

**TEXAS SOUTHMOST COLLEGE**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**AUGUST 31, 2001**



**TEXAS SOUTHMOST COLLEGE**

**ORGANIZATIONAL DATA**

**FOR THE FISCAL YEAR 2000-2001**

**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<br>Partnership Affairs, UTB/TSC |
| Pat Celaya           | District Comptroller  |

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**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, 2001, 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, 2001, 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 5, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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, LLP.*

November 5, 2001



# FINANCIAL STATEMENTS

**TEXAS SOUTHMOST COLLEGE**

**BALANCE SHEET**

**AUGUST 31, 2001**

**(with memorandum totals at August 31, 2000)**

|   | Current Funds |                          |            |              | Loan<br>Funds | Endowment<br>& Similar<br>Funds |
|---|---------------|--------------------------|------------|--------------|---------------|---------------------------------|
|   | Unrestricted  | Auxiliary<br>Enterprises | Restricted | Total        |               |                                 |
| <b>ASSETS</b>   |               |                          |            |              |               |                                 |
| Cash & cash equivalents   | \$ 1,312,060  | \$ 821,069               | \$ 138,673 | \$ 2,271,802 | \$ 29,344     | \$ 4,588                        |
| Short-term investments  | 2,507         | 2,509                    | -          | 5,016        | -             | 97                              |
| Accounts receivable (net of allowance<br>for doubtful accounts of \$9,000 for<br>both years)  | 54,951        | 4                        | -          | 54,955       | -             | -                               |
| Taxes receivable (net of allowance for<br>doubtful accounts of \$60,823 & \$54,674<br>at August 31, 2001 & 2000, respectively)      | 962,777       | -                        | -          | 962,777      | -             | -                               |
| Prepaid assets  | 89,934        | -                        | -          | 89,934       | -             | -                               |
| Due from other funds  | 197,306       | 4,544                    | 600        | 202,450      | -             | -                               |
| Investments   | -             | -                        | -          | -            | -             | 39,146                          |
| Accrued interest receivable   | -             | -                        | -          | -            | -             | -                               |
| Due from other agencies   | -             | 9,684                    | 100        | 9,784        | -             | 155                             |
| Federal receivables   | -             | -                        | 180,333    | 180,333      | -             | -                               |
| Deposits  | -             | -                        | -          | -            | -             | -                               |
| Notes receivable (net of allowance for<br>doubtful accounts of \$246,294 &<br>\$123,969 at August 31, 2001 &<br>2000, respectively) | -             | -                        | -          | -            | 169,124       | -                               |
| Land  | -             | -                        | -          | -            | -             | -                               |
| Buildings   | -             | -                        | -          | -            | -             | -                               |
| Improvements other than buildings   | -             | -                        | -          | -            | -             | -                               |
| Equipment   | -             | -                        | -          | -            | -             | -                               |
| Library books   | -             | -                        | -          | -            | -             | -                               |
| Construction in progress  | -             | -                        | -          | -            | -             | -                               |
| Assets held in trust  | -             | -                        | -          | -            | -             | -                               |
| Amounts to be provided interest payable<br>on capital appreciation bonds  | -             | -                        | -          | -            | -             | -                               |
|   | -             | -                        | -          | -            | -             | -                               |
| Total assets  | \$ 2,619,535  | \$ 837,810               | \$ 319,706 | \$ 3,777,051 | \$ 198,468    | \$ 43,986                       |

See accompanying notes to the financial statements.

| Plant Funds       |                         |                            |                      |                 | Totals<br>(Memorandum only) |                      |
|-------------------|-------------------------|----------------------------|----------------------|-----------------|-----------------------------|----------------------|
| Unexpended        | Renewals & Replacements | Retirement of Indebtedness | Investment in Plant  | Agency Funds    | 2001                        | 2000                 |
| \$ 4,648,481      | \$ 2,226,033            | \$ 1,124,096               | \$ -                 | \$ 8,586        | \$ 10,312,930               | \$ 1,565,016         |
| 2,507             | 3,057                   | -                          | -                    | -               | 10,677                      | 2,355,300            |
| -                 | -                       | 39                         | -                    | -               | 54,994                      | 1,599,909            |
| -                 | -                       | 192,862                    | -                    | -               | 1,155,639                   | 1,038,803            |
| -                 | -                       | -                          | -                    | -               | 89,934                      | -                    |
| -                 | 34,577                  | -                          | -                    | -               | 237,027                     | 1,232,551            |
| 6,157,219         | -                       | -                          | -                    | -               | 6,196,365                   | 14,355,823           |
| 153,616           | -                       | -                          | -                    | -               | 153,616                     | 245,749              |
| -                 | -                       | -                          | -                    | -               | 9,939                       | 1,220                |
| 50,250            | -                       | -                          | -                    | -               | 230,583                     | 250,634              |
| -                 | -                       | -                          | -                    | -               | -                           | 50,250               |
| -                 | -                       | -                          | -                    | -               | 169,124                     | 158,652              |
| -                 | -                       | -                          | 3,022,039            | -               | 3,022,039                   | 2,995,303            |
| -                 | -                       | -                          | 31,745,546           | -               | 31,745,546                  | 27,916,639           |
| -                 | -                       | -                          | 5,890,705            | -               | 5,890,705                   | 5,870,705            |
| -                 | -                       | -                          | 8,269,241            | -               | 8,269,241                   | 8,111,753            |
| -                 | -                       | -                          | 8,422,239            | -               | 8,422,239                   | 8,422,239            |
| -                 | -                       | -                          | 4,723,791            | -               | 4,723,791                   | 1,960,058            |
| -                 | -                       | -                          | 351,064              | -               | 351,064                     | 351,064              |
| -                 | -                       | -                          | 623,560              | -               | 623,560                     | 623,560              |
| <u>11,012,073</u> | <u>\$ 2,263,667</u>     | <u>\$ 1,316,997</u>        | <u>\$ 63,048,185</u> | <u>\$ 8,586</u> | <u>\$ 81,669,013</u>        | <u>\$ 79,105,228</u> |

**TEXAS SOUTHMOST COLLEGE**

**STATEMENT OF CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED AUGUST 31, 2001  
(with memorandum totals at August 31, 2000)**

|   | Current Funds       |                          |                   |                     | Loan<br>Funds     |
|---|---------------------|--------------------------|-------------------|---------------------|-------------------|
|   | Unrestricted        | Auxiliary<br>Enterprises | Restricted        | Total               |                   |
| <b>REVENUES &amp; OTHER ADDITIONS</b>   |                     |                          |                   |                     |                   |
| Unrestricted current funds revenue  | \$ 28,634,611       | \$ 2,183,309             | \$ 957,897        | \$ 31,775,817       | \$ -              |
| State appropriations - restricted   | -                   | -                        | -                 | -                   | -                 |
| Federal grants & contracts  | -                   | -                        | 712,689           | 712,689             | -                 |
| State grants & contracts  | -                   | -                        | 223,419           | 223,419             | -                 |
| Local gifts, grants & contracts   | -                   | -                        | 83,394            | 83,394              | -                 |
| Net increase (decrease) in fair value of investmen  | -                   | -                        | -                 | -                   | -                 |
| Taxes for debt retirement   | -                   | -                        | -                 | -                   | -                 |
| Investment/endowment income   | -                   | -                        | 2,528             | 2,528               | 1,059             |
| Net decrease in bonds payable   | -                   | -                        | -                 | -                   | -                 |
| Bond proceeds on sale of bonds  | -                   | -                        | -                 | -                   | -                 |
| Expended for plant facilities (includes \$360,485<br>charged to current funds expenditures) | -                   | -                        | -                 | -                   | -                 |
| Other additions   | -                   | -                        | -                 | -                   | 132,797           |
| Total revenues & other additions  | <u>28,634,611</u>   | <u>2,183,309</u>         | <u>1,979,927</u>  | <u>32,797,847</u>   | <u>133,856</u>    |
| <b>EXPENDITURES &amp; OTHER DEDUCTIONS</b>  |                     |                          |                   |                     |                   |
| Expenditures  | 26,882,445          | 1,022,007                | 12,468,589        | 40,373,041          | -                 |
| Expended for plant facilities   | -                   | -                        | -                 | -                   | -                 |
| Loan cancellations & write-offs   | -                   | -                        | -                 | -                   | 122,325           |
| Net increase in bonds payable   | -                   | -                        | -                 | -                   | -                 |
| Retirement of indebtedness - bonds  | -                   | -                        | -                 | -                   | -                 |
| Interest on indebtedness  | -                   | -                        | -                 | -                   | -                 |
| Other deductions  | -                   | -                        | -                 | -                   | -                 |
| Other expenditures  | -                   | -                        | -                 | -                   | -                 |
| Total expenditures & other deductions   | <u>26,882,445</u>   | <u>1,022,007</u>         | <u>12,468,589</u> | <u>40,373,041</u>   | <u>122,325</u>    |
| <b>TRANSFERS-ADDITIONS (DEDUCTIONS)</b>   |                     |                          |                   |                     |                   |
| Mandatory transfers   | (275,062)           | -                        | 275,062           | -                   | -                 |
| Nonmandatory transfers  | (472,972)           | (1,100,302)              | -                 | (1,573,274)         | -                 |
| Other   | -                   | -                        | 10,287,247        | 10,287,247          | -                 |
| Total transfers - additions (deductions)  | <u>(748,034)</u>    | <u>(1,100,302)</u>       | <u>10,562,309</u> | <u>8,713,973</u>    | <u>-</u>          |
| <b>NET INCREASE (DECREASE) FOR<br/>THE FISCAL YEAR</b>                                      |                     |                          |                   |                     |                   |
|   | <u>1,004,132</u>    | <u>61,000</u>            | <u>73,647</u>     | <u>1,138,779</u>    | <u>11,531</u>     |
| <b>FUND BALANCES, SEPTEMBER 1, 2000</b>   |                     |                          |                   |                     |                   |
|   | <u>399,310</u>      | <u>537,735</u>           | <u>61,272</u>     | <u>998,317</u>      | <u>186,937</u>    |
| <b>FUND BALANCES, AUGUST 31, 2001</b>   |                     |                          |                   |                     |                   |
|   | <u>\$ 1,403,442</u> | <u>\$ 598,735</u>        | <u>\$ 134,919</u> | <u>\$ 2,137,096</u> | <u>\$ 198,468</u> |

See accompanying notes to the financial statements.



EXHIBIT B

| Endowment<br>& Similar<br>Funds | Plant Funds         |                            |                               |                        |               | Agency<br>Funds      | Totals<br>(Memorandum only) |  |
|---------------------------------|---------------------|----------------------------|-------------------------------|------------------------|---------------|----------------------|-----------------------------|--|
|                                 | Unexpended          | Renewals &<br>Replacements | Retirement of<br>Indebtedness | Investment<br>in Plant | 2001          |                      | 2000                        |  |
|                                 |                     |                            |                               |                        |               |                      |                             |  |
| \$ -                            | \$ -                | \$ -                       | \$ -                          | \$ -                   | \$ -          | \$ 31,775,817        | \$ 31,257,765               |  |
| -                               | -                   | -                          | -                             | -                      | -             | -                    | -                           |  |
| -                               | -                   | -                          | -                             | -                      | -             | 712,689              | 1,169,804                   |  |
| -                               | -                   | -                          | -                             | -                      | -             | 223,419              | 200,206                     |  |
| -                               | -                   | -                          | -                             | -                      | -             | 83,394               | 20,000                      |  |
| -                               | -                   | -                          | -                             | -                      | -             | -                    | (11,175)                    |  |
| -                               | -                   | -                          | 1,242,432                     | -                      | -             | 1,242,432            | 1,157,455                   |  |
| 7,642                           | 858,280             | 97,796                     | 33,454                        | -                      | 283           | 1,001,042            | 631,975                     |  |
| -                               | -                   | -                          | -                             | 960,000                | -             | 960,000              | 940,000                     |  |
| -                               | -                   | -                          | -                             | -                      | -             | -                    | 9,025,000                   |  |
| -                               | -                   | -                          | -                             | 6,796,864              | -             | 6,796,864            | 1,552,190                   |  |
| -                               | -                   | -                          | -                             | -                      | -             | 132,797              | 79,736                      |  |
| <u>7,642</u>                    | <u>858,280</u>      | <u>97,796</u>              | <u>1,275,886</u>              | <u>7,756,864</u>       | <u>283</u>    | <u>42,928,454</u>    | <u>46,022,956</u>           |  |
| -                               | -                   | -                          | -                             | -                      | -             | 40,373,041           | 40,070,882                  |  |
| -                               | 4,648,946           | 787,772                    | -                             | -                      | -             | 5,436,718            | 2,481,630                   |  |
| -                               | -                   | -                          | -                             | -                      | -             | 122,325              | 9,321                       |  |
| -                               | -                   | -                          | -                             | -                      | -             | -                    | 9,025,000                   |  |
| -                               | -                   | -                          | 1,100,000                     | -                      | -             | 1,100,000            | 940,000                     |  |
| -                               | -                   | -                          | 772,101                       | -                      | -             | 772,101              | 314,150                     |  |
| -                               | -                   | -                          | 716                           | -                      | -             | 716                  | 199,411                     |  |
| 2,000                           | -                   | -                          | -                             | -                      | -             | 2,000                | 1,600                       |  |
| <u>2,000</u>                    | <u>4,648,946</u>    | <u>787,772</u>             | <u>1,872,817</u>              | <u>-</u>               | <u>-</u>      | <u>47,806,901</u>    | <u>53,041,994</u>           |  |
| -                               | -                   | -                          | -                             | -                      | -             | -                    | -                           |  |
| -                               | 1,288,103           | 285,171                    | 796,863                       | -                      | -             | 796,863              | -                           |  |
| -                               | -                   | -                          | -                             | -                      | -             | 10,287,247           | 10,106,788                  |  |
| -                               | <u>1,288,103</u>    | <u>285,171</u>             | <u>796,863</u>                | <u>-</u>               | <u>-</u>      | <u>11,084,110</u>    | <u>10,106,788</u>           |  |
| <u>5,642</u>                    | <u>(2,502,563)</u>  | <u>(404,805)</u>           | <u>199,932</u>                | <u>7,756,864</u>       | <u>283</u>    | <u>6,205,663</u>     | <u>3,087,750</u>            |  |
| <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>           |  |
| <u>\$ 43,986</u>                | <u>\$ 2,126,933</u> | <u>\$ 2,263,651</u>        | <u>\$ 945,379</u>             | <u>\$ 57,049,626</u>   | <u>\$ 283</u> | <u>\$ 64,765,422</u> | <u>\$ 58,559,759</u>        |  |

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## TEXAS SOUTHMOST COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES  
AND OTHER CHANGESFOR THE YEAR ENDED AUGUST 31, 2001  
(with memorandum totals for the year ended August 31, 2000)

|   | Unrestricted        | Auxiliary<br>Enterprises | Restricted        | Totals<br>(Memorandum only) |                   |
|---|---------------------|--------------------------|-------------------|-----------------------------|-------------------|
|   |                     |                          |                   | 2001                        | 2000              |
| <b>REVENUES</b>                                     |                     |                          |                   |                             |                   |
| State appropriations - general revenue              | \$ 12,039,038       | \$ -                     | \$ 957,897        | \$ 12,996,935               | \$ 12,625,876     |
| Tuition & fees                                      | 9,281,149           | 1,650,302                | -                 | 10,931,451                  | 11,629,348        |
| Taxes for current operations                        | 4,930,833           | -                        | -                 | 4,930,833                   | 4,188,325         |
| Federal grants & contracts                          | -                   | -                        | 712,689           | 712,689                     | 1,169,804         |
| State grants & contracts                            | 1,635,604           | -                        | 223,419           | 1,859,023                   | 1,672,203         |
| Local grants & contracts                            | 383,671             | -                        | 83,394            | 467,065                     | 493,701           |
| Investment/endowment income                         | 106,622             | -                        | -                 | 106,622                     | 99,330            |
| Sales & service of auxiliary enterprises            | -                   | 495,776                  | -                 | 495,776                     | 454,623           |
| Other sources:                                      |                     |                          |                   |                             |                   |
| Interest income                                     | -                   | 28,145                   | 2,528             | 30,673                      | 42,307            |
| Gains/losses on investments                         | -                   | -                        | -                 | -                           | -                 |
| Miscellaneous income                                | 257,694             | 9,086                    | -                 | 266,780                     | 280,700           |
| Total current funds revenues                        | <u>28,634,611</u>   | <u>2,183,309</u>         | <u>1,979,927</u>  | <u>32,797,847</u>           | <u>32,656,217</u> |
| <b>EXPENDITURES &amp; MANDATORY TRANSFERS</b>       |                     |                          |                   |                             |                   |
| Educational & general:                              |                     |                          |                   |                             |                   |
| Instruction   | -                   | -                        | 287,337           | 287,337                     | 844,447           |
| Institutional support                               | 531,909             | -                        | -                 | 531,909                     | 335,793           |
| Scholarships & fellowships                          | -                   | -                        | -                 | -                           | -                 |
| Transfers to UTB                                    | 26,350,536          | -                        | 12,181,252        | 38,531,788                  | 37,884,601        |
| Total educational & general expenditures            | <u>26,882,445</u>   | <u>-</u>                 | <u>12,468,589</u> | <u>39,351,034</u>           | <u>39,064,841</u> |
| Auxiliary enterprise expenditures:                  |                     |                          |                   |                             |                   |
| Expenditures  | -                   | 770,129                  | -                 | 770,129                     | 837,089           |
| Transfers to UTB                                    | -                   | 251,878                  | -                 | 251,878                     | 168,952           |
| Total auxiliary enterprise expenditures             | <u>-</u>            | <u>1,022,007</u>         | <u>-</u>          | <u>1,022,007</u>            | <u>1,006,041</u>  |
| Mandatory transfers to:                             |                     |                          |                   |                             |                   |
| TPEG to restricted & loan funds                     | (275,062)           | -                        | 275,062           | -                           | -                 |
| Total expenditures & mandatory transfers            | <u>27,157,507</u>   | <u>1,022,007</u>         | <u>12,193,527</u> | <u>40,373,041</u>           | <u>40,070,882</u> |
| <b>OTHER TRANSFERS &amp; ADDITIONS (DEDUCTIONS)</b> |                     |                          |                   |                             |                   |
| Nonmandatory transfers                              | (472,972)           | (1,100,302)              | -                 | (1,573,274)                 | (2,380,552)       |
| Excess of TPEG transfer over grant awarded          | -                   | -                        | -                 | -                           | -                 |
| Federal scholarships/grants by UTB                  | -                   | -                        | 10,287,247        | 10,287,247                  | 10,106,788        |
| Total other transfers & additions (deductions)      | <u>(472,972)</u>    | <u>(1,100,302)</u>       | <u>10,287,247</u> | <u>8,713,973</u>            | <u>7,726,236</u>  |
| <b>NET INCREASE (DECREASE) IN</b>                   |                     |                          |                   |                             |                   |
| <b>FUND BALANCES</b>                                | <u>\$ 1,004,132</u> | <u>\$ 61,000</u>         | <u>\$ 73,647</u>  | <u>\$ 1,138,779</u>         | <u>\$ 311,571</u> |

See accompanying notes to the financial statements.

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# TEXAS SOUTHMOST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2001

### 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.

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.

(continued)

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

### Fund Accounting (Continued)

#### **Current Funds:** (Continued)

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

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

*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.

(continued)

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

**Fund Accounting** (Continued)

**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, 2001, the carrying amount of Texas Southmost College cash and demand deposits was \$10,312,931, and total bank balances equaled \$13,389,138. Bank balances of \$100,000 are covered by federal depository insurance and \$18,176,648 of securities pledged as collateral 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:

**Cash and Demand Deposits**

|                           |                      |
|---------------------------|----------------------|
| Bank Deposits             |                      |
| Demand Deposits           | \$ 10,310,420        |
| Cash and Cash Equivalents |                      |
| Petty Cash on Hand        | <u>2,510</u>         |
| Total Cash and Deposits   | <u>\$ 10,312,930</u> |

(continued)



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

**Cash and Demand Deposits (Continued)**

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           | \$ 10,677           | \$ -        | \$ -        | \$ 10,677              | \$ 10,677           |
| Certificates of Deposit | -                   | -           | -           | -                      | -                   |
| Corporate Stocks        | 39,145              | -           | -           | 39,145                 | 39,145              |
| Repurchase Agreements   | <u>6,157,220</u>    | <u>-</u>    | <u>-</u>    | <u>6,157,220</u>       | <u>6,157,220</u>    |
| Totals                  | <u>\$ 6,207,042</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,207,042</u>    | <u>\$ 6,207,042</u> |

**Reconciliation of Deposits and Investments Between Note 4 and Exhibit A**

|                           |                      |
|---------------------------|----------------------|
| Per Note 4:               |                      |
| Cash and Demand Deposits  | \$ 10,312,930        |
| Investments               | <u>6,207,042</u>     |
| Total                     | <u>\$ 16,519,972</u> |
| Per Exhibit A:            |                      |
| Cash and cash equivalents | \$ 10,312,930        |
| Short-term investments    | 10,677               |
| Investments               | <u>6,196,365</u>     |
| Total                     | <u>\$ 16,519,972</u> |

**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, 2001, the College had two employees participating in the program. A total of \$6,600 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, 2001, compensated absences payable consisted of \$12,444.

**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, 2001.

**13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS**

There were no operating lease commitments at August 31, 2001.

(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 December 31, 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, 2001, 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 \$225.58 for single employees, \$311.55 for the employee and children, \$353.98 for employee and spouse, and \$439.95 for family coverage for the year ended August 31, 2001. The cost of providing those benefits for twelve active employees was \$33,436. At August 31, 2001, Texas Southmost College did not have any active retirees. The state group insurance amount of \$957,897 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, 2001 total rental income recognized by TSC was \$1,635,604.

- 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<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|----------------------------|---------------------------------|-------------------------------|
| Unrestricted Fund          | \$ 197,306                      | \$ 5,144                      |
| Auxiliary Enterprises      | 4,544                           | 51,410                        |
| Restricted:                |                                 |                               |
| Federal restricted funds   | 600                             | 180,333                       |
| Unexpended Funds           | -                               | 140                           |
| Renewals and Replacements: |                                 |                               |
| Restricted parking fund    | 24,977                          | -                             |
| Capital Expansion          | <u>9,600</u>                    | <u>-</u>                      |
| Total                      | <u>\$ 237,027</u>               | <u>\$ 237,027</u>             |

**20. PROPERTY TAX**

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

As of August 31, 2001 the assessed valuation of the District was as follows:

|  |                         |
|--|-------------------------|
| Assessed Valuation of the District:    | \$ 5,302,263,192        |
| Less: Exemptions                       | 510,421,568             |
| Less: Abatements                       | -                       |
| Net Assessed Valuation of the District | <u>\$ 4,791,841,624</u> |

|   | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> |
|---|-------------------------------|-------------------------|--------------|
| Tax Rate per \$100 valuation authorized for | \$ 0.500000                   | \$ 0.500000             | \$ 1.000000  |
| Tax Rate per \$100 valuation assessed for   | \$ 0.105841                   | \$ 0.025559             | \$ 0.131400  |

Taxes levied for the year ended August 31, 2001 are \$6,296,480 (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 1<sup>st</sup> of the year following the year in which imposed.

| <u>Taxes Collected</u>           | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u>        |
|----------------------------------|-------------------------------|-------------------------|---------------------|
| Current Taxes Collected          | \$ 4,743,310                  | \$ 1,154,573            | \$ 5,897,883        |
| Delinquent Taxes Collected       | 188,956                       | 74,691                  | 263,647             |
| Penalties and Interest Collected | 140,352                       | 48,276                  | 188,628             |
| Less Discounts & Commissions     | <u>(141,785)</u>              | <u>(35,108)</u>         | <u>(176,893)</u>    |
| Total Collections                | <u>\$ 4,930,833</u>           | <u>\$ 1,242,432</u>     | <u>\$ 6,173,265</u> |

(continued)

**20. PROPERTY TAX (Continued)**

Tax collections for the year ended August 31, 2001 were 93.38% 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               | \$ 962,777          |
| Prepaid Rentals    | Auxiliary                  | 86,893              |
| Net Tax Revenue    | Retirement of Indebtedness | 192,862             |
| Student Union Fees | Retirement of Indebtedness | <u>178,756</u>      |
| Total              |                            | <u>\$ 1,421,288</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 1<sup>st</sup>. 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, 2001.

**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<br>8/31/00 | Purchased/<br>Additions | Retirements | Balance<br>8/31/01 |
|--|--------------------|-------------------------|-------------|--------------------|
| <b>BUILDINGS</b>                                   |                    |                         |             |                    |
| Auto body building                                 | \$ 87,621          | \$ -                    | \$ -        | \$ 87,621          |
| Allied health                                      | 698,407            | -                       | -           | 698,407            |
| New Bookstore                                      | 255,259            | 1,738,005               | -           | 1,993,264          |
| Tandy Hall I                                       | 1,333,201          | -                       | -           | 1,333,201          |
| Tandy Hall II                                      | 2,284,741          | -                       | -           | 2,284,741          |
| A. A. Champion                                     | 100,209            | -                       | -           | 100,209            |
| Gymnasium/Tennis courts                            | 829,819            | 88,653                  | -           | 918,472            |
| Business services                                  | 5,565              | -                       | -           | 5,565              |
| Student Center                                     | 944,335            | -                       | -           | 944,335            |
| Library  | 4,232,405          | -                       | -           | 4,232,405          |
| Rusteberg  | 939,020            | -                       | -           | 939,020            |
| Gomez-Farias Project                               | 5,063              | -                       | -           | 5,063              |
| Eidman Science-Math<br>Building                    | 875,315            | 36,560                  | -           | 911,875            |
| Gorgas Hall improvements                           | 1,835,241          | 5,547                   | -           | 1,840,788          |
| 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                                   | 536,292            | 21,938                  | -           | 558,230            |
| Women's Center                                     | 76,019             | -                       | -           | 76,019             |
| Continuing education                               | 45,000             | -                       | -           | 45,000             |
| Athletic houses                                    | 13,143             | -                       | -           | 13,143             |
| Marion Hedrick Smith<br>Memorial Amphitheater      | 456,808            | -                       | -           | 456,808            |
| U.S. Coast Guard Station                           | 326,023            | -                       | -           | 326,023            |
| Security First Aid (Carpet)                        | 888                | -                       | -           | 888                |
| Continuing education<br>(American Legion Building) | 78,367             | -                       | -           | 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 Memorial Center                        | 2,682,350          | 26,223                  | -           | 2,708,573          |
| Parking lot  | 15,126             | -                       | -           | 15,126             |
| Duffey Plaza                                       | 20,000             | 1,238,280               | -           | 1,258,280          |
| North & South Buildings (AC)                       | 153,564            | -                       | -           | 153,564            |
| Fuel Storage Tank                                  | 18,430             | -                       | -           | 18,430             |
| Old Bookstore                                      | -                  | 180,678                 | -           | 180,678            |
| Young House  | -                  | 493,023                 | -           | 493,023            |
| Total Buildings                                    | <u>27,916,639</u>  | <u>3,828,907</u>        | <u>-</u>    | <u>31,745,546</u>  |

(continued)

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

|   | Balance<br>8/31/00   | Purchased/<br>Additions | Retirements | Balance<br>8/31/01   |
|---|----------------------|-------------------------|-------------|----------------------|
| <b>LAND</b>   |                      |                         |             |                      |
| 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,<br>Paredes Subdivision             | 31,093               | -                       | -           | 31,093               |
| Land - Fort Brown Villas                                  | 119,056              | -                       | -           | 119,056              |
| Land - Lot 5, Block 6,<br>Paredes Subdivision             | 31,977               | -                       | -           | 31,977               |
| Land - Esparza Property                                   | -                    | 26,736                  | -           | 26,736               |
| Land - Lot 7, Block 32,<br>Original townsite              | 39,277               | -                       | -           | 39,277               |
| Total Land  | <u>2,995,303</u>     | <u>26,736</u>           | <u>-</u>    | <u>3,022,039</u>     |
| <b>SITE IMPROVEMENTS</b>                                  |                      |                         |             |                      |
| Landscaping - T.S.C.                                      | 16,168               | -                       | -           | 16,168               |
| Landscaping - S.P.I.                                      | 3,395                | -                       | -           | 3,395                |
| Paving  | 392,615              | 20,000                  | -           | 412,615              |
| 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>20,000</u>           | <u>-</u>    | <u>5,890,705</u>     |
| <b>MACHINERY, EQUIPMENT,<br/>FURNITURE &amp; FIXTURES</b> |                      |                         |             |                      |
| Furniture and Fixtures                                    | 8,111,753            | 157,488                 | -           | 8,269,241            |
| Library Books   | 8,422,239            | -                       | -           | 8,422,239            |
| Total Machinery, Equipment,<br>Furniture & Fixtures       | <u>16,533,992</u>    | <u>157,488</u>          | <u>-</u>    | <u>16,691,480</u>    |
| Total General Fixed Assets                                | <u>\$ 53,316,639</u> | <u>\$ 4,033,131</u>     | <u>\$ -</u> | <u>\$ 57,349,770</u> |

**25. 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.



**26. CONSTRUCTION COMMITMENTS**

At August 31, 2001, Texas Southmost College had the following construction commitments:

| <u>Project</u>                          | <u>Remaining<br/>Balance</u> |
|---|------------------------------|
| A/C for North and South Buildings       | \$ 41,141                    |
| A/C for FBMC                            | 12,400                       |
| Cabling of Gorgas, Allied Health & FBMC | 3,000                        |
| Student Union Building                  | <u>3,576,196</u>             |
| Total                                   | <u>\$ 3,632,737</u>          |

**27. TRANSFERS**

At August 31, 2001, 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. 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.

**29. 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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PATILLO, 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, 2001, and have issued our report thereon dated November 5, 2001. 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 5, 2001.

This report is intended for the information of the Board of Directors, the audit committee, the administration, 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.

*Patillo, Brown & Hill, CP*

November 5, 2001





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, 2001. 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, 2001.

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 Board of Directors, the audit committee, the administration, 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, C.P.A.*

November 5, 2001



# **FINANCIAL ASSISTANCE SECTION**

**TEXAS SOUTHMOST COLLEGE**

**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**

**AUGUST 31, 2001**

|  | Current Funds       |                          |                   |                  |
|--|---------------------|--------------------------|-------------------|------------------|
|  | Unrestricted        | Auxiliary<br>Enterprises | Restricted        | Loan<br>Funds    |
| <b>Cash and Cash Equivalents:</b>                            |                     |                          |                   |                  |
| Cash on hand   |                     |                          |                   |                  |
| Petty cash   | \$       160        | \$    2,350              | \$       -        | \$       -       |
| Cash in bank   |                     |                          |                   |                  |
| Demand deposits  | <u>1,311,900</u>    | <u>818,719</u>           | <u>138,673</u>    | <u>29,344</u>    |
| <b>Total Cash and Cash Equivalents</b>                       | <u>1,312,060</u>    | <u>821,069</u>           | <u>138,673</u>    | <u>29,344</u>    |
| <b>Investments:</b>  |                     |                          |                   |                  |
| <b>Short-Term Investments:</b>                               |                     |                          |                   |                  |
| Money market accounts  | <u>2,507</u>        | <u>2,509</u>             | <u>-</u>          | <u>-</u>         |
| <b>Total Short-Term Investments</b>                          | <u>2,507</u>        | <u>2,509</u>             | <u>-</u>          | <u>-</u>         |
| <b>Long-Term Investments:</b>                                |                     |                          |                   |                  |
| Corporate stock  | -                   | -                        | -                 | -                |
| Master Repurchase Agreement                                  | -                   | -                        | -                 | -                |
| <b>Total Long-Term Investments</b>                           | <u>-</u>            | <u>-</u>                 | <u>-</u>          | <u>-</u>         |
| <b>Total Investments</b>                                     | <u>2,507</u>        | <u>2,509</u>             | <u>-</u>          | <u>-</u>         |
| <b>Total Cash and Cash<br/>  Equivalents and Investments</b> | <u>\$ 1,314,567</u> | <u>\$ 823,578</u>        | <u>\$ 138,673</u> | <u>\$ 29,344</u> |

SCHEDULE A-1

| Endowment<br>and<br>Similar<br>Funds | Annuity<br>& Life<br>Income<br>Funds | Plant Funds          |                                 |                                  | Agency<br>Funds | Total                |
|--------------------------------------|--------------------------------------|----------------------|---------------------------------|----------------------------------|-----------------|----------------------|
|                                      |                                      | Unexpended           | Renewals<br>and<br>Replacements | Retirement<br>of<br>Indebtedness |                 |                      |
| \$ -                                 | \$ -                                 | \$ -                 | \$ -                            | \$ -                             | \$ -            | \$ 2,510             |
| <u>4,588</u>                         | <u>-</u>                             | <u>4,648,481</u>     | <u>2,226,033</u>                | <u>1,124,096</u>                 | <u>8,586</u>    | <u>10,310,420</u>    |
| <u>4,588</u>                         | <u>-</u>                             | <u>4,648,481</u>     | <u>2,226,033</u>                | <u>1,124,096</u>                 | <u>8,586</u>    | <u>10,312,930</u>    |
| <u>97</u>                            | <u>-</u>                             | <u>2,507</u>         | <u>3,057</u>                    | <u>-</u>                         | <u>-</u>        | <u>10,677</u>        |
| <u>97</u>                            | <u>-</u>                             | <u>2,507</u>         | <u>3,057</u>                    | <u>-</u>                         | <u>-</u>        | <u>10,677</u>        |
| <u>39,146</u>                        | <u>-</u>                             | <u>-</u>             | <u>-</u>                        | <u>-</u>                         | <u>-</u>        | <u>39,146</u>        |
| <u>-</u>                             | <u>-</u>                             | <u>6,157,219</u>     | <u>-</u>                        | <u>-</u>                         | <u>-</u>        | <u>6,157,219</u>     |
| <u>39,146</u>                        | <u>-</u>                             | <u>6,157,219</u>     | <u>-</u>                        | <u>-</u>                         | <u>-</u>        | <u>6,196,365</u>     |
| <u>39,243</u>                        | <u>-</u>                             | <u>6,159,726</u>     | <u>3,057</u>                    | <u>-</u>                         | <u>-</u>        | <u>6,207,042</u>     |
| <u>\$ 43,831</u>                     | <u>\$ -</u>                          | <u>\$ 10,808,207</u> | <u>\$ 2,229,090</u>             | <u>\$ 1,124,096</u>              | <u>\$ 8,586</u> | <u>\$ 16,519,972</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, 2001

|   | Student<br>Services | Jacob Brown<br>Convention<br>Center | Other               | Total              |
|---|---------------------|-------------------------------------|---------------------|--------------------|
| <b>REVENUES</b>   |                     |                                     |                     |                    |
| Sales and services                                      | \$ -                | \$ 455,742                          | \$ 40,034           | \$ 495,776         |
| Student parking fees                                    | 285,171             | -                                   | -                   | 285,171            |
| Student service fees                                    | 1,365,131           | -                                   | -                   | 1,365,131          |
| Miscellaneous income                                    | -                   | -                                   | 37,231              | 37,231             |
| Total revenues  | <u>1,650,302</u>    | <u>455,742</u>                      | <u>77,265</u>       | <u>2,183,309</u>   |
| <b>EXPENDITURES</b>                                     |                     |                                     |                     |                    |
| Salaries and wages                                      | -                   | 188,444                             | -                   | 188,444            |
| Other operating expenses                                | -                   | 501,561                             | 69,648              | 571,209            |
| Capital outlay  | -                   | 24,542                              | -                   | 24,542             |
| Subsidy expenses  | -                   | -                                   | 213,073             | 213,073            |
| Miscellaneous expenses                                  | -                   | -                                   | 24,739              | 24,739             |
| Total expenditures                                      | <u>-</u>            | <u>714,547</u>                      | <u>307,460</u>      | <u>1,022,007</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> |                     |                                     |                     |                    |
|   | <u>1,650,302</u>    | <u>(258,805)</u>                    | <u>(230,195)</u>    | <u>1,161,302</u>   |
| <b>TRANSFERS-ADDITIONS (DEDUCTIONS)</b>                 |                     |                                     |                     |                    |
| Transfers to UTB  | (1,365,131)         | -                                   | -                   | (1,365,131)        |
| Unrestricted funds                                      | (285,171)           | -                                   | 550,000             | 264,829            |
| Total transfers - additions (deductions)                | <u>(1,650,302)</u>  | <u>-</u>                            | <u>550,000</u>      | <u>(1,100,302)</u> |
| <b>NET INCREASE (DECREASE) FOR<br/>THE FISCAL YEAR</b>  |                     |                                     |                     |                    |
|   | <u>-</u>            | <u>(258,805)</u>                    | <u>319,805</u>      | <u>61,000</u>      |
| <b>FUND BALANCES, SEPTEMBER 1, 2000</b>                 |                     |                                     |                     |                    |
|   | <u>-</u>            | <u>(361,008)</u>                    | <u>898,743</u>      | <u>537,735</u>     |
| <b>FUND BALANCES, AUGUST 31, 2001</b>                   |                     |                                     |                     |                    |
|   | <u>\$ -</u>         | <u>\$ (619,813)</u>                 | <u>\$ 1,218,548</u> | <u>\$ 598,735</u>  |

**TEXAS SOUTHMOST COLLEGE**

**SCHEDULE OF TRANSFERS**

**FOR THE YEAR ENDED AUGUST 31, 2001**

**FUNDS TRANSFERRED FROM:**

|                                   | <u>Amount</u>           | <u>Unrestricted</u>     | <u>Auxiliary<br/>Enterprises</u> | <u>Restricted</u>     |
|-----------------------------------|-------------------------|-------------------------|----------------------------------|-----------------------|
| <b>MANDATORY</b>                  |                         |                         |                                  |                       |
| Unrestricted Funds                |                         |                         |                                  |                       |
| TPEG Resident                     | \$ 229,719              | \$ -                    | \$ -                             | \$ 229,719            |
| TPEG Foreign                      | 1,243                   | -                       | -                                | 1,243                 |
| Top 10%                           | 28,200                  | -                       | -                                | 28,200                |
| Top 5%                            | 15,900                  | -                       | -                                | 15,900                |
| Total Unrestricted Funds          | <u>275,062</u>          | <u>-</u>                | <u>-</u>                         | <u>275,062</u>        |
| <br>Total Mandatory Transfers     | <br><u>275,062</u>      | <br><u>-</u>            | <br><u>-</u>                     | <br><u>275,062</u>    |
| <b>NONMANDATORY</b>               |                         |                         |                                  |                       |
| Unrestricted Funds                |                         |                         |                                  |                       |
| Construction projects             | 1,288,103               | -                       | -                                | -                     |
| Capital improvements              | 550,000                 | -                       | 550,000                          | -                     |
| Student union fees                | 796,863                 | -                       | -                                | -                     |
| Major repairs                     | -                       | -                       | -                                | -                     |
| Total Unrestricted Funds          | <u>2,634,966</u>        | <u>-</u>                | <u>550,000</u>                   | <u>-</u>              |
| Auxiliary Enterprise Funds        |                         |                         |                                  |                       |
| Student parking fees              | 285,171                 | -                       | -                                | -                     |
| Student service fees              | 1,365,131               | 1,365,131               | -                                | -                     |
| Total Auxiliary Enterprise Funds  | <u>1,650,302</u>        | <u>1,365,131</u>        | <u>-</u>                         | <u>-</u>              |
| Renewals & Replacements           |                         |                         |                                  |                       |
| Construction projects             | 780,000                 | -                       | -                                | -                     |
| Total Renewals & Replacements     | <u>780,000</u>          | <u>-</u>                | <u>-</u>                         | <u>-</u>              |
| <br>Total Non-Mandatory Transfers | <br><u>5,065,268</u>    | <br><u>1,365,131</u>    | <br><u>550,000</u>               | <br><u>-</u>          |
| <br>Total Transfers Among Funds   | <br><u>\$ 5,340,330</u> | <br><u>\$ 1,365,131</u> | <br><u>\$ 550,000</u>            | <br><u>\$ 275,062</u> |



**FUNDS TRANSFERRED TO:**

| <u>Loan Funds</u> | <u>Endowment &amp; Similar</u> | <u>Unexpended Plant</u> | <u>Renewals &amp; Replacements</u> | <u>Retirement of Indebtedness</u> |
|-------------------|--------------------------------|-------------------------|------------------------------------|-----------------------------------|
| \$ -              | \$ -                           | \$ -                    | \$ -                               | \$ -                              |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | 1,288,103               | -                                  | -                                 |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | -                       | 796,863                            | -                                 |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | 1,288,103               | 796,863                            | -                                 |
| -                 | -                              | -                       | 285,171                            | -                                 |
| -                 | -                              | -                       | -                                  | -                                 |
| -                 | -                              | -                       | 285,171                            | -                                 |
| -                 | -                              | -                       | 780,000                            | -                                 |
| -                 | -                              | -                       | 780,000                            | -                                 |
| -                 | -                              | 1,288,103               | 1,862,034                          | -                                 |
| \$ -              | \$ -                           | \$ 1,288,103            | \$ 1,862,034                       | \$ -                              |

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## TEXAS SOUTHMOST COLLEGE

## DETAIL OF STATE APPROPRIATIONS, TUITION AND FEES

FOR THE YEAR ENDED AUGUST 31, 2001

|   | Unrestricted         | Auxiliary<br>Enterprises | Restricted          | Total                |
|---|----------------------|--------------------------|---------------------|----------------------|
| <b>State Appropriations:</b>              |                      |                          |                     |                      |
| Education and general support             | \$ 11,953,956        | \$ -                     | \$ -                | \$ 11,953,956        |
| State group insurance                     | -                    | -                        | 957,897             | 957,897              |
| Noncourse-based remedial education        | 85,082               | -                        | -                   | 85,082               |
| <b>Total State Appropriations</b>         | <b>12,039,038</b>    | <b>-</b>                 | <b>957,897</b>      | <b>12,996,935</b>    |
| <b>Tuition and Fees:</b>                  |                      |                          |                     |                      |
| <b>State Funded Courses</b>               |                      |                          |                     |                      |
| In-district resident tuition              | 3,082,698            | -                        | -                   | 3,082,698            |
| Out-of-district resident tuition          | 688,890              | -                        | -                   | 688,890              |
| Non-resident tuition                      | 151,057              | -                        | -                   | 151,057              |
| Non-state funded continuing education     | 894,207              | -                        | -                   | 894,207              |
| <b>Subtotal tuition</b>                   | <b>4,816,852</b>     | <b>-</b>                 | <b>-</b>            | <b>4,816,852</b>     |
| Computer access fee                       | 744,305              | -                        | -                   | 744,305              |
| General fees                              | 2,705,356            | -                        | -                   | 2,705,356            |
| Student service fee                       | -                    | 1,353,429                | -                   | 1,353,429            |
| Laboratory fee                            | 192,219              | -                        | -                   | 192,219              |
| Automation fee                            | 535,352              | -                        | -                   | 535,352              |
| Student Union fees                        | -                    | -                        | -                   | -                    |
| Other fees                                | 287,065              | 296,873                  | -                   | 583,938              |
| <b>Total Tuition and Fees</b>             | <b>9,281,149</b>     | <b>1,650,302</b>         | <b>-</b>            | <b>10,931,451</b>    |
| Taxes for Current Operations              | 4,930,833            | -                        | -                   | 4,930,833            |
| <b>Federal Grants and Contracts:</b>      |                      |                          |                     |                      |
| Other programs                            | -                    | -                        | 712,689             | 712,689              |
| <b>Total Federal Grants and Contracts</b> | <b>-</b>             | <b>-</b>                 | <b>712,689</b>      | <b>712,689</b>       |
| <b>State Grants and Contracts:</b>        |                      |                          |                     |                      |
| Other programs                            | 1,635,604            | -                        | 223,419             | 1,859,023            |
| <b>Total State Grants and Contracts</b>   | <b>1,635,604</b>     | <b>-</b>                 | <b>223,419</b>      | <b>1,859,023</b>     |
| <b>Local Grants and Contracts:</b>        |                      |                          |                     |                      |
| Other programs                            | 383,671              | -                        | 83,394              | 467,065              |
| <b>Total Local Grants and Contracts</b>   | <b>383,671</b>       | <b>-</b>                 | <b>83,394</b>       | <b>467,065</b>       |
| <b>Sales and Services of Auxiliary:</b>   |                      |                          |                     |                      |
| Activities                                | -                    | 495,776                  | -                   | 495,776              |
| <b>Other Sources:</b>                     |                      |                          |                     |                      |
| Interest income                           | 106,622              | 28,145                   | 2,528               | 137,295              |
| Other miscellaneous income                | 257,694              | 9,086                    | -                   | 266,780              |
| <b>Total Other Sources</b>                | <b>364,316</b>       | <b>37,231</b>            | <b>2,528</b>        | <b>404,075</b>       |
| <b>Total Current Funds Revenue</b>        | <b>\$ 28,634,611</b> | <b>\$ 2,183,309</b>      | <b>\$ 1,979,927</b> | <b>\$ 32,797,847</b> |

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## TEXAS SOUTHMOST COLLEGE

## STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT

FOR THE YEAR ENDED AUGUST 31, 2001

|                                    | Unaudited             |                     |                      |                   | Total                |
|------------------------------------|-----------------------|---------------------|----------------------|-------------------|----------------------|
|                                    | Salaries<br>and Wages | Staff<br>Benefits   | Other<br>Expenses    | Capital<br>Outlay |                      |
| <b>UNRESTRICTED</b>                |                       |                     |                      |                   |                      |
| Education and General:             |                       |                     |                      |                   |                      |
| Instruction                        | \$ 9,871,597          | \$ 1,886,094        | \$ 326,679           | \$ 57,581         | \$ 12,141,951        |
| Research                           | 7,355                 | 304                 | 372                  | -                 | 8,031                |
| Public Service                     | 690,932               | 91,952              | 433,491              | 29,941            | 1,246,316            |
| Academic Support                   | 1,673,845             | 306,658             | 273,256              | 18,398            | 2,272,157            |
| Student Services                   | 1,264,448             | 269,874             | 380,606              | 1,953             | 1,916,881            |
| Institutional Support              | 3,580,708             | 594,088             | 1,637,234            | 91,557            | 5,903,587            |
| Operation and Maintenance of Plant | 772,774               | 195,973             | 843,575              | -                 | 1,812,322            |
| Scholarships and Fellowships       | 15,477                | 2,257               | 1,563,466            | -                 | 1,581,200            |
| Total Unrestricted                 | <u>17,877,136</u>     | <u>3,347,200</u>    | <u>5,458,679</u>     | <u>199,430</u>    | <u>26,882,445</u>    |
| <b>RESTRICTED</b>                  |                       |                     |                      |                   |                      |
| Education and General:             |                       |                     |                      |                   |                      |
| Instruction                        | 1,009,834             | 193,347             | 96,425               | 883               | 1,300,489            |
| Research                           | -                     | -                   | -                    | -                 | -                    |
| Public Service                     | -                     | -                   | -                    | -                 | -                    |
| Academic Support                   | 23,630                | 3,969               | 248,015              | 162,423           | 438,037              |
| Student Services                   | 233,016               | 29,814              | 89,857               | -                 | 352,687              |
| Institutional Support              | 71,948                | 10,046              | 12,477               | -                 | 94,471               |
| Operation and Maintenance of Plant | 12,670                | 1,221               | -                    | -                 | 13,891               |
| Scholarships and Fellowships       | 441,174               | -                   | 9,827,840            | -                 | 10,269,014           |
| Total Restricted                   | <u>1,792,272</u>      | <u>238,397</u>      | <u>10,274,614</u>    | <u>163,306</u>    | <u>12,468,589</u>    |
| Total Educational and General      | <u>19,669,408</u>     | <u>3,585,597</u>    | <u>15,733,293</u>    | <u>362,736</u>    | <u>39,351,034</u>    |
| <b>AUXILIARY ENTERPRISES</b>       | <u>579,240</u>        | <u>98,025</u>       | <u>319,742</u>       | <u>25,000</u>     | <u>1,022,007</u>     |
| Total Current Fund Expenditures    | <u>\$ 20,248,648</u>  | <u>\$ 3,683,622</u> | <u>\$ 16,053,035</u> | <u>\$ 387,736</u> | <u>\$ 40,373,041</u> |

**TEXAS SOUTHMOST COLLEGE**

**BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2001**

| Description                          | Bonds<br>Issued to<br>Date | Range of<br>Interest<br>Rates | Bonds<br>Outstanding<br>8/31/00 | Bonds<br>Issued After<br>8/31/00 | Bonds<br>Matured or<br>Retired | Bonds<br>Outstanding<br>8/31/01 | Maturities    |              |                    |
|--------------------------------------|----------------------------|-------------------------------|---------------------------------|----------------------------------|--------------------------------|---------------------------------|---------------|--------------|--------------------|
|                                      |                            |                               |                                 |                                  |                                |                                 | First<br>Year | Last<br>Year | First<br>Call Date |
| Refunding Tax Bonds -<br>Series 1994 | \$ 8,509,999               | 5.0%-5.6%                     | \$ 6,334,999                    | \$ -                             | \$ 960,000                     | \$ 5,374,999                    | 1995          | 2008         | 02/15/95           |
| Revenue Bonds -<br>Series 2000       | <u>9,025,000</u>           | 5.0%-6.0%                     | <u>9,025,000</u>                | <u>-</u>                         | <u>140,000</u>                 | <u>8,885,000</u>                | 2001          | 2025         | 02/15/01           |
| Totals                               | <u>\$ 17,534,999</u>       |                               | <u>\$ 15,359,999</u>            | <u>\$ -</u>                      | <u>\$ 1,100,000</u>            | <u>\$ 14,259,999</u>            |               |              |                    |

**SCHEDULE D-1**

**Summary of Debt Service Requirements to Maturity**

| Year Ending August 31, |                     |                     |                     |                     | All Other<br>Years   | Total<br>Requirements |
|------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|
| 2002                   | 2003                | 2004                | 2005                | 2006                |                      |                       |
| \$ 1,196,440           | \$ 1,236,440        | \$ 1,210,700        | \$ 1,241,473        | \$ 1,222,880        | \$ 1,461,488         | \$ 7,569,421          |
| <u>650,381</u>         | <u>662,631</u>      | <u>678,881</u>      | <u>693,881</u>      | <u>692,631</u>      | <u>13,180,495</u>    | <u>16,558,900</u>     |
| <u>\$ 1,846,821</u>    | <u>\$ 1,899,071</u> | <u>\$ 1,889,581</u> | <u>\$ 1,935,354</u> | <u>\$ 1,915,511</u> | <u>\$ 14,641,983</u> | <u>\$ 24,128,321</u>  |

**TEXAS SOUTHMOST COLLEGE**

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

**FOR THE YEAR ENDED AUGUST 31, 2001**

| Description                                 | Pledged Revenue and Related Expenditures |                                      |                             |                                      |                                     |                               |                            |
|---|--|--------------------------------------|-----------------------------|--------------------------------------|-------------------------------------|-------------------------------|----------------------------|
|   | Operating<br>Revenue                     | Interest<br>Earned on<br>Investments | Other<br>Pledged<br>Revenue | ( a )<br>Total<br>Pledged<br>Revenue | ( b )<br>Other<br>Revenue<br>Source | ( c )<br>Operating<br>Expense | ( d )<br>Capital<br>Outlay |
| Student Union Building<br>Bonds Series 2000 | <u>\$ 796,863</u>                        | <u>\$ 19,663</u>                     | <u>\$ -</u>                 | <u>\$ 816,526</u>                    | <u>\$ -</u>                         | <u>\$ 642,381</u>             | <u>\$ -</u>                |



| Amount Available<br>for<br>Debt Service | Debt<br>Service<br>Principal | Debt<br>Service<br>Interest | Restricted Account Balances |                   |                     |                   |
|---|------------------------------|-----------------------------|-----------------------------|-------------------|---------------------|-------------------|
|   |                              |                             | Interest and Sinking Fund   |                   | Bond Reserve Fund   |                   |
|   |                              |                             | Minimum<br>Required         | Actual<br>Balance | Minimum<br>Required | Actual<br>Balance |
| <u>\$ 174,145</u>                       | <u>\$ 8,885,000</u>          | <u>\$ 7,673,900</u>         | <u>\$ -</u>                 | <u>\$ 216,896</u> | <u>\$ -</u>         | <u>\$ 728,483</u> |

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## TEXAS SOUTHMOST COLLEGE

## SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED AUGUST 31, 2001

| <u>Federal Grantor/Pass-Through<br/>Grantor/Program Title</u>    | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's<br/>Number</u> | <u>Pass-Through<br/>Disbursements<br/>and Expenditures</u> |
|--|------------------------------------|--|--|
| <b><u>U.S. Department of Agriculture</u></b>                     |                                    |  |  |
| <i>Passed Through Texas Department of Human Services:</i>        |                                    |  |  |
| Child Care Food Program  | 10.558                             | TX-031-0006                                  | \$ <u>34,849</u>   |
| <b><u>U.S. Department of Labor</u></b>                           |                                    |  |  |
| <i>Passed Through Texas Workforce Commission:</i>                |                                    |  |  |
| Texas Workforce Commission                                       | 17.250                             | -  | <u>127,326</u>   |
| <b><u>U.S. Department of Education</u></b>                       |                                    |  |  |
| <i>Passed Through Texas Higher Education Coordinating Board:</i> |                                    |  |  |
| Carl D. Perkins - Vocational Education                           | 84.048                             | 04246  | <u>527,588</u>   |
| <b><u>U.S. Department of Human Services</u></b>                  |                                    |  |  |
| <i>Passed Through Texas Migrant Authority, Inc.:</i>             |                                    |  |  |
| Child Day Care Center  | 93.667                             | 80030  | <u>22,926</u>  |
| Total Federal Financial Assistance                               |                                    |  | <u>\$ <u>712,689</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, 2001

| Federal Grantor/Pass-Through<br>Grantor/Program Title | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Pass-Through<br>Disbursements<br>and Expenditures |
|---|---------------------------|-------------------------------------|---|
|---|---------------------------|-------------------------------------|---|

**Note 1: Federal Assistance Reconciliation**

|   |  |  |             |
|---|--|--|-------------|
| Federal revenue per Exhibit C               |  |  |             |
| Federal grants and contracts - per schedule |  |  | \$ 712,689  |
|   |  |  | <hr/>       |
| Total Federal Revenue per Exhibit C         |  |  | \$ 712,689  |
|   |  |  | <hr/> <hr/> |

**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 at Texas Southmost College:

| <i>Program Name</i>        |        |   |               |
|----------------------------|--------|---|---------------|
| Federal Pell Grant Program | 84.063 | - | \$ 9,622,081  |
| SEOG                       | 84.007 | - | 223,992       |
| Federal Workstudy Program  | 84.033 | - | 441,174       |
|                            |        |   | <hr/>         |
| Total                      |        |   | \$ 10,287,247 |
|                            |        |   | <hr/> <hr/>   |

These funds were not subject to a federal single audit at Texas Southmost College 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<br/>Year</u> | <u>Total</u> |
|------------------------|--------------|
| 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       |
| 2000-01                | 19,545       |

\* Unduplicated Headcount

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

| <u>Fiscal<br/>Year</u> | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> |
|------------------------|-------------------------------|-------------------------|--------------|
| 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     |
| 2000-01                | 0.105841                      | 0.025559                | 0.131400     |

\* Per \$100 Valuation

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

| <u>Fiscal<br/>Year</u> | <u>Current<br/>Operations</u> | <u>Debt<br/>Service</u> | <u>Total</u> |
|------------------------|-------------------------------|-------------------------|--------------|
| 1991-92                | 0.500000                      | 0.500000                | 1.000000     |
| 1992-93                | 0.500000                      | 0.500000                | 1.000000     |
| 1993-94                | 0.500000                      | 0.500000                | 1.000000     |
| 1994-95                | 0.500000                      | 0.500000                | 1.000000     |
| 1995-96                | 0.500000                      | 0.500000                | 1.000000     |
| 1996-97                | 0.500000                      | 0.500000                | 1.000000     |
| 1997-98                | 0.500000                      | 0.500000                | 1.000000     |
| 1998-99                | 0.500000                      | 0.500000                | 1.000000     |
| 1999-00                | 0.500000                      | 0.500000                | 1.000000     |
| 2000-01                | 0.500000                      | 0.500000                | 1.000000     |

\* Per \$100 Valuation

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**TEXAS SOUTHMOST COLLEGE**

**CONTACT HOUR INFORMATION**

**LAST 10 FISCAL YEARS**

**(UNAUDITED)**

| <u>Fiscal<br/>Year</u> | <u>Contact Hours</u> |                 | <u>Total</u> |
|------------------------|----------------------|-----------------|--------------|
|                        | <u>Academic</u>      | <u>Voc Tech</u> |              |
| 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    |
| 2000-01                | 2,349,504            | 574,934         | 2,924,438    |

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**TEXAS SOUTHMOST COLLEGE**

**NET ASSESSED VALUATION**

**LAST 10 FISCAL YEARS**

**(UNAUDITED)**

| <u>Fiscal<br/>Year</u> | <u>Assessed<br/>Valuation</u> | <u>Less:<br/>Exemptions</u> | <u>Net Assessed<br/>Valuation</u> |
|------------------------|-------------------------------|-----------------------------|-----------------------------------|
| 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                     |
| 2000-01                | 5,302,263,192                 | 510,421,568                 | 4,791,841,624                     |

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**TEXAS SOUTHMOST COLLEGE**

**PROPERTY TAX COLLECTED**

**LAST 10 FISCAL YEARS**

**(UNAUDITED)**

| <u>Fiscal<br/>Year</u> | <u>Current Tax<br/>Collections</u> | <u>Delinquent<br/>Collections</u> | <u>Total Tax<br/>Collections</u> |
|------------------------|------------------------------------|-----------------------------------|----------------------------------|
| 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                        |
| 2000-01                | 5,897,883                          | 263,647                           | 6,161,530                        |

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**TEXAS SOUTHMOST COLLEGE**

**STATE APPROPRIATIONS PER FTSE \***

**LAST 10 FISCAL YEARS**

**(UNAUDITED)**

| <u>Fiscal<br/>Year</u> | <u>Appropriations<br/>Per FTSE</u> |
|------------------------|------------------------------------|
| 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                                |
| 2000-01                | 826                                |

\* 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, 2001

**A. Summary of Auditors' Results**

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

**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, 2001**

**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, 2001 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 5, 2001





TEXAS SOUTHMOST COLLEGE

SCHEDULE OF REVENUE COMPARED WITH BUDGET  
GENERAL AND AUXILIARY ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2001

|                                     | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|---------------|---------------|--|
| <b>GENERAL REVENUE:</b>             |               |               |  |
| State Appropriations                |               |               |  |
| Education and general state support | \$ 11,955,891 | \$ 11,953,956 | \$ (1,935)                             |
| Noncourse-based remedial education  | 62,396        | 85,082        | 22,686                                 |
| Total State Appropriations          | 12,018,287    | 12,039,038    | 20,751                                 |
| Tuition and Fees                    |               |               |  |
| Tuition                             | 5,354,130     | 4,816,852     | (537,278)                              |
| Computer access fee                 | 813,195       | 744,305       | (68,890)                               |
| General fees                        | 2,927,502     | 2,705,356     | (222,146)                              |
| Automation fee                      | 554,980       | 535,352       | (19,628)                               |
| Laboratory fee                      | 101,552       | 192,219       | 90,667                                 |
| Student Union fees                  | -             | -             | -                                      |
| Other fees                          | 288,025       | 287,065       | (960)                                  |
| Total Tuition and Fees              | 10,039,384    | 9,281,149     | (758,235)                              |
| Taxes for Current Operations        | 4,407,721     | 4,930,833     | 523,112                                |
| State Grants and Contracts          |               |               |  |
| UTB building lease                  | 1,635,604     | 1,635,604     | -                                      |
| Total State Grants and Contracts    | 1,635,604     | 1,635,604     | -                                      |
| Local Grants and Contracts          |               |               |  |
| Local contracts                     | 275,850       | 383,671       | 107,821                                |
| Total Local Grants and Contracts    | 275,850       | 383,671       | 107,821                                |
| Other Sources                       |               |               |  |
| Interest income                     | 100,000       | 106,622       | 6,622                                  |
| Library income                      | 25,322        | -             | (25,322)                               |
| Child care parent contribution      | 250,000       | 220,198       | (29,802)                               |
| Other income                        | 80,000        | 37,496        | (42,504)                               |
| Total Other Sources                 | 455,322       | 364,316       | (91,006)                               |
| Total General Revenue               | 28,832,168    | 28,634,611    | (197,557)                              |

(continued)

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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, 2001

|  | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------|---------------|--|
| <b>AUXILIARY ENTERPRISES:</b>                            |               |               |  |
| Leases   | 403,500       | 455,742       | 52,242                                 |
| Copier income  | 41,000        | 40,034        | (966)                                  |
| Interest income  | 25,000        | 28,145        | 3,145                                  |
| Health insurance   | 13,500        | 9,086         | (4,414)                                |
| Student service fees                                     | 1,455,074     | 1,353,429     | (101,645)                              |
| Parking fees   | 275,500       | 296,873       | 21,373                                 |
| Total Auxiliary Enterprises<br>Funds Revenue             | 2,213,574     | 2,183,309     | (30,265)                               |
| Total General and Auxiliary<br>Enterprises Funds Revenue | \$ 31,045,742 | \$ 30,817,920 | \$ (227,822)                           |

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TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
GENERAL AND AUXILIARY ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2001

|  | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------|-------------------|--|
| <b>GENERAL EXPENDITURES:</b>                         |                   |                   |  |
| General Administration and Student Services          |                   |                   |  |
| Government of the institution                        | \$ 32,600         | \$ 51,450         | \$ (18,850)                            |
| Executive direction and control                      | -                 | -                 | -                                      |
| Business and fiscal management                       | 477,676           | 203,026           | 274,650                                |
| Student admission and registration                   | -                 | -                 | -                                      |
| Student service                                      | -                 | -                 | -                                      |
| Total General Administration<br>and Student Services | <u>510,276</u>    | <u>254,476</u>    | <u>255,800</u>                         |
| General Institutional Expense                        | -                 | 894,091           | (894,091)                              |
| Staff Benefits:                                      |                   |                   |  |
| Group health insurance premiums                      | 22,157            | 11,981            | 10,176                                 |
| Old age and survivors insurance                      | 16,960            | 14,550            | 2,410                                  |
| Workmen's compensation insurance                     | 1,508             | 1,230             | 278                                    |
| Life insurance premiums                              | 961               | 806               | 155                                    |
| Total Staff Benefits                                 | <u>41,586</u>     | <u>28,567</u>     | <u>13,019</u>                          |
| Resident Instruction:                                |                   |                   |  |
| Subsidy to UTB                                       | -                 | -                 | -                                      |
| Tuition paid to UTB                                  | 6,739,115         | 6,325,689         | 413,426                                |
| Total Resident Instruction                           | <u>6,739,115</u>  | <u>6,325,689</u>  | <u>413,426</u>                         |
| Special Items:                                       |                   |                   |  |
| Carl Perkins vocational grant                        | -                 | -                 | -                                      |
| Transfers to UTB                                     | 20,133,858        | 19,379,622        | 754,236                                |
| Total Special Items                                  | <u>20,133,858</u> | <u>19,379,622</u> | <u>754,236</u>                         |
| Total Education and General Expenditures             | <u>27,424,835</u> | <u>26,882,445</u> | <u>542,390</u>                         |

(continued)

**TEXAS SOUTHMOST COLLEGE**

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

(Continued)

**FOR THE YEAR ENDED AUGUST 31, 2001**

|   | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------|-------------------|--|
| <b>AUXILIARY ENTERPRISES:</b>                                   |                   |                   |  |
| Rancho Del Cielo  | 139,900           | 138,734           | 1,166                                  |
| Rental and supplies for<br>copier                               | 41,000            | 82,343            | (41,343)                               |
| Supplies  | -                 | 24,533            | (24,533)                               |
| Radio station support   | 30,000            | 30,000            | -                                      |
| Canyon del Novillo  | 39,500            | 24,339            | 15,161                                 |
| Gorgas Science Foundation Special                               | -                 | -                 | -                                      |
| Golf Course   | -                 | -                 | -                                      |
| Jacob Brown   | 607,588           | 582,557           | 25,031                                 |
| Young House   | -                 | 20,000            | (20,000)                               |
| Miscellaneous expense   | 5,000             | 34,215            | (29,215)                               |
| Condominium expenses  | 11,000            | 7,429             | 3,571                                  |
| Alonso building project   | -                 | -                 | -                                      |
| St. Charles Street M&O  | -                 | -                 | -                                      |
| Transfer to UTB   | 1,468,574         | 1,365,131         | 103,443                                |
| Total Auxiliary Enterprises                                     | 2,342,562         | 2,309,281         | 33,281                                 |
| <br>Total General and Auxiliary<br>Enterprise Fund Expenditures | <br>29,767,397    | <br>29,191,726    | <br>575,671                            |
| <br><b>REVENUE OVER EXPENDITURES</b>                            | <br>-             | <br>-             | <br>-                                  |
| <br>Total General and Auxiliary<br>Enterprise Funds Revenue     | <br>\$ 31,045,742 | <br>\$ 30,817,920 | <br>\$ (227,822)                       |

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**AUXILIARY ENTERPRISE FUND**



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**TEXAS SOUTHMOST COLLEGE**

**BALANCE SHEET**

**AUXILIARY ENTERPRISE FUND**

**AUGUST 31, 2001**

**ASSETS**

|                         |    |                       |
|-------------------------|----|-----------------------|
| Cash in bank            | \$ | 821,069               |
| Investments             |    | 2,509                 |
| Accounts receivable     |    | 4                     |
| Due from other funds    |    | 4,544                 |
| Due from other agencies |    | <u>9,684</u>          |
| Total Assets            | \$ | <u><u>837,810</u></u> |

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

|                                      |    |               |
|--------------------------------------|----|---------------|
| Accounts payable                     | \$ | 17,000        |
| Accrued compensable absences payable |    | 4,296         |
| Due to other agencies                |    | 79,476        |
| Deferred revenue                     |    | 86,893        |
| Due to other funds                   |    | <u>51,410</u> |

Total Liabilities 239,075

**Fund Balance:**

Unrestricted - Undesignated 598,735

Total Fund Balance 598,735

Total Liabilities and Fund Balance \$ 837,810

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**AUXILIARY ENTERPRISE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 |                   |
|---------------------------------|-------------------|
| Fund Balance, September 1, 2000 | \$ 537,735        |
| Add: Revenue over expenditures  | <u>61,000</u>     |
| Fund Balance, August 31, 2001   | <u>\$ 598,735</u> |

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**TEXAS SOUTHMOST COLLEGE**

**STATEMENT OF REVENUE AND EXPENDITURES**

**AUXILIARY ENTERPRISE FUND**

**FOR THE YEAR ENDED AUGUST 31, 2001**

|   | Rancho Del<br>Cielo | Bookstore,<br>Cafeteria and<br>Auditorium | Other        | Combined<br>Total |
|---|---------------------|---|--------------|-------------------|
| <b>REVENUE</b>                          |                     |   |              |                   |
| Leases                                  | \$ -                | \$ 455,742                                | \$ -         | \$ 455,742        |
| Parking fees                            | -                   | -   | 285,171      | 285,171           |
| Health insurance                        | -                   | -   | 11,702       | 11,702            |
| Student service fee                     | -                   | -   | 1,353,429    | 1,353,429         |
| Copier income                           | -                   | -   | 40,034       | 40,034            |
| Miscellaneous income                    | -                   | -   | 9,086        | 9,086             |
| Interest income                         | -                   | -   | 28,145       | 28,145            |
| Total Revenue                           | -                   | 455,742                                   | 1,727,567    | 2,183,309         |
| <b>EXPENDITURES</b>                     |                     |   |              |                   |
| Direct expenses                         | 138,734             | -   | -            | 138,734           |
| Jacob Brown                             | -                   | -   | 660,414      | 660,414           |
| Rental and supplies for<br>copier       | -                   | -   | 82,343       | 82,343            |
| Supplies                                | -                   | -   | 24,533       | 24,533            |
| Radio station support                   | -                   | -   | 30,000       | 30,000            |
| Canyon del Novillo                      | -                   | -   | 24,339       | 24,339            |
| Young House                             | -                   | -   | 20,000       | 20,000            |
| Miscellaneous expense                   | -                   | -   | 34,215       | 34,215            |
| Condominium expenses                    | -                   | -   | 7,429        | 7,429             |
| Alonso building project                 | -                   | -   | -            | -                 |
| Transfer to other funds                 | -                   | -   | 1,365,131    | 1,365,131         |
| Total Expenditures                      | 138,734             | -   | 2,248,404    | 2,387,138         |
| <b>TRANSFERS-ADDITIONS (DEDUCTIONS)</b> |                     |   |              |                   |
| Non-mandatory transfers                 | -                   | -   | 264,829      | 264,829           |
| Revenue over (under) Expenditures       | \$ (138,734)        | \$ 455,742                                | \$ (256,008) | \$ 61,000         |

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**STUDENT ASSISTANCE FUND**



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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

LOCAL STUDENT ASSISTANCE FUNDS

AUGUST 31, 2001

|                                     | <u>Institutional<br/>Scholarship<br/>Grants</u> |
|-------------------------------------|---|
| <b>ASSETS</b>                       |   |
| Cash in bank                        | \$ 112,143                                      |
| Funds held by state - TPEG          | 100   |
| Due from other funds                | <u>600</u>                                      |
| Total Assets                        | <u>\$ 112,843</u>                               |
| <b>LIABILITIES AND FUND BALANCE</b> |   |
| Liabilities:                        |   |
| Due to other agencies               | <u>\$ 600</u>                                   |
| Total Liabilities                   | <u>600</u>                                      |
| Fund Balance:                       |   |
| Restricted                          | <u>112,243</u>                                  |
| Total Fund Balance                  | <u>112,243</u>                                  |
| Total Liabilities and Fund Balance  | <u>\$ 112,843</u>                               |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**LOCAL STUDENT ASSISTANCE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 | <u>Institutional<br/>Scholarship<br/>Grants</u> |
|---------------------------------|---|
| Fund Balance, September 1, 2000 | \$ 46,931                                       |
| Add: Revenue over expenditures  | <u>65,312</u>                                   |
| Fund Balance, August 31, 2001   | <u>\$ 112,243</u>                               |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**LOCAL STUDENT ASSISTANCE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                            | <u>Institutional<br/>Scholarship<br/>Grants</u> |
|----------------------------|---|
| <b>REVENUE</b>             |   |
| Local grants and contracts | \$ 44,100                                       |
| State grant                | 230,962   |
| Interest income            | <u>1,233</u>                                    |
| Total Revenue              | <u>276,295</u>                                  |
| <b>EXPENDITURES</b>        |   |
| Texas public grant program | 152,653   |
| Local scholarships         | <u>58,330</u>                                   |
| Total Expenditures         | <u>210,983</u>                                  |
| Revenue over expenditures  | <u>\$ 65,312</u>                                |

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# **LOAN FUND**



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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

LOAN FUND

AUGUST 31, 2001

|   | <u>Student<br/>Congress<br/>Loans</u> |
|---|---------------------------------------|
| <b>ASSETS</b>   |                                       |
| Cash  | \$ 29,344                             |
| Loans receivable (net of allowance for<br>bad debts of \$246,294) | <u>169,124</u>                        |
| Total Assets  | <u>\$ 198,468</u>                     |
| <b>LIABILITIES AND FUND BALANCE</b>                               |                                       |
| Liabilities:  |                                       |
| Due to UTB  | \$ <u>-</u>                           |
| Total Liabilities   | <u>-</u>                              |
| Fund Balance:   |                                       |
| Unrestricted - designated   | <u>198,468</u>                        |
| Total Fund Balance  | <u>198,468</u>                        |
| Total Liabilities and Fund Balance                                | <u>\$ 198,468</u>                     |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**LOAN FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 | <u>Student<br/>Congress<br/>Loans</u> |
|---------------------------------|---------------------------------------|
| Fund Balance, September 1, 2000 | \$ 186,937                            |
| Additions:                      |                                       |
| Net change in notes receivable  | 132,797                               |
| Interest income                 | <u>1,059</u>                          |
| Total Additions                 | <u>133,856</u>                        |
| Deductions:                     |                                       |
| Allowance for bad debt          | <u>122,325</u>                        |
| Total Deductions                | <u>122,325</u>                        |
| Fund Balance, August 31, 2001   | <u><u>\$ 198,468</u></u>              |

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# **ENDOWMENT FUND**

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**TEXAS SOUTHMOST COLLEGE**

**BALANCE SHEET**

**ENDOWMENT FUND**

**AUGUST 31, 2001**

|                                     | <u>TSC<br/>Endowment<br/>Fund</u> |
|-------------------------------------|-----------------------------------|
| <b>ASSETS</b>                       |                                   |
| Cash in bank                        | \$ 4,588                          |
| Investments                         | 39,243                            |
| Due from other agencies             | <u>155</u>                        |
| Total Assets                        | <u>\$ 43,986</u>                  |
| <b>LIABILITIES AND FUND BALANCE</b> |                                   |
| Liabilities:                        |                                   |
| Due to TSC Foundation, Inc.         | <u>\$ -</u>                       |
| Total Liabilities                   | <u>-</u>                          |
| Fund Balance:                       |                                   |
| Restricted - term                   | 43,986                            |
| Restricted - Quasi-endowment        | <u>-</u>                          |
| Total Fund Balance                  | <u>43,986</u>                     |
| Total Liabilities and Fund Balance  | <u>\$ 43,986</u>                  |



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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**ENDOWMENT FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|  | <u>TSC</u><br><u>Endowment</u><br><u>Fund</u> |
|--|---|
| Fund Balance, September 1, 2000          | \$ 38,344                                     |
| Additions:                               |   |
| Donations                                | -   |
| Investment income                        | 7,642   |
| Total Additions                          | 7,642   |
| Deductions:                              |   |
| Scholarships                             | 2,000   |
| Unrealized loss on marketable securities | -   |
| Total Deductions                         | 2,000   |
| Fund Balance, August 31, 2001            | \$ 43,986                                     |

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# **PLANT FUNDS**

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

UNEXPENDED FUNDS

AUGUST 31, 2001

|                                     | <u>Improvement<br/>and<br/>Contingency</u> |
|-------------------------------------|--|
| <b>ASSETS</b>                       |  |
| Cash in bank                        | \$ 4,648,481                               |
| Accrued interest                    | 153,616                                    |
| Investments                         | 6,159,726                                  |
| Earnest money deposit               | <u>50,250</u>                              |
| Total Assets                        | <u>\$ 11,012,073</u>                       |
| <b>LIABILITIES AND FUND BALANCE</b> |  |
| Liabilities:                        |  |
| Accounts payable                    | \$ -                                       |
| Due to other funds                  | 140  |
| Bonds payable                       | <u>8,885,000</u>                           |
| Total Liabilities                   | <u>8,885,140</u>                           |
| Fund Balance:                       |  |
| Designated - Capital Projects       | <u>2,126,933</u>                           |
| Total Fund Balance                  | <u>2,126,933</u>                           |
| Total Liabilities and Fund Balance  | <u>\$ 11,012,073</u>                       |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**UNEXPENDED FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 | <u>Improvement<br/>and<br/>Contingency</u> |
|---------------------------------|--|
| Fund Balance, September 1, 2000 | \$ 4,629,496                               |
| Additions:                      |  |
| Investment income               | 718,280                                    |
| Net decrease in bonds payable   | 140,000                                    |
| Transfers in-general fund       | 1,288,103                                  |
| Total additions                 | <u>2,146,383</u>                           |
| Deductions:                     |  |
| Capital outlay                  | 4,648,946                                  |
| Net increase in bonds payable   | -  |
| Total deductions                | <u>4,648,946</u>                           |
| Fund Balance, August 31, 2001   | <u><u>\$ 2,126,933</u></u>                 |



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**TEXAS SOUTHMOST COLLEGE**

**COMBINING BALANCE SHEET**

**RENEWALS AND REPLACEMENT**

**AUGUST 31, 2001**

|                                     | Restricted<br>Major<br>Restoration | Restricted<br>Parking | Capital<br>Expansion | Total        |
|-------------------------------------|------------------------------------|-----------------------|----------------------|--------------|
| <b>ASSETS</b>                       |                                    |                       |                      |              |
| Cash in bank                        | \$ 1,225,077                       | \$ 999,242            | \$ 1,714             | \$ 2,226,033 |
| Investments                         | 2,563                              | -                     | 494                  | 3,057        |
| Due from other funds                | -                                  | 24,977                | 9,600                | 34,577       |
|                                     | \$ 1,227,640                       | \$ 1,024,219          | \$ 11,808            | \$ 2,263,667 |
| <b>LIABILITIES AND FUND BALANCE</b> |                                    |                       |                      |              |
| <b>Liabilities</b>                  |                                    |                       |                      |              |
| Due to other agencies               | \$ -                               | \$ -                  | \$ 16                | \$ 16        |
|                                     | -                                  | -                     | 16                   | 16           |
| <b>Fund Balance</b>                 |                                    |                       |                      |              |
| Unrestricted                        | 1,227,640                          | 1,024,219             | 11,792               | 2,263,651    |
|                                     | -                                  |                       |                      |              |
| Total Fund Balance                  | 1,227,640                          | 1,024,219             | 11,792               | 2,263,651    |
|                                     | \$ 1,227,640                       | \$ 1,024,219          | \$ 11,808            | \$ 2,263,667 |

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**TEXAS SOUTHMOST COLLEGE**

**COMBINING STATEMENT OF CHANGES IN FUND BALANCE**

**RENEWALS AND REPLACEMENT**

**FOR THE YEAR ENDED AUGUST 31, 2001**

|  | Restricted<br>Major<br>Restoration | Restricted<br>Parking | Capital<br>Expansion | Total        |
|--|------------------------------------|-----------------------|----------------------|--------------|
| Fund Balance, September 1, 2000          | \$ 1,927,876                       | \$ 743,413            | \$ (2,833)           | \$ 2,668,456 |
| Additions:                               |                                    |                       |                      |              |
| Transfer in-restricted major restoration | -                                  | -                     | 780,000              | 780,000      |
| Transfer in-auxiliary fund               | -                                  | 285,171               | -                    | 285,171      |
| Investment income                        | 79,764                             | 16,461                | 1,571                | 97,796       |
| Total additions                          | 79,764                             | 301,632               | 781,571              | 1,162,967    |
| Deductions:                              |                                    |                       |                      |              |
| Transfer to capital expansion            | 780,000                            | -                     | -                    | 780,000      |
| Repairs                                  | -                                  | 20,599                | 766,946              | 787,545      |
| Capital outlay                           | -                                  | 227                   | -                    | 227          |
| Total deductions                         | 780,000                            | 20,826                | 766,946              | 1,567,772    |
| Fund Balance, August 31, 2001            | \$ 1,227,640                       | \$ 1,024,219          | \$ 11,792            | \$ 2,263,651 |

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**TEXAS SOUTHMOST COLLEGE**

**COMBINING BALANCE SHEET**

**RETIREMENT OF INDEBTEDNESS**

**AUGUST 31, 2001**

|                                     | Debt<br>Service | 87/88<br>Tax Dept.<br>Service | Student<br>Union Bldg. | Total        |
|-------------------------------------|-----------------|-------------------------------|------------------------|--------------|
| <b>ASSETS</b>                       |                 |                               |                        |              |
| Cash in bank                        | \$ 166,732      | \$ 50,164                     | \$ 907,200             | \$ 1,124,096 |
| Accounts receivable                 | -               | -                             | 39                     | 39           |
| Taxes receivable                    | -               | 203,013                       | -                      | 203,013      |
| Allowance for bad debts             | -               | (10,151)                      | -                      | (10,151)     |
|                                     |                 |                               |                        |              |
| Total Assets                        | \$ 166,732      | \$ 243,026                    | \$ 907,239             | \$ 1,316,997 |
| <b>LIABILITIES AND FUND BALANCE</b> |                 |                               |                        |              |
| <b>Liabilities</b>                  |                 |                               |                        |              |
| Deferred tax revenue                | \$ -            | \$ 192,862                    | \$ 178,756             | \$ 371,618   |
|                                     |                 |                               |                        |              |
| Total Liabilities                   | -               | 192,862                       | 178,756                | 371,618      |
| <b>Fund Balance</b>                 |                 |                               |                        |              |
| Restricted                          | 166,732         | 50,164                        | 728,483                | 945,379      |
|                                     |                 |                               |                        |              |
| Total Fund Balance                  | 166,732         | 50,164                        | 728,483                | 945,379      |
| Total Liabilities and Fund Balance  | \$ 166,732      | \$ 243,026                    | \$ 907,239             | \$ 1,316,997 |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**RETIREMENT OF INDEBTEDNESS**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 | Debt<br>Service   | 87/88<br>Tax Dept.<br>Service | Student<br>Union Bldg. | Total             |
|---------------------------------|-------------------|-------------------------------|------------------------|-------------------|
| Fund Balance, September 1, 2000 | \$ 160,718        | \$ 30,391                     | \$ 554,338             | \$ 745,447        |
| Additions:                      |                   |                               |                        |                   |
| Ad valorem tax                  | -                 | 1,242,432                     | -                      | 1,242,432         |
| Investment income               | 6,014             | 7,777                         | 19,663                 | 33,454            |
| Transfer in                     | -                 | -                             | 796,863                | 796,863           |
| Total additions                 | <u>6,014</u>      | <u>1,250,209</u>              | <u>816,526</u>         | <u>2,072,749</u>  |
| Deductions:                     |                   |                               |                        |                   |
| Retirement of indebtedness      | -                 | 960,000                       | 140,000                | 1,100,000         |
| Interest on indebtedness        | -                 | 269,720                       | 502,381                | 772,101           |
| Other                           | -                 | 716                           | -                      | 716               |
| Total deductions                | <u>-</u>          | <u>1,230,436</u>              | <u>642,381</u>         | <u>1,872,817</u>  |
| Fund Balance, August 31, 2001   | <u>\$ 166,732</u> | <u>\$ 50,164</u>              | <u>\$ 728,483</u>      | <u>\$ 945,379</u> |



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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

INVESTMENT IN PLANT

AUGUST 31, 2001

|  | <u>General<br/>Fixed Assets<br/>Fund</u> |
|--|--|
| <b>ASSETS</b>  |  |
| Land, Buildings and Equipment:                       |  |
| Land   | \$ 2,204,539                             |
| Land - appraisal increase                            | 817,500                                  |
| Site improvements                                    | 5,890,705                                |
| Buildings and improvements                           | 31,745,546                               |
| Machinery, equipment, furniture<br>and library books | 16,691,480                               |
| Assets held in trust                                 | 351,064                                  |
| Construction in progress                             | 4,723,791                                |
| Amounts to be provided                               | <u>623,560</u>                           |
| Total Land, Buildings and Equipment                  | <u>63,048,185</u>                        |
| <br>Total Assets                                     | <br><u>\$ 63,048,185</u>                 |
| <b>LIABILITIES AND NET INVESTMENT IN PLANT</b>       |  |
| Liabilities:   |  |
| Accrued interest payable                             | \$ 623,560                               |
| Bonds payable  | <u>5,374,999</u>                         |
| Total Liabilities                                    | <br><u>5,998,559</u>                     |
| <br>Net Investment in Plant                          | <br><u>57,049,626</u>                    |
| <br>Total Liabilities and Net Investment in Plant    | <br><u>\$ 63,048,185</u>                 |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**INVESTMENT IN PLANT**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 | <u>General<br/>Fixed Assets<br/>Fund</u> |
|---------------------------------|--|
| Fund Balance, September 1, 2000 | \$ 49,292,762                            |
| Additions:                      |  |
| Reduction in long-term debt     | 960,000                                  |
| Increase in work-in-process     | 2,763,733                                |
| Purchases and additions         | <u>4,033,131</u>                         |
| Total additions                 | <u>7,756,864</u>                         |
| Deductions:                     |  |
| Decrease in assets              | -  |
| Decrease in work-in-process     | <u>-</u>                                 |
| Total deductions                | <u>-</u>                                 |
| Fund Balance, August 31, 2001   | <u><u>\$ 57,049,626</u></u>              |

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**TEXAS SOUTHMOST COLLEGE**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**INVESTMENT IN PLANT**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

| <b>BUILDINGS</b>                       | Balance<br>8/31/00 | Purchased/<br>Additions | Retirements | Balance<br>8/31/01 |
|--|--------------------|-------------------------|-------------|--------------------|
| Auto body building                     | \$ 87,621          | \$ -                    | \$ -        | \$ 87,621          |
| Allied health                          | 698,407            | -                       | -           | 698,407            |
| New Bookstore                          | 255,259            | 1,738,005               | -           | 1,993,264          |
| Tandy Hall I                           | 1,333,201          | -                       | -           | 1,333,201          |
| Tandy Hall II                          | 2,284,741          | -                       | -           | 2,284,741          |
| A. A. Champion                         | 100,209            | -                       | -           | 100,209            |
| Gymnasium/Tennis courts                | 829,819            | 88,653                  | -           | 918,472            |
| Business services                      | 5,565              | -                       | -           | 5,565              |
| Student Center                         | 944,335            | -                       | -           | 944,335            |
| Library                                | 4,232,405          | -                       | -           | 4,232,405          |
| Rusteberg                              | 939,020            | -                       | -           | 939,020            |
| Gomez-Farias Project                   | 5,063              | -                       | -           | 5,063              |
| Eidman Science-Math Building           | 875,315            | 36,560                  | -           | 911,875            |
| Gorgas Hall improvements               | 1,835,241          | 5,547                   | -           | 1,840,788          |
| 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                       | 536,292            | 21,938                  | -           | 558,230            |
| 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.)      | 326,023            | -                       | -           | 326,023            |
| Security First Aid (Carpet)            | 888                | -                       | -           | 888                |
| Continuing education (American Legion) | 78,367             | -                       | -           | 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 Memorial Center            | 2,682,350          | 26,223                  | -           | 2,708,573          |
| Parking lot                            | 15,126             | -                       | -           | 15,126             |
| Duffey Plaza                           | 20,000             | 1,238,280               | -           | 1,258,280          |
| Old Bookstore                          | -                  | 180,678                 | -           | 180,678            |
| Young House                            | -                  | 493,023                 | -           | 493,023            |
| North & South Buildings (AC)           | 153,564            | -                       | -           | 153,564            |
| Fuel Storage Tank                      | 18,430             | -                       | -           | 18,430             |
| <b>Total Buildings</b>                 | <b>27,916,639</b>  | <b>3,828,907</b>        | <b>-</b>    | <b>31,745,546</b>  |

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**TEXAS SOUTHMOST COLLEGE**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**INVESTMENT IN PLANT**  
**(Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|   | Balance<br>8/31/00   | Purchased/<br>Additions | Retirements | Balance<br>8/31/01   |
|---|----------------------|-------------------------|-------------|----------------------|
| <b>LAND</b>   |                      |                         |             |                      |
| 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,<br>Paredes Subdivision             | 31,093               | -                       | -           | 31,093               |
| Land - Fort Brown Villas                                  | 119,056              | -                       | -           | 119,056              |
| Land - Lot 5, Block 6,<br>Paredes Subdivision             | 31,977               | -                       | -           | 31,977               |
| Land - Esparza Property                                   | -                    | 26,736                  | -           | 26,736               |
| Land - Lot 7, Block 32,<br>Original townsite              | 39,277               | -                       | -           | 39,277               |
| Total Land  | <u>2,995,303</u>     | <u>26,736</u>           | <u>-</u>    | <u>3,022,039</u>     |
| <b>SITE IMPROVEMENTS</b>                                  |                      |                         |             |                      |
| Landscaping - T.S.C.                                      | 16,168               | -                       | -           | 16,168               |
| Landscaping - S.P.I.                                      | 3,395                | -                       | -           | 3,395                |
| Paving  | 392,615              | 20,000                  | -           | 412,615              |
| 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>20,000</u>           | <u>-</u>    | <u>5,890,705</u>     |
| <b>MACHINERY, EQUIPMENT,<br/>FURNITURE &amp; FIXTURES</b> |                      |                         |             |                      |
| Furniture and Fixtures                                    | 8,111,753            | 157,488                 | -           | 8,269,241            |
| Library Books   | 8,422,239            | -                       | -           | 8,422,239            |
| Total Machinery, Equipment,<br>Furniture & Fixtures       | <u>16,533,992</u>    | <u>157,488</u>          | <u>-</u>    | <u>16,691,480</u>    |
| Total General Fixed Assets                                | <u>\$ 53,316,639</u> | <u>\$ 4,033,131</u>     | <u>\$ -</u> | <u>\$ 57,349,770</u> |



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## **AGENCY FUND**

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**TEXAS SOUTHMOST COLLEGE**

**BALANCE SHEET**

**AGENCY FUND**

**AUGUST 31, 2001**

|                                     | <u>Alumni<br/>Fund</u> |
|-------------------------------------|------------------------|
| <b>ASSETS</b>                       |                        |
| Cash in bank                        | \$ <u>8,586</u>        |
| Total Assets                        | \$ <u><u>8,586</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                        |
| Liabilities:                        |                        |
| Funds held in custody for others    | \$ <u>8,303</u>        |
| Total liabilities                   | <u>8,303</u>           |
| Fund Balance:                       |                        |
| Unrestricted                        | <u>283</u>             |
| Total Fund Balance                  | <u>283</u>             |
| Total Liabilities and Fund Balance  | \$ <u><u>8,586</u></u> |

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**TEXAS SOUTHMOST COLLEGE**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
**AGENCY FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2001**

|                                 | <u>Alumni<br/>Fund</u> |
|---------------------------------|------------------------|
| Fund Balance, September 1, 2000 | \$ -                   |
| Additions:                      |                        |
| Investment income               | 283                    |
| Total additions                 | <u>283</u>             |
| Deductions:                     |                        |
| Disbursements                   | -                      |
| Transfer to other funds         | -                      |
| Total deductions                | <u>-</u>               |
| Fund Balance, August 31, 2001   | <u>\$ 283</u>          |

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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>        |
|--------------------|---------------------|---------------------|---------------------|
| 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>\$ 5,374,999</u> | <u>\$ 2,194,422</u> | <u>\$ 7,569,421</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>         |
|--------------------|---------------------|---------------------|----------------------|
| 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               | <u>655,000</u>      | <u>39,300</u>       | <u>694,300</u>       |
| Totals             | <u>\$ 8,885,000</u> | <u>\$ 7,673,900</u> | <u>\$ 16,558,900</u> |

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

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