



SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2000

TEXAS SOUTHMOST COLLEGE

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

AUGUST 31, 2000

TEXAS SOUTHMOST COLLEGE

ORGANIZATIONAL DATA

FOR THE FISCAL YEAR 1999-2000

BOARD OF TRUSTEES

Officers

Mary Rose Cardenas	Chairperson
Chester Gonzalez	Vice-chairperson
Rosemary Breedlove	Secretary

Members

Mary Rose Cardenas	Brownsville, Texas	May, 2002
Rosemary Breedlove	Brownsville, Texas	May, 2004
David Oliveira	Brownsville, Texas	May, 2006
Chester Gonzalez	Brownsville, Texas	May, 2004
Dolly Zimmerman	Port Isabel, Texas	May, 2002
Dr. Roberto Robles	Brownsville, Texas	May, 2006
Eddie Campirano	Brownsville, Texas	May, 2004

Principal Administrative Officers

Dr. Juliet V. Garcia	President, UTB/TSC
Dr. Wayne J. Moore	Vice-President for Administration and Partnership Affairs, UTB/TSC
George F. Haylock, Jr.	District Office Manager
Pat Celaya	District Comptroller

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TEXAS SOUTHMOST COLLEGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON GENERAL
PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**

Board of Trustees
Southmost Union Junior College District
Brownsville, Texas

We have audited the accompanying general purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of Texas Southmost College's 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 the standards applicable to financial audits contained in *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 at August 31, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2000, on our consideration of Texas Southmost College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed 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 expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the combining statements and other 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. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Pattillo, Brown & Hill, L.L.P.

November 7, 2000

FINANCIAL STATEMENTS

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

AUGUST 31, 2000

(with memorandum totals at August 31, 1999)

	Current Funds				Loan Funds	Endowment & Similar Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total		
ASSETS						
Cash & cash equivalents	\$ 291,862	\$ 48,078	\$ 61,399	\$ 401,339	\$ 28,285	\$ 3,921
Short-term investments	23,986	218,601	-	242,587	-	97
Accounts receivable (net of allowance for doubtful accounts of \$9,000 for both years)	1,558,422	39,167	2,320	1,599,909	-	-
Taxes receivable (net of allowance for doubtful accounts of \$45,832 & \$40,069 at August 31, 2000 & 1999, respectively)	870,811	-	-	870,811	-	-
Due from other funds	271,039	429,091	35,012	735,142	-	-
Investments	817,899	380,223	-	1,198,122	-	33,206
Accrued interest receivable	14,220	1,438	-	15,658	-	-
Due from other agencies	-	-	100	100	-	1,120
Federal receivables	-	-	250,634	250,634	-	-
Deposits	-	-	-	-	-	-
Notes receivable (net of allowance for doubtful accounts of \$123,969 & \$114,648 at August 31, 2000 & 1999, respectively)	-	-	-	-	158,652	-
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Library books	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Assets held in trust	-	-	-	-	-	-
Amounts to be provided interest payable on capital appreciation bonds	-	-	-	-	-	-
	<u>\$ 3,848,239</u>	<u>\$ 1,116,598</u>	<u>\$ 349,465</u>	<u>\$ 5,314,302</u>	<u>\$ 186,937</u>	<u>\$ 38,344</u>
Total assets	<u>\$ 3,848,239</u>	<u>\$ 1,116,598</u>	<u>\$ 349,465</u>	<u>\$ 5,314,302</u>	<u>\$ 186,937</u>	<u>\$ 38,344</u>

See accompanying notes to the financial statements.

Plant Funds					Totals (Memorandum only)	
Unexpended	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	2000	1999
\$ 117,494	\$ 436,302	\$ 569,398	\$ -	\$ 8,277	\$ 1,565,016	\$ 2,861,630
1,467,309	645,307	-	-	-	2,355,300	3,168,714
-	-	-	-	-	1,599,909	1,575,399
-	-	167,992	-	-	1,038,803	982,082
-	321,360	176,049	-	-	1,232,551	1,433,786
11,857,084	1,267,411	-	-	-	14,355,823	3,542,744
225,296	4,795	-	-	-	245,749	8,904
-	-	-	-	-	1,220	21,442
-	-	-	-	-	250,634	254,836
50,250	-	-	-	-	50,250	50,250
-	-	-	-	-	158,652	92,668
-	-	-	2,995,303	-	2,995,303	2,995,303
-	-	-	27,916,639	-	27,916,639	27,171,372
-	-	-	5,870,705	-	5,870,705	5,870,705
-	-	-	8,111,753	-	8,111,753	7,845,638
-	-	-	8,422,239	-	8,422,239	8,422,239
-	-	-	1,960,058	-	1,960,058	1,419,250
-	-	-	351,064	-	351,064	351,064
-	-	-	623,560	-	623,560	623,560
<u>\$ 13,717,433</u>	<u>\$ 2,675,175</u>	<u>\$ 913,439</u>	<u>\$ 56,251,321</u>	<u>\$ 8,277</u>	<u>\$ 79,105,228</u>	<u>\$ 68,691,586</u>

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

(Continued)

AUGUST 31, 2000

(with memorandum totals at August 31, 1999)

	Current Funds				Loan Funds	Endowment & Similar Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total		
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,508	\$ 148,676	\$ -	\$ 161,184	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	582,112	341,765	253,634	1,177,511	-	-
Due to other agencies	1,974,159	2,322	34,559	2,011,040	-	-
Deferred revenues	870,811	83,285	-	954,096	-	-
Accrued compensable absences payable	9,339	2,815	-	12,154	-	-
Bonds payable	-	-	-	-	-	-
Funds held in custody for others	-	-	-	-	-	-
Total liabilities	<u>3,448,929</u>	<u>578,863</u>	<u>288,193</u>	<u>4,315,985</u>	<u>-</u>	<u>-</u>
Fund Balance:						
Unrestricted						
Reserved						
Encumbrances	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Unreserved						
Designated						
Capital projects	-	-	-	-	-	-
College loan funds	-	-	-	-	186,937	-
Undesignated	399,310	537,735	-	937,045	-	-
Restricted						
Institutional matching funds	-	-	-	-	-	38,344
Other	-	-	61,272	61,272	-	-
Net investment in plant	-	-	-	-	-	-
Total fund balance	<u>399,310</u>	<u>537,735</u>	<u>61,272</u>	<u>998,317</u>	<u>186,937</u>	<u>38,344</u>
Total liabilities and fund balance	<u>\$ 3,848,239</u>	<u>\$ 1,116,598</u>	<u>\$ 349,465</u>	<u>\$ 5,314,302</u>	<u>\$ 186,937</u>	<u>\$ 38,344</u>

See accompanying notes to the financial statements.

Plant Funds					Totals (Memorandum only)	
Unexpended	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	2000	1999
\$ 7,725	\$ 5,766	\$ -	\$ -	\$ -	\$ 174,675	\$ 405,903
-	-	-	623,560	-	623,560	623,560
55,040	-	-	-	-	1,232,551	1,433,786
172	953	-	-	-	2,012,165	2,402,249
-	-	167,992	-	-	1,122,088	1,055,278
-	-	-	-	-	12,154	15,843
9,025,000	-	-	6,334,999	-	15,359,999	7,274,999
-	-	-	-	8,277	8,277	7,959
<u>9,087,937</u>	<u>6,719</u>	<u>167,992</u>	<u>6,958,559</u>	<u>8,277</u>	<u>20,545,469</u>	<u>13,219,577</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,629,496	2,668,456	-	-	-	7,297,952	7,542,544
-	-	-	-	-	186,937	118,097
-	-	-	-	-	937,045	623,689
-	-	-	-	-	38,344	27,650
-	-	745,447	-	-	806,719	359,457
-	-	-	49,292,762	-	49,292,762	46,800,572
<u>4,629,496</u>	<u>2,668,456</u>	<u>745,447</u>	<u>49,292,762</u>	<u>-</u>	<u>58,559,759</u>	<u>55,472,009</u>
<u>\$ 13,717,433</u>	<u>\$ 2,675,175</u>	<u>\$ 913,439</u>	<u>\$ 56,251,321</u>	<u>\$ 8,277</u>	<u>\$ 79,105,228</u>	<u>\$ 68,691,586</u>

TEXAS SOUTHMOST COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2000
 (with memorandum totals at August 31, 1999)

	Current Funds				Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total	
REVENUES & OTHER ADDITIONS					
Unrestricted current funds revenue	\$ 28,146,590	\$ 2,195,793	\$ 915,382	\$ 31,257,765	\$ -
State appropriations - restricted	-	-	-	-	-
Federal grants & contracts	-	-	1,169,804	1,169,804	-
State grants & contracts	-	-	200,206	200,206	-
Local gifts, grants & contracts	-	-	20,000	20,000	-
Net increase (decrease) in fair value of investments	-	-	-	-	-
Taxes for debt retirement	-	-	-	-	-
Investment/endowment income	-	-	8,442	8,442	2,856
Net decrease in bonds payable	-	-	-	-	-
Bond proceeds on sale of bonds	-	-	-	-	-
Expended for plant facilities (includes \$360,485 charged to current funds expenditures)	-	-	-	-	-
Other additions	-	-	-	-	75,305
Total revenues & other additions	<u>28,146,590</u>	<u>2,195,793</u>	<u>2,313,834</u>	<u>32,656,217</u>	<u>78,161</u>
EXPENDITURES & OTHER DEDUCTIONS					
Expenditures	26,351,020	1,006,041	12,713,821	40,070,882	-
Expended for plant facilities	-	-	-	-	-
Loan cancellations & write-offs	-	-	-	-	9,321
Net increase in bonds payable	-	-	-	-	-
Retirement of indebtedness - bonds	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Other deductions	-	-	-	-	-
Other expenditures	-	-	-	-	-
Total expenditures & other deductions	<u>26,351,020</u>	<u>1,006,041</u>	<u>12,713,821</u>	<u>40,070,882</u>	<u>9,321</u>
TRANSFERS-ADDITIONS (DEDUCTIONS)					
Mandatory transfers	(291,414)	-	291,414	-	-
Nonmandatory transfers	(1,223,423)	(1,157,129)	-	(2,380,552)	-
Other	-	-	10,106,788	10,106,788	-
Total transfers - additions (deductions)	<u>(1,514,837)</u>	<u>(1,157,129)</u>	<u>10,398,202</u>	<u>7,726,236</u>	<u>-</u>
NET INCREASE (DECREASE) FOR THE FISCAL YEAR					
	<u>280,733</u>	<u>32,623</u>	<u>(1,785)</u>	<u>311,571</u>	<u>68,840</u>
FUND BALANCES, SEPTEMBER 1, 1999					
	118,577	505,112	63,057	686,746	118,097
PRIOR PERIOD ADJUSTMENTS					
	-	-	-	-	-
FUND BALANCES, AUGUST 31, 2000					
	<u>\$ 399,310</u>	<u>\$ 537,735</u>	<u>\$ 61,272</u>	<u>\$ 998,317</u>	<u>\$ 186,937</u>

See accompanying notes to the financial statements.

EXHIBIT B

Endowment & Similar Funds	Plant Funds					Agency Funds	Totals (Memorandum only)	
	Unexpended	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant				
					2000		1999	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,257,765	\$ 28,907,816	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	1,169,804	1,389,866	
-	-	-	-	-	-	200,206	58,146	
-	-	-	-	-	-	20,000	-	
(11,175)	-	-	-	-	-	(11,175)	-	
-	-	-	1,157,455	-	-	1,157,455	-	
2,449	473,074	130,098	15,056	-	-	631,975	329,358	
-	-	-	-	940,000	-	940,000	845,000	
-	9,025,000	-	-	-	-	9,025,000	-	
-	-	-	-	1,552,190	-	1,552,190	1,419,681	
-	4,431	-	-	-	-	79,736	1,404,170	
<u>(8,726)</u>	<u>9,502,505</u>	<u>130,098</u>	<u>1,172,511</u>	<u>2,492,190</u>	<u>-</u>	<u>46,022,956</u>	<u>34,354,037</u>	
-	-	-	-	-	-	40,070,882	35,795,741	
-	1,198,765	1,282,865	-	-	-	2,481,630	1,712,479	
-	-	-	-	-	-	9,321	-	
-	9,025,000	-	-	-	-	9,025,000	-	
-	-	-	940,000	-	-	940,000	845,000	
-	-	-	314,150	-	-	314,150	355,842	
-	-	-	199,411	-	-	199,411	391	
1,600	-	-	-	-	-	1,600	-	
<u>1,600</u>	<u>10,223,765</u>	<u>1,282,865</u>	<u>1,453,561</u>	<u>-</u>	<u>-</u>	<u>53,041,994</u>	<u>38,709,453</u>	
-	-	-	-	-	-	-	-	
-	648,540	980,895	751,117	-	-	-	-	
-	-	-	-	-	-	10,106,788	8,227,049	
-	<u>648,540</u>	<u>980,895</u>	<u>751,117</u>	<u>-</u>	<u>-</u>	<u>10,106,788</u>	<u>8,227,049</u>	
<u>(10,326)</u>	<u>(72,720)</u>	<u>(171,872)</u>	<u>470,067</u>	<u>2,492,190</u>	<u>-</u>	<u>3,087,750</u>	<u>3,871,633</u>	
48,670	4,702,216	2,840,328	275,380	46,800,572	-	55,472,009	51,660,683	
-	-	-	-	-	-	-	(60,307)	
<u>\$ 38,344</u>	<u>\$ 4,629,496</u>	<u>\$ 2,668,456</u>	<u>\$ 745,447</u>	<u>\$ 49,292,762</u>	<u>\$ -</u>	<u>\$ 58,559,759</u>	<u>\$ 55,472,009</u>	

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TEXAS SOUTHMOST COLLEGE

EXHIBIT C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES
AND OTHER CHANGES

FOR THE YEAR ENDED AUGUST 31, 2000
(with memorandum totals for the year ended August 31, 1999)

	Unrestricted	Auxiliary Enterprises	Restricted	Totals (Memorandum only)	
				2000	1999
REVENUES					
State appropriations - general revenue	\$ 11,710,494	\$ -	\$ 915,382	\$ 12,625,876	\$ 11,936,490
Tuition & fees	9,926,604	1,421,848	-	11,348,452	9,682,486
Taxes for current operations	4,188,325	-	-	4,188,325	3,792,223
Federal grants & contracts	-	-	1,169,804	1,169,804	1,389,866
State grants & contracts	1,471,997	-	200,206	1,672,203	2,353,509
Local grants & contracts	473,701	-	20,000	493,701	330,170
Investment/endowment income	99,330	-	-	99,330	103,023
Sales & service of auxiliary enterprises	-	735,519	-	735,519	496,184
Other sources:					
Interest income	-	33,865	8,442	42,307	30,083
Gains/losses on investments	-	-	-	-	-
Miscellaneous income	276,139	4,561	-	280,700	248,083
Total current funds revenues	<u>28,146,590</u>	<u>2,195,793</u>	<u>2,313,834</u>	<u>32,656,217</u>	<u>30,362,117</u>
EXPENDITURES & MANDATORY TRANSFERS					
Educational & general:					
Instruction	-	-	844,447	844,447	-
Institutional support	335,793	-	-	335,793	1,166,925
Scholarships & fellowships	-	-	-	-	-
Transfers to UTB	26,015,227	-	11,869,374	37,884,601	32,643,154
Total educational & general expenditures	<u>26,351,020</u>	<u>-</u>	<u>12,713,821</u>	<u>39,064,841</u>	<u>33,810,079</u>
Auxiliary enterprise expenditures:					
Expenditures	-	837,089	-	837,089	639,041
Transfers to UTB	-	168,952	-	168,952	1,345,021
Total auxiliary enterprise expenditures	<u>-</u>	<u>1,006,041</u>	<u>-</u>	<u>1,006,041</u>	<u>1,984,062</u>
Mandatory transfers to:					
TPEG to restricted & loan funds	(291,414)	-	291,414	-	-
Total expenditures & mandatory transfers	<u>26,642,434</u>	<u>1,006,041</u>	<u>12,422,407</u>	<u>40,070,882</u>	<u>35,794,141</u>
OTHER TRANSFERS & ADDITIONS (DEDUCTIONS)					
Nonmandatory transfers	(1,223,423)	(1,157,129)	-	(2,380,552)	(2,911,607)
Excess of TPEG transfer over grant awarded	-	-	-	-	-
Federal scholarships/grants by UTB	-	-	10,106,788	10,106,788	8,227,049
Total other transfers & additions (deductions)	<u>(1,223,423)</u>	<u>(1,157,129)</u>	<u>10,106,788</u>	<u>7,726,236</u>	<u>5,315,442</u>
NET INCREASE (DECREASE) IN FUND BALANCES					
	<u>\$ 280,733</u>	<u>\$ 32,623</u>	<u>\$ (1,785)</u>	<u>\$ 311,571</u>	<u>\$ (116,582)</u>

See accompanying notes to the financial statements.

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TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2000

1. REPORTING ENTITY

Texas Southmost College (TSC) was established in 1926, in accordance with the laws of the State of Texas, to serve the educational needs of Brownsville and the surrounding communities. The Southmost Union Junior College District was established in 1949 and is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

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

Basis of Accounting

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

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

Inventories, consisting of consumable office supplies, are valued at cost under the "first-in, first-out" method.

(continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

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

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

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

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund that 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 revenue in unrestricted current funds.

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

(continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Accounting (Continued)

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 no necessarily equal to, the cost of the service. Examples are residence halls, food services and bookstores.

Restricted Current Funds - Funds available for current purposes, but with restrictions from outside agencies or persons. Revenue is 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:

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.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Plant Funds (continued):

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. 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, Expenditures and Other Changes are shown with memorandum totals for the current and prior year. Inter-fund borrowings have not been eliminated, but have been offset in the assets and liability sections. The memorandum totals are presented only to facilitate financial analysis and do not purport to present financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

3. AUTHORIZED INVESTMENTS

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

4. DEPOSITS AND INVESTMENTS

At August 31, 2000, the carrying amount of Texas Southmost College cash and demand deposits was \$1,565,016, and total bank balances equaled \$9,593,109. Bank balances of \$100,000 are covered by federal depository insurance and \$26,577,011 was covered by collateral pledged in Texas Southmost College's name. The collateral was held by Texas Southmost College or by its agent (Category 1). There were no bank balances, which were collateralized with securities held by the pledging financial institution's trust department or agent in Texas Southmost College's name (Category 2). There were no bank balances uncollateralized at fiscal year-end (Category 3).

As reported on Exhibit A, cash and demand deposits include the following:

(continued)

4. **DEPOSITS AND INVESTMENTS (Continued)**

Cash and Demand Deposits

Bank Deposits	
Demand Deposits	\$ 1,562,506
Cash and Cash Equivalents	
Petty Cash on Hand	<u>2,510</u>
Total Cash and Deposits	<u>\$ 1,565,016</u>

To comply with the reporting requirements of GASB Statement No. 3, *Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, Texas Southmost College's 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 would not fulfill its obligations. This is not to be confused with market risk, which is the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note.

The following categories of credit risk are included:

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

<u>Type of Security</u>	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Money Markets	\$ 2,355,300	\$ -	\$ -	\$ 2,355,300	\$ 2,355,300
Certificates of Deposit	5,528,617	-	-	5,528,617	5,528,617
Corporate Stocks	33,206	-	-	33,206	33,206
Repurchase Agreements	<u>8,794,000</u>	<u>-</u>	<u>-</u>	<u>8,794,000</u>	<u>8,794,000</u>
Totals	<u>\$ 16,711,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,711,123</u>	<u>\$ 16,711,123</u>

Reconciliation of Deposits and Investments Between Note 4 and Exhibit A

Per Note 4:	
Cash and Demand Deposits	\$ 1,565,016
Investments	<u>16,711,123</u>
Total	<u>\$ 18,276,139</u>
Per Exhibit A:	
Cash and cash equivalents	\$ 1,565,016
Short-term investments	2,355,300
Investments	<u>14,355,823</u>
Total	<u>\$ 18,276,139</u>

5. **BONDS PAYABLE**

General information related to bonds payable is summarized below:

Refunding Tax Bonds, Series 1994

- To refund certain outstanding School Building Tax Bonds, Series 1987 and Series 1988
- Issued refunding bonds on March 31, 1994
- \$8,509,999, all authorized bonds have been issued
- Source of revenue for debt service - ad valorem tax levy

Bonds payable are due in annual installments varying from \$225,000 to \$1,185,000 with interest rates ranging from 4.85% to 5.60% with the final installment due in 2008. Future principal and interest expense requirements are summarized below for bonds and variable rate notes issued.

Year Ending <u>August 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 960,000	\$ 269,720	\$ 1,229,720
2002	405,859	790,581	1,196,440
2003	379,140	857,300	1,236,440
2004	990,000	220,700	1,210,700
2005	1,075,000	166,473	1,241,473
Beyond 5 years	<u>2,525,000</u>	<u>159,368</u>	<u>2,684,368</u>
Total	<u>\$ 6,334,999</u>	<u>\$ 2,464,142</u>	<u>\$ 8,799,141</u>

Student Union Building Fees Revenue Bonds, Series 2000

- To finance, construct, operate, maintain, renovate and improve the Student Union Building used by the students
- Issued revenue bonds on February 1, 2000
- \$9,025,000, all authorized bonds have been issued
- Source of revenue for debt service - Student Union fees

Bonds payable are due in annual installments varying from \$140,000 to \$655,000 with interest rates ranging from 5.0% to 6.0% with the final installment due in 2025. Future principal and interest expense requirements are summarized below for bonds and variable rate notes issued.

Year Ending <u>August 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 140,000	\$ 502,381	\$ 642,381
2002	155,000	495,381	650,381
2003	175,000	487,631	662,631
2004	200,000	478,881	678,881
2005	225,000	468,881	693,881
Beyond 5 years	<u>8,130,000</u>	<u>5,743,126</u>	<u>13,873,126</u>
Total	<u>\$ 9,025,000</u>	<u>\$ 8,176,281</u>	<u>\$ 17,201,281</u>

6. **ADVANCE REFUNDING BONDS**

Refunded \$8,510,000 of School Building Tax Bonds, Series 1987 and 1988

- Issued refunding bonds on March 31, 1994
- \$8,509,999, all authorized bonds have been issued
- Average interest rate of bonds refunded - 7.5%
- Net proceeds from refunding series - \$8,745,865 after payment of \$170,324 in underwriting fees, insurance and other issuance costs
- Additional \$164,260 of 1987 and 1988 Series sinking fund monies was used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1994 Series bonds.
- The refunded portion of the 1987 and 1988 Series bonds are considered fully defeased and the liability for those bonds have been removed from the Investment in Plant Fund Group.
- Advance refunding of the 1987 and 1988 Series bonds reduced the College debt service payments over the next 15 years by approximately \$494,635.
- Economic gain - \$215,994 difference between the net present value of the old and new debt service payments.
- Accounting gain - \$383,882 resulted from the advanced refunding.

7. **DEFEASED BONDS OUTSTANDING**

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
School Building Tax Bonds, Series 1987	1994	\$ 6,100,000
School Building Tax Bonds, Series 1988	1994	<u>2,410,000</u>
Total		<u>\$ 8,510,000</u>

8. **EMPLOYEES' RETIREMENT PLAN**

The State of Texas has joint contributory retirement plans for almost all of its employees. One of the primary plans in which Texas Southmost College participated is administered by the Texas Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 6.0% and 6.4% 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.

(continued)

8. EMPLOYEES' RETIREMENT PLAN (Continued)

The State of Texas 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 Texas Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65%, respectively. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

9. 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 Government Code 609.001. As of August 31, 2000, the College had two employees participating in the program. A total of \$11,500 in payroll deductions had been invested in approved plans during the fiscal year.

10. COMPENSATED ABSENCES

Full-time employees earn annual leave at a rate of eight hours per month. The College's policy is that an employee may carry their 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 College recognized the accrued liability for the unpaid annual leave in the Unrestricted Current Fund. Sick leave, which can be accumulated to a maximum of 60 days, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. The College's policy is that employees who terminate employment are not entitled to payment of the accumulated sick leave. As a result, the College does not accrue the accumulated sick leave at year-end. The cost of sick leave is recognized when paid. As of August 31, 2000, compensated absences payable consisted of \$12,154.

11. LITIGATION

The College is a party in one litigation matter under which it may be required to pay certain monies upon a decision of the court. The College's attorney reports a contingent liability based on the amount of damages alleged in the case. However, it is the opinion of the College's attorney that this case is covered by liability insurance. In the opinion of the College's management, the outcome of this lawsuit will not have a material adverse effect on the accompanying financial statements and, accordingly, no provision or loss has been recorded.

12. CAPITAL LEASE OBLIGATIONS

There were no capital lease obligations at August 31, 2000.

13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

There were no operating lease commitments at August 31, 2000.

(continued)

13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS (Continued)

Rental agreements consist of the following:

A lease agreement was signed with Subway Real Estate Corp. to provide meals and beverages for the students, faculty, staff and guests. Under the terms of the agreement, Subway will pay the College a base rent at the rate of 4% of gross sales per month. This lease expires in August 25, 2001.

The College has been operating month to month without a bookstore lease to Texas Book Company since July 5, 2000. The College has been operating under the terms of the lease that expired July 5, 2000, which calls for a lease payment of \$75,000 per annum plus an additional 10% of gross revenue above \$1,000,000. The College is currently negotiating a new lease agreement.

14. FUNDS HELD IN TRUST BY OTHERS

At August 31, 2000, there were no such funds for the benefit of the College.

15. 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 grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

16. SELF-INSURED PLANS

The College has no self-insured arrangements.

17. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the College 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 College. 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 College recognizes the cost of providing these benefits by expending the annual insurance premiums. The College contributes \$2.28 per month on \$5,000 of life insurance per employee. The College's monthly contribution per full-time employee was \$190.73 for single employees, \$263.29 for the employee and children, \$299.09 for employee and spouse, and \$371.65 for family coverage for the year ended August 31, 2000. The cost of providing those benefits for twelve active employees was \$33,587. At August 31, 2000, Texas Southmost College did not have any active retirees. The state group insurance amount of \$915,382 was transferred to UTB.

18. RELATED PARTIES

The TSC Foundation, Inc. is a non-profit organization with the sole purpose of supporting educational and other activities of the College. The Foundation solicits donations and acts as coordinator of a challenged grant funded by the Department of Education. During the fiscal year the College furnished certain services such as office space, utilities and staff assistance to the foundation at no cost for these services.

Partnership Agreement with the University of Texas at Brownsville

On September 1, 1992, an agreement was entered into between Southmost Union Junior College District Board of Trustees 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.

Under this agreement TSC agrees to provide UTB, until termination of the UTB/TSC partnership or until mutually agreed by both parties, or until either party terminates the lease in accordance with the provisions set forth in the lease, the right to use all real property and the tangible personal property belonging to TSC for the purpose of providing educational and student services to students. UTB agrees to pay TSC per year in equal monthly payments during the term of this lease a gross square foot amount equal to the gross square foot rate paid by the UT Board of Regents to Southmost District in the 1999-2000 biennium adjusted for inflation each biennium by the previous two year average of the annual Consumer Price Index for all items less food and energy as reported by the US Bureau of Labor Statistics.

During the year ended August 31, 2000 total rental income recognized by TSC was \$1,471,997.

- 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.

Payments for agreements A and B above, will be in accordance with the Educational Partnership Cooperation Contract 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.

19. INTERFUND BORROWING

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

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Unrestricted Fund	\$ 271,039	\$ 582,112
Auxiliary Enterprises	429,091	341,765
Restricted:		
Institutional scholarships	32,012	250,634
Federal restricted funds	3,000	3,000
Unexpended Funds	-	55,040
Renewals and Replacements:		
Restricted parking fund	321,360	-
Retirement of Indebtness	176,049	-
	<u>176,049</u>	<u>-</u>
Total	<u>\$ 1,232,551</u>	<u>\$ 1,232,551</u>

20. PROPERTY TAX

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

As of August 31, 2000 the assessed valuation of the District was as follows:

Assessed Valuation of the District:	\$ 4,944,006,077
Less: Exemptions	489,425,756
Less: Abatements	-
Net Assessed Valuation of the District	<u>\$ 4,454,580,321</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax Rate per \$100 valuation authorized for	\$ 0.096311	\$ 0.025715	\$ 0.122026
Tax Rate per \$100 valuation assessed for	\$ 0.096311	\$ 0.025715	\$ 0.122026

Taxes levied for the year ended August 31, 2000 are \$5,435,718 (which includes any penalty and interest assessed, if applicable). Taxes are due on receipt of the tax bill and become delinquent if not paid before February 1st of the year following the year in which imposed.

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current Taxes Collected	\$ 4,019,665	\$ 1,073,921	\$ 5,093,586
Delinquent Taxes Collected	163,605	69,143	232,748
Penalties and Interest Collected	125,055	46,967	172,022
Less Discounts & Commissions	(120,000)	(32,576)	(152,576)
Total Collections	<u>\$ 4,188,325</u>	<u>\$ 1,157,455</u>	<u>\$ 5,345,780</u>

(continued)

20. PROPERTY TAX (Continued)

Tax collections for the year ended August 31, 2000 were 93.16% of the current tax levy. Allowances for uncollectable taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

21. DEFERRED REVENUES

Revenues, primarily consisting of tuition, fees and housing charges, related to academic terms in the next fiscal year are recorded on the balance sheet as deferred revenue in the current fiscal year. Deferred revenue at year end consisted of the following:

<u>Description</u>	<u>Fund</u>	<u>Amount</u>
Net Tax Revenue	Unrestricted	\$ 870,811
Prepaid Rentals	Auxiliary	83,285
Net Tax Revenue	Retirement of Indebtedness	<u>167,992</u>
Total		<u>\$ 1,122,088</u>

22. BUDGETARY DATA

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

23. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the year ended August 31, 2000.

24. PROPERTY, PLANT AND EQUIPMENT

Land is valued at its original cost. \$817,500 was added to the value of the land based on a nonformal 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). During the prior year, an additional 18.76 acres of land for \$422,100 have been added based on a nonformal appraisal made in 1995. This land was acquired by gift from the U.S. Government. 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.

(continued)

24. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Changes in general fixed assets are as follows:

	Balance 8/31/99	Purchased/ Additions	Retirements	Balance 8/31/00
BUILDINGS				
Auto body building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied health	698,407	-	-	698,407
Bookstore	-	255,259	-	255,259
Tandy Hall I	1,333,201	-	-	1,333,201
Tandy Hall II	2,277,225	7,516	-	2,284,741
A. A. Champion	84,534	15,675	-	100,209
Gymnasium	824,339	5,480	-	829,819
Business services	5,565	-	-	5,565
Student Center	944,335	-	-	944,335
Library	4,191,479	40,926	-	4,232,405
Rusteberg	939,020	-	-	939,020
Gomez-Farias Project	5,063	-	-	5,063
Eidman Science-Math Building	875,315	-	-	875,315
Gorgas Hall improvements	1,819,701	15,540	-	1,835,241
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	701,432	-	-	701,432
Cavalry barracks	462,061	74,231	-	536,292
Women's Center	76,019	-	-	76,019
Continuing education	45,000	-	-	45,000
Athletic houses	13,143	-	-	13,143
Marion Hedrick Smith Memorial Amphitheater	456,808	-	-	456,808
U.S. Coast Guard Station	320,353	5,670	-	326,023
Security First Aid (Carpet)	888	-	-	888
Continuing education (American Legion Building)	75,646	2,721	-	78,367
Classroom/office	5,936,735	-	-	5,936,735
Art	673,412	-	-	673,412
Central plant	396,443	-	-	396,443
USDA property	869,502	-	-	869,502
Canon del Novillo	117,078	-	-	117,078
Campus-wide Signage	8,555	-	-	8,555
Jacob Brown Civic Center	2,552,095	130,255	-	2,682,350
Parking lot	15,126	-	-	15,126
Duffey Plaza	-	20,000	-	20,000
North & South Buildings (AC)	-	153,564	-	153,564
Fuel Storage Tank	-	18,430	-	18,430
Total Buildings	<u>27,171,372</u>	<u>745,267</u>	<u>-</u>	<u>27,916,639</u>

(continued)

24. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Balance 8/31/99	Purchased/ Additions	Retirements	Balance 8/31/00
LAND				
Land 50-year Lease				
Amphitheater Land	1,250	-	-	1,250
Land	485,630	-	-	485,630
Land - appraisal increase	817,500	-	-	817,500
Land - parking lot	973,904	-	-	973,904
Land - 18.76 acres	422,100	-	-	422,100
Land - Canon del Novillo	12,535	-	-	12,535
Land - Young House	60,981	-	-	60,981
Land - Lot 3, Block 6, Paredes Subdivision	31,093	-	-	31,093
Land - Fort Brown Villas	119,056	-	-	119,056
Land - Lot 5, Block 6, Paredes Subdivision	31,977	-	-	31,977
Land - Lot 7, Block 32, Original townsite	39,277	-	-	39,277
Total Land	<u>2,995,303</u>	<u>-</u>	<u>-</u>	<u>2,995,303</u>
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	719,512	-	-	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	2,280,410	-	-	2,280,410
ADA compliance improvements	130,981	-	-	130,981
Total Site Improvements	<u>5,870,705</u>	<u>-</u>	<u>-</u>	<u>5,870,705</u>
MACHINERY, EQUIPMENT, FURNITURE & FIXTURES				
Furniture and Fixtures	7,845,638	266,115	-	8,111,753
Library Books	8,422,239	-	-	8,422,239
Total Machinery, Equipment, Furniture & Fixtures	<u>16,267,877</u>	<u>266,115</u>	<u>-</u>	<u>16,533,992</u>
Total General Fixed Assets	<u>\$ 52,305,257</u>	<u>\$ 1,011,382</u>	<u>\$ -</u>	<u>\$ 53,316,639</u>

25. **RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts, theft, damage or destruction of purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

26. CONSTRUCTION COMMITMENTS

At August 31, 2000, Texas Southmost College had the following construction commitments:

<u>Project</u>	<u>Remaining Balance</u>
Library & Cavalry Roof Renovation	\$ 29,969
A/C for North and South Buildings	41,141
Bookstore Data and Voice Connection	7,725
Repair and Improvements of Electrical Battens	15,700
Stage Rigging Replacement	<u>114,986</u>
Total	<u>\$ 209,520</u>

27. TRANSFERS

At August 31, 2000, the transfers in and out between all the Texas Southmost College funds do not net to zero.

As disclosed in footnote #18, Texas Southmost College entered into an agreement with the University of Texas at Brownsville. Under this agreement, UTB receives federal/financial grants that it awards to lower division students. (See note 2 on Schedule D-3 Schedule of Federal Financial Assistance for a breakdown of these awards). These expenditures are reflected in the Texas Southmost College's financial statements as Scholarships and Fellowships under the Restricted column on Schedule C. Since Texas Southmost College as a separate entity does not receive these federal grants, they are not reflected as revenue on Schedule C. As a result, they are reflected as other transfers, which results in a difference in the transfers in and out.

28. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

30. COMMITMENTS AND CONTINGENCIES

The College participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Southmost Union Junior College District
Brownsville, Texas

We have audited the general purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 2000, and have issued our report thereon dated November 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Texas Southmost College's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Texas Southmost College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated November 7, 2000.

This report is intended for the information of the audit committee, management, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

November 7, 2000



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
Southmost Union Junior College District
Brownsville, Texas

Compliance

We have audited the compliance of Texas Southmost College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that are applicable to each of its major federal programs for the year ended August 31, 2000. Texas Southmost College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Texas Southmost College's management. Our responsibility is to express an opinion on Texas Southmost College's compliance based on our audit.

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

In our opinion, Texas Southmost College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2000.

Internal Control Over Compliance

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

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

This report is intended for the information of the audit committee, management, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Patullo, Brown & Hill, LLP

November 7, 2000

FINANCIAL ASSISTANCE SECTION

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS

AUGUST 31, 2000

	Current Funds			
	Unrestricted	Auxiliary Enterprises	Restricted	Loan Funds
Cash and Cash Equivalents:				
Cash on hand				
Petty cash	\$ 160	\$ 2,350	\$ -	\$ -
Cash in bank				
Demand deposits	<u>291,702</u>	<u>45,728</u>	<u>61,399</u>	<u>28,285</u>
Total Cash and Cash Equivalents	<u>291,862</u>	<u>48,078</u>	<u>61,399</u>	<u>28,285</u>
Investments:				
Short-Term Investments:				
Money market accounts	<u>23,986</u>	<u>218,601</u>	<u>-</u>	<u>-</u>
Total Short-Term Investments	<u>23,986</u>	<u>218,601</u>	<u>-</u>	<u>-</u>
Long-Term Investments:				
Corporate stock	-	-	-	-
Certificates of deposit	817,899	380,223	-	-
Master Repurchase Agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Long-Term Investments	<u>817,899</u>	<u>380,223</u>	<u>-</u>	<u>-</u>
Total Investments	<u>841,885</u>	<u>598,824</u>	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents and Investments	<u><u>\$ 1,133,747</u></u>	<u><u>\$ 646,902</u></u>	<u><u>\$ 61,399</u></u>	<u><u>\$ 28,285</u></u>

SCHEDULE A-1

Endowment and Similar Funds	Annuity & Life Income Funds	Plant Funds			Agency Funds	Total
		Unexpended	Renewals and Replacements	Retirement of Indebtedness		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,510
<u>3,921</u>	<u>-</u>	<u>117,494</u>	<u>436,302</u>	<u>569,398</u>	<u>8,277</u>	<u>1,562,506</u>
<u>3,921</u>	<u>-</u>	<u>117,494</u>	<u>436,302</u>	<u>569,398</u>	<u>8,277</u>	<u>1,565,016</u>
<u>97</u>	<u>-</u>	<u>1,467,309</u>	<u>645,307</u>	<u>-</u>	<u>-</u>	<u>2,355,300</u>
<u>97</u>	<u>-</u>	<u>1,467,309</u>	<u>645,307</u>	<u>-</u>	<u>-</u>	<u>2,355,300</u>
33,206	-	-	-	-	-	33,206
-	-	3,063,084	1,267,411	-	-	5,528,617
<u>-</u>	<u>-</u>	<u>8,794,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,794,000</u>
<u>33,206</u>	<u>-</u>	<u>11,857,084</u>	<u>1,267,411</u>	<u>-</u>	<u>-</u>	<u>14,355,823</u>
<u>33,303</u>	<u>-</u>	<u>13,324,393</u>	<u>1,912,718</u>	<u>-</u>	<u>-</u>	<u>16,711,123</u>
<u>\$ 37,224</u>	<u>\$ -</u>	<u>\$ 13,441,887</u>	<u>\$ 2,349,020</u>	<u>\$ 569,398</u>	<u>\$ 8,277</u>	<u>\$ 18,276,139</u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS - AUXILIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2000

	Student Services	Jacob Brown Convention Center	Other	Total
REVENUES				
Sales and services	\$ -	\$ 430,585	\$ 24,038	\$ 454,623
Student parking fees	280,896	-	-	280,896
Student service fees	1,426,232	-	-	1,426,232
Miscellaneous income	-	-	34,042	34,042
Total revenues	<u>1,707,128</u>	<u>430,585</u>	<u>58,080</u>	<u>2,195,793</u>
EXPENDITURES				
Salaries and wages	-	150,766	-	150,766
Other operating expenses	-	523,644	36,991	560,635
Capital outlay	-	3,359	-	3,359
Subsidy expenses	-	-	223,281	223,281
Miscellaneous expenses	-	-	68,001	68,001
Total expenditures	<u>-</u>	<u>677,769</u>	<u>328,273</u>	<u>1,006,042</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,707,128</u>	<u>(247,184)</u>	<u>(270,193)</u>	<u>1,189,751</u>
TRANSFERS-ADDITIONS (DEDUCTIONS)				
Transfers to UTB	(1,426,233)	-	-	(1,426,233)
Unrestricted funds	(280,895)	-	550,000	269,105
Total transfers - additions (deductions)	<u>(1,707,128)</u>	<u>-</u>	<u>550,000</u>	<u>(1,157,128)</u>
NET INCREASE (DECREASE) FOR THE FISCAL YEAR	<u>-</u>	<u>(247,184)</u>	<u>279,807</u>	<u>32,623</u>
FUND BALANCES, SEPTEMBER 1, 1999	<u>-</u>	<u>(113,824)</u>	<u>618,936</u>	<u>505,112</u>
FUND BALANCES, AUGUST 31, 2000	<u>\$ -</u>	<u>\$ (361,008)</u>	<u>\$ 898,743</u>	<u>\$ 537,735</u>

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF TRANSFERS
FOR THE YEAR ENDED AUGUST 31, 2000

FUNDS TRANSFERRED FROM:

	<u>Amount</u>	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>
MANDATORY				
Unrestricted Funds				
TPEG Resident	\$ 227,058	\$ -	\$ -	\$ 227,058
TPEG Foreign	1,356	-	-	1,356
Top 10%	36,300	-	-	36,300
Top 5%	26,700	-	-	26,700
Total Unrestricted Funds	<u>291,414</u>	<u>-</u>	<u>-</u>	<u>291,414</u>
 Total Mandatory Transfers	 <u>291,414</u>	 <u>-</u>	 <u>-</u>	 <u>291,414</u>
NONMANDATORY				
Unrestricted Funds				
Construction projects	648,540	-	-	-
Capital improvements	550,000	-	550,000	-
Student union fees	751,117	-	-	-
Major repairs	700,000	-	-	-
Total Unrestricted Funds	<u>2,649,657</u>	<u>-</u>	<u>550,000</u>	<u>-</u>
Auxiliary Enterprise Funds				
Student parking fees	280,895	-	-	-
Student service fees	1,426,233	1,426,233	-	-
Total Auxiliary Enterprise Funds	<u>1,707,128</u>	<u>1,426,233</u>	<u>-</u>	<u>-</u>
Renewals & Replacements				
Construction projects	109,725	-	-	-
Total Renewals & Replacements	<u>109,725</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Non-Mandatory Transfers	 <u>4,466,510</u>	 <u>1,426,233</u>	 <u>550,000</u>	 <u>-</u>
 Total Transfers Among Funds	 <u>\$ 4,757,924</u>	 <u>\$ 1,426,233</u>	 <u>\$ 550,000</u>	 <u>\$ 291,414</u>

FUNDS TRANSFERRED TO:

<u>Loan Funds</u>	<u>Endowment & Similar</u>	<u>Unexpended Plant</u>	<u>Renewals & Replacements</u>	<u>Retirement of Indebtedness</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	648,540	-	-
-	-	-	-	-
-	-	-	751,117	-
-	-	-	700,000	-
-	-	648,540	1,451,117	-
-	-	-	280,895	-
-	-	-	-	-
-	-	-	280,895	-
-	-	-	109,725	-
-	-	-	109,725	-
-	-	648,540	1,841,737	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,540</u>	<u>\$ 1,841,737</u>	<u>\$ -</u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE C-1

DETAIL OF STATE APPROPRIATIONS, TUITION AND FEES

FOR THE YEAR ENDED AUGUST 31, 2000

	Unrestricted	Auxiliary Enterprises	Restricted	Total
State Appropriations:				
Education and general support	\$ 11,648,098	\$ -	\$ -	\$ 11,648,098
State group insurance	-	-	915,382	915,382
Noncourse-based remedial education	62,396	-	-	62,396
Total State Appropriations	11,710,494	-	915,382	12,625,876
Tuition and Fees:				
State Funded Courses				
In-district resident tuition	3,071,927	-	-	3,071,927
Out-of-district resident tuition	747,257	-	-	747,257
Non-resident tuition	235,622	-	-	235,622
Non-state funded continuing education	817,172	-	-	817,172
Subtotal tuition	4,871,978	-	-	4,871,978
Computer access fee	783,812	-	-	783,812
General fees	2,791,934	-	-	2,791,934
Student service fee	-	1,421,848	-	1,421,848
Laboratory fee	269,427	-	-	269,427
Automation fee	186,578	-	-	186,578
Student Union fees	751,117	-	-	751,117
Other fees	271,758	280,896	-	552,654
Total Tuition and Fees	9,926,604	1,702,744	-	11,629,348
Taxes for Current Operations	4,188,325	-	-	4,188,325
Federal Grants and Contracts:				
Other programs	-	-	1,169,804	1,169,804
Total Federal Grants and Contracts	-	-	1,169,804	1,169,804
State Grants and Contracts:				
Other programs	1,471,997	-	200,206	1,672,203
Total State Grants and Contracts	1,471,997	-	200,206	1,672,203
Local Grants and Contracts:				
Other programs	473,701	-	20,000	493,701
Total Local Grants and Contracts	473,701	-	20,000	493,701
Sales and Services of Auxiliary:				
Activities	-	454,623	-	454,623
Other Sources:				
Interest income	99,330	33,865	8,442	141,637
Other miscellaneous income	276,139	4,561	-	280,700
Total Other Sources	375,469	38,426	8,442	422,337
Total Current Funds Revenue	\$ 28,146,590	\$ 2,195,793	\$ 2,313,834	\$ 32,656,217

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TEXAS SOUTHWEST COLLEGE

STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT

FOR THE YEAR ENDED AUGUST 31, 2000

	Unaudited				Total
	Salaries and Wages	Staff Benefits	Other Expenses	Capital Outlay	
UNRESTRICTED					
Education and General:					
Instruction	\$ 9,621,982	\$ 1,697,808	\$ 398,149	\$ 22,528	\$ 11,740,467
Research	3,823	323	1,785	723	6,654
Public Service	640,002	74,338	477,932	10,956	1,203,228
Academic Support	1,567,807	284,083	772,621	23,747	2,648,258
Student Services	1,404,703	287,958	368,133	29,481	2,090,275
Institutional Support	2,791,789	497,853	1,946,150	1,083,549	6,319,341
Operation and Maintenance of Plant	742,050	170,966	617,519	6,285	1,536,820
Scholarships and Fellowships	11,461	4,018	790,498	-	805,977
Total Unrestricted	<u>16,783,617</u>	<u>3,017,347</u>	<u>5,372,787</u>	<u>1,177,269</u>	<u>26,351,020</u>
RESTRICTED					
Education and General:					
Instruction	851,937	164,532	66,516	-	1,082,985
Research	-	-	-	-	-
Public Service	-	-	-	-	-
Academic Support	70,246	12,686	20,831	586,881	690,644
Student Services	347,133	54,717	136,905	1,815	540,570
Institutional Support	77,178	9,033	13,863	7,728	107,802
Operation and Maintenance of Plant	174,761	24,828	-	-	199,589
Scholarships and Fellowships	420,007	-	9,672,224	-	10,092,231
Total Restricted	<u>1,941,262</u>	<u>265,796</u>	<u>9,910,339</u>	<u>596,424</u>	<u>12,713,821</u>
Total Educational and General	<u>18,724,879</u>	<u>3,283,143</u>	<u>15,283,126</u>	<u>1,773,693</u>	<u>39,064,841</u>
AUXILIARY ENTERPRISES	<u>470,522</u>	<u>88,181</u>	<u>425,700</u>	<u>21,638</u>	<u>1,006,041</u>
Total Current Fund Expenditures	<u>\$ 19,195,401</u>	<u>\$ 3,371,324</u>	<u>\$ 15,708,826</u>	<u>\$ 1,795,331</u>	<u>\$ 40,070,882</u>

TEXAS SOUTHMOST COLLEGE

BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS

FOR THE YEAR ENDED AUGUST 31, 2000

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding 8/31/99	Bonds Issued After 8/31/99	Bonds Matured or Retired	Bonds Outstanding 8/31/00	Maturities		
							First Year	Last Year	First Call Date
Refunding Tax Bonds - Series 1994	\$ 8,509,999	3.2%-5.6%	\$ 7,274,999	\$ -	\$ 940,000	\$ 6,334,999	1995	2008	02/15/95
Revenue Bonds - Series 2000	<u>9,025,000</u>	5.0%-6.0%	-	<u>9,025,000</u>	-	<u>9,025,000</u>	2001	2025	02/15/01
Totals	<u>\$ 17,534,999</u>		<u>\$ 7,274,999</u>	<u>\$ 9,025,000</u>	<u>\$ 940,000</u>	<u>\$ 15,359,999</u>			

Summary of Debt Service Requirements to Maturity

Year Ending August 31,					All Other Years	Total Requirements
2001	2002	2003	2004	2005		
\$ 1,229,720	\$ 1,196,440	\$ 1,236,440	\$ 1,210,700	\$ 1,241,473	\$ 2,684,368	\$ 8,799,141
<u>642,381</u>	<u>650,381</u>	<u>662,631</u>	<u>678,881</u>	<u>693,881</u>	<u>13,873,126</u>	<u>17,201,281</u>
<u>\$ 1,872,101</u>	<u>\$ 1,846,821</u>	<u>\$ 1,899,071</u>	<u>\$ 1,889,581</u>	<u>\$ 1,935,354</u>	<u>\$ 16,557,494</u>	<u>\$ 26,000,422</u>

TEXAS SOUTHMOST COLLEGE

**SCHEDULE OF PLEDGED REVENUE AND FUND BALANCES
FOR REVENUE BONDS OUTSTANDING**

FOR THE YEAR ENDED AUGUST 31, 2000

Description	Pledged Revenue and Related Expenditures					
	Operating Revenue	Interest Earned on Investments	Other Pledged Revenue	(a) Total Pledged Revenue	(b) Other Revenue Source	(c) Operating Expense
Student Union Building Bonds Series 2000	<u>\$ 751,117</u>	<u>\$ 1,382</u>	<u>\$ -</u>	<u>\$ 752,499</u>	<u>\$ -</u>	<u>\$ 198,161</u>

SCHEDULE D-2

(d)	Restricted Account Balances						
	Net Available for Debt Service	Debt Service Principal	Debt Service Interest	Interest and Sinking Fund		Bond Reserve Fund	
				Minimum Required	Actual Balance	Minimum Required	Actual Balance
\$ -	\$ 554,338	\$ 9,025,000	\$8,176,281	\$ -	\$ -	\$ -	\$ 554,338

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED AUGUST 31, 2000

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Pass-Through Disbursements and Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed Through Texas Department of Human Services:</i>			
Child Care Food Program	10.558	TX-031-0006	\$ <u>35,325</u>
<u>U.S. Department of Labor</u>			
<i>Passed Through (Texas Department of Commerce) & (Texas Workforce Commission):</i>			
Texas Workforce Commission	17.250	-	<u>207,652</u>
<u>U.S. Department of Education</u>			
<i>Passed Through Texas Higher Education Coordinating Board:</i>			
Carl D. Perkins - Vocational Education	84.048	04246	<u>891,261</u>
<u>U.S. Department of Human Services</u>			
<i>Passed Through Texas Migrant Authority, Inc.:</i>			
Child Day Care Center	93.667	80030	<u>35,566</u>
Total Federal Financial Assistance			<u>\$ <u>1,169,804</u></u>

Notes to the Schedule on the following page.

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
FOR THE YEAR ENDED AUGUST 31, 2000

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
---	---------------------------	-------------------------------------	---

Note 1: Federal Assistance Reconciliation

Federal revenue per Exhibit C			
Federal grants and contracts - per schedule			\$ 1,169,804
Total Federal Revenue per Exhibit C			\$ 1,169,804

Note 2: Significant Accounting Policies used in Preparing the Schedule

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

Note 3: Expenditures from Federal Funds Received by UTB

The following federal funds were not subject to a federal single audit:

<u>Program Name</u>			
Federal Pell Grant Program	84.063	-	\$ 9,377,518
SEOG	84.007	-	309,263
Federal Workstudy Program	84.033	-	420,007
Total			\$ 10,106,788

These funds were not subject to a federal single audit because the University of Texas at Brownsville receives certain federal funds which are disbursed to Texas Southmost College students. These funds are audited as part of UTB's audit and are not included above.

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STATISTICAL SUPPLEMENT

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TEXAS SOUTHMOST COLLEGE

HEADCOUNT ENROLLMENT *

LAST 10 FISCAL YEARS

(UNAUDITED)

<u>Fiscal Year</u>	<u>Total</u>
1990-91	22,786
1991-92	24,702
1992-93	16,672
1993-94	16,202
1994-95	17,379
1995-96	17,619
1996-97	19,124
1997-98	19,325
1998-99	19,187
1999-00	20,184

* Unduplicated Headcount

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TEXAS SOUTHMOST COLLEGE
PROPERTY TAX RATES ASSESSED *
LAST 10 FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
1990-91	0.061600	0.047600	0.109200
1991-92	0.065090	0.043280	0.108370
1992-93	0.064800	0.043405	0.108205
1993-94	0.063000	0.044550	0.107550
1994-95	0.061660	0.037320	0.098980
1995-96	0.056530	0.035840	0.092370
1996-97	0.055605	0.034154	0.089759
1997-98	0.055111	0.032878	0.087989
1998-99	0.097740	0.028345	0.126085
1999-00	0.096311	0.025715	0.122026

* Per \$100 Valuation

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TEXAS SOUTHMOST COLLEGE
PROPERTY TAX RATES AUTHORIZED *
LAST 10 FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
1990-91	0.061600	0.047600	0.109200
1991-92	0.065140	0.043280	0.108420
1992-93	0.068812	0.043405	0.112217
1993-94	0.067660	0.044550	0.112210
1994-95	0.064900	0.037320	0.102220
1995-96	0.065080	0.035840	0.100920
1996-97	0.055605	0.034154	0.089759
1997-98	0.055111	0.032878	0.087989
1998-99	0.097740	0.028345	0.126085
1999-00	0.096311	0.025715	0.122026

* Per \$100 Valuation

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TEXAS SOUTHMOST COLLEGE

CONTACT HOUR INFORMATION

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	Contact Hours		Total
	Academic	Voc Tech	
1990-91	1,951,648	600,208	2,551,856
1991-92	2,074,000	557,680	2,631,680
1992-93	2,079,664	921,407	3,001,071
1993-94	1,946,864	855,698	2,802,562
1994-95	2,114,512	917,633	3,032,145
1995-96	2,201,152	737,229	2,938,381
1996-97	2,357,296	768,349	3,125,645
1997-98	2,186,960	982,716	3,169,676
1998-99	2,190,320	870,372	3,060,692
1999-00	2,376,360	665,455	3,041,815

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TEXAS SOUTHMOST COLLEGE

NET ASSESSED VALUATION

LAST 10 FISCAL YEARS

(UNAUDITED)

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Less: Exemptions</u>	<u>Net Assessed Valuation</u>
1990-91	\$ 2,706,555,861	\$ -	\$ 2,706,555,861
1991-92	2,820,578,672	-	2,820,578,672
1992-93	2,899,144,430	-	2,899,144,430
1993-94	3,079,170,904	-	3,079,170,904
1994-95	3,218,211,242	-	3,218,211,242
1995-96	3,333,499,914	-	3,333,499,914
1996-97	3,565,068,615	-	3,565,068,615
1997-98	3,805,347,875	-	3,805,347,875
1998-99	4,581,977,748	478,405,329	4,103,572,419
1999-00	4,944,006,077	489,425,756	4,454,580,321

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TEXAS SOUTHMOST COLLEGE

PROPERTY TAX COLLECTED

LAST 10 FISCAL YEARS

(UNAUDITED)

<u>Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Delinquent Collections</u>	<u>Total Tax Collections</u>
1990-91	\$ 2,779,294	\$ 152,320	\$ 2,931,614
1991-92	2,832,730	152,375	2,985,105
1992-93	2,908,854	148,192	3,057,046
1993-94	3,053,124	134,766	3,187,890
1994-95	2,878,581	171,100	3,049,681
1995-96	2,883,363	162,381	3,045,744
1996-97	2,988,483	166,340	3,154,823
1997-98	3,197,142	193,039	3,390,181
1998-99	4,813,210	164,595	4,977,805
1999-00	5,093,585	232,749	5,326,334

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TEXAS SOUTHMOST COLLEGE

STATE APPROPRIATIONS PER FTSE *

LAST 10 FISCAL YEARS

(UNAUDITED)

<u>Fiscal Year</u>	<u>Appropriations Per FTSE</u>
1990-91	715
1991-92	851
1992-93	786
1993-94	887
1994-95	829
1995-96	826
1996-97	749
1997-98	830
1998-99	887
1999-00	921

* Full Time Student Equivalent

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SINGLE AUDIT SECTION

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2000

A. Summary of Auditors' Results

- | | |
|---|---|
| 1. Type of auditors' report on financial statements: | <i>Unqualified.</i> |
| 2. Regarding internal control over financial reporting: | |
| Material weakness(es) identified: | <i>None.</i> |
| Reportable condition(s) identified that are not considered to be material weaknesses: | <i>None reported.</i> |
| 3. Noncompliance which is material to the financial statements: | <i>None.</i> |
| 4. Regarding internal control over major programs: | |
| Material weakness(es) identified: | <i>None.</i> |
| Reportable condition(s) identified that are not considered to be material weaknesses: | <i>None reported.</i> |
| 5. Type of auditors' report on compliance for major programs: | <i>Unqualified.</i> |
| 6. Any audit findings which are required to be reported in accordance with OMB Circular A-133, Sec. 510(a): | <i>No.</i> |
| 7. Major federal programs include: | <i>CFDA 84.048 Carl D. Perkins Grant.</i> |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | <i>\$300,000.</i> |
| 9. Low risk auditee: | <i>No.</i> |

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None reported.

C. Findings and Questioned Costs for Federal Awards

Program	<i>None.</i>
Findings/noncompliance	<i>None.</i>
Questioned costs	<i>Not applicable.</i>

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TEXAS SOUTHMOST COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2000

Findings and Questioned Costs for Federal Awards

Program	<i>None.</i>
Findings/noncompliance	<i>None.</i>
Questioned costs	<i>Not applicable.</i>

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SUPPLEMENTARY INFORMATION SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees
Southmost Union Junior College District
Brownsville, Texas

Our report on our audit of the general purpose financial statements of Texas Southmost College for the year ended August 31, 2000 appears on page 1. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statements and schedules included on pages 43 through 70 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for those portions marked "unaudited," on which we do not express an opinion, have been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pattillo, Brown & Hill, C.P.A.

November 7, 2000

TEXAS SOUTHMOST COLLEGE

**SCHEDULE OF REVENUE COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS**

FOR THE YEAR ENDED AUGUST 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL REVENUE:			
State Appropriations			
Education and general state support	\$ 11,649,969	\$ 11,648,098	\$ (1,871)
Noncourse-based remedial education	72,960	62,396	(10,564)
Total State Appropriations	11,722,929	11,710,494	(12,435)
Tuition and Fees			
Tuition	4,853,145	4,871,978	18,833
Computer access fee	761,700	783,812	22,112
General fees	2,742,120	2,791,934	49,814
Automation fee	198,042	186,578	(11,464)
Laboratory fee	98,595	269,427	170,832
Student Union fees	823,953	751,117	(72,836)
Other fees	232,901	271,758	38,857
Total Tuition and Fees	9,710,456	9,926,604	216,148
Taxes for Current Operations	4,119,365	4,188,325	68,960
State Grants and Contracts			
UTB building lease	1,471,997	1,471,997	-
Total State Grants and Contracts	1,471,997	1,471,997	-
Local Grants and Contracts			
Local contracts	370,970	473,701	102,731
Total Local Grants and Contracts	370,970	473,701	102,731
Other Sources			
Interest income	100,000	99,330	(670)
Library income	25,322	-	(25,322)
Child care parent contribution	254,000	191,590	(62,410)
Other income	80,500	84,549	4,049
Total Other Sources	459,822	375,469	(84,353)
Total General Revenue	27,855,539	28,146,590	291,051

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF REVENUE COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS

(Continued)

FOR THE YEAR ENDED AUGUST 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
AUXILIARY ENTERPRISES:			
Leases	549,600	430,585	(119,015)
Copier income	25,000	24,038	(962)
Interest income	20,000	33,865	13,865
Health insurance	13,500	4,561	(8,939)
Student service fees	1,371,060	1,421,848	50,788
Parking fees	275,500	280,896	5,396
Total Auxiliary Enterprises Funds Revenue	2,254,660	2,195,793	(58,867)
Total General and Auxiliary Enterprises Funds Revenue	\$ 30,110,199	\$ 30,342,383	\$ 232,184

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL EXPENDITURES:			
General Administration and Student Services			
Government of the institution	\$ 37,802	\$ 55,216	\$ (17,414)
Executive direction and control	-	-	-
Business and fiscal management	240,800	216,184	24,616
Student admission and registration	-	-	-
Student service	-	-	-
Total General Administration and Student Services	<u>278,602</u>	<u>271,400</u>	<u>7,202</u>
General Institutional Expense	<u>1,320,648</u>	<u>879,299</u>	<u>441,349</u>
Staff Benefits:			
Group health insurance premiums	22,157	18,596	3,561
Old age and survivors insurance	16,960	16,029	931
Workmen's compensation insurance	1,508	1,148	360
Life insurance premiums	961	(86)	1,047
Total Staff Benefits	<u>41,586</u>	<u>35,687</u>	<u>5,899</u>
Resident Instruction:			
Subsidy to UTB	-	-	-
Tuition paid to UTB	6,294,515	6,162,322	132,193
Total Resident Instruction	<u>6,294,515</u>	<u>6,162,322</u>	<u>132,193</u>
Special Items:			
Carl Perkins vocational grant	-	-	-
Transfers to UTB	19,334,283	19,002,312	331,971
Total Special Items	<u>19,334,283</u>	<u>19,002,312</u>	<u>331,971</u>
 Total Education and General Expenditures	 <u>27,269,634</u>	 <u>26,351,020</u>	 <u>918,614</u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS

(Continued)

FOR THE YEAR ENDED AUGUST 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
AUXILIARY ENTERPRISES:			
Rancho Del Cielo	144,146	144,094	52
Rental and supplies for copier	41,000	36,991	4,009
Supplies	-	12,991	(12,991)
Radio station support	30,000	30,000	-
Canyon del Novillo	21,700	21,687	13
Gorgas Science Foundation Special	7,500	-	7,500
Golf Course	118,800	-	118,800
Jacob Brown	769,528	666,048	103,480
Young House	-	20,000	(20,000)
Miscellaneous expense	5,000	59,370	(54,370)
Condominium expenses	8,000	7,360	640
Alonso building project	-	7,500	(7,500)
St. Charles Street M&O	25,000	-	25,000
Transfer to UTB	1,384,560	1,426,233	(41,673)
Total Auxiliary Enterprises	<u>2,555,234</u>	<u>2,432,274</u>	<u>122,960</u>
 Total General and Auxiliary Enterprise Fund Expenditures	 <u>29,824,868</u>	 <u>28,783,294</u>	 <u>1,041,574</u>
 REVENUE OVER EXPENDITURES	 <u>285,331</u>	 <u>1,559,089</u>	 <u>1,273,758</u>
 Total General and Auxiliary Enterprise Funds Revenue	 <u>\$ 30,110,199</u>	 <u>\$ 30,342,383</u>	 <u>\$ 232,184</u>

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AUXILIARY ENTERPRISE FUND

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

AUXILIARY ENTERPRISE FUND

AUGUST 31, 2000

ASSETS

Cash in bank	\$	48,078
Accrued interest		1,438
Investments		598,824
Accounts receivable		39,167
Due from other funds		<u>429,091</u>
Total Assets	\$	<u><u>1,116,598</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$	148,676
Accrued compensable absences payable		2,815
Due to other agencies		2,322
Deferred revenue		83,285
Due to other funds		<u>341,765</u>

Total Liabilities 578,863

Fund Balance:

Unrestricted - Undesignated 537,735

Total Fund Balance 537,735

Total Liabilities and Fund Balance \$ 1,116,598

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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 2000

Fund Balance, September 1, 1999	\$ 505,112
Add: Revenue over expenditures	<u>32,623</u>
Fund Balance, August 31, 2000	<u><u>\$ 537,735</u></u>

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TEXAS SOUTHMOST COLLEGE

STATEMENT OF REVENUE AND EXPENDITURES

AUXILIARY ENTERPRISE FUND

FOR THE YEAR ENDED AUGUST 31, 2000

	Rancho Del Cielo	Bookstore, Cafeteria and Auditorium	Other	Combined Total
REVENUE				
Leases	\$ -	\$ 430,585	\$ -	\$ 430,585
Parking fees	-	-	280,896	280,896
Health insurance	-	-	4,385	4,385
Student service fee	-	-	1,421,848	1,421,848
Copier income	-	-	24,038	24,038
Miscellaneous income	-	-	176	176
Interest income	-	-	33,865	33,865
Total Revenue	-	430,585	1,765,208	2,195,793
EXPENDITURES				
Direct expenses	144,094	-	-	144,094
Jacob Brown	-	-	666,048	666,048
Rental and supplies for copier	-	-	36,991	36,991
Supplies	-	-	12,991	12,991
Radio station support	-	-	30,000	30,000
Canyon del Novillo	-	-	21,687	21,687
Young House	-	-	20,000	20,000
Miscellaneous expense	-	-	59,370	59,370
Condominium expenses	-	-	7,360	7,360
Alonso building project	-	-	7,500	7,500
Transfer to other funds	-	-	1,426,233	1,426,233
Total Expenditures	144,094	-	2,288,180	2,432,274
TRANSFERS-ADDITIONS (DEDUCTIONS)				
Non-mandatory transfers	-	-	269,104	269,104
Revenue over (under) Expenditures	\$ (144,094)	\$ 430,585	\$ (253,868)	\$ 32,623

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STUDENT ASSISTANCE FUND

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

LOCAL STUDENT ASSISTANCE FUNDS

AUGUST 31, 2000

	<u>Institutional Scholarship Grants</u>
ASSETS	
Cash in bank	\$ 48,952
Funds held by state - TPEG	100
Due from other funds	<u>32,012</u>
Total Assets	<u>\$ 81,064</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to other agencies	<u>\$ 34,133</u>
Total Liabilities	<u>34,133</u>
Fund Balance:	
Restricted	<u>46,931</u>
Total Fund Balance	<u>46,931</u>
Total Liabilities and Fund Balance	<u>\$ 81,064</u>

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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
LOCAL STUDENT ASSISTANCE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2000

	<u>Institutional Scholarship Grants</u>
Fund Balance, September 1, 1999	\$ 55,604
Add: Revenue (under) expenditures	<u>(8,673)</u>
Fund Balance, August 31, 2000	<u>\$ 46,931</u>

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TEXAS SOUTHMOST COLLEGE

STATEMENT OF REVENUE AND EXPENDITURES

LOCAL STUDENT ASSISTANCE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2000

	<u>Institutional Scholarship Grants</u>
REVENUE	
Local grants and contracts	\$ 83,000
State grant	228,414
Interest income	<u>2,247</u>
Total Revenue	<u>313,661</u>
EXPENDITURES	
Texas public grant program	248,280
Local scholarships	<u>74,054</u>
Total Expenditures	<u>322,334</u>
Revenue (under) expenditures	<u><u>\$ (8,673)</u></u>

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LOAN FUND

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

LOAN FUND

AUGUST 31, 2000

Student
Congress
Loans

ASSETS

Cash	\$	28,285
Loans receivable (net of allowance for bad debts of \$123,969)		158,652
Due from UTB		-
		<hr/>
Total Assets	\$	<u>186,937</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Due to general fund	\$	-
Due to UTB		-
		<hr/>
Total Liabilities		-
		<hr/>
Fund Balance:		
Unrestricted - designated		<u>186,937</u>
		<hr/>
Total Fund Balance		186,937
		<hr/>
Total Liabilities and Fund Balance	\$	<u>186,937</u>

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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
LOAN FUND
FOR THE YEAR ENDED AUGUST 31, 2000

	<u>Student Congress Loans</u>
Fund Balance, September 1, 1999	\$ 118,097
Additions:	
Net change in notes receivable	75,305
Interest income	<u>2,856</u>
Total Additions	<u>78,161</u>
Deductions:	
Allowance for bad debt	<u>9,321</u>
Total Deductions	<u>9,321</u>
Fund Balance, August 31, 2000	<u><u>\$ 186,937</u></u>

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ENDOWMENT FUND

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

ENDOWMENT FUND

AUGUST 31, 2000

	TSC Endowment Fund
ASSETS	
Cash in bank	\$ 3,921
Investments	33,303
Due from other agencies	<u>1,120</u>
Total Assets	<u>\$ 38,344</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to TSC Foundation, Inc.	\$ <u>-</u>
Total Liabilities	<u>-</u>
Fund Balance:	
Restricted - term	18,483
Restricted - Quasi-endowment	<u>19,861</u>
Total Fund Balance	<u>38,344</u>
Total Liabilities and Fund Balance	<u>\$ 38,344</u>

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TEXAS SOUTHMOST COLLEGE

STATEMENT OF CHANGES IN FUND BALANCE

ENDOWMENT FUND

FOR THE YEAR ENDED AUGUST 31, 2000

	TSC Endowment Fund
	<u> </u>
Fund Balance, September 1, 1999	\$ 48,670
Additions:	
Donations	-
Interest and dividends	2,449
Total Additions	<u>2,449</u>
Deductions:	
Scholarships	1,600
Unrealized loss on marketable securities	11,175
Total Deductions	<u>12,775</u>
Fund Balance, August 31, 2000	<u>\$ 38,344</u>

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PLANT FUNDS

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

UNEXPENDED FUNDS

AUGUST 31, 2000

	<u>Improvement and Contingency</u>
Cash in bank	\$ 117,494
Accrued interest	225,296
Investments	13,324,393
Earnest money deposit	50,250
Due from other agencies	-
Due from other funds	-
	<hr/>
Total Assets	\$ 13,717,433
	<hr/> <hr/>
Liabilities:	
Accounts payable	\$ 7,725
Due to other funds	55,040
Due to other agencies	172
Bonds payable	9,025,000
	<hr/>
Total Liabilities	9,087,937
	<hr/>
Fund Balance:	
Designated - Capital Projects	4,629,496
	<hr/>
Total Fund Balance	4,629,496
	<hr/>
Total Liabilities and Fund Balance	\$ 13,717,433
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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
UNEXPENDED FUNDS
FOR THE YEAR ENDED AUGUST 31, 2000

	<u>Improvement and Contingency</u>
Fund Balance, September 1, 1999	\$ 4,702,216
Additions:	
Investment income	473,074
Bond proceeds	9,029,431
Transfers in from other funds	648,540
Total additions	<u>10,151,045</u>
Deductions:	
Capital outlay	1,198,765
Net increase in bonds payable	9,025,000
Transfers out to other funds	-
Total deductions	<u>10,223,765</u>
Fund Balance, August 31, 2000	<u>\$ 4,629,496</u>

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TEXAS SOUTHMOST COLLEGE

COMBINING BALANCE SHEET

RENEWALS AND REPLACEMENT

AUGUST 31, 2000

	Restricted Major Restoration	Restricted Parking	Capital Expansion	Total
ASSETS				
Cash in bank	\$ 10,857	\$ 422,243	\$ 3,202	\$ 436,302
Accounts receivable	-	-	-	-
Accrued interest	4,795	-	-	4,795
Due from other funds	-	321,360	-	321,360
Investments	1,912,224	-	494	1,912,718
Total Assets	\$ 1,927,876	\$ 743,603	\$ 3,696	\$ 2,675,175
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ 5,766	\$ 5,766
Due to other funds	-	-	-	-
Due to other agencies	-	190	763	953
Total Liabilities	-	190	6,529	6,719
Fund Balance				
Unrestricted	1,927,876	743,413	(2,833)	2,668,456
Total Fund Balance	1,927,876	743,413	(2,833)	2,668,456
Total Liabilities and Fund Balance	\$ 1,927,876	\$ 743,603	\$ 3,696	\$ 2,675,175

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TEXAS SOUTHMOST COLLEGE

COMBINING STATEMENT OF CHANGES IN FUND BALANCE

RENEWALS AND REPLACEMENT

FOR THE YEAR ENDED AUGUST 31, 2000

	<u>Restricted Major Restoration</u>	<u>Restricted Parking</u>	<u>Capital Expansion</u>	<u>Total</u>
Fund Balance, September 1, 1999	\$ 1,932,894	\$ 720,293	\$ 187,141	\$ 2,840,328
Additions:				
Transfer in-restricted major restoration	-	-	109,725	109,725
Transfer in-general fund	-	-	700,000	700,000
Transfer in-auxiliary fund	-	280,895	-	280,895
Investment income	<u>104,707</u>	<u>17,567</u>	<u>7,824</u>	<u>130,098</u>
Total additions	<u>104,707</u>	<u>298,462</u>	<u>817,549</u>	<u>1,220,718</u>
Deductions:				
Transfer to capital expense	109,725	-	-	109,725
Repairs	-	194,745	1,007,523	1,202,268
Capital outlay	<u>-</u>	<u>80,597</u>	<u>-</u>	<u>80,597</u>
Total deductions	<u>109,725</u>	<u>275,342</u>	<u>1,007,523</u>	<u>1,392,590</u>
Fund Balance, August 31, 2000	<u>\$ 1,927,876</u>	<u>\$ 743,413</u>	<u>\$ (2,833)</u>	<u>\$ 2,668,456</u>

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TEXAS SOUTHMOST COLLEGE

COMBINING BALANCE SHEET

RETIREMENT OF INDEBTEDNESS

AUGUST 31, 2000

	Debt Service	87/88 Tax Dept. Service	Student Union Bldg.	Total
ASSETS				
Cash in bank	\$ 160,718	\$ 30,391	\$ 378,289	\$ 569,398
Taxes receivable	-	167,992	-	167,992
Allowance for bad debts	-	-	-	-
Due from other funds	-	-	176,049	176,049
Total Assets	\$ 160,718	\$ 198,383	\$ 554,338	\$ 913,439
LIABILITIES AND FUND BALANCE				
Liabilities				
Deferred tax revenue	\$ -	\$ 167,992	\$ -	\$ 167,992
Total Liabilities	-	167,992	-	167,992
Fund Balance				
Restricted	160,718	30,391	554,338	745,447
Total Fund Balance	160,718	30,391	554,338	745,447
Total Liabilities and Fund Balance	\$ 160,718	\$ 198,383	\$ 554,338	\$ 913,439

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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
RETIREMENT OF INDEBTEDNESS
FOR THE YEAR ENDED AUGUST 31, 2000

	Debt Service	87/88 Tax Dept. Service	Student Union Bldg.	Total
Fund Balance, September 1, 1999	\$ 154,561	\$ 120,819	\$ -	\$ 275,380
Additions:				
Ad valorem tax	-	1,157,455	-	1,157,455
Investment income	6,157	7,517	1,382	15,056
Transfer in	-	-	751,117	751,117
Total additions	<u>6,157</u>	<u>1,164,972</u>	<u>752,499</u>	<u>1,923,628</u>
Deductions:				
Retirement of indebtedness	-	940,000	-	940,000
Interest on indebtedness	-	314,150	-	314,150
Other	-	1,250	198,161	199,411
Total deductions	<u>-</u>	<u>1,255,400</u>	<u>198,161</u>	<u>1,453,561</u>
Fund Balance, August 31, 2000	<u>\$ 160,718</u>	<u>\$ 30,391</u>	<u>\$ 554,338</u>	<u>\$ 745,447</u>

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

INVESTMENT IN PLANT

AUGUST 31, 2000

	<u>General Fixed Assets Fund</u>
ASSETS	
Land, Buildings and Equipment:	
Land	\$ 2,177,803
Land - appraisal increase	817,500
Site improvements	5,870,705
Buildings and improvements	27,916,639
Machinery, equipment, furniture and library books	16,533,992
Assets held in trust	351,064
Construction in progress	1,960,058
Amounts to be provided	623,560
Total Land, Buildings and Equipment	<u>56,251,321</u>
Total Assets	<u>\$ 56,251,321</u>
LIABILITIES AND NET INVESTMENT IN PLANT	
Liabilities:	
Accrued interest payable	\$ 623,560
Bonds payable	6,334,999
Total Liabilities	<u>6,958,559</u>
Net Investment in Plant	<u>49,292,762</u>
Total Liabilities and Net Investment in Plant	<u>\$ 56,251,321</u>

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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
INVESTMENT IN PLANT
FOR THE YEAR ENDED AUGUST 31, 2000

	<u>General Fixed Assets Fund</u>
Fund Balance, September 1, 1999	\$ 46,800,572
Additions:	
Reduction in long-term debt	940,000
Increase in work-in-process	540,809
Purchases and additions	1,011,381
Total additions	<u>2,492,190</u>
Deductions:	
Decrease in assets	-
Decrease in work-in-process	-
Total deductions	<u>-</u>
Fund Balance, August 31, 2000	<u><u>\$ 49,292,762</u></u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF GENERAL FIXED ASSETS

INVESTMENT IN PLANT

FOR THE YEAR ENDED AUGUST 31, 2000

	Balance 8/31/99	Purchased/ Additions	Retirements	Balance 8/31/00
BUILDINGS				
Auto body building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied health	698,407	-	-	698,407
Bookstore	-	255,259	-	255,259
Tandy Hall I	1,333,201	-	-	1,333,201
Tandy Hall II	2,277,225	7,516	-	2,284,741
A. A. Champion	84,534	15,675	-	100,209
Gymnasium	824,339	5,480	-	829,819
Business services	5,565	-	-	5,565
Student Center	944,335	-	-	944,335
Library	4,191,479	40,926	-	4,232,405
Rusteberg	939,020	-	-	939,020
Gomez-Farias Project	5,063	-	-	5,063
Eidman Science-Math Building	875,315	-	-	875,315
Gorgas Hall improvements	1,819,701	15,540	-	1,835,241
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	701,432	-	-	701,432
Cavalry barracks	462,061	74,231	-	536,292
Women's center	76,019	-	-	76,019
Continuing education	45,000	-	-	45,000
Athletic houses	13,143	-	-	13,143
Marion Hedrick Smith Memorial Amphitheater	456,808	-	-	456,808
U.S. Coast Guard Station (S.P.I.)	320,353	5,670	-	326,023
Security First Aid (Carpet)	888	-	-	888
Continuing education (American Legion)	75,646	2,721	-	78,367
Classroom/office	5,936,735	-	-	5,936,735
Art	673,412	-	-	673,412
Central plant	396,443	-	-	396,443
USDA property	869,502	-	-	869,502
Canon del Novillo	117,078	-	-	117,078
Campus-wide Signage	8,555	-	-	8,555
Jacob Brown Civic Center	2,552,095	130,255	-	2,682,350
Parking lot	15,126	-	-	15,126
Duffey Plaza	-	20,000	-	20,000
North & South Buildings (AC)	-	153,564	-	153,564
Fuel Storage Tank	-	18,430	-	18,430
Total Buildings	<u>27,171,372</u>	<u>745,267</u>	<u>-</u>	<u>27,916,639</u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF GENERAL FIXED ASSETS

INVESTMENT IN PLANT

(Continued)

FOR THE YEAR ENDED AUGUST 31, 2000

	Balance 8/31/99	Purchased/ Additions	Retirements	Balance 8/31/00
LAND				
Land 50-year Lease AmphitheaterLand	1,250	-	-	1,250
Land	485,630	-	-	485,630
Land - appraisal increase	817,500	-	-	817,500
Land - parking lot	973,904	-	-	973,904
Land - 18.76 acres	422,100	-	-	422,100
Land - Canon del Novillo	12,535	-	-	12,535
Land - Young House	60,981	-	-	60,981
Land - Lot 3, Block 6, Paredes Subdivision	31,093	-	-	31,093
Land - Fort Brown Villas	119,056	-	-	119,056
Land - Lot 5, Block 6, Paredes Subdivision	31,977	-	-	31,977
Land - Lot 7, Block 32, Original townsite	39,277	-	-	39,277
Total Land	<u>2,995,303</u>	<u>-</u>	<u>-</u>	<u>2,995,303</u>
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	719,512	-	-	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	2,280,410	-	-	2,280,410
ADA compliance improvements	130,981	-	-	130,981
Total Site Improvements	<u>5,870,705</u>	<u>-</u>	<u>-</u>	<u>5,870,705</u>
MACHINERY, EQUIPMENT, FURNITURE & FIXTURES				
Furniture and Fixtures	7,845,638	266,115	-	8,111,753
Library Books	8,422,239	-	-	8,422,239
Total Machinery, Equipment, Furniture & Fixtures	<u>16,267,877</u>	<u>266,115</u>	<u>-</u>	<u>16,533,992</u>
 Total General Fixed Assets	 <u>\$ 52,305,257</u>	 <u>\$ 1,011,382</u>	 <u>\$ -</u>	 <u>\$ 53,316,639</u>

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AGENCY FUND

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

AGENCY FUND

AUGUST 31, 2000

Alumni
Fund

ASSETS

Cash in bank	\$	<u>8,277</u>
Total Assets	\$	<u><u>8,277</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Funds held in custody for others	\$	<u>8,277</u>
Total liabilities		<u>8,277</u>

Fund Balance:
Unrestricted

Total Fund Balance		<u>-</u>
Total Liabilities and Fund Balance	\$	<u><u>8,277</u></u>

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TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2000

	Alumni Fund
Fund Balance, September 1, 1999	\$ -
Additions:	
Interest	-
Total additions	-
Deductions:	
Disbursements	-
Transfer to other funds	-
Total deductions	-
Fund Balance, August 31, 2000	\$ -

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BOND SCHEDULES

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TEXAS SOUTHMOST COLLEGE

MATURITY SCHEDULE

**SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
REFUNDING TAX BONDS - SERIES 1994**

FOR THE YEAR ENDING AUGUST 31,

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 960,000	\$ 269,720	\$ 1,229,720
2002	405,859	790,581	1,196,440
2003	379,140	857,300	1,236,440
2004	990,000	220,700	1,210,700
2005	1,075,000	166,473	1,241,473
2006	1,115,000	107,880	1,222,880
2007	1,185,000	45,188	1,230,188
2008	<u>225,000</u>	<u>6,300</u>	<u>231,300</u>
Totals	<u>\$ 6,334,999</u>	<u>\$ 2,464,142</u>	<u>\$ 8,799,141</u>

Interest on the Series 1994 bonds has been calculated at the rate of 7.50% for purpose of illustration.

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TEXAS SOUTHMOST COLLEGE

MATURITY SCHEDULE

**SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
REVENUE BONDS - SERIES 2000**

FOR THE YEAR ENDING AUGUST 31,

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 140,000	\$ 502,381	\$ 642,381
2002	155,000	495,381	650,381
2003	175,000	487,631	662,631
2004	200,000	478,881	678,881
2005	225,000	468,881	693,881
2006	235,000	457,631	692,631
2007	250,000	445,881	695,881
2008	260,000	433,131	693,131
2009	275,000	419,611	694,611
2010	290,000	405,174	695,174
2011	305,000	389,949	694,949
2012	320,000	373,784	693,784
2013	335,000	356,584	691,584
2014	355,000	338,494	693,494
2015	375,000	319,324	694,324
2016	395,000	298,699	693,699
2017	415,000	276,974	691,974
2018	440,000	253,630	693,630
2019	465,000	228,770	693,770
2020	490,000	202,265	692,265
2021	520,000	173,845	693,845
2022	550,000	143,165	693,165
2023	585,000	110,715	695,715
2024	615,000	76,200	691,200
2025	655,000	39,300	694,300
Totals	<u>\$ 9,025,000</u>	<u>\$ 8,176,281</u>	<u>\$ 17,201,281</u>

Interest on the Series 2000 bonds has been calculated at the rate of 5.0% for purpose of illustration.

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