



TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 1994

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AUGUST 31, 1994

TEXAS SOUTHMOST COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year 1993 - 1994

Board of Trustees

Officers

Mary Rose Cardenas	Chairperson
Praxedis Orive, Jr.	Vice-Chairperson
Chester Gonzalez	Secretary

Members

		Term Expires
Mary Rose Cardenas	Brownsville, Texas	May, 1996
Praxedis Orive, Jr.	Brownsville, Texas	May, 1998
Anthony Carnesi, Jr.	Brownsville, Texas	May, 2000
Dr. Joseph Zavaletta	Brownsville, Texas	May, 1998
Chester Gonzalez	Brownsville, Texas	May, 1998
Leon Belila	Brownsville, Texas	May, 1996
David Oliveira	Brownsville, Texas	May, 2000

Principal Administrative Officers

Michael Putegnat
Hector H. Garcia

Executive Director/Secretary
Controller

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AUGUST 31, 1994

TABLE OF CONTENTS

	<u>Page No.</u>
FINANCIAL SECTION	
Report of Independent Certified Public Accountants	1
Financial Statements	
Balance Sheet - Exhibit A	2 - 5
Statement of Changes in Fund Balances - Exhibit B	6 - 7
Statement of Current Funds Revenues, Expenditures, and Other Changes - Exhibit C	9
Notes to the Financial Statements	11 - 24
Report on Compliance Based on an Audit of General-Purpose Financial Statements Performed in Accordance With Government Auditing Standards	25
Report on the Internal Control Structure Based on an Audit of General-Purpose Financial Statements Performed in Accordance With Government Auditing Standards	26 - 27
Schedules	
Schedule A-1 Schedule of Cash, Cash Equivalents and Short-term Investments	28 - 29
Schedule A-2 Schedule of Long-Term Investments by Fund Group	30 - 31
Schedule C-1 Statement of Current Fund Revenues	33
Exhibit C-2 Statement of Current Funds Expenditures by Object	35
Exhibit C-3 Schedule of Educational and General Expenditures (excludes auxiliary enterprises) summarized by Elements of Institutional Costs.	37
Schedule C-4 Schedule of District Taxes	39
Schedule D-1 Bonds Payable and Debt Service Requirements	40 - 41
Schedule D-2 Schedule of Pledged Revenues and Fund Balances for Revenue Bonds Outstanding	42 - 43

SINGLE AUDIT SECTION

Report on Supplementary Schedule of Federal Financial Assistance	45
Schedule of Federal Financial Assistance - Schedule D-3	46 - 47
Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	48 - 50
Single Audit Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs	51
Single Audit Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs	52
Single Audit Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	53
Schedule of Findings and Questioned Costs	54 - 56
Status of Corrective Actions on Prior Year Findings	57 - 61

SUPPLEMENTARY INFORMATION SECTION

Report of Independent Certified Public Accountants on Supplementary Information	63
Exhibit C Statement of Current Funds Revenues, Expenditures and Other Changes	64
Exhibit C-2 Statement of Current Funds Expenditures by Object	65
Exhibit C-3 Schedule of Educational and General Expenditures (Excludes Auxiliary Enterprises) Summarizes by Elements of Institutional Costs	66
Schedule of Revenues Compared with Budget - General and Auxiliary Enterprise Funds	67
Schedule of Expenditures Compared with Budget - General and Auxiliary Enterprise Funds	68 - 69
Auxiliary Enterprise Fund Balance Sheet	71
Statement of Changes in Fund Balance	72
Statement of Revenues and Expenditures	73
Student Assistance Funds Combining Balance Sheet	75
Combining Statement of Changes in Fund Balance	76
Combining Statement of Revenues and Expenditures	77

	<u>Page No.</u>
Loan Funds	
Combining Balance Sheet	79
Combining Statement of Changes in Fund Balance	80
Endowment Funds	
Combining Balance Sheets	82
Combining Statement of Changes in Fund Balances	83
Plant Funds	
Balance Sheet - Unexpended Funds	85
Statement of Changes in Fund Balance - Unexpended Funds	86
Balance Sheet - Renewals and Replacements	87
Statement of Changes in Fund Balance - Renewals and Replacements	88
Combining Balance Sheets - Retirement of Indebted - ness	89
Combining Statement of Changes in Fund Balances - Retirement of Indebtedness	90
Balance Sheet - Investment in Plant	91
Statement of Changes in Fund Balance - Investment in Plant	92
Schedule of General Fixed Assets	93 - 94
Agency Funds	
Combining Balance Sheets	96
Combining Statement of Changes in Fund Balances	97
Bond Schedules	
Board of Trustees of Southmost Union Junior College District - Building Revenue Bonds - Series 1970	99 - 100
Board of Trustees of Southmost Union Junior College District - Building Revenue Bonds - Series 1975-A	101
Southmost Union Junior College District - School Building Tax Bonds - Series 1987 and Series 1988	102

FINANCIAL SECTION



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Texas Southmost College

We have audited the accompanying general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, as listed in the table of contents. These general-purpose financial statements are the responsibility of Texas Southmost College management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Texas Southmost College, as of August 31, 1994, in conformity with generally accepted accounting principles.

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

Brownsville, Texas
November 11, 1994

TEXAS SOUTHMOST COLLEGE

EXHIBIT A

BALANCE SHEET

August 31, 1994

With Memorandum Totals At August 31, 1993

CURRENT FUNDS

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>	<u>Total</u>	<u>Loan Funds</u>
ASSETS					
Cash and Cash Equivalents (Sch. A-1)	\$2,467,702	\$ 311,795	\$ 106,404	\$2,885,901	\$ 26,937
Short-Term Investments (Sch. A-1)	1,500,000			1,500,000	
Balance in State Appropriations					
Accounts Receivable (net of allowance for doubtful accounts of \$246,986 at August 31, 1994)	382,045	30,129	424,222	836,396	76,601
Taxes Receivable (net of allowance for doubtful accounts of \$17,779 and \$14,981 at August 31, 1994 and 1993)	359,719			359,719	
Due From Other Funds	71,302			71,302	10,476
Investments (Sch. A-2)					
Accrued Interest Receivable	5,313			5,313	
Prepaid Expenses	148,060			148,060	
Deferred Charges	859,476			859,476	
Federal Receivables					
Deposits					
Notes Receivable (net of allowance for doubtful accounts of \$64,926)					7,534
Bond Proceeds Receivable					
Consumable Inventories	1,485			1,485	
Inventories, for resale					
Land					
Buildings					
Equipment					
Library Books					
Museums and Art Collections					
Leasehold Improvements					
Assets Held in Trust					
Construction in Progress					
Amounts to be Provided					
Total Assets	<u>\$ 5,795,102</u>	<u>\$ 341,924</u>	<u>\$ 530,626</u>	<u>\$ 6,667,652</u>	<u>\$ 121,548</u>

Endowment and Similar Funds	PLANT FUNDS				TOTALS MEMORANDUM ONLY		
	Unexpended	Renewals and Replaces- ments	Retirement of Indebt- edness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$ 13,727	\$1,429,122	\$ 334,231	\$ 485,206	\$	\$ 6,731	\$ 5,181,855 1,500,000	\$ 748,270 3,964,866
103			6,887			919,987	103,459
			216,473			576,192	484,406
24,775						81,778	621,236
111	6,638					24,775	3,851,420
						12,062	52,091
						148,060	20,783
						859,476	1,698,166
		50,000					337,852
						50,000	50,500
						7,534	28,843
						1,485	
				1,540,606		1,540,606	1,132,875
				21,863,492		21,863,492	21,623,458
				8,462,854		8,462,854	8,381,666
				6,787,053		6,787,053	14,088,511
				5,773,801		5,773,801	
				351,064		351,064	351,064
				116,650		116,650	228,979
				481,186		481,186	
<u>\$ 38,716</u>	<u>\$ 1,435,760</u>	<u>\$ 384,231</u>	<u>\$ 708,566</u>	<u>\$45,376,706</u>	<u>\$ 6,731</u>	<u>\$54,739,910</u>	<u>\$63,645,229</u>

TEXAS SOUTHMOST COLLEGE

Exhibit A

BALANCE SHEET - CONTINUED

August 31, 1994

With Memorandum Totals At August 31, 1993

CURRENT FUNDS

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>	<u>Total</u>	<u>Loan Funds</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 117,253	\$	\$ 452,062	\$ 569,315	\$
Accrued Liabilities					
Deposits Payable	100			100	
Due To Other Funds	10,476		71,302	81,778	
Due To Other Agencies					
Deferred Revenues	1,846,946			1,846,946	
Accrued Compensable Absences Payable	14,398			14,398	
Annuities Payable					
Bonds Payable					
Notes and Loans Payable					
Lease-Purchase Agreements Payable					
Funds Held in Custody for Others					
Total Liabilities	<u>1,989,173</u>	<u></u>	<u>523,364</u>	<u>2,512,537</u>	<u></u>
Fund Balance:					
Unrestricted					
Reserved	\$	\$	\$	\$	\$
Encumbrances					
Accounts Receivable	383,530	30,129		413,659	
Goods for Resale Inventory					
Prepaid Expenses	148,060			148,060	
Unreserved					
Designated					
Future Operating Budget(s)					
Capital Projects					
College Loan Funds					84,388
Undesignated	3,274,339	311,795		3,586,134	
Restricted					
Encumbrances					
Other			7,262	7,262	
U.S. Government Grants Refundable					
Institutional Matching Funds					37,160
Net Investment in Plant					
Total Fund Balances (Exh. B)	<u>3,805,929</u>	<u>341,924</u>	<u>7,262</u>	<u>4,155,115</u>	<u>121,548</u>
Total Liabilities and Fund Balances	<u>\$ 5,795,102</u>	<u>\$ 341,924</u>	<u>\$ 530,626</u>	<u>\$ 6,667,652</u>	<u>\$ 121,548</u>

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

Endowment and Similar Funds	PLANT FUNDS				Agency Funds	TOTALS MEMORANDUM ONLY	
	Unexpended	Renewals and Replaces- ments	Retirement of Indebt- edness	Investment in Plant		Current Year	Prior Year
\$ 11,067	\$	\$ 140,842	\$	\$ 481,186	\$	\$ 721,224	\$ 89,317
						481,186	
						100	100
						81,778	621,236
			216,473			2,063,419	852,140
						14,398	1,567,439
				11,374,999		11,374,999	11,975,000
				20,576		20,576	138,450
<u>11,067</u>	<u></u>	<u>140,842</u>	<u>216,473</u>	<u>11,876,761</u>	<u>6,731</u>	<u>6,731</u>	<u>15,243,682</u>
						413,659	93,043
						148,060	20,783
	1,435,760	243,389				1,679,149	118,480
						84,388	132,128
						3,586,134	4,048,895
27,649			492,093			527,004	4,577,653
				33,499,945		37,160	
<u>27,649</u>	<u>1,435,760</u>	<u>243,389</u>	<u>492,093</u>	<u>33,499,945</u>	<u></u>	<u>33,499,945</u>	<u>39,410,565</u>
						<u>39,975,499</u>	<u>48,401,547</u>
<u>\$ 38,716</u>	<u>\$ 1,435,760</u>	<u>\$ 384,231</u>	<u>\$ 708,566</u>	<u>\$45,376,706</u>	<u>\$ 6,731</u>	<u>\$54,739,910</u>	<u>\$63,645,229</u>

TEXAS SOUTHMOST COLLEGE

Exhibit B

STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 1994
With Memorandum Totals For the Year Ended August 31, 1993

CURRENT FUNDS

	Unrestricted	Auxiliary Enterprises	Restricted	Total	Loan Funds
REVENUES AND OTHER ADDITIONS					
Unrestricted Current Funds Revenue (Exh. C)	\$20,820,554	\$ 2,144,710	\$	\$22,965,264	\$
State Appropriations - Restricted			21,263	21,263	
Federal Grants and Contracts			1,395,351	1,395,351	
State Grants and Contracts			215,330	215,330	
Local Gifts, Grants and Contracts			534,476	534,476	
Private Gifts, Grants and Contracts					
Investment Income/Endowment Income					253
Realized Gains on Investments					
Interest on Loan Receivable					
U.S. Government Advances					
Net Change in Bonds Payable					
Net Change in Notes Payable					
Expended for Plant Facilities (Includes \$148,523 Charged to Current Funds Expenditures)					
Other Revenues					
Excess Expenditures by UTB		59,891		59,891	
Other Additions					2,052
Total Revenues and Other Additions	<u>\$20,820,554</u>	<u>\$ 2,204,601</u>	<u>\$ 2,166,420</u>	<u>\$25,191,575</u>	<u>\$ 2,305</u>
EXPENDITURES AND OTHER DEDUCTIONS					
Expenditures (Exh. C)	20,768,197	843,051	7,459,913	29,071,161	
Expended for Plant Facilities					
Lapsed Appropriations					
Indirect Costs Recovered					
Refunded to Grantors					
Loan Cancellations and Write Offs					23,361
Administrative and Collection Costs					
Retirement of Indebtedness - Bonds					
Interest on Indebtedness					
Net Realized Losses on Investments					
Disposal of Plant Facilities					
Other Deductions					
Transfers to Revenue			100,174	100,174	
Total Expenditures and Other Deductions	<u>\$20,768,197</u>	<u>\$ 843,051</u>	<u>\$ 7,560,087</u>	<u>\$29,171,335</u>	<u>\$ 23,361</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS)					
Mandatory Transfers					
Retirement of Indebtedness					
Building Use Fees					
Tuition					
Operations					
Loan Fund Matching/Grant Matching			(37,017)	(37,017)	10,476
Scholarships/Grants by UTB	611,405		5,332,506	5,943,911	
Other					
Non-Mandatory Transfers	(839,299)	(1,294,780)		(2,134,079)	
Total Transfers - Additions (Deductions)	<u>(227,894)</u>	<u>(1,294,780)</u>	<u>5,295,489</u>	<u>3,772,815</u>	<u>10,476</u>
NET INCREASE/(DECREASE) FOR THE FISCAL YEAR	<u>(175,537)</u>	<u>66,770</u>	<u>(98,178)</u>	<u>(206,945)</u>	<u>(10,580)</u>
FUND BALANCES, September 1, 1993:	\$ 3,874,933	\$ 274,661	\$ 105,725	\$ 4,255,319	\$ 132,128
Restatements (Prior Period Adjustments)	106,533	493	(285)	106,741	
FUND BALANCES September 1, 1993 - Restated	<u>3,981,466</u>	<u>275,154</u>	<u>105,440</u>	<u>4,362,060</u>	<u>132,128</u>
FUND BALANCES, August 31, 1994	<u>\$ 3,805,929</u>	<u>\$ 341,924</u>	<u>\$ 7,262</u>	<u>\$ 4,155,115</u>	<u>\$ 121,548</u>

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

Endowment and Similar Funds	PLANT FUNDS				TOTALS MEMORANDUM ONLY		
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$	\$	\$	\$	\$	\$	\$ 22,965,264	\$ 20,512,627
			19,954			21,263	18,216
						1,415,305	1,155,490
						215,330	
						534,476	128,811
70						70	7,895
54,511	14,490	9,465	15,313			94,032	123,922
				600,000		600,000	650,098
				117,875		117,875	
				672,963		672,963	483,232
							1,297,288
		31	1,906,221			59,891	
\$ 54,581	\$ 14,490	\$ 9,496	\$ 1,941,488	\$ 1,390,838		1,908,304	3,800,508
						\$28,604,773	\$28,178,087
4,554		904,737				29,075,715	20,585,943
						904,737	356,192
							2,855
						23,361	
			600,000			600,000	550,000
11,845			682,494			682,494	845,543
						11,845	
			388,293	7,301,458		7,689,751	2,531
\$ 16,399	\$	\$ 904,737	\$ 1,670,787	\$	\$ 7,301,458	100,174	129,390
						\$39,088,077	\$22,472,454
						(26,541)	
						5,943,911	
(3,953,729)	1,397,487	1,043,933	(307,340)			(3,966,855)	
(3,953,759)	1,397,487	1,043,933	(307,340)			1,950,515	
(3,915,547)	1,411,977	148,692	(36,639)	(5,910,620)	(13,127)	(8,532,789)	5,705,633
\$ 3,943,196	\$ 23,783	\$ 94,697	\$ 528,732	\$39,410,565	\$ 13,127	\$48,401,547	\$42,687,810
						106,741	8,104
3,943,196	23,783	94,697	528,732	39,410,565	13,127	48,508,288	42,695,914
\$ 27,649	\$1,435,760	\$ 243,389	\$ 492,093	\$33,499,945	\$ -	\$39,975,499	\$48,401,547

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS SOUTHMOST COLLEGE

Exhibit C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

For the Year Ended August 31, 1994
With Memorandum Totals For the Year Ended August 31, 1993

	Unrestricted	Auxiliary Enterprises	Total Unrestricted	Restricted	TOTALS MEMORANDUM ONLY	
					Current Year	Prior Year
REVENUES						
State Appropriations - General Revenue	\$10,638,920	\$ -	\$10,638,920	\$ 21,263	\$10,660,183	\$ 8,751,624
Tuition and Fees (Net of TPEG \$114,025)	5,778,218	1,489,862	7,268,080	-	7,268,080	6,142,801
Taxes for Current Operation	1,879,907	-	1,879,907	-	1,879,907	1,873,869
Federal Grants and Contracts	-	-	-	1,395,351	1,395,351	1,135,536
State Grants and Contracts	1,917,089	-	1,917,089	215,330	2,132,419	1,928,381
Local Grants and Contracts	199,340	423,796	623,136	534,476	1,157,612	1,092,792
Private Gifts, Grants and Contracts	-	-	-	-	-	-
Investment Income	172,190	-	172,190	-	172,190	-
Sales & Service of Educational Activities	-	212,302	212,302	-	212,302	-
Sales & Service of Auxiliary Enterprises	-	-	-	-	-	198,235
Other Sources	-	-	-	-	-	388,358
Other Interest Income	-	9,379	9,379	-	9,379	154,783
Other Gains/Losses on Investments	-	9,371	9,371	-	9,371	-
Miss Income	234,890	-	234,890	-	234,890	-
Total Current Funds Revenues	20,820,554	2,144,710	22,965,264	2,166,420	25,131,684	21,666,379
	(Exh. B)	(Exh. B)				
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational and General						
Instruction	-	-	-	132,148	132,148	-
Research	-	-	-	-	-	-
Public Service	-	-	-	-	-	-
Academic Support	-	-	-	-	-	-
Student Services	-	-	-	-	-	-
Institutional Support	664,603	-	664,603	21,263	685,866	847,045
Operation and Maintenance of Plant	-	-	-	-	-	390,270
Scholarships and Fellowships	-	-	-	178,313	178,313	170,732
Transfers to UTB	20,103,594	-	20,103,594	7,128,189	27,231,783	19,017,109
Total Educational and General Expenditures	20,768,197	-	20,768,197	7,459,913	28,228,110	20,425,156
Auxiliary Enterprise						
Expenditures	-	164,282	164,282	-	164,282	159,212
Transfers to UTB	-	678,769	678,769	-	678,769	-
	-	843,051	843,051	-	843,051	159,212
Mandatory Transfers for:						
Principal and interest	-	-	-	-	-	-
Renewals and replacements	-	-	-	-	-	-
Loan fund Matching/Grant Matching	-	-	-	37,017	37,017	-
Non-mandatory transfers	839,299	1,294,780	2,134,079	-	2,134,079	(176,067)
Total expenditures and transfers	21,607,496	2,137,831	23,745,327	7,496,930	31,242,257	20,681,218
Other transfers and additions/(deductions):						
Non-mandatory transfers	-	-	-	-	-	-
Federal Scholarships/Grants by UTB	611,405	-	611,405	5,332,506	5,943,911	-
Excess of restricted receipts over transfers to revenues	-	-	-	(1,996)	(1,996)	-
Excess expenditures by UTB	-	59,891	59,891	-	59,891	(3,316)
Refunded to grantors	-	-	-	-	-	-
Unrestricted gifts allocated to other funds	-	-	-	-	-	-
Portion of funds functioning as endowment gains appropriated	-	-	-	-	-	-
Net increase (decrease) in fund balances	\$ (175,537)	\$ 66,770	\$ (108,767)	\$ -	\$ (108,767)	\$ 981,845

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

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS

August 31, 1994

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 Public 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 recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

2. **Summary of Significant Accounting Policies**

Report Guidelines

The significant accounting policies followed by TSC 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 GASB statements, the AICPA Industry Audit Guide, *Audits of Colleges and Universities*, 1973 as amended by AICPA Statement of Position (SOB) 74-8, and *Financial Accounting and Reporting Manual for Higher Education*, 1990 edition as published by NACUBO and are enumerated in the following paragraphs.

Basis of Accounting

The financial statements of Texas Southmost College have been prepared on accrual basis except depreciation expenses related to plant fund assets is not recorded. The statement of current funds revenues and expenditures is a statement of financial activities of current funds related to the reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

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

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the college, accounts are maintained in accordance with the principles of "fund accounting." Resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

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

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

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

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

The different fund groups used at Texas Southmost College are as follows:

Current Funds

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

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

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

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

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 and fair market value at August 31, 1994 for livestock. Depreciation on physical plant and equipment is not recorded.

Agency Funds

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

Memorandum Totals

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

3. Authorized Investments

Texas Southmost College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act of 1987 (Art. 842a-2, Texas Revised Civil Statutes). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

4. Deposits and Investments

At August 31, 1994, the carrying amount of Texas Southmost College deposits was \$6,679,345, and total bank balances equalled \$6,785,687. Bank balances of \$100,000 are covered by federal depository insurance and \$6,685,687 was covered by collateral pledged in Texas Southmost College name. The collateral was held in the safekeeping departments of unrelated banks which act as the pledging bank's agents (Category 1). Bank balances totalling \$2,510 were uncollateralized at fiscal year end (Category 3). Cash and Deposits include as reported on Exhibit A, Balance Sheet, consist of the items reported below.

Cash and Deposits

Bank Deposits		
Demand Deposits	\$5,179,345	
Time Deposits	<u>1,500,000</u>	\$ 6,679,345
Cash and Cash Equivalents		
Petty Cash on Hand	\$ 2,410	
Local Funds in State Treasury	<u>100</u>	<u>2,510</u>
Total Cash and Deposits		<u>\$ 6,681,855</u>

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

The following categories of credit risk are included:

- Category 1: Investments that are insured or registered or for which the securities are held by the institution or its agent in the institution's name.
- Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or institution in the institution's name.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1994

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.

The categories above may not apply to all types of investments. In general, investments in pools managed by other governments or in mutual funds or investments in real estate should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements should also be disclosed but not categorized because they are held by the buyer-lender.

Type of Security	Category			Carrying Amount	Market Value
	1	2	3		
U.S. Government Securities	\$1,500,000	\$	\$	\$1,500,000	\$1,500,000
Real Estate Mortgage and Other Notes					
Corporate Stocks		24,775		24,775	24,775
Repurchase Agreements					
TOTALS	<u>\$1,500,000</u>	<u>\$ 24,775</u>	<u>\$ -</u>	<u>\$1,524,775</u>	<u>\$1,524,775</u>

5. Bonds and Variable Rate Notes Payable

General information related to bonds payable is summarized below:

- a. • Library Revenue Bonds, Series 1975-A.
 - To construct, improve and equip the library building.
 - Issued May 31, 1975.
 - \$800,000; all authorized bonds have been issued.
 - Source of revenue for debt service -- Building Use fees, Library lease revenue.
 - Outstanding balance at August 31, 1994 was \$140,000.00.
- b. • Eidman Science - Math Building, Series 1970.
 - To construct the Science - Math Building.
 - Issued November 15, 1970.
 - \$650,000; all authorized bonds have been issued.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1994

- Source of revenue for debt service -- Building Use fees, Department of Education annual interest grant.
- Outstanding balance at August 31, 1994 was \$115,000.00.
- c. • School Building Tax Bonds, Series 1987 - 1988.
 - To construct, improve various building within the District.
 - Issued March 12, 1987 and March 10, 1988.
 - \$13,500,000; all authorized bonds have been issued.
 - Source of revenue for debt service -- Ad Valorem Tax levy.
 - Outstanding balance at August 31, 1994 was \$2,610,000.00.
- d. • Refunding Tax Bonds, Series 1994.
 - To refund certain outstanding School Building Tax Bonds, Series 1987 and Series 1988.
 - Issued March 31, 1994.
 - \$8,509,999.30; all authorized bonds have been issued.
 - Source of revenue for debt service -- Ad Valorem Tax Levy.
 - Outstanding balance at August 31, 1994 was \$8,509,999.30.

Bonds and variable rate notes payable are due in annual installments varying from \$40,000 to \$540,000 with interest rates from 7.5% to 7.7% with the final installment due in 2008. The principal and interest expense for the next five years and beyond is summarized below for bonds and variable rate notes issued.

Year Ending August 31,	Total	Interest	Principal	Balance of Principal Outstanding
				11,374,999
1995	\$ 1,347,696	\$ 577,696	\$ 770,000	\$10,604,999
1996	1,316,848	516,848	800,000	9,804,999
1997	1,306,166	456,166	850,000	8,954,999
1998	1,235,631	400,631	835,000	8,119,999
1999	1,200,843	355,843	845,000	7,274,999
2000	1,254,150	314,150	940,000	6,334,999
2001	1,229,720	269,720	960,000	5,374,999
2002	1,196,440	790,581	405,859	4,969,140
2003	1,236,440	857,300	379,140	4,590,000
2004	1,210,700	220,700	990,000	3,600,000
2005	1,241,473	166,473	1,075,000	2,525,000
2006	1,222,880	107,880	1,115,000	1,410,000
2007	1,230,188	45,188	1,185,000	225,000
2008	231,300	6,300	225,000	-
	<u>\$16,460,475</u>	<u>\$ 5,085,476</u>	<u>\$11,374,999</u>	

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

6. Advance Refunding Bonds

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

- Issued refunding bonds on March 31, 1994.
- \$8,509,999.30, all authorized bond have been issued.
- Average interest rate of bonds refunded -- 7.8%.
- Net proceeds from Refunding Series -- \$8,745,865; after payment of \$170,324 in underwriting fees, insurance, and other issuance costs.
- Additional \$164,260 of 1987 and 1988 Series sinking fund monies was used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1994 Series bonds.
- The refunded portion of the 1987 and 1988 Series bonds are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group.
- Advance refunding of the 1987 and 1988 Series bonds reduced the college debt service payments over the next 15 years by approximately \$494,635.
- Economic Gain -- \$251,994 difference between the net present value of the old and new debt service payments.
- Accounting Gain -- \$383,882 accounting gain was resulted from the advanced refunding.

7. Defeased Bonds Outstanding

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
School Building Tax Bonds Series 1987	1994	\$ 1,800,000
School Building Tax Bonds Series 1988	1994	<u>810,000</u>
Total		<u>\$ 2,610,000</u>

8. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the college participates is administered by the Teacher Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 7.31% and 6.40% respectively, of annual compensation.

The Teacher Retirement System does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature. According to an independent actuarial evaluation as of August 31, 1993, the present value of the retirement system's actual and projected liabilities, including projected benefits payable to its retirees and active members and their beneficiaries, was in excess of the assets of the retirement system. However, the actuary projected that such assets, augmented by projected future contributions and earnings, would be sufficient to amortize the unfunded difference over a period of 30 years assuming payroll growth of 6%. Further information regarding actuarial assumptions and conclusions, as well as audited financial statements, are included in the retirement system's annual financial report.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state, the Institution and each participant are 7.31% and 1.19% and 6.65%, respectively. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the college was \$21,263 for the fiscal year ended August 31, 1994. This amount represents the portion of expended appropriations made by the state Legislature on behalf of the college.

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 Senate Bill No. 872 of the 63rd Legislature. A total of \$23,159 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 one day per month. The college district's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year without limit. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave. Accrued compensation liability at August 31, 1994 was \$14,398.

11. **Pending Lawsuits and Claims**

On August 31, 1994, there were no lawsuits involving Texas Southmost College.

12. **Capital Lease Obligations**

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

The original capitalized cost of equipment under capital lease as of August 31, 1994 is as follows:

Table A

<u>Class of Property</u>	<u>Amount</u>
Computer Equipment	<u>\$ 423,635</u>

The following is a schedule of the future minimum lease payments for leased property and the present value of the minimum leased payment at August 31, 1994.

Minimum Lease Payments for:

1995	\$ 20,576
Less: Interest	<u>(206)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 20,370</u>

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

13. Operating Lease Commitments and Rental Agreement

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

<u>Fund Group</u>	<u>Year Ended August 31,</u>	
	<u>1994</u>	<u>1993</u>
Unrestricted Current Funds	\$	\$ 2,400
Restricted Current Funds	-	-
Totals	<u>\$</u>	<u>\$ 2,400</u>

Rental agreements consist of the following:

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

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

<u>August 31,</u>	<u>Amount</u>
1995	\$ 251,922
1996	257,235
1997	262,592
1998	268,409
1999	274,709
Beyond five years	<u>570,375</u>
	<u>\$1,885,242</u>

During the year the City has expressed an intend to terminate the contract with TSC effective with the current fiscal year. No payment has been received during the fiscal year and none is anticipated. Accordingly, an allowance for doubtful accounts has been recorded in these financial statements as follows:

General Fund	\$ 167,016
Debt Service Fund	<u>79,970</u>
Total	<u>\$ 246,986</u>

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

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

14. Funds Held in Trust by Others

The balances, or transactions, of funds held in trust by others on behalf of Texas Southmost College are not reflected in the financial statements. At August 31, 1994 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 grants awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 1994 for which monies have not been received nor funds expended totalled \$1,007,662. Of this amount, \$1,007,662 was from Federal Contract and Grant Awards.

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 state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$193.52 for single employees, \$268.22 for the employee and children, and \$379.79 for family coverage per month for the year ended August 31, 1994 and totaled \$35,870 for the year.

18. Related Parties

The TSC Foundation, Inc. is a nonprofit organization with the sole purpose of supporting the 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. It remitted restricted gifts of \$6,070 to the college during the year ended August 31, 1994. 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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

Partnership Agreement With the University of Texas in Brownsville

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

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

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

Property (Excluding Real Property)

Under this agreement TSC agrees to provide UTB for a period of five years, the right to use all the tangible personal property belonging to TSC for the purpose of providing educational and student services to students. UTB agrees to pay TSC \$44,418.41 per month during the term of the agreement. As part of the agreement any physical property, purchased by Lessee after September 1, 1992, shall become the physical property of the Lessor in a proportion equal to Lessor's funds used in the purchase. For the purpose of this agreement, it is agreed that the proportion of funds used is equal to the Lessor's official fall student headcount of the prior year divided by the official fall student headcount of both institutions of that same year, where Lessor's students are all students not enrolled as upper division or post-graduate students. At August 31, 1994 UTB had property purchases of \$1,330,138. TSC's interest in this property is 79% or \$1,050,809.

Real Property

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

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

Payment for agreements A and B above will be in accordance with the Educational Partnership Cooperation Contrast Regarding Finance and Funding. Under this contract UTB agrees to deliver all programs and provide all services for both entities. TSC will pay UTB for instruction and services for TSC students as follows: Tuition for lower division academic and vocational courses, and all appropriations and contracts. In addition, TSC will pay UTB for the 93/94 fiscal year no less than \$1,687,000.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

19. Interfund Borrowing

All interfund borrowing has been made from unrestricted funds and is payable within one year without interest. There were no outstanding balances at August 31, 1994.

20. Property Tax

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

The use of tax proceeds is restricted to maintenance and operations and interest and sinking expenditures. Gross tax collections were \$1,927,670 for M & O and \$1,355,192 for interest and sinking expenditures. Tax collections for the year ended August 31, 1994 were 99% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

21. Property, Plant and Equipment

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

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

Changes in general fixed assets is as follows:

	Balance 8-31-93	Purchased Additions	Other*	Balance 8-31-94
BUILDINGS				
Auto Body Building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied Health	698,407	-	-	698,407
Tandy Hall I	1,087,093	-	-	1,087,093
Tandy Hall II	2,065,351	-	-	2,065,351
A. A. Champion	43,436	-	-	43,436
Gymnasium	814,002	-	-	814,002
Business Services	5,565	-	-	5,565
Student Center	944,335	-	-	944,335
Library	4,021,742	169,737	-	4,191,479
Rusteberg	787,252	24,792	-	812,044
Gomez-Farias Project (Mexico)	5,063	-	-	5,063
Eidman Science-Math Building	809,454	11,518	-	820,972
Gorgas Hall Improvements	1,682,096	-	-	1,682,096
Music Hall	94,770	-	-	94,770
Maintenance	34,898	-	-	34,898
PAU-B Administration	222,158	-	-	222,158
PAU-B Temporary Office	13,444	-	-	13,444
Child Care Center	378,509	-	-	378,509
Cavalry Barracks	409,904	33,987	-	443,891
Women's Center	76,019	-	-	76,019
Continuing Education	45,000	-	-	45,000
Athletic Houses	13,143	-	-	13,143
Marion Hedrick Smith Memorial Amphitheater	296,391	-	-	296,391
U.S. Cost Guard Station (S.P.I.)	320,353	-	-	320,353

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

	<u>Balance 8-31-93</u>	<u>Purchased Additions</u>	<u>Other*</u>	<u>Balance 8-31-94</u>
BUILDINGS				
U.S. Cost Guard Station (S.P.I.)	320,353	-	-	320,353
Security/First Aid (Carpet)	888	-	-	888
Continuing Education (American Legion Building)	56,417	-	-	56,417
Classroom/office	5,936,735	-	-	5,936,735
Art	<u>673,412</u>	<u>-</u>	<u>-</u>	<u>673,412</u>
Total Buildings	<u>21,623,458</u>	<u>240,034</u>	<u>-</u>	<u>21,863,492</u>
LAND				
Land 50 year Lease Amphitheater	1,250	-	-	1,250
Land	176,014	-	-	176,014
Land - Appraisal Increase	817,500	-	-	817,500
Land - Parking Lot	<u>138,111</u>	<u>407,731</u>	<u>-</u>	<u>545,842</u>
Total Land	<u>1,132,875</u>	<u>407,731</u>	<u>-</u>	<u>1,540,606</u>
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168	-	-	16,168
Landscaping - S.P.I.	3,395	-	-	3,395
Paving	392,615	-	-	392,615
Remodel Courtyard Fountain	18,638	-	-	18,638
Tennis Courts	43,002	-	-	43,002
Reflecting Pool	27,591	-	-	27,591
Gorgas Monument	24,121	-	-	24,121
Roofing	719,512	-	-	719,512
ACM Abatement	649,036	-	-	649,036
Resaca Bulkhead	281,424	-	-	281,424
Paseo	265,071	-	-	265,071
Paseo - Classroom	448,523	-	-	448,523
Paseo - East	570,218	-	-	570,218
Central Plant	2,258,148	22,262	-	2,280,410
ADA Compliance Improvements	<u>-</u>	<u>34,077</u>	<u>-</u>	<u>34,077</u>
Total Improvements	<u>5,717,462</u>	<u>56,339</u>	<u>-</u>	<u>5,773,801</u>
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Gorgas	176,830	13,887	-	190,717
Champion	97,880	-	-	97,880
Art Building	45,098	-	-	45,098
Gymnasium	98,321	-	-	98,321
Tandy Hall	1,165,892	-	-	1,165,892
Leased Computer Equipment	423,635	-	-	423,635
Library	1,013,676	-	-	1,013,676
Library Books	14,088,511	-	(7,301,458)	6,787,053
Student Center	209,432	22,169	-	231,601
Eidman Hall	393,943	-	-	393,943
Applied Arts	1,277,797	-	-	1,277,797
Maintenance	380,988	-	-	380,988
Allied Health	600,308	-	-	600,308
Adult Continuing Ed Center	321,799	-	-	321,799
Music Department	247,811	-	-	247,811
Athletic Houses	12,446	-	-	12,446
Security/First Aid	35,026	3,812	-	38,838
Child Care	<u>88,237</u>	<u>-</u>	<u>-</u>	<u>88,237</u>

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1994

	<u>Balance 8-31-93</u>	<u>Purchased Additions</u>	<u>Other*</u>	<u>Balance 8-31-94</u>
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Old President's Home	23,429	-	-	23,429
Cavalry Barracks	418,505	-	-	418,505
South Padre Island	75,012	-	-	75,012
Rancho del Cielo	36,369	-	-	36,369
LVN McAllen	17,456	-	-	17,456
Classroom/Office	1,213,268	41,319	-	1,254,587
LVN - Weslaco	8,508	-	-	8,508
Total Equipment	<u>18,619,525</u>	<u>81,187</u>	<u>(7,301,458)</u>	<u>15,249,906</u>
Total General Fixed Assets	<u>\$50,943,972</u>	<u>\$ 785,291</u>	<u>\$(7,301,458)</u>	<u>\$44,427,805</u>

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



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

Brownsville, Texas
November 11, 1994



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

In planning and performing our audit of the general-purpose financial statements of Texas Southmost College for the year ended August 31, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure.

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

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

Accounting Applications

Receivables
Cash Receipts

Accounts Payable
Cash Disbursements

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general-purpose 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 structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Texas Southmost College, in a separate letter dated November 11, 1994.

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

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

Brownsville, Texas
November 11, 1994

TEXAS SOUTHMOST COLLEGE

SCHEDULE A-1

SCHEDULE OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
August 31, 1994

CURRENT FUNDS

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>	<u>Loan Funds</u>
Cash on Hand	\$	\$	\$	\$
Petty Cash	160	2,250		
Cash In Transit	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u>160</u>	<u>2,250</u>	<u> </u>	<u> </u>
Cash in Bank				
Demand Accounts	<u>2,467,542</u>	<u>309,545</u>	<u>106,304</u>	<u>26,937</u>
Cash Equivalents				
Cash in State Treasury			100	
Certificate of Deposits				
U.S. Treasury Bills	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Cash and Cash Equivalents (Exhibit A)	<u>2,467,702</u>	<u>311,795</u>	<u>106,404</u>	<u>26,937</u>
Short-Term Investments				
Certificates of Deposit				
Lonestar				
Texpool				
U.S. Treasury Bills	<u>1,500,000</u>	<u> </u>	<u> </u>	<u> </u>
Total Short-Term Investments (Exhibit A)	<u>1,500,000</u>	<u> </u>	<u> </u>	<u> </u>
Total Cash, Cash Equivalents and Short-Term Investments	<u>\$3,967,702</u>	<u>\$ 311,795</u>	<u>\$ 106,404</u>	<u>\$ 26,937</u>
	<u>Cash In Banks</u>	<u>Cash Equivalents</u>	<u>Short-Term Investments</u>	
Balance in Depositories as follows:				
Texas Commerce Bank	5,175,182	-	1,500,000	
Bank of America	4,163	-	-	
State Treasury	<u>-</u>	<u>100</u>	<u>-</u>	
Total Balance in Depositories	<u>\$5,179,345</u>	<u>\$ 100</u>	<u>\$ 1,500,000</u>	

PLANT FUNDS

Endowment and Similar Funds	Unexpended	Renewals and Replaces- ments	Retirement of Indebt- edness	Agency Funds	Total
\$	\$	\$	\$	\$	\$
					2,410
					<u>2,410</u>
<u>13,727</u>	<u>1,429,122</u>	<u>334,231</u>	<u>485,206</u>	<u>6,731</u>	<u>5,179,345</u>
					100
					<u>100</u>
<u>13,727</u>	<u>1,429,122</u>	<u>334,231</u>	<u>485,206</u>	<u>6,731</u>	<u>5,181,855</u>
					<u>1,500,000</u>
					<u>1,500,000</u>
<u>\$ 13,727</u>	<u>\$1,429,122</u>	<u>\$ 334,231</u>	<u>\$ 485,206</u>	<u>\$ 6,731</u>	<u>\$6,681,855</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE A-2

SCHEDULE OF LONG-TERM INVESTMENTS BY FUND GROUP
August 31, 1994

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

PLANT FUNDS

<u>Endowment and Similar Funds</u>	<u>Unexpended</u>	<u>Renewals and Replaces- ments</u>	<u>Retirement of Indebt- edness</u>	<u>Agency Funds</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$
24,775					24,775
\$ 24,775	\$ -	\$ -	\$ -	\$ -	\$ 24,775

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS SOUTHMOST COLLEGE

SCHEDULE C-1

STATEMENT OF CURRENT FUND REVENUES
For the Year Ended August 31, 1994

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Total Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>State Appropriations:</u>					
Education and General State Support	\$ 9,316,718	\$ -	\$ 9,316,718	\$ -	\$ 9,316,718
Non-Course-Based Remedial Education	77,075	-	77,075	-	77,075
State Group Insurance	1,245,127	-	1,245,127	-	1,245,127
State Retirement Matching	-	-	-	21,263	21,263
Other	-	-	-	-	-
Total State Appropriations	<u>10,638,920</u>	<u>-</u>	<u>10,638,920</u>	<u>21,263</u>	<u>10,660,183</u>
<u>Tuition and Fees</u>					
Tuition (Net of TPEG \$113,860)	3,380,870	-	3,380,870	-	3,380,870
Building Use Fee	1,351,491	-	1,351,491	-	1,351,491
General Fees	248,220	195,082	443,302	-	443,302
Student Service Fee	-	1,060,031	1,060,031	-	1,060,031
Laboratory Fee	82,141	-	82,141	-	82,141
Remissions and Exemptions	-	-	-	-	-
Blind, Deaf Students	20,901	-	20,901	-	20,901
Concurrent Registration	-	-	-	-	-
Good Neighbor	4,212	-	4,212	-	4,212
Highest Ranking High School Graduates	498	-	498	-	498
Statutory Waiver of Non-Resident Status	1,364	-	1,364	-	1,364
Veteran, Dependents, Etc.	-	-	-	-	-
Other Fees	688,521	234,749	923,270	-	923,270
Total Tuition and Fees	<u>5,778,218</u>	<u>1,489,862</u>	<u>7,268,080</u>	<u>-</u>	<u>7,268,080</u>
<u>Taxes for Current Operations</u>	<u>1,879,907</u>	<u>-</u>	<u>1,879,907</u>	<u>-</u>	<u>1,879,907</u>
<u>Federal Grants and Contracts</u>					
Research	-	-	-	-	-
Other Programs	-	-	-	1,395,351	1,395,351
Recovery of Indirect Costs	-	-	-	-	-
Total Federal Grants and Contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395,351</u>	<u>1,395,351</u>
<u>State Grants and Contracts</u>					
Research	-	-	-	-	-
TPEG	-	-	-	215,330	215,330
Other Programs	1,917,089	-	1,917,089	-	1,917,089
Recovery of Indirect Costs	-	-	-	-	-
Total State Grants and Contracts	<u>1,917,089</u>	<u>-</u>	<u>1,917,089</u>	<u>215,330</u>	<u>2,132,419</u>
<u>Local Grants and Contracts</u>					
Research	-	-	-	-	-
Other Programs	199,340	423,796	623,136	534,476	1,157,612
Recovery of Indirect Costs	-	-	-	-	-
Total Local Grants and Contracts	<u>199,340</u>	<u>423,796</u>	<u>623,136</u>	<u>534,476</u>	<u>1,157,612</u>
<u>Private, Gifts, Grants, and Contracts</u>					
Research	-	-	-	-	-
Other Program	-	-	-	-	-
Recovery of Indirect Costs	-	-	-	-	-
Other	-	-	-	-	-
Total Private Gifts, Grants, and Contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Income	-	-	-	-	-
Sales & Services of Educational Activities	-	-	-	-	-
Sales & Services of Auxiliary Activities	-	212,302	212,302	-	212,302
<u>Other Sources</u>					
Gains/Losses on Investments	-	-	-	-	-
Interest Income	172,190	18,750	190,940	-	190,940
Other Miscellaneous Income	234,890	-	234,890	-	234,890
Total Other Sources	<u>407,080</u>	<u>18,750</u>	<u>425,830</u>	<u>-</u>	<u>425,830</u>
Total Current Funds Revenues (Exh. C)	<u>\$20,820,554</u>	<u>\$ 2,144,710</u>	<u>\$22,965,264</u>	<u>\$ 2,166,420</u>	<u>\$25,131,684</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS SOUTHMOST COLLEGE

EXHIBIT C-2

STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 1994

This Schedule is being presented as Supplementary Information.

See Supplementary Information Section

Page 65

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS SOUTHMOST COLLEGE

EXHIBIT C-3

SCHEDULE OF EDUCATIONAL AND GENERAL EXPENDITURES (EXCLUDES AUXILIARY ENTERPRISES)
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS
For the Year Ended August 31, 1994

This Schedule is being presented as Supplementary Information.

See Supplementary Information Section

Page 66

THIS PAGE INTENTIONALLY LEFT BLANK

TEXAS SOUTHMOST COLLEGE

SCHEDULE C-4

SCHEDULE OF DISTRICT TAXES
 For the Year Ended August 31, 1994
 With Comparative Totals at August 31, 1993

	CURRENT YEAR			Prior Year Total
	Current Operations	Debt Service	Total	
Tax rate authorized per \$100 valuation	<u>.06766</u>	<u>.04455</u>	<u>.11221</u>	<u>.112217</u>
Tax rate assessed per \$100 valuation	<u>.06300</u>	<u>.04455</u>	<u>.10755</u>	<u>.108205</u>
Taxes collected				
Current	1,788,635	1,264,489	3,053,124	2,908,854
Delinquent	81,275	53,491	134,766	148,192
Penalties and interest	<u>57,760</u>	<u>37,212</u>	<u>94,972</u>	<u>70,508</u>
Gross Taxes collected	<u>1,927,670</u>	<u>1,355,192</u>	<u>3,282,862</u>	<u>3,127,554</u>
Assessed valuation of District	<u>3,079,170,904</u>			

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-1

BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS
For the Year Ended August 31, 1994

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding 09/01/93	Bonds Issued After 09/01/93	Bonds Matured Or Retired	Bonds Refunded	Bonds Outstanding 08/31/94
Library Revenue Bonds Series 1975-A	\$ 800,000.00	7.6% - 7.7%	\$ 180,000.00	\$	\$ 40,000.00	\$	\$ 140,000.00
Eidman - Science Math Building Revenue Bonds Series 1970	650,000.00	7.5%	165,000.00		50,000.00		115,000.00
School Building Tax Bonds - Series 1987 - 1988	13,500,000.00	7.5%	11,630,000.00		510,000.00	8,510,000.00	2,610,000.00
Refunding Tax Bonds - Series 1994	<u>8,509,999.00</u>	3.2 - 5.6%		<u>8,509,999.00</u>			<u>8,509,999.00</u>
Total	<u>\$23,459,999.00</u>	-	<u>\$11,975,000.00</u>	<u>\$8,509,999.00</u>	<u>\$600,000.00</u>	<u>\$8,510,000.00</u>	<u>\$11,374,999.00</u>

Maturities			Summary of Debt Service Requirements to Maturity						
First Year	Last Year	First Call Date	Year Ending August 31,					All Other Years	Total Requirements
			1995	1996	1997	1998	1999		
1975	1997	11/15/75	\$ 50,780.00	\$ 57,700.00	\$ 53,850.00		\$	\$	\$ 162,330.00
1970	1996	11/15/70	61,562.50	62,250.00					123,812.50
1988	1999	02/15/88	1,717,255.00	678,480.00	729,418.00	713,950.00	196,460.00		4,035,563.00
1995	2008	02/15/95	<u>518,098.00</u>	<u>518,418.00</u>	<u>522,898.00</u>	<u>521,681.00</u>	<u>1,004,383.00</u>	<u>10,053,288.00</u>	<u>13,138,766.00</u>
			<u>\$2,347,695.50</u>	<u>\$1,316,848.00</u>	<u>\$1,306,166.00</u>	<u>\$1,235,631.00</u>	<u>\$1,200,843.00</u>	<u>\$10,053,288.00</u>	<u>\$17,460,471.50</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-2

SCHEDULE OF PLEDGED REVENUES AND FUND BALANCES
FOR REVENUE BONDS OUTSTANDING
FOR THE YEAR ENDED AUGUST 31, 1994

Description	PLEDGED REVENUES AND RELATED EXPENDITURES						
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	(a) Total Pledged Revenues	(b) Other Revenue Sources	(c) Operating Expense	(d) Capital Outlay
Library Revenue Bonds Series 1975-A	\$	\$ 2,463.85	\$	\$ 2,463.85	\$	\$ 139.75	\$
Eidman - Science Math Building Revenue Bonds Series 1970		3,450.34	19,954.00	23,404.34		366.50	
School Building Tax Bonds Series 1987/1988	1,321,382.73	6,624.69		1,328,007.42	280,224.82	387,787.21	
Refunding and Tax Bonds - Series 1994							
Totals	<u>\$1,321,382.73</u>	<u>\$12,538.88</u>	<u>\$19,954.00</u>	<u>\$1,353,875.61</u>	<u>\$280,224.82</u>	<u>\$388,293.46</u>	<u>\$</u>

RESTRICTED ACCOUNT BALANCES

<u>(a+b-c-d)</u> Net Available for Debt Service	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>INTEREST AND SINKING FUND</u>		<u>BOND RESERVE FUND</u>	
			<u>Required</u>	<u>Actual</u>	<u>Required</u>	<u>Actual</u>
			\$ 2,324.10	\$ 40,000.00	\$ 13,820.00	\$ 60,080.00
23,037.84	50,000.00	10,500.00	64,500.00	64,500.00		135,073.57
1,220,445.03	510,000.00	658,173.96				174,375.90
<u>\$1,245,806.97</u>	<u>\$600,000.00</u>	<u>\$682,493.96</u>	<u>\$124,580.00</u>	<u>\$124,580.00</u>	<u>\$ -</u>	<u>\$367,162.17</u>

SINGLE AUDIT SECTION



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

REPORT ON SUPPLEMENTARY SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994. These general-purpose financial statements are the responsibility of Texas Southmost College management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

Long, Chilton, Payte & Hardin LLP

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

Brownsville, Texas
November 11, 1994

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended August 31, 1994

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>U.S. Department of Education Direct Programs:</u>			
IAP-Endowment Grant Program	84.0316	P031670171	\$ 1,934
Academic Facilities-Interest Subsidy Grant			19,954
Total			<u>21,888</u>
<u>Passed Through Texas Higher Education Coordinating Board:</u>			
Carl D. Perkins - Voc Ed. 93-94	84.048*	44420246	863,022
Carl D. Perkins - Discretionary 93-94	84.048*	44150004	52,374
Carl D. Perkins - Starlink 93-94	84.048*	44140054	2,000
Carl D. Perkins - Voc. Ed. 94-95	84.048*	55420247	82,267
Carl D. Perkins - Discretionary 94-95	84.048*	55150030	11,994
Total			<u>1,011,657</u>
Total Department of Education			<u>\$ 1,033,545</u>
<u>U.S. Department of Labor:</u>			
Passed through Texas Department of Commerce and:			
Cameron County Private Industry Council Individual Referral Program	17.250	92-20-0001	\$ 101,647
Total Department of Labor			<u>\$ 101,647</u>
<u>U.S. Department of Agriculture</u>			
Passed through Texas Department of Human Services:			
Child Care Food Program	10.558	TX-031006	\$ 32,274
Total Department of Agriculture			<u>\$ 32,274</u>
<u>U.S. Department of Human Services</u>			
Passed through Texas Migrant Council, Inc.			
Child Day Care Center	13.667	081-26-P00	\$ 115,629
Total Department of Human Services			<u>\$ 115,629</u>
<u>National Aeronautics and Space Administration</u>			
Research Grant		NAGW-3060	<u>132,148</u>
Total National Aeronautics and Space Administration			<u>\$ 132,148</u>
Total Federal Financial Assistance			<u>\$ 1,415,243</u>

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

Note 1: Federal Assistance Reconciliation

Federal Revenues - Per Exhibit C:			
Federal Grants and Contracts			\$ 1,395,351
<u>Reconciling Items:</u>			
Add: Endowment Fund Scholarships			1,934
Debt Service Fund - Interest Subsidy			19,954
Less: Excess Receipts Over Expenditures			<u>1,996</u>
Total Pass-Through and Expenditures Per Federal Schedule			<u>\$ 1,415,243</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
Year Ended August 31, 1994

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Pass Through Disbursements and Expenditures</u>
NOTE 2: Expenditures from Federal Funds Not Subject to A-128 Audits			
The University of Texas at Brownsville received the following federal funds that were disbursed to Texas Southmost College students. These funds were not subject to OMB A-128 audits and therefore are not included in the above federal schedule.			
Federal Grantor CFDA Number/Program Name			<u>Amount</u>
U.S. Department of Education:			
84.063 Pell Grant			\$ 4,695,263
84.007 SEOG			257,711
84.033 College Work Study			<u>379,532</u>
Total Expenditures Not Subject to A-128 Audits			<u>\$ 5,332,506</u>



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994. We have also audited the compliance of Texas Southmost College with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 11, 1994.

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

In planning and performing our audits for the year ended August 31, 1994, we considered the College's internal control structure of Texas Southmost College, in order to determine our auditing procedures for the purpose of expressing our opinions on the general-purpose financial statements of Texas Southmost College, and on the compliance of Texas Southmost College, with requirements applicable to major programs and not the report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated November 11, 1994.

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

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

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

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

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

During the year ended August 31, 1994, Texas Southmost College, expended 73.03% percent of its total federal financial assistance under major federal financial assistance programs.

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

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute weaknesses standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Texas Southmost College in a separate letter dated November 11, 1994.

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

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

Brownsville, Texas
November 11, 1994



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

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

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994.

We have applied procedures to test Texas Southmost College's, compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended August 31, 1994: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, drug-free workplace and administration requirements.

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

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

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

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

Brownsville, Texas
November 11, 1994



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994.

We have also audited Texas Southmost College, compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended August 31, 1994. The management of Texas Southmost College's, is responsible for Texas Southmost College, compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

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

In our opinion, Texas Southmost College, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended August 31, 1994.

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

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

Brownsville, Texas
November 11, 1994



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

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

To the Board of Trustees
Texas Southmost College

We have audited the general-purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 11, 1994.

In connection with our audit of the general-purpose financial statements of Texas Southmost College, and with our consideration of Texas Southmost College's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended August 31, 1994. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; and eligibility, and reporting that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Texas Southmost College's, compliance with these requirements. Accordingly, we do not express such an opinion.

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

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

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

Brownsville, Texas
November 11, 1994

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 1994

Carl Perkins Grant

Questioned
Costs

Finding

1. The payroll tax expense for Judy Goodwin was not calculated correctly. The taxes charged to Carl Perkins were based on her entire salary including a teaching overload. The FICA and medicare taxes should have only been based on 70% of her salary.

\$ 304.58

Regulation

When salaries/wages are paid to individuals from more than one funding source, appropriate personnel assignments are made with prorata share for each source.

Recommendation

We suggest that split salaries and overloads should be recalculated for mathematical accuracy. The salary should also agree to the employees contracts.

Response

The Carl Perkins project was charged incorrectly for fringe benefits associated with the overload for Judy L. Goodwin. Payroll should have allocated the fringe benefits based on the current memorandum of employment which is on file. The Business Office will need to correct the overcharge and credit Texas Southmost College if the Coordinating Board determines that reimbursement is required.

Finding

2. A 486SX notebook computer and a desktop computer both had purchase orders dated after February 1, 1994.

Regulation

Section B, Page 14, paragraph 2.5-4 of the Tag manual deals due date of purchased. Purchase orders must be issued by February 1 and equipment received no later than June 30.

Recommendation

Purchase Orders should be issued prior to February 1.

Response

Review of the original documents determined that the requisition was submitted to the Business Office on January 13, 1994 and a bid number was assigned on January 19, 1994 by Pat Garza. The arrival of the requisition on the submittal date did not allow the purchasing department sufficient time to process the bid by February 1, 1994.

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1994

Questioned
Costs

Carl Perkins Grant

Finding

3. The total expenditures reported to the Coordinating Board for the period ending September 30, 1993 and May 31, 1994 did not agree to UTB's general ledger totals.

Finding

4. The June 30, 1994 report did not agree to the general ledger. Payroll expenditures for a financial aid officer was charged to the Carl Perkins accounts during the year. In May 1994, management decided to charge all the payroll expense to UTB and not to the Carl Perkins program. Entries were made to clear part of the expense in May. However, a balance remained on the books until August 31, 1994 subsequent to the filing of the final report.

Regulation

Tag Section C, p.3, 3.0-2, states that "Public postsecondary institutions (PSIs) participating in approved technical and vocational education programs or projects shall file accurate reports with the Texas Higher Education Coordinating Board (THECB). These reports shall be filed on forms prescribed by the THECB in accordance with instruction related thereto and reconciled to the PSI's official accounting records". Tag Section C, p.3, 3.0-2c(1), states "...These reports also indicate the actual amount of federal expenditures to date".

Recommendation

The expenditures and revenue reports should be verified by another person before submitting to the Coordinating Board.

Response

During the 1993-1994 Carl Perkins fiscal year, the reimbursement reports were filled out by the Business Office. There is a difference between the reimbursement report and the general ledger totals because encumbered amounts were included. No standard policy has been followed regarding inclusion of encumbered amounts.

The policy that will be followed from this point forward beginning with October reimbursement will be to only include completed transactions. Encumbered amounts will not be included.

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended August 31, 1994

Carl Perkins Grant - Continued

Questioned
Costs

The Carl Perkins Project concurs that the balance for the Financial Aid Advisor charges remained on the books until August 31, 1994. The request to reverse the charges was initiated in May but were delayed due to a pending budget amendment. A processing delay was also incurred in the Business Office.

Total Questioned Costs \$ 304.58

TEXAS SOUTHMOST COLLEGE

STATUS OF CORRECTIVE ACTION ON PRIOR YEAR FINDINGS
Year Ended August 31, 1994

Carl Perkins Grant (CFD #84.048)

Questioned
Costs

Finding

1. Banners and T-shirts were purchased as promotional items. The design on these items were promoting the University of Texas - Brownsville in partnership with Texas Southmost College and not the vocational-technical programs at Texas Southmost College. \$ 992.50

Status of Corrective Actions

Memos were sent out to all account managers on regulations of Carl Perkins funding. A seminar was also held to explain all procedures of Carl Perkins Funds. No additional finding was noted in the current year.

Finding

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

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

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

A requisition for spelling books was initiated charging the correct department. The purchase order changed the account to administration. 149.85

Status of Corrective Actions

All assets were reclassified to proper accounts.

Finding

3. Several purchases for equipment were made late in the year. Purchase orders were dated after February 1 of the funding year and equipment was received after June 30 of the funding year. 24,729.83

Status of Corrective Action

The due dates for ordering equipment were emphasized to all account managers. Purchase orders dated after February 1, continues as a finding in the current year.

TEXAS SOUTHMOST COLLEGE

STATUS OF CORRECTIVE ACTION ON PRIOR YEAR FINDINGS - CONTINUED
Year Ended August 31, 1994

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Finding

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

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

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

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

Status of Corrective Action

Stricter procedures were put in action and regulations were emphasized. No additional findings were noted in the current year.

Finding

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

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

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

Status of Corrective Actions

Procedures were initiated during the year to correct the problems. No additional findings were noted in the current year.

TEXAS SOUTHMOST COLLEGE

STATUS OF CORRECTIVE ACTION ON PRIOR YEAR FINDINGS - CONTINUED
Year Ended August 31, 1994

Carl Perkins Grant (CFD #84.048) - Continued

Questioned
Costs

Finding

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

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

Status of Corrective Action

No additional findings were noted in the current year.

Finding

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

618.60

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

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

Status of Corrective Action

Time and effort reports are checked on a monthly basis and verified against payroll.

Finding

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

630.36

TEXAS SOUTHMOST COLLEGE

STATUS OF CORRECTIVE ACTION ON PRIOR YEAR FINDINGS - CONTINUED
Year Ended August 31, 1994

Carl Perkins Grant (CFD #84.048) - Continued

	<u>Questioned Costs</u>
Travel cost for an individual to attend an annual conference was charged 50% to the grant. No supporting justification could be found to charge this amount to the grant.	148.50
Travel cost for an individual to attend a seminar was charged to the grant. The supporting documentation indicated that this seminar was general in nature and had nothing to do with vocational-technical students.	389.77
Status of Corrective Action	
No additional findings were noted in the current year.	
<i>Finding</i>	
9. Several requisitions for the purchase of equipment and supplies do not have the authorization of the coordinator or the assistant vice-president for academic affairs.	
A requisition dated November 19, 1992 was not authorized. The purchase order is dated December 12, 1992. This item is still listed as an account payable at June 30, 1993 however on April 7, 1993 a check was issued for \$132.75 to add additional funds to the purchase order.	
Status of Corrective Action	
Policies in the place to ensure that all purchase orders are properly authorized. No additional findings were noted in the current year.	
<i>Finding</i>	
10. Fringe benefits paid to the coordinator for a teaching overload were charged to the grant.	612.56
Status of Corrective Actions	
This finding continued into the current year.	

TEXAS SOUTHMOST COLLEGE

STATUS OF CORRECTIVE ACTION ON PRIOR YEAR FINDINGS - CONTINUED
Year Ended August 31, 1994

NASA Grant (NAGW-3060)

Questioned
Costs

Finding

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

Status of Corrective Actions

1. Reports are being sent quarterly.
2. The reports estimate the future quarters expenditures.
3. Expenses are now recorded monthly rather than upon receipt of invoice.

Finding

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

Status of Corrective Actions

1. Expenses are recorded monthly in order for the reports and general ledger to equal.
2. Federal Restricted Funds, Fund 18, was established to record all revenue and expenses for NASA and Carl Perkins Grants.

Total Questioned Costs \$ 28,271.97

SUPPLEMENTARY INFORMATION SECTION



LONG, CHILTON, PAYTE & HARDIN, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

PARTNERS

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

Members - Division of Firms,
American Institute of CPAs

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

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

To the Board of Trustees
Texas Southmost College

Our report on our audit of the basic financial statements of Texas Southmost College for 1994 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements and schedules included on pages 64 thru 102 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 express no opinion, have been subjected to the auditing procedures applied in the audit of the basic 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. The information on Exhibit C, C-2, and C-3 have been prepared from information provided by the University of Texas at Brownsville.

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

Brownsville, Texas
November 11, 1994

TEXAS SOUTHMOST COLLEGE

EXHIBIT C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

For the Year Ended August 31, 1994
With Memorandum Totals For the Year Ended August 31, 1993

	UNAUDITED				TOTALS MEMORANDUM ONLY	
	Unrestricted	Auxiliary Enterprises	Total Unrestricted	Restricted	Current Year	Prior Year
REVENUES						
State Appropriations - General Revenue	\$10,638,920	\$ -	\$10,638,920	\$ 21,263	\$10,660,183	\$ 8,751,624
Tuition and Fees (Net of TPEG \$114,025)	5,778,218	1,489,862	7,268,080	-	7,268,080	6,142,801
Taxes for Current Operation	1,879,907	-	1,879,907	-	1,879,907	1,873,869
Federal Grants and Contracts	-	-	-	1,395,351	1,395,351	1,135,536
State Grants and Contracts	1,917,089	-	1,917,089	215,330	2,132,419	1,928,381
Local Grants and Contracts	199,340	423,796	623,136	534,476	1,157,612	1,092,792
Private Gifts, Grants and Contracts	-	-	-	-	-	-
Investment Income	172,190	-	172,190	-	172,190	-
Sales & Service of Educational Activities	-	212,302	212,302	-	212,302	-
Sales & Service of Auxiliary Enterprises	-	-	-	-	-	198,235
Other Sources	-	-	-	-	-	388,358
Other Interest Income	-	9,379	9,379	-	9,379	154,783
Other Gains/Losses on Investments	-	9,371	9,371	-	9,371	-
Miss Income	234,890	-	234,890	-	234,890	-
Total Current Funds Revenues	20,820,554	2,144,710	22,965,264	2,166,420	25,131,684	21,666,379
	(Exh. B)	(Exh. B)				
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational and General						
Instruction	10,713,720	-	10,713,720	980,366	11,694,086	-
Research	48,662	-	48,662	-	48,662	-
Public Service	182,444	-	182,444	65,165	247,609	-
Academic Support	2,021,681	-	2,021,681	165,634	2,187,315	-
Student Services	2,140,623	-	2,140,623	681,599	2,822,222	-
Institutional Support	2,759,535	-	2,759,535	21,263	2,780,798	847,045
Operation and Maintenance of Plant	2,290,127	-	2,290,127	35,067	2,325,194	390,270
Scholarships and Fellowships	611,405	-	611,405	5,510,819	6,122,224	170,732
Transfers to UTB	-	-	-	-	-	19,017,109
Total Educational and General Expenditures	20,768,197	-	20,768,197	7,459,913	28,228,110	20,425,156
Auxiliary Enterprise Expenditures	-	843,051	843,051	-	843,051	159,212
Mandatory Transfers for:						
Principal and interest	-	-	-	-	-	-
Renewals and replacements	-	-	-	-	-	-
Loan fund Matching/Grant Matching	-	-	-	37,017	37,017	(48,697)
Non-mandatory transfers	839,299	1,294,780	2,134,079	-	2,134,079	145,547
Total expenditures and transfers	21,607,496	2,137,831	23,745,327	7,496,930	31,242,257	20,681,218
Other transfers and additions/(deductions):						
Non-mandatory transfers	-	-	-	-	-	-
Federal Scholarships/Grants by UTB	611,405	-	611,405	5,332,506	5,943,911	-
Excess of restricted receipts over transfers to revenues	-	-	-	(1,996)	(1,996)	-
Excess expenditures by UTB	-	59,891	59,891	-	59,891	(3,316)
Refunded to grantors	-	-	-	-	-	-
Unrestricted gifts allocated to other funds	-	-	-	-	-	-
Portion of funds functioning as endowment gains appropriated	-	-	-	-	-	-
Net increase (decrease) in fund balances	\$ (175,537)	\$ 66,770	\$ (108,767)	\$ -	\$ (108,767)	\$ 981,845

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

TEXAS SOUTHMOST COLLEGE

EXHIBIT C-2

STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 1994

	UNAUDITED			
	<u>SALARIES AND WAGES</u>	<u>OTHER EXPENSES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
<u>Unrestricted - Education and General</u>				
Instruction	\$ 8,214,011	\$ 2,451,369	\$ 48,340	\$10,713,720
Research	18,695	19,402	10,565	48,662
Public Service	259	182,185	-	182,444
Academic Support	924,023	933,833	163,825	2,021,681
Student Services	995,916	1,133,746	10,961	2,140,623
Institutional Support	1,314,586	1,185,799	259,150	2,759,535
Operation and Maintenance of Plant	396,025	1,871,135	22,967	2,290,127
Scholarships and Fellowships	<u>81,593</u>	<u>526,049</u>	<u>3,763</u>	<u>611,405</u>
Total Unrestricted	11,945,108	8,303,518	519,571	20,768,197
<u>Restricted - Education and General</u>				
Instruction	330,071	648,823	1,472	980,366
Research	-	-	-	-
Public Service	30,633	25,526	9,006	65,165
Academic Support	164,655	-	979	165,634
Student Services	432,179	214,670	34,750	681,599
Institutional Support	-	21,263	-	21,263
Operation and Maintenance of Plant	-	35,067	-	35,067
Scholarships and Fellowships	<u>379,033</u>	<u>5,131,786</u>	<u>-</u>	<u>5,510,819</u>
Total Restricted	<u>1,336,571</u>	<u>6,077,135</u>	<u>46,207</u>	<u>7,459,913</u>
Total Educational and General	13,281,679	14,380,653	565,778	28,228,110
Auxiliary Enterprises	<u>283,735</u>	<u>551,726</u>	<u>7,590</u>	<u>843,051</u>
Total Current Fund Expenditures	<u>\$13,565,414</u>	<u>\$14,932,379</u>	<u>\$ 573,368</u>	<u>\$29,071,161</u>

TEXAS SOUTHMOST COLLEGE

EXHIBIT C-3

SCHEDULE OF EDUCATIONAL AND GENERAL EXPENDITURES (EXCLUDES AUXILIARY ENTERPRISES)
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS
For the Year Ended August 31, 1994

	UNAUDITED		
	CURRENT FUNDS		Total
	Unrestricted	Restricted	
Instruction			
Academic Programs			
Faculty Salaries	\$ 5,611,784	\$ 255,896	\$ 5,867,680
Departmental Operating Expenses	3,216,756	717,035	3,933,791
Organized Activities Related to Instructional Departments	-	-	-
Total Academic Programs	<u>8,828,540</u>	<u>972,931</u>	<u>9,801,471</u>
Vocational Technical Programs			
Faculty Salaries	403,555	-	403,555
Departmental Operating Expenses	188,739	-	188,739
Organized Activities Related to Instructional Departments	-	-	-
Total Vocational Technical Programs	<u>592,294</u>	<u>-</u>	<u>592,294</u>
Total Instruction	<u>9,420,834</u>	<u>972,931</u>	<u>10,393,765</u>
Extension and Public Service	<u>163,958</u>	<u>65,165</u>	<u>229,123</u>
Research	<u>46,798</u>	<u>-</u>	<u>46,798</u>
Academic Support			
Library	564,971	-	564,971
Instructional Administration	1,245,790	165,634	1,411,424
Total Academic Support	<u>1,810,761</u>	<u>165,634</u>	<u>1,976,395</u>
Student Services	<u>1,871,576</u>	<u>681,599</u>	<u>2,553,175</u>
Scholarships	<u>573,815</u>	<u>5,510,819</u>	<u>6,084,634</u>
Institutional Support			
General Administration	442,921	-	442,921
General Institutional Expense	1,182,911	-	1,182,911
Campus Security	386,248	-	386,248
Total Institutional Support	<u>2,012,080</u>	<u>-</u>	<u>2,012,080</u>
Operation and Maintenance of Plant			
Plant Support Services	86,030	35,067	121,097
Building Maintenance	558,906	-	558,906
Custodial Services	401,618	-	401,618
Grounds Maintenance	202,139	-	202,139
Utilities	655,285	-	655,285
Total Operation and Maintenance of Plant	<u>1,903,978</u>	<u>35,067</u>	<u>1,939,045</u>
Staff Benefits			
Group Insurance Premiums	8,196	342	8,538
O.A.S.I.	816,482	5,459	821,941
Workmen's Compensation Insur.	115,279	357	115,636
Other	737,940	1,277	739,217
Total Staff Benefits	<u>1,677,897</u>	<u>7,435</u>	<u>1,685,332</u>
Special Items			
Major Repairs and Rehabilitation of Facilities and Buildings			
Total Expenditures by Elements of Institutional Costs	<u>\$19,481,697</u>	<u>\$ 7,438,650</u>	<u>\$26,920,347</u>
	(a)	(a)	
(a) Reconciliation			
Total Expenditures by Function (Exh. C)	\$20,768,197	\$ 7,459,913	\$28,228,110
Plus: Unexpected Plant Fund Expenditures	-	-	-
Decrease in Accrued Compensable Absences	-	-	-
Less: Group Insurance Premiums	1,245,127	-	1,245,127
State Retirement Matching	-	21,263	21,263
Increase in Accrued Compensable Absences	14,398	-	14,398
Remissions and Exemptions	26,975	-	26,975
Total Expenditures by Elements of Institutional Costs	<u>\$19,481,697</u>	<u>\$ 7,438,650</u>	<u>\$26,920,347</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF REVENUES COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS
Year Ended August 31, 1994

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
State Appropriations:			
Education and General State Support	\$ 9,283,444	\$ 9,316,718	\$ (33,274)
Non-Course-Based Remedial Education	53,000	77,075	(24,075)
State Group Insurance	1,200,000	1,245,127	(45,127)
State Retirement Matching	-	-	-
Other	-	2,674	-
Total State Appropriations	<u>10,536,444</u>	<u>10,638,920</u>	<u>(102,476)</u>
Tuition and Fees:			
Tuition	3,913,855	3,617,952	295,903
Building Use Fee	-	-	-
General Fees	1,609,900	1,351,491	258,409
Student Service Fee	-	-	-
Laboratory Fee	144,000	82,141	61,589
Other Fees	996,500	936,740	59,760
Remissions and Exemptions	-	936,740	-
Total Tuition and Fees	<u>6,664,255</u>	<u>5,988,324</u>	<u>675,931</u>
Taxes for Current Operations	<u>1,795,216</u>	<u>1,879,907</u>	<u>(84,691)</u>
Federal Grants and Contracts:			
Financial Aid Admin. Allow.	44,000	-	44,000
Veterans Cost of Instruction	2,700	-	2,700
College Work Study	-	-	-
Carl Perkins Vocational Grant & Basis	1,027,355	-	1,027,355
Child Day Care Center	140,000	115,629	234,371
Child Care Food Program	25,000	32,274	(7,274)
Cameron County Private Industry Council	-	101,647	(101,647)
Nasa Research Grant	-	19,477	(19,477)
Total Federal Grants and Contracts	<u>1,239,055</u>	<u>269,027</u>	<u>970,028</u>
State Grants and Contracts:			
UTB Building Lease	1,948,002	1,917,089	30,913
UTB First Aid Center	-	-	-
College Work-Study	30,000	-	30,000
Total State Grants and Contracts	<u>1,978,002</u>	<u>1,917,089</u>	<u>60,913</u>
Local Grants and Contracts:			
Local Contracts	650,291	1,115,612	(465,321)
Total Local Grants and Contracts	<u>650,291</u>	<u>1,115,612</u>	<u>(465,321)</u>
Other Sources:			
Interest Income	128,440	172,189	(43,749)
Child Care Parent Contribution	65,400	103,546	(38,146)
Other Income	288,700	111,868	(176,832)
Total Other Sources	<u>482,540</u>	<u>387,603</u>	<u>(94,937)</u>
Other Financing Sources:			
Transfers from Other Funds	1,754,217	1,602,121	152,096
Total Other Financing Sources	<u>1,754,217</u>	<u>1,602,121</u>	<u>152,096</u>
Total Education and General Income	<u>25,100,000</u>	<u>23,798,604</u>	<u>1,301,416</u>
Auxiliary Enterprises Revenue:			
Leases and Rentals	126,590	212,302	(85,712)
Other Interest Income	4,840	9,379	(4,539)
Other Income	30,000	9,371	20,629
Student Service Fees	-	1,071,032	(1,071,032)
Parking Fees	-	223,748	(223,748)
Total Auxiliary Enterprises Revenue	<u>161,430</u>	<u>1,525,832</u>	<u>(1,364,402)</u>
Total General and Auxiliary Enterprise Funds Revenues	<u>\$25,261,450</u>	<u>\$25,324,436</u>	<u>\$ (62,986)</u>

TEXAS SOUTHMOST COLLEGE
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL AND AUXILIARY ENTERPRISE FUNDS
 Year Ended August 31, 1994

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Administration and Student Services:			
Gov't of the Institution	33,318	38,511	(5,193)
Exec. Direction and Control	-	-	-
Business and Fiscal Mgmt.	238,762	254,543	(15,781)
Student Admission and Registration	-	-	-
Student Service	-	-	-
Total	<u>272,080</u>	<u>293,054</u>	<u>(20,974)</u>
General Institutional Expense			
Total	<u>372,740</u>	<u>322,853</u>	<u>49,887</u>
Staff Benefits:			
Group Health Ins. Premiums	3,420	8,196	(4,776)
Old Age and Survivors Ins.	22,624	17,790	4,834
Workmen's Comp. Insurance	2,414	1,363	1,051
Other Staff Benefits:			
Other	13,105	6,541	6,564
Life Insurance Premiums	1,721	948	773
ORP and TRS State Contributions	-	-	-
Total	<u>43,284</u>	<u>34,838</u>	<u>8,446</u>
Resident Instruction:			
Subsidy to UTB	1,687,000	1,687,056	(56)
Tuition Paid to UTB	3,974,386	3,903,807	70,579
	<u>5,661,386</u>	<u>5,590,863</u>	<u>70,523</u>
General Academic Courses:			
Faculty Salaries	-	-	-
Dept. Operating	-	-	-
Instructional Adm. Expense	-	-	-
Organized Activities	-	-	-
Sub-Total	<u>-</u>	<u>-</u>	<u>-</u>
Vocational-Technical Programs:			
Faculty Salaries	-	-	-
Dept. Operating Expense	-	-	-
Instructional Adm. Expense	-	-	-
Organized Activities	-	-	-
Sub-Total	<u>-</u>	<u>-</u>	<u>-</u>
Total Resident Instruction	<u>-</u>	<u>-</u>	<u>-</u>
Library:			
Salaries, Wages and Other	-	-	-
Operating Expenses	-	-	-
Books and Equipment	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Extension and Public Service:			
Community Service	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Physical Plant Operation and Maintenance:			
Campus Security	-	-	-
Bldg. Maintenance	-	-	-
Custodial Service	-	-	-
Grounds Maintenance	-	-	-
Utilities	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL AND AUXILIARY ENTERPRISE FUNDS - CONTINUED
 Year Ended August 31, 1994

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Special Items:			
Carl Perkins Vocational Grant	-	-	-
Transfers to UTB	<u>16,202,598</u>	<u>15,291,113</u>	<u>911,485</u>
Total Special Items	<u>16,202,598</u>	<u>15,291,113</u>	<u>911,485</u>
Other Financing Sources:			
Transfers to Other Funds	<u>800,000</u>	<u>2,441,420</u>	<u>(1,641,420)</u>
Total Other Financing Sources	<u>800,000</u>	<u>2,441,420</u>	<u>(1,641,420)</u>
Total Education and General Expenditures	<u>23,352,088</u>	<u>23,974,141</u>	<u>(622,053)</u>
Auxiliary Enterprises:			
Cafeteria/Bookstore Expenditures	-	-	-
Copy Machine Expense	18,000	16,311	1,689
Rancho del Cielo:			
Subsidy to UTB	96,113	99,185	-
Direct Expenses	28,183	34,111	5,928
Radio Station	15,000	15,000	(5,928)
Designated Transfer to UTB	-	8,675	(8,675)
Transfer to Other Funds	-	1,294,780	(1,294,780)
Total Auxiliary Enterprises	<u>157,296</u>	<u>1,459,062</u>	<u>(1,301,766)</u>
Total General and Auxiliary Enterprise Funds Expenditures	<u>23,509,384</u>	<u>25,432,203</u>	<u>(1,923,819)</u>
Excess Revenue Over (Under) Expenditures	<u>1,752,066</u>	<u>(108,767)</u>	
	<u>\$25,261,450</u>	<u>\$25,324,436</u>	

AUXILIARY ENTERPRISE FUND

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
AUXILIARY ENTERPRISE FUND
August 31, 1994

ASSETS

ASSETS

Petty Cash	\$ 2,250
Cash in Bank	309,545
Accounts Receivable	<u>30,129</u>
Total Assets	<u>\$ 341,924</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ <u> -</u>
Total Liabilities	<u> -</u>

FUND BALANCE

Unrestricted	<u>341,924</u>
Total Unreserved Unallocated Fund Balance (Exh. B)	<u>341,924</u>
Total Liabilities and Fund Balance	<u>\$ 341,924</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISE FUND
Year Ended August 31, 1994

Fund Balance, September 1, 1994	\$ 274,661
Add: Revenues received from prior year	493
Excess revenues (expenditures)	<u>66,770</u>
Fund Balance, August 31, 1994	<u>\$ 341,924</u>

TEXAS SOUTHMOST COLLEGE

STATEMENT OF REVENUES AND EXPENDITURES
 AUXILIARY ENTERPRISE FUND
 Year Ended August 31, 1994

	<u>Rancho Del Cielo</u>	<u>Bookstore and Cafeteria</u>	<u>Other</u>	<u>Combined Total</u>
REVENUES				
Leases	\$ -	\$ 184,278	\$ -	\$ 184,278
Parking Fees	-	-	223,748	223,748
Health Insurance	-	-	11,001	11,001
Student Service Fee	-	-	1,060,031	1,060,031
Copier Income	-	-	28,024	28,024
Other Income	-	-	9,371	9,371
Interest Income	-	-	9,379	9,379
Total Revenues	<u>-</u>	<u>184,278</u>	<u>1,341,554</u>	<u>1,525,832</u>
EXPENDITURES:				
Subsidy Paid to UTB	90,185	-	-	90,185
Direct Expenses	34,111	-	-	34,111
Rental & Supplies for Copier	-	-	16,311	16,311
Radio station support	-	-	15,000	15,000
Designated Transfer to UTB	-	-	8,675	8,675
Transfer to other Funds	-	-	1,294,780	1,294,780
Total Expenses	<u>124,296</u>	<u>-</u>	<u>1,334,766</u>	<u>1,459,062</u>
Excess Revenues (Expenditures)	<u>\$ (124,296)</u>	<u>\$ 184,278</u>	<u>\$ 6,788</u>	<u>\$ 66,770</u>

STUDENT ASSISTANCE FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEET
 LOCAL STUDENT ASSISTANCE FUNDS
 August 31, 1994

<u>ASSETS</u>	
<u>ASSETS:</u>	
Cash in Bank	\$ 104,275
Funds Held by State-TPEG	<u>100</u>
Total Assets	<u>\$ 104,375</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Due to Other Funds	10,476
Due to UTB	<u>88,633</u>
Total Liabilities	99,109
<u>FUND BALANCE</u>	
Restricted	<u>5,266</u>
Total Liabilities and Fund Balance	<u>\$ 104,375</u>

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
LOCAL STUDENT ASSISTANCE FUND
Year Ended August 31, 1994

	Institutional Scholarship Grants
Fund Balance, September 1, 1993	\$ 105,440
Add: Excess Revenue (Expenditures)	(100,174)
Less: Transfer to UTB	<u>-</u>
Fund Balance, August 31, 1994	<u>\$ 5,266</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES
 LOCAL STUDENT ASSISTANCE FUND
 Year Ended August 31, 1994

	<u>Institutional Scholarship Grants</u>
REVENUES:	
Local Grants and Contracts	\$ -
Interest Income	1,131
State Grant	113,860
Other Income	<u>165</u>
Total Revenues	<u>115,156</u>
EXPENDITURES:	
Texas Public Grant Program	175,953
Local Scholarships	2,195
Transfers to Other Funds	10,476
Designated Transfer to UTB	<u>26,706</u>
Total Expenditures	<u>215,330</u>
Excess Revenues (Expenditures)	<u>\$ (100,174)</u>

LOAN FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEET
 LOAN FUND
 August 31, 1994

	<u>Student Congress Loans</u>
ASSETS	
<u>ASSETS</u>	
Cash	\$ 26,937
Loans Receivable (Net of Allowance For Bad Debts of \$64,926)	7,534
Due From Other Funds	10,476
Due From UTB	<u>76,601</u>
Total Assets	<u>\$ 121,548</u>
LIABILITIES AND FUND BALANCE	
<u>LIABILITIES</u>	
Due to Federal Government	<u>\$ -</u>
Total Liabilities	-
<u>FUND BALANCE</u>	
Unrestricted - Designated	<u>121,548</u>
Total Liabilities and Fund Balance	<u>\$ 121,548</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 LOAN FUND
 Year Ended August 31, 1994

	<u>Student Congress Loans</u>
FUND BALANCE, September 1, 1993	\$ <u>132,128</u>
ADDITIONS:	
Interest Income	253
Increase in Receivables	2,052
Transfers From Other Funds	<u>10,476</u>
Total Additions	<u>12,781</u>
DEDUCTIONS:	
Allowance for Bad Debt	<u>23,361</u>
Total Deductions	<u>23,361</u>
FUND BALANCE, AUGUST 31, 1994	<u>\$ 121,548</u>

ENDOWMENT FUNDS

TEXAS SOUTHMOST COLLEGE

COMBINING BALANCE SHEETS
 ENDOWMENT FUNDS
 August 31, 1994

	<u>TSC Endowment Fund</u>	<u>Endowment Challenge Grant Program</u>	<u>Total</u>
ASSETS			
ASSETS			
Cash in Bank	\$ 2,660	\$ 11,067	\$ 13,727
Investments	24,775	-	24,775
Accrued Dividends	111	-	111
Due from UTB	<u>103</u>	<u>-</u>	<u>103</u>
Total Assets	<u>\$ 27,649</u>	<u>\$ 11,067</u>	<u>\$ 38,716</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to the TSC Foundation, Inc.	\$ -	\$ 11,067	\$ 11,067
Total Liabilities	<u>-</u>	<u>11,067</u>	<u>11,067</u>
 FUND BALANCE			
Restricted - Term	10,618	-	10,618
Restricted - Quasi-endowment	<u>17,031</u>	<u>-</u>	<u>17,031</u>
Total Fund Balance	<u>27,649</u>	<u>-</u>	<u>27,649</u>
Total Liabilities and Fund Balance	<u>\$ 27,649</u>	<u>\$ 11,067</u>	<u>\$ 38,716</u>

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
ENDOWMENT FUNDS
Year Ended August 31, 1994

	<u>TSC Endowment Fund</u>	<u>Endowment Challenge Grant Program</u>	<u>Total</u>
Fund Balance, September 1, 1993	\$ 40,841	\$ 3,902,355	\$ 3,943,196
Add: Donations	-	70	70
Interest, and Dividends	1,273	53,238	54,511
Unrealized Gain (Loss) on Marketable Securities	(11,845)	-	(11,845)
Less: Scholarship	2,620	1,934	4,554
Transfer to TSC Foundation, Inc.	<u>-</u>	<u>3,953,729</u>	<u>3,953,729</u>
Net Increase (Decrease) for the Year	<u>(13,192)</u>	<u>(3,902,355)</u>	<u>(3,915,547)</u>
Fund Balance, August 31, 1994	<u>\$ 27,649</u>	<u>\$ -</u>	<u>\$ 27,649</u>

PLANT FUNDS

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
UNEXPENDED FUNDS
August 31, 1994

ASSETS		Improvement and Contingency Fund
<u>ASSETS</u>		
Cash in Bank		\$ 1,429,122
Accrued Interest		6,638
Due from Other Funds		<u>-</u>
Total Assets		<u>\$ 1,435,760</u>
LIABILITIES AND FUND BALANCE		
<u>FUND BALANCE</u>		
Unrestricted		\$ 1,435,760
Total Fund Balance		<u>1,435,760</u>
Total Liabilities and Fund Balance		<u>\$ 1,435,760</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
UNEXPENDED FUNDS
Year Ended August 31, 1994

	Improvement and Contingency Fund
Fund Balance, September 1, 1993	<u>\$ 23,783</u>
Add: Investment Income	14,490
Transfers in from Other Funds	<u>1,397,487</u>
Net Increase (Decrease) for the Year	<u>1,411,977</u>
Fund Balance, August 31, 1994	<u>\$ 1,435,760</u>

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
RENEWALS AND REPLACEMENT
August 31, 1994

	<u>Capital Projects Fund</u>
ASSETS	
<u>ASSETS</u>	
Cash in Bank	\$ 334,231
Earnest Money Deposits	<u>50,000</u>
Total Assets	<u>\$ 384,231</u>
LIABILITIES AND FUND BALANCE	
<u>LIABILITIES</u>	
Accounts Payable	\$ 130,579
Retainage Payable	<u>10,263</u>
Total Liabilities	140,842
<u>FUND BALANCE</u>	
Unrestricted	<u>243,389</u>
Total Liabilities and Fund Balance	<u>\$ 384,231</u>

TEXAS SOUTHMOST COLLEGE
 STATEMENT OF CHANGES IN FUND BALANCE
 RENEWALS AND REPLACEMENT
 Year Ended August 31, 1994

	<u>Capital Projects Fund</u>
Fund Balance, September 1, 1993	\$ 94,697
Add: Transfer In-General Fund	1,043,933
Investment Income	9,465
Other Income	<u>31</u>
	1,053,429
Less: Capital Outlay	659,075
Repairs	<u>245,662</u>
	904,737
Net Increase (Decrease) for the Year	<u>148,692</u>
Fund Balance, August 31, 1994	<u>\$ 243,389</u>

TEXAS SOUTHMOST COLLEGE
COMBINING BALANCE SHEETS
RETIREMENT OF INDEBTEDNESS
 August 31, 1994

	Systems Fund	Debt Service	87/88 Tax Debt Service	Total
ASSETS				
ASSETS:				
Cash in Bank	\$ 351	\$ 317,366	\$ 167,489	\$ 485,206
Accounts Receivable	-	79,970	6,887	86,857
Allowance for Doubtful Accounts	-	(79,970)	-	(79,970)
Taxes Receivable	-	-	223,168	223,168
Allowance for Bad Debts	-	-	(6,695)	(6,695)
Total Assets	\$ 351	\$ 317,366	\$ 390,849	\$ 708,566
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Deferred Tax Revenue	\$ -	\$ -	\$ 216,473	\$ 216,473
Total Liabilities	-	-	216,473	216,473
 FUND BALANCE				
Restricted	351	317,366	174,376	492,093
Total Liabilities and Fund Balance	\$ 351	\$ 317,366	\$ 390,849	\$ 708,566

TEXAS SOUTHMOST COLLEGE

COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 RETIREMENT OF INDEBTEDNESS
 Year Ended August 31, 1994

	Systems Fund	Debt Service	87/88 Tax Debt Service	Total
Reserves and Fund Balance, September 1, 1993	\$ 303	\$ 406,324	\$ 122,105	\$ 528,732
Add: AD Valorem Tax	-	-	1,321,382	1,321,382
HEW Subsidy Grant	-	19,954	-	19,954
Investment Income	2,774	5,914	6,625	15,313
Building Usage Fees	304,614	-	-	304,614
Other Financing Sources	-	-	280,225	280,225
Total Receipts	<u>307,388</u>	<u>25,868</u>	<u>1,608,232</u>	<u>1,941,488</u>
Less: Retirement of Indebtedness	-	90,000	510,000	600,000
Interest on Indebtedness	-	24,320	658,174	682,494
Transfers to Other Funds	307,340	-	-	307,340
Other	-	506	1,311	1,817
Bond Issuance Cost	-	-	386,476	386,476
Total Disbursements	<u>307,340</u>	<u>114,826</u>	<u>1,555,961</u>	<u>1,978,127</u>
Net Increase (Decrease) for the Year	<u>48</u>	<u>(88,958)</u>	<u>52,271</u>	<u>(36,639)</u>
Reserves and Fund Balance, August 31, 1993	<u>\$ 351</u>	<u>\$ 317,366</u>	<u>\$ 174,376</u>	<u>\$ 492,093</u>

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
INVESTMENT IN PLANT
August 31, 1994

	<u>General Fixed Assets Fund</u>
ASSETS	
<u>LAND, BUILDINGS AND EQUIPMENT</u>	
Land	\$ 723,106
Land - Appraisal Increase (Note 4)	817,500
Site Improvements	5,773,801
Buildings and Improvements	21,863,492
Machinery, Equipment, Furniture and Library Books	14,826,272
Leased Equipment Under Capital Lease	423,635
Assets Held in Trust	351,064
Construction in Progress	116,650
Amounts to be Provided	<u>481,186</u>
TOTAL LAND, BUILDINGS AND EQUIPMENT	<u>45,376,706</u>
LIABILITIES AND NET INVESTMENT IN PLANT	
<u>LONG-TERM DEBT</u>	
Accrued Interest Payable	\$ 481,186
Bonds Payable	11,374,999
Obligations Under Capital Lease	<u>20,576</u>
Total Long-Term Debt	11,876,761
<u>Net Investment In Plant</u>	<u>33,499,945</u>
Total Liabilities and Net Investment in Plant	<u>\$45,376,706</u>

TEXAS SOUTHMOST COLLEGE
 STATEMENT OF CHANGES IN FUND BALANCE
 INVESTMENT IN PLANT
 Year Ended August 31, 1994

	<u>General Fixed Assets Fund</u>
Fund Balance, September 1, 1993	<u>\$39,410,565</u>
Add: Reduction in Long-Term Debt	717,875
Purchases and Additions	556,313
Work In Process	116,650
Less: Decrease in Library Books	<u>7,301,458</u>
Net Increase (Decrease) for the Year	<u>(5,910,620)</u>
Fund Balance, August 31, 1994	<u>\$33,499,945</u>

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF GENERAL FIXED ASSETS
INVESTMENT IN PLANT
Year Ended August 31, 1994

	<u>Balance 8-31-93</u>	<u>Purchased/ Additions</u>	<u>Other*</u>	<u>Balance 8-31-94</u>
BUILDINGS				
Auto Body Building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied Health	698,407	-	-	698,407
Tandy Hall I	1,087,093	-	-	1,087,093
Tandy Hall II	2,065,351	-	-	2,065,351
A. A. Champion	43,436	-	-	43,436
Gymnasium	814,002	-	-	814,002
Business Services	5,565	-	-	5,565
Student Center	944,335	-	-	944,335
Library	4,021,742	169,737	-	4,191,479
Rusteberg	787,252	24,792	-	812,044
Gomez-Farias Project (Mexico)	5,063	-	-	5,063
Eidman Science-Math Building	809,454	11,518	-	820,972
Gorgas Hall Improvements	1,582,096	-	-	1,682,096
Music Hall	94,770	-	-	94,770
Maintenance	34,898	-	-	34,898
PAU-B Administration	222,158	-	-	222,158
PAU-B Temporary Office	13,444	-	-	13,444
Child Care Center	378,509	-	-	378,509
Cavalry Barracks	409,904	33,987	-	443,891
Women's Center	76,019	-	-	76,019
Continuing Education	45,000	-	-	45,000
Athletic Houses	13,143	-	-	13,143
Marion Hedrick Smith Memorial Amphitheater	296,391	-	-	296,391
U.S. Coast Guard Station (S.P.I.)	320,353	-	-	320,353
Security/First Aid (Carpet)	888	-	-	888
Continuing Education (American Legion Building)	56,417	-	-	56,417
Classroom/office	5,936,735	-	-	5,936,735
Art	673,412	-	-	673,412
Total Buildings	<u>21,623,458</u>	<u>240,034</u>	<u>-</u>	<u>21,863,492</u>
LAND				
Land 50 year Lease Amphitheater	1,250	-	-	1,250
Land	176,014	-	-	176,014
Land - Appraisal Increase	817,500	-	-	817,500
Land - Parking Lot	138,111	407,731	-	545,842
Total Land	<u>1,132,875</u>	<u>407,731</u>	<u>-</u>	<u>1,540,606</u>

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF GENERAL FIXED ASSETS
INVESTMENT IN PLANT - CONTINUED
Year Ended August 31, 1994

	Balance 8-31-93	Purchased/ Additions	Other*	Balance 8-31-94
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168	-	-	16,168
Landscaping - S.P.I.	3,395	-	-	3,395
Paving	392,615	-	-	392,615
Remodel Courtyard Fountain	18,638	-	-	18,638
Tennis Courts	43,002	-	-	43,002
Reflecting Pool	27,591	-	-	27,591
Gorgas Monument	24,121	-	-	24,121
Roofing	719,512	-	-	719,512
ACM Abatement	649,036	-	-	649,036
Resaca Bulkhead	281,424	-	-	281,424
Paseo	265,071	-	-	265,071
Paseo - Classroom	448,523	-	-	448,523
Paseo - East	570,218	-	-	570,218
Central Plant	2,258,148	22,262	-	2,280,410
ADA Compliance Improvements	-	34,077	-	34,077
Total Improvements	<u>5,717,462</u>	<u>56,339</u>	-	<u>5,773,801</u>
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Gorgas	176,830	13,887	-	190,717
Champion	97,880	-	-	97,880
Art Building	45,098	-	-	45,098
Gymnasium	98,321	-	-	98,321
Tandy Hall	1,165,892	-	-	1,165,892
Leased Computer Equipment	423,635	-	-	423,635
Library	1,013,676	-	-	1,013,676
Library Books	14,088,511	-	(7,301,458)	6,787,053
Student Center	209,432	22,169	-	231,601
Eidman Hall	393,943	-	-	393,943
Applied Arts	1,277,797	-	-	1,277,797
Maintenance	380,988	-	-	380,988
Allied Health	600,308	-	-	600,308
Adult Continuing Ed Center	321,799	-	-	321,799
Music Department	247,811	-	-	247,811
Athletic Houses	12,446	-	-	12,446
Security/First Aid	35,026	3,812	-	38,838
Child Care	88,237	-	-	88,237
Old President's Home	23,429	-	-	23,429
Cavalry Barracks	418,505	-	-	418,505
South Padre Island	75,012	-	-	75,012
Rancho del Cielo	36,369	-	-	36,369
LVN McAllen	17,456	-	-	17,456
Classroom/Office	1,213,268	41,319	-	1,254,587
LVN - Weslaco	8,508	-	-	8,508
Total Equipment	<u>22,470,177</u>	<u>81,187</u>	<u>(7,301,458)</u>	<u>15,249,906</u>
Total General Fixed Assets	<u>\$50,943,972</u>	<u>\$ 785,291</u>	<u>\$(7,301,458)</u>	<u>\$44,427,805</u>

* Stolen, Transfers, Deletions, Donations, Auctions, Corrections, and Deletion of Library Books belonging to University of Texas - Brownsville erroneously included in prior years values.

AGENCY FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 AGENCY FUNDS
 August 31, 1994

	<u>Rebate Fund</u>	<u>Alumni Fund</u>
ASSETS		
ASSETS:		
Cash in Bank	\$ -	\$ 6,731
Total Assets	<u>\$ -</u>	<u>\$ 6,731</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Funds Held in Custody For Others	\$ -	\$ 6,731
Total Liabilities	<u>-</u>	<u>6,731</u>
FUND BALANCE:		
Restricted	-	-
Unrestricted	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 6,731</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 AGENCY FUNDS
 Year Ended August 31, 1994

	Rebate Fund	Alumni Fund
Fund Balance, September 1, 1993	\$ 13,127	\$ -
Add: Receipts	-	6,731
Interest	66	-
Less: Disbursements	-	-
Transfer to Other Funds	13,193	-
Net Increase (Decrease) for the Year	(13,193)	6,731
Fund Balance, August 31, 1994	\$ -	\$ 6,731

BOND SCHEDULES

TEXAS SOUTHMOST COLLEGE

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

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Number</u>	<u>Bond Principal Due Nov. 15th</u>	<u>Bond Interest Due Nov. 15th</u>	<u>Bond Interest Due May 15th</u>	<u>Total Annual Requirements</u>
1995	7-1/2%	108-118	55,000.00	4,312.50	2,250.00	61,562.50
1996	7-1/2%	119-130	60,000.00	2,250.00	.00	62,250.00
			<u>\$ 115,000.00</u>	<u>\$ 6,562.50</u>	<u>\$ 2,250.00</u>	<u>\$ 123,812.50</u>

TEXAS SOUTHMOST COLLEGE

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

<u>Year</u>	<u>Interest Rate</u>	<u>Bond Number</u>	<u>Principal Due May 1,</u>	<u>Bond Interest Due Nov. 15,</u>	<u>Bond Interest Due May 1,</u>	<u>Total Annual Requirements</u>
1995	7.70%	93-100	40,000.00	5,390.00	5,390.00	50,780.00
1996	7.70%	101-110	50,000.00	3,850.00	3,850.00	57,700.00
1997	7.70%	111-120	<u>50,000.00</u>	<u>1,925.00</u>	<u>1,925.00</u>	<u>53,850.00</u>
			<u>\$ 140,000.00</u>	<u>\$ 11,165.00</u>	<u>\$ 11,165.00</u>	<u>\$ 162,330.00</u>

TEXAS SOUTHMOST COLLEGE
MATURITY SCHEDULE
 SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
 SCHOOL BUILDING TAX BONDS
 SERIES 1987 AND 1988
 Year Ending August 31,

<u>Year Ending</u>	<u>Series 1987 and 1988</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 540,000	\$ 177,255	\$ 717,255
1996	550,000	128,480	678,480
1997	650,000	79,418	729,418
1998	680,000	33,950	713,950
1999	<u>190,000</u>	<u>6,460</u>	<u>196,460</u>
Totals	<u>\$ 2,610,000</u>	<u>\$ 425,563</u>	<u>\$ 3,035,563</u>

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

TEXAS SOUTHMOST COLLEGE
MATURITY SCHEDULE
 SOUTHMOST UNION JUNIOR COLLEGE DISTRICT
 REFUNDING TAX BONDS - SERIES 1994
 Year Ending August 31,

<u>Year Ending</u>	<u>The Series 1994 Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 135,000	\$ 383,098	\$ 518,098
1996	140,000	378,418	518,418
1997	150,000	372,898	522,898
1998	155,000	366,681	521,681
1999	655,000	349,383	1,004,383
2000	940,000	314,150	1,254,150
2001	960,000	269,720	1,229,720
2002	405,859	790,581	1,196,440
2003	379,140	857,300	1,236,440
2004	990,000	220,700	1,210,700
2005	1,075,000	166,473	1,241,473
2006	1,115,000	107,880	1,222,880
2007	1,185,000	45,188	1,230,188
2008	<u>225,000</u>	<u>6,300</u>	<u>231,300</u>
Totals	<u>\$ 8,509,999</u>	<u>\$ 4,628,770</u>	<u>\$13,138,769</u>