued Interest Receivable	<u>2,584</u>
Total Assets	<u>\$ 335,461</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 60,800
Total Liabilities	<u>60,800</u>

FUND BALANCE

Unrestricted	274,661
Total Unreserved Unallocated Fund Balance (Exh. B)	<u>274,661</u>
Total Liabilities and Fund Balance	<u>\$ 335,461</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISE FUND
Year Ended August 31, 1993

Fund Balance, September 1, 1992	\$ 223,040
Less: Write-off of prior year receivable	(333)
Add: Transfer of petty cash fund	2,250
Excess revenues (expenditures)	<u>49,704</u>
Fund Balance, August 31, 1993	<u>\$ 274,661</u>

TEXAS SOUTHMOST COLLEGE

STATEMENT OF REVENUES AND EXPENDITURES
 AUXILIARY ENTERPRISE FUND
 Year Ended August 31, 1993

	<u>Rancho Del Cielo</u>	<u>Bookstore and Cafeteria</u>	<u>Other</u>	<u>Combined Total</u>
REVENUES				
Leases and Rentals				
Leases	\$ -	\$ 165,003	\$ -	\$ 165,003
Rentals	500	-	-	500
Copier Income	-	-	32,732	32,732
	<u>500</u>	<u>165,003</u>	<u>32,732</u>	<u>198,235</u>
Other Income	-	-	3,240	3,240
Interest Income	-	-	7,441	7,441
Total Revenues	<u>500</u>	<u>165,003</u>	<u>43,413</u>	<u>208,916</u>
EXPENDITURES:				
Subsidy Paid to UTB	99,000	-	-	99,000
Direct Expenses	28,961	-	-	28,961
Rental & Supplies for Copier	-	-	16,251	16,251
Radio station support	-	-	15,000	15,000
Total Expenses	<u>127,961</u>	<u>-</u>	<u>31,251</u>	<u>159,212</u>
Excess Revenues (Expenditures)	<u>\$ (127,461)</u>	<u>\$ 165,003</u>	<u>\$ 12,162</u>	<u>\$ 49,704</u>

STUDENT ASSISTANCE FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 LOCAL STUDENT ASSISTANCE FUNDS
 August 31, 1993

<u>ASSETS</u>	<u>Financial Aid Fund</u>	<u>Institutional Scholarship Grants</u>	<u>Local Donors Fund</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash in Bank	\$ 8,704	\$ 984	\$ -	\$ 9,688
Funds Held by State-TPEG	-	100	-	100
Due from Other Funds	-	152,035	-	152,035
Total Assets	<u>\$ 8,704</u>	<u>\$ 153,119</u>	<u>\$ -</u>	<u>\$ 161,823</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Other Funds	8,419	26,684	-	35,103
Due to UTB	-	20,995	-	20,995
Total Liabilities	8,419	47,679	-	56,098
 <u>FUND BALANCE</u>				
Restricted	285	105,440	-	105,725
Total Liabilities and Fund Balance	<u>\$ 8,704</u>	<u>\$ 153,119</u>	<u>\$ -</u>	<u>\$ 161,823</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 LOCAL STUDENT ASSISTANCE FUNDS
 Year Ended August 31, 1993

	<u>Financial Aid Fund</u>	<u>Institutional Scholarship Grants</u>	<u>Local Donors Fund</u>	<u>Total</u>
Fund Balance, September 1, 1992	\$ -	\$ 148,444	\$ 110,011	\$ 258,455
Add: Void Prior Year Checks	-	246	-	246
Excess Revenue (Expenditures)	285	(43,250)	46,022	3,057
Less: Transfer to UTB	-	-	<u>156,033</u>	<u>156,033</u>
Fund Balance, August 31, 1993	<u>\$ 285</u>	<u>\$ 105,440</u>	<u>\$ -</u>	<u>\$ 105,725</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES
 LOCAL STUDENT ASSISTANCE FUNDS
 Year Ended August 31, 1993

	Financial Aid Fund	Institutional Scholarship Grants	Local Donors Fund	Total
REVENUES:				
Local Grants and Contracts	\$ -	\$ -	\$ 45,426	\$ 45,426
Interest Income	285	2,131	596	3,012
Transfers From Other Funds	-	152,035	-	152,035
	285	154,166	46,022	200,473
Total Revenues	285	154,166	46,022	200,473
 EXPENDITURES:				
Texas Public Grant Program	-	142,842	-	142,842
Local Scholarships	-	27,890	-	27,890
Transfers to Other Funds	-	26,684	-	26,684
	-	197,416	-	197,416
Total Expenditures	-	197,416	-	197,416
Excess Revenues (Expenditures)	\$ 285	\$ (43,250)	\$ 46,022	\$ 3,057

LOAN FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 LOAN FUNDS
 August 31, 1993

	<u>Perkins Loan Fund</u>	<u>Student Congress Loans</u>	<u>Total</u>
ASSETS			
<u>ASSETS</u>			
Cash	\$ 5	\$ -	\$ 5
Loans Receivable (Net of Allowance For Bad Debts of \$41,565)	-	28,843	28,843
Due From Other Funds	-	26,684	26,684
Due From UTB	-	76,601	76,601
Total Assets	<u>\$ 5</u>	<u>\$ 132,128</u>	<u>\$ 132,133</u>
 LIABILITIES AND FUND BALANCE			
<u>LIABILITIES</u>			
Due to Federal Government	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>
Total Liabilities	5	-	5
<u>FUND BALANCE</u>			
Unrestricted - Designated	-	132,128	132,128
Total Liabilities and Fund Balance	<u>\$ 5</u>	<u>\$ 132,128</u>	<u>\$ 132,133</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 LOAN FUNDS
 Year Ended August 31, 1993

	<u>Perkins Loan Fund</u>	<u>Student Congress Loans</u>	<u>Total</u>
FUND BALANCE, September 1, 1992	\$ (23,840)	\$ 105,444	\$ 81,604
ADDITIONS:			
Interest Income	52	-	52
Transfers to UTB	26,643	-	26,643
Transfers From Other Funds	<u>-</u>	<u>26,684</u>	<u>26,684</u>
Total Additions	<u>26,695</u>	<u>26,684</u>	<u>53,379</u>
DEDUCTIONS:			
Transfer to Federal Government	<u>2,855</u>	<u>-</u>	<u>2,855</u>
Total Deductions	<u>2,855</u>	<u>-</u>	<u>2,855</u>
FUND BALANCE, AUGUST 31, 1993	<u>\$ -</u>	<u>\$ 132,128</u>	<u>\$ 132,128</u>

ENDOWMENT FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 ENDOWMENT FUNDS
 August 31, 1993

	<u>TSC Endowment Fund</u>	<u>Endowment Challenge Grant Program</u>	<u>Total</u>
ASSETS			
<u>ASSETS</u>			
Cash in Bank	\$ 3,999	\$ 82,773	\$ 86,772
Investments	36,620	3,814,800	3,851,420
Accrued Interest	-	4,782	4,782
Accounts Receivable	<u>222</u>	<u>-</u>	<u>222</u>
Total Assets	<u>\$ 40,841</u>	<u>\$ 3,902,355</u>	<u>\$ 3,943,196</u>
 LIABILITIES AND FUND BALANCE			
<u>FUND BALANCE</u>			
Restricted - Term	\$ 11,549	\$ 3,447,037	\$ 3,458,586
Restricted - Quasi-endowment	<u>29,292</u>	<u>455,318</u>	<u>484,610</u>
Total Fund Balance	<u>40,841</u>	<u>3,902,355</u>	<u>3,943,196</u>
Total Liabilities and Fund Balance	<u>\$ 40,841</u>	<u>\$ 3,902,355</u>	<u>\$ 3,943,196</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 ENDOWMENT FUNDS
 Year Ended August 31, 1993

	<u>TSC Endowment Fund</u>	<u>Endowment Challenge Grant Program</u>	<u>Total</u>
Fund Balance, September 1, 1992	\$ 31,507	\$ 3,781,537	\$ 3,813,044
Add: Donations	5,100	2,795	7,895
Stock Splits and Dividends	7,267	-	7,267
Interest, and Dividends	1,186	119,283	120,469
Unrealized Gain (Loss) on Marketable Securities	(3,814)	-	(3,814)
Less: Scholarship	(315)	(1,260)	(1,575)
Write-off Prior Year Receivable	<u>(90)</u>	<u>-</u>	<u>(90)</u>
Net Increase (Decrease) for the Year	<u>9,334</u>	<u>120,818</u>	<u>130,152</u>
Fund Balance, August 31, 1993	<u>\$ 40,841</u>	<u>\$ 3,902,355</u>	<u>\$ 3,943,196</u>

PLANT FUNDS

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
UNEXPENDED FUNDS
August 31, 1993

ASSETS		Improvement and Contingency Fund
<u>ASSETS</u>		
Cash in Bank		\$ 14,599
Accrued Interest		7,466
Due from Other Funds		<u>1,718</u>
Total Assets		<u>\$ 23,783</u>
LIABILITIES AND FUND BALANCE		
<u>FUND BALANCE</u>		
Unrestricted		<u>\$ 23,783</u>
Total Fund Balance		<u>23,783</u>
Total Liabilities and Fund Balance		<u>\$ 23,783</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
UNEXPENDED FUNDS
Year Ended August 31, 1993

	Improvement and Contingency Fund
Fund Balance, September 1, 1992	<u>\$ 13,427</u>
Add: Investment Income	<u>10,356</u>
Net Increase (Decrease) for the Year	<u>10,356</u>
Fund Balance, August 31, 1993	<u>\$ 23,783</u>

TEXAS SOUTHWEST COLLEGE

BALANCE SHEET
RENEWALS AND REPLACEMENT
August 31, 1993

Capital
Projects
Fund

ASSETS

ASSETS

Cash in Bank
Investments
Earnest Money Deposits
Accrued Interest

\$ 10,777
280,000
50,500
4,143

Total Assets

\$ 345,420

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable
Retainage Payable
Due to Other Funds

\$ 9,000
19,910
221,813

Total Liabilities

250,723

FUND BALANCE

Unrestricted

94,697

Total Liabilities and Fund Balance

\$ 345,420

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
RENEWALS AND REPLACEMENT
Year Ended August 31, 1993

	<u>Capital Projects Fund</u>
Fund Balance, September 1, 1992	<u>\$ 438,211</u>
Add: Investment Income	12,678
Less: Capital Outlay	<u>356,192</u>
Net Increase (Decrease) for the Year	<u>(343,514)</u>
Fund Balance, August 31, 1993	<u>\$ 94,697</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 RETIREMENT OF INDEBTEDNESS
 August 31, 1993

	<u>Systems Fund</u>	<u>Debt Service</u>	<u>87/88 Tax Debt Service</u>	<u>Total</u>
ASSETS				
ASSETS:				
Cash in Bank	\$ 303	\$ 556,041	\$ 111,961	\$ 668,305
Accounts Receivable	-	-	10,194	10,194
Taxes Receivable	-	-	181,466	181,466
Allowance for Bad Debts	-	-	(5,444)	(5,444)
Total Assets	<u>\$ 303</u>	<u>\$ 556,041</u>	<u>\$ 298,177</u>	<u>\$ 854,521</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to Other Funds	\$ -	\$ 149,717	\$ 50	\$ 149,767
Deferred Tax Revenue	-	-	176,022	176,022
Total Liabilities	-	149,717	176,072	325,789
FUND BALANCE				
Restricted	<u>303</u>	<u>406,324</u>	<u>122,105</u>	<u>528,732</u>
Total Liabilities and Fund Balance	<u>\$ 303</u>	<u>\$ 556,041</u>	<u>\$ 298,177</u>	<u>\$ 854,521</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 RETIREMENT OF INDEBTEDNESS
 Year Ended August 31, 1993

	Systems Fund	Debt Service	87/88 Tax Debt Service	Total
Reserves and Fund Balance, September 1, 1992	\$ 53	\$ 296,606	\$ 136,993	\$ 433,652
Add: AD Valorem Tax	-	-	1,253,685	1,253,685
Lease Income	-	83,385	-	83,385
HEW Subsidy Grant	-	19,954	-	19,954
Investment Income	2,565	6,450	8,252	17,267
Building Usage Fees	321,614	-	-	321,614
Transfers from Other Funds	-	121,178	-	121,178
Total Receipts	<u>324,179</u>	<u>230,967</u>	<u>1,261,937</u>	<u>1,817,083</u>
Less: Retirement of Indebtedness	-	90,000	460,000	550,000
Interest on Indebtedness	-	31,110	814,433	845,543
Transfers to Other Funds	323,929	-	-	323,929
Other	-	139	2,392	2,531
Total Disbursements	<u>323,929</u>	<u>121,249</u>	<u>1,276,825</u>	<u>1,722,003</u>
Net Increase (Decrease) for the Year	<u>250</u>	<u>109,718</u>	<u>(14,888)</u>	<u>95,080</u>
Reserves and Fund Balance, August 31, 1993	<u>\$ 303</u>	<u>\$ 406,324</u>	<u>\$ 122,105</u>	<u>\$ 528,732</u>

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
INVESTMENT IN PLANT
August 31, 1993

General
Fixed
Assets
Fund

ASSETS

LAND, BUILDINGS AND EQUIPMENT

Land	\$ 315,375
Land - Appraisal Increase (Note 4)	817,500
Site Improvements	5,717,462
Buildings and Improvements	21,623,458
Machinery, Equipment, Furniture and Library Books	22,046,542
Leased Equipment Under Capital Lease	423,635
Assets Held in Trust	351,064
Construction in Progress	228,979

TOTAL LAND, BUILDINGS AND EQUIPMENT 51,524,015

LIABILITIES AND NET INVESTMENT IN PLANT

LONG-TERM DEBT

Bonds Payable	\$11,975,000
Obligations Under Capital Lease	138,450
Total Long-Term Debt	12,113,450

Net Investment In Plant

Total Liabilities and Net Investment in Plant \$51,524,015

TEXAS SOUTHMOST COLLEGE
 STATEMENT OF CHANGES IN FUND BALANCE
 INVESTMENT IN PLANT
 Year Ended August 31, 1993

	<u>General Fixed Assets Fund</u>
Fund Balance, September 1, 1992	<u>\$34,478,977</u>
Add: Reduction in Long-Term Debt	650,098
Purchases and Additions	254,253
Work In Process	228,979
Increase in Library Books	<u>3,798,258</u>
Net Increase (Decrease) for the Year	<u>4,931,588</u>
Fund Balance, August 31, 1993	<u>\$39,410,565</u>

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF GENERAL FIXED ASSETS
INVESTMENT IN PLANT
Year Ended August 31, 1993

	<u>Balance</u> 8-31-92	<u>Purchased</u> <u>Additions</u>	<u>Other*</u>	<u>Balance</u> 8-31-93
BUILDINGS				
Auto Body Building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied Health	698,407	-	-	698,407
Tandy Hall I	1,087,093	-	-	1,087,093
Tandy Hall II	2,065,351	-	-	2,065,351
A. A. Champion	43,436	-	-	43,436
Gymnasium	814,002	-	-	814,002
Business Services	5,565	-	-	5,565
Student Center	944,335	-	-	944,335
Library	4,021,742	-	-	4,021,742
Rusteberg	787,252	-	-	787,252
Gomez-Farias Project (Mexico)	5,063	-	-	5,063
Eidman Science-Math Building	809,454	-	-	809,454
Gorgas Hall Improvements	1,682,096	-	-	1,682,096
Music Hall	94,770	-	-	94,770
Maintenance	34,898	-	-	34,898
PAU-B Administration	222,158	-	-	222,158
PAU-B Temporary Office	13,444	-	-	13,444
Child Care Center	378,509	-	-	378,509
Cavalry Barracks	409,904	-	-	409,904
Women's Center	76,019	-	-	76,019
Continuing Education	45,000	-	-	45,000
Athletic Houses	13,143	-	-	13,143
Marion Hedrick Smith Memorial Amphitheater	296,391	-	-	296,391
U.S. Coast Guard Station (S.P.I.)	320,353	-	-	320,353
Security/First Aid (Carpet)	888	-	-	888
Continuing Education (American Legion Building)	56,417	-	-	56,417
Classroom/office	5,936,735	-	-	5,936,735
Art	673,412	-	-	673,412
Total Buildings	<u>21,623,458</u>	<u>-</u>	<u>-</u>	<u>21,623,458</u>
LAND				
Land 50 year Lease Amphitheater	1,250	-	-	1,250
Land	176,014	-	-	176,014
Land - Appraisal Increase	817,500	-	-	817,500
Land - Parking Lot	54,886	83,225	-	138,111
Total Land	<u>1,049,650</u>	<u>83,225</u>	<u>-</u>	<u>1,132,875</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF GENERAL FIXED ASSETS
INVESTMENT IN PLANT - CONTINUED
Year Ended August 31, 1993

	Balance 8-31-92	Purchased Additions	Other*	Balance 8-31-93
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168	-	-	16,168
Landscaping - S.P.I.	3,395	-	-	3,395
Paving	392,615	-	-	392,615
Remodel Courtyard Fountain	18,638	-	-	18,638
Tennis Courts	43,002	-	-	43,002
Reflecting Pool	27,591	-	-	27,591
Gorgas Monument	24,121	-	-	24,121
Roofing	592,560	126,952	-	719,512
ACM Abatement	649,036	-	-	649,036
Resaca Bulkhead	281,424	-	-	281,424
Paseo	265,071	-	-	265,071
Paseo - Classroom	448,523	-	-	448,523
Paseo - East	570,218	-	-	570,218
Central Plant	2,258,148	-	-	2,258,148
Total Improvements	5,590,510	126,952	-	5,717,462
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Gorgas	165,958	10,872	-	176,830
Champion	97,880	-	-	97,880
Art Building	45,098	-	-	45,098
Gymnasium	98,321	-	-	98,321
Tandy Hall	1,165,892	-	-	1,165,892
Leased Computer Equipment	423,635	-	-	423,635
Library	1,008,156	5,520	-	1,013,676
Library Books	10,290,253	3,798,258	-	14,088,511
Student Center	203,319	6,113	-	209,432
Eidman Hall	393,943	-	-	393,943
Applied Arts	1,277,797	-	-	1,277,797
Maintenance	380,988	-	-	380,988
Allied Health	600,308	-	-	600,308
Adult Continuing Ed Center	321,799	-	-	321,799
Music Department	247,811	-	-	247,811
Athletic Houses	12,446	-	-	12,446
Security/First Aid	35,026	-	-	35,026
Child Care	88,237	-	-	88,237
Old President's Home	23,429	-	-	23,429
Cavalry Barracks	418,505	-	-	418,505
South Padre Island	75,012	-	-	75,012
Rancho del Cielo	36,369	-	-	36,369
LVN McAllen	17,456	-	-	17,456
Classroom/Office	1,183,379	29,889	-	1,213,268
LVN - Weslaco	8,508	-	-	8,508
Total Equipment	18,619,525	3,850,652	-	22,470,177
Total General Fixed Assets	\$46,883,143	\$ 4,060,829	\$ -	\$50,943,972

* Stolen, Transfers, Deletions, Donations, Auctions, Corrections, and Additional Library Books.

AGENCY FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 AGENCY FUNDS
 August 31, 1993

	Rebate Fund
ASSETS	
ASSETS:	
Cash on Hand and in Bank	\$ 13,127
Investments	-
Accrued Interest	-
Due From Other Funds	-
Total Assets	\$ 13,127
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Due to Other Funds	\$ -
Funds Held in Custody For Others	-
Total Liabilities	-
FUND BALANCE:	
Restricted	-
Unrestricted	13,127
Total Fund Balance	13,127
Total Liabilities and Fund Balance	\$ 13,127

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
AGENCY FUNDS
Year Ended August 31, 1993

	<u>Rebate Fund</u>
Fund Balance, September 1, 1992	\$ 12,889
Add: Receipts	-
Interest	238
Less: Disbursements	-
Increase liability to IRS	-
Net Increase (Decrease) for the Year	<u>238</u>
Fund Balance, August 31, 1993	<u>\$ 13,127</u>

BOND SCHEDULES

TEXAS SOUTHMOST COLLEGE
Maturity Schedule
BOARD OF TRUSTEES OF SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
BUILDING REVENUE BONDS
SERIES 1970
DEBT SERVICE FUND
Year Ending August 31,

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Number</u>	<u>Bond Principal Due Nov. 15th</u>	<u>Bond Interest Due Nov. 15th</u>	<u>Bond Interest Due May 15th</u>	<u>Total Annual Requirements</u>
1994	7-1/2%	98-107	50,000.00	6,187.50	4,312.50	60,500.00
1995	7-1/2%	108-118	55,000.00	4,312.50	2,250.00	61,562.50
1996	7-1/2%	119-130	60,000.00	2,250.00	.00	62,250.00
			<u>\$ 165,000.00</u>	<u>\$ 12,750.00</u>	<u>\$ 6,562.50</u>	<u>\$ 184,312.50</u>

TEXAS SOUTHMOST COLLEGE

MATURITY SCHEDULE
 BOARD OF TRUSTEES OF SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
 BUILDING REVENUE BONDS
 SERIES 1975-A
 DEBT SERVICE FUND
 Year Ending August 31,

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Number</u>	<u>Principal Due May 1,</u>	<u>Bond Interest Due Nov. 15,</u>	<u>Bond Interest Due May 1,</u>	<u>Total Annual Requirements</u>
1994	7.60%	85-92	40,000.00	6,910.00	6,910.00	53,820.00
1995	7.70%	93-100	40,000.00	5,390.00	5,390.00	50,780.00
1996	7.70%	101-110	50,000.00	3,850.00	3,850.00	57,700.00
1997	7.70%	111-120	50,000.00	1,925.00	1,925.00	53,850.00
			<u>\$ 180,000.00</u>	<u>\$ 18,075.00</u>	<u>\$ 18,075.00</u>	<u>\$ 216,150.00</u>

TEXAS SOUTHMOST COLLEGE
Maturity Schedule
SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
SCHOOL BUILDING TAX BONDS
Year Ending August 31,

Year	Series 1987			Series 1988			Grand Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
1994	400,000	528,600	928,600	110,000	245,625	355,625	1,284,225
1995	400,000	493,600	893,600	140,000	236,250	376,250	1,269,850
1996	400,000	458,600	858,600	150,000	225,375	375,375	1,233,975
1997	500,000	422,100	922,100	150,000	214,125	364,125	1,286,225
1998	500,000	388,100	888,100	180,000	201,750	381,750	1,269,850
1999	500,000	358,100	858,100	190,000	187,875	377,875	1,235,975
2000	600,000	324,500	924,500	190,000	173,625	363,625	1,288,125
2001	600,000	287,000	887,000	215,000	158,438	373,438	1,260,438
2002	600,000	248,900	848,900	240,000	141,375	381,375	1,230,275
2003	700,000	206,950	906,950	240,000	123,375	363,375	1,270,325
2004	700,000	161,100	861,100	275,000	104,063	379,063	1,240,163
2005	800,000	115,000	915,000	275,000	83,438	358,438	1,273,438
2006	800,000	69,000	869,000	325,000	60,938	385,938	1,254,938
2007	800,000	23,000	823,000	400,000	33,750	433,750	1,256,750
2008	-	-	-	250,000	9,375	259,375	259,375
	<u>\$ 8,300,000</u>	<u>\$ 4,084,550</u>	<u>\$12,384,550</u>	<u>\$ 3,330,000</u>	<u>\$ 2,199,377</u>	<u>\$ 5,529,377</u>	<u>\$17,913,927</u>

Interest on the Series 1988 bonds has been calculated at the rate of 7.50% for purposes of illustration.