



TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 1996

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AUGUST 31, 1996

TEXAS SOUTHMOST COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year 1995 - 1996

Board of Trustees

Officers

David Oliveira	Chairperson
Anthony Carnesi, Jr.	Vice-Chairperson
Chester Gonzalez	Secretary

Members

		Term Expires
Mary Rose Cardenas	Brownsville, Texas	May, 2002
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
Dolly Zimmerman	Brownsville, Texas	May, 2002
David Oliveira	Brownsville, Texas	May, 2000

Principal Administrative Officers

Juliet V. Garcia	President
Michael Putegnat	Executive Director/Secretary
Hector H. Garcia	Controller

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AUGUST 31, 1996

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FINANCIAL SECTION



LONG, CHILTON, PAYTE & HARDIN, LLP

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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, 1996, 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, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 1, 1996 on our consideration of Texas Southmost College's internal control structure and a report dated November 1, 1996 on its compliance with laws and regulations.

Larry Chilton, Payte Hardin

Brownsville, Texas
November 1, 1996

TEXAS SOUTHMOST COLLEGE

EXHIBIT A

BALANCE SHEET

August 31, 1996

With Memorandum Totals At August 31, 1995

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)	\$1,628,784	\$ 93,728	\$ 77,165	\$1,799,677	\$ 53,064
Accounts Receivable (net of allowance for doubtful accounts of \$-0- both years)	195,453	126,596		322,049	76,601
Taxes Receivable (net of allowance for doubtful accounts of \$18,213 and \$267,414 at August 31, 1996 and 1995) (Sch. C-4)	588,882			588,882	
Due From Other Funds	760,644	570	19,867	781,081	12,629
Investments (Sch. A-1)		300,000		300,000	
Accrued Interest Receivable	134,135			134,135	
Prepaid Expenses					
Federal Receivables			534,318	534,318	
Deposits					
Notes Receivable (net of allowance for doubtful accounts of \$92,373)					9,771
Consumable Inventories	5,869			5,869	
Land					
Buildings					
Improvements Other Than Buildings					
Equipment					
Library Books					
Construction in Progress					
Assets Held in Trust					
Amounts to be Provided Interest Payable on Capital Appreciation Bonds					
Total Assets	<u>\$ 3,313,767</u>	<u>\$ 520,894</u>	<u>\$ 631,350</u>	<u>\$ 4,466,011</u>	<u>\$ 152,065</u>

Endowment and Similar Funds	Annuity and Life Income Funds	PLANT FUNDS				Agency Funds	TOTALS MEMORANDUM ONLY	
		Unexpended	Renewals and Replace- ments	Retirement of Indebt- edness	Investment in Plant		Current Year	Prior Year
\$ 2,977	\$	\$ 45,973	\$1,366,070	\$ 633,766	\$	\$ 7,098	\$ 3,908,625	\$ 8,213,179
			185	4,558			403,393	495,013
				314,273			903,155	644,161
44,453		3,500,000	12,976				806,686	2,425,110
119		83,726	2,000,000				5,844,453	43,396
							217,980	7,096
							0	76,250
							534,318	400,282
		50,000					50,000	50,000
							9,771	12,804
							5,869	5,869
					2,690,139		2,690,139	2,343,065
					22,770,000		22,770,000	22,319,214
					5,843,856		5,843,856	5,806,635
					8,084,469		8,084,469	8,326,340
					7,780,253		7,780,253	7,870,228
					1,152,302		1,152,302	54,784
					351,064		351,064	351,064
					623,560		623,560	550,476
<u>\$ 47,549</u>	<u>\$ 0</u>	<u>\$ 3,679,699</u>	<u>\$ 3,379,231</u>	<u>\$ 952,597</u>	<u>\$49,295,643</u>	<u>\$ 7,098</u>	<u>\$61,979,893</u>	<u>\$59,994,966</u>

TEXAS SOUTHWEST COLLEGE

Exhibit A

BALANCE SHEET

August 31, 1996

With Memorandum Totals At August 31, 1995

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	\$ 11,565	\$ 4,457	\$ -	\$ 16,022	\$
Accrued Liabilities					
Due To Other Funds	19,867	13,161	454,680	487,708	
Due To Other Agencies	400,866	570	97,057	498,493	
Deferred Revenues	2,052,192			2,052,192	
Accrued Compensable Absences Payable	52,096			52,096	
Bonds Payable (net of Unamortized Premium/ Discount of \$0 as of 8/31/96) (Sch. D-1)					
Funds Held in Custody for Others					
Total Liabilities	<u>2,536,586</u>	<u>18,188</u>	<u>551,737</u>	<u>3,106,511</u>	<u>0</u>
Fund Balance:					
Unrestricted					
Reserved					
Accounts Receivable	\$ 195,453	\$ 126,596	\$	\$ 322,049	\$
Consumable Inventory	5,869			5,869	
Unreserved					
Designated					
Capital Projects					
College Loan Funds					88,971
Undesignated	575,859	376,110		951,969	
Restricted					
Other			79,613	79,613	
Institutional Matching Funds					63,094
Net Investment in Plant					
Total Fund Balances (Exh. B)	<u>777,181</u>	<u>502,706</u>	<u>79,613</u>	<u>1,359,500</u>	<u>152,065</u>
Total Liabilities and Fund Balances	<u>\$ 3,313,767</u>	<u>\$ 520,894</u>	<u>\$ 631,350</u>	<u>\$ 4,466,011</u>	<u>\$ 152,065</u>

See Accompanying Notes to the Financial Statements.

Endowment and Similar Funds	Annuity and Life Income Funds	PLANT FUNDS				Agency Funds	TOTALS MEMORANDUM ONLY	
		Unexpended	Renewals and Replaces- ments	Retirement of Indebt- edness	Investment in Plant		Current Year	Prior Year
\$	\$	\$ 28,366	\$ 22,450	\$	\$ 623,560	\$	\$ 66,838	\$ 226,539
			570	318,408			623,560	550,476
				314,273			806,686	2,425,110
							498,493	215,526
							2,366,465	1,825,700
							52,096	32,238
					9,804,999		9,804,999	10,604,999
						7,098	7,098	6,824
<u>0</u>	<u>0</u>	<u>28,366</u>	<u>23,020</u>	<u>632,681</u>	<u>10,428,559</u>	<u>7,098</u>	<u>14,226,235</u>	<u>15,887,412</u>
\$	\$	\$	\$	\$	\$	\$	\$ 322,049	\$ 401,943
							5,869	5,869
		3,651,333	3,356,211				7,007,544	3,129,133
							88,971	90,123
							951,969	3,501,013
47,549				319,916			447,078	462,677
							63,094	50,465
<u>47,549</u>	<u>0</u>	<u>3,651,333</u>	<u>3,356,211</u>	<u>319,916</u>	<u>38,867,084</u>	<u>0</u>	<u>38,867,084</u>	<u>36,466,331</u>
<u>\$ 47,549</u>	<u>\$ 0</u>	<u>\$ 3,679,699</u>	<u>\$ 3,379,231</u>	<u>\$ 952,597</u>	<u>\$49,295,643</u>	<u>\$ 7,098</u>	<u>\$61,979,893</u>	<u>\$59,994,966</u>

TEXAS SOUTHWEST COLLEGE

Exhibit B

STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 1996
With Memorandum Totals At August 31, 1995

CURRENT FUNDS

	Unrestricted	Auxiliary Enterprises	Restricted	Total	Loan Funds
REVENUES AND OTHER ADDITIONS					
Unrestricted Current Funds Revenue (Exh. C)	\$21,537,458	\$ 2,650,917	\$	\$24,188,375	\$
State Appropriations - Restricted			30,248	30,248	
Federal Grants and Contracts			1,343,309	1,343,309	
State Grants and Contracts				0	
Local Gifts, Grants and Contracts			9,171	9,171	
Investment/Endowment Income			2,497	2,497	1,881
Realized Gains on Investments				0	
Net Change in Bonds Payable				0	
Net Change in Notes Payable				0	
Expended for Plant Facilities (Includes \$19,941 Charged to Current Funds Expenditures)				0	
Other Additions					14,100
Total Revenues and Other Additions	<u>\$21,537,458</u>	<u>\$ 2,650,917</u>	<u>\$ 1,385,225</u>	<u>\$25,573,600</u>	<u>\$ 15,981</u>
EXPENDITURES AND OTHER DEDUCTIONS					
Expenditures (Exh. C)	19,969,634	1,186,588	7,144,706	28,300,928	
Expended for Plant Facilities				0	
Loan Cancellations and Write Offs				0	17,133
Retirement of Indebtedness - Bonds				0	
Interest on Indebtedness				0	
Other Deductions				0	
Total Expenditures and Other Deductions	<u>\$19,969,634</u>	<u>\$ 1,186,588</u>	<u>\$ 7,144,706</u>	<u>\$28,300,928</u>	<u>\$ 17,133</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS)					
Mandatory Transfers					
TPEG	(147,052)		134,423	(12,629)	12,629
SEOG Matching				0	
Non-Mandatory Transfers	(4,328,300)	(1,442,175)	58,038	(5,712,437)	
Other	254,892		5,635,827	5,890,719	
Total Transfers - Additions (Deductions)	<u>(4,220,460)</u>	<u>(1,442,175)</u>	<u>5,828,288</u>	<u>165,653</u>	<u>12,629</u>
NET INCREASE/(DECREASE) FOR THE FISCAL YEAR	<u>(2,652,636)</u>	<u>22,154</u>	<u>68,807</u>	<u>(2,561,675)</u>	<u>11,477</u>
FUND BALANCES, September 1, 1995:	\$ 3,428,273	\$ 480,552	\$ 10,806	\$ 3,919,631	\$ 140,588
Restatements (Prior Period Adjustments)	1,544			1,544	
FUND BALANCES September 1, 1995 - Restated	<u>3,429,817</u>	<u>480,552</u>	<u>10,806</u>	<u>3,921,175</u>	<u>140,588</u>
FUND BALANCES, August 31, 1996 (Exh. A)	<u>\$ 777,181</u>	<u>\$ 502,706</u>	<u>\$ 79,613</u>	<u>\$ 1,359,500</u>	<u>\$ 152,065</u>

See Accompanying Notes to the Financial Statements.

Endowment and Similar Funds	Annuity and Life Income Funds	PLANT FUNDS					TOTALS MEMORANDUM ONLY	
		Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$	\$	\$	\$	\$	\$	\$	\$ 24,188,375	\$ 23,761,580
				19,954			30,248	23,299
							1,363,263	1,461,871
							0	206,827
							9,171	68,933
2,013		169,354	20,005	27,777			223,527	102,496
1,056							1,056	18,622
					800,000		800,000	770,000
							0	20,535
					2,205,434		2,205,434	2,342,976
			41,307	1,501,260			1,556,667	1,938,357
<u>\$ 3,069</u>	<u>0</u>	<u>\$ 169,354</u>	<u>\$ 61,312</u>	<u>\$1,548,991</u>	<u>\$ 3,005,434</u>	<u>0</u>	<u>30,377,741</u>	<u>\$30,715,496</u>
1,600		610,703	1,771,098				28,302,528	29,407,151
							2,381,801	1,130,287
							17,133	10,314
				800,000			800,000	770,000
				516,848			516,848	577,695
				909			605,590	590,577
<u>\$ 1,600</u>	<u>\$ 0</u>	<u>\$ 610,703</u>	<u>\$1,771,098</u>	<u>\$1,317,757</u>	<u>\$ 604,681</u>	<u>\$ 0</u>	<u>\$32,623,900</u>	<u>\$32,486,024</u>
							0	0
							0	(45,799)
		1,138,400	4,891,146	(317,109)			0	(212,123)
							5,890,719	6,087,100
<u>0</u>	<u>0</u>	<u>1,138,400</u>	<u>4,891,146</u>	<u>(317,109)</u>	<u>0</u>	<u>0</u>	<u>5,890,719</u>	<u>5,829,178</u>
1,469		697,051	3,181,360	(85,875)	2,400,753	0	3,644,560	4,058,650
\$ 46,080	\$	\$2,954,282	\$ 174,851	\$ 405,791	\$36,466,331	\$	\$44,107,554	\$39,975,499
							1,544	73,405
<u>46,080</u>	<u></u>	<u>2,954,282</u>	<u>174,851</u>	<u>405,791</u>	<u>36,466,331</u>	<u></u>	<u>44,109,098</u>	<u>40,048,904</u>
<u>\$ 47,549</u>	<u>\$ 0</u>	<u>\$3,651,333</u>	<u>\$3,356,211</u>	<u>\$ 319,916</u>	<u>\$38,867,084</u>	<u>\$ 0</u>	<u>\$47,753,658</u>	<u>\$44,107,554</u>

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TEXAS SOUTHMOST COLLEGE

Exhibit C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

For the Year Ended August 31, 1996
With Memorandum Totals For the Year Ended August 31, 1995

	Unrestricted	Auxiliary Enterprises	Restricted	TOTALS MEMORANDUM ONLY	
				Current Year	Prior Year
REVENUES					
State Appropriations - General Revenue	\$ 9,978,872	\$	\$ 30,248	\$10,009,120	\$10,604,651
Tuition and Fees	6,403,955	1,531,175		7,935,130	7,896,476
Taxes for Current Operation	1,879,329			1,879,329	1,938,934
Federal Grants and Contracts			1,343,309	1,343,309	1,441,917
State Grants and Contracts	3,000,000			3,000,000	2,134,622
Local Grants and Contracts		888,684	9,171	897,855	766,513
Investment/Endowment Income	275,302			275,302	259,319
Sales & Service of Auxiliary Enterprises		201,536		201,536	194,338
Other Sources					
Interest Income		20,395	2,497	22,892	15,776
Gains/Losses on Investments					25,000
Misc. Income		9,127		9,127	225,010
Total Current Funds Revenues	<u>21,537,458</u> (Exh. B)	<u>2,650,917</u> (Exh. B)	<u>1,385,225</u>	<u>25,573,600</u>	<u>25,502,556</u>
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General					
Instruction			119,362	119,362	154,015
Institutional Support	851,801		30,248	882,049	841,638
Scholarships and Fellowships			126,151	126,151	147,723
Transfers to UTB	19,117,833		6,868,945	25,986,778	27,467,710
Total Educational and General Expenditures	<u>19,969,634</u> (Exh. B)	<u>0</u>	<u>7,144,706</u> (Exh. B)	<u>27,114,340</u>	<u>28,611,086</u>
Auxiliary Enterprise Expenditures					
Expenditures		208,905		208,905	97,265
Transfers to UTB		977,683		977,683	697,338
		<u>1,186,588</u> (Exh. B)		<u>1,186,588</u>	<u>794,603</u>
Mandatory Transfers for:					
TPEG to Restricted	(68,113)		68,113	0	0
SEOG Matching				0	(45,799)
Total expenditures and mandatory transfers	<u>20,037,747</u>	<u>1,186,588</u>	<u>7,076,593</u>	<u>28,300,928</u>	<u>29,451,488</u>
Other transfers and additions/(deductions):					
Non-mandatory transfers	(4,407,239)	(1,442,175)	45,409	(5,804,005)	(2,396,304)
Excess of TPEC transfer over grant awarded			78,939	78,939	0
Federal Scholarships/Grants by UTB	254,892		5,635,827	5,890,719	6,087,100
Net increase (decrease) in fund balances	<u>\$(2,652,636)</u>	<u>\$ 22,154</u>	<u>\$ 68,807</u>	<u>\$(2,561,675)</u>	<u>\$(258,136)</u>

See Accompanying Notes to the Financial Statements.

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TEXAS SOUTHMOST COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 1996

1. Reporting Entity

Texas Southmost College (TSC) was established in 1926, in accordance with the laws of the State of Texas, to serve the educational needs of Brownsville and the surrounding communities. The Southmost Union Junior College District was established in 1949 and is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and 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 Texas Southmost College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. These requirements are in substantial conformity with, the AICPA Industry Audit Guide, Audits of Colleges and Universities, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by applicable FASB pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements cited in Codification Section Co5, "Colleges and Universities."

Basis of Accounting

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

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

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

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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1996

Fund Accounting

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

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

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

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

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

The different fund groups used at 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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

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.

Loan Funds

Funds available for loans to students, faculty and staff.

Endowment and Similar Funds

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

Annuity and Life Income Funds

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

Plant Funds

Plant funds are divided into these separate balanced fund groups:

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

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

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

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

Agency Funds

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

Memorandum Totals

The Balance Sheet in columnar form, the Statement of Changes in Fund Balances, and the Statement of Current Funds Revenues, Expenditures and Other Changes are shown with memorandum totals for the current and prior 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.

3. Authorized Investments

While the Board of Trustees of Texas Southmost College has adopted a written investment policy regarding the investment of its funds, it is not in compliance with the Public Funds Investment Act as amended in 1995 (Chapter 2256, Texas Government Code). The investments of the college are in compliance with the Trustees' investment policies.

4. Deposits and Investments

At August 31, 1996, the carrying amount of Texas Southmost College deposits was \$9,706,115, and total bank balances equalled \$10,345,204. Bank balances of \$100,000 are covered by federal depository insurance and \$10,245,204 was covered by collateral pledged in Texas Southmost College's name. The collateral was held by Texas Southmost College or by its agent (Category 1). Bank balances totaling \$4,445,204 were collateralized with securities held by the pledging financial institution's trust department or agent in Texas Southmost College's name (Category 2). There were no bank balances uncollateralized at fiscal year end (Category 3).

Cash and Deposits

Bank Deposits		
Demand Deposits		\$ 9,706,115
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>\$ 9,708,625</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.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

The following categories of credit risk are included:

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

Type of Security	Category			Carrying Amount	Market Value
	1	2	3		
Corporate Stocks	\$	\$ 44,453	\$	\$ 44,453	\$ 44,453
TOTALS	\$ -	\$ 44,453	\$ -	\$ 44,453	\$ 44,453

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, 1996 was \$50,000.00.

b. School Building Tax Bonds, Series 1987 - 1988.

- To construct, improve various building within the District.
- Issued March 12, 1987 and March 10, 1988.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

- \$13,500,000; all authorized bonds have been issued.
- Source of revenue for debt service -- Ad Valorem Tax levy.
- Outstanding balance at August 31, 1996 was \$1,520,000.00.

c. 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, 1996 was \$8,234,999.00.

Bonds and variable rate notes payable are due in annual installments varying from \$50,000 to \$650,000 with interest rates from 3.2 percent to 7.7 percent with the final installment due in 2008. Future principal and interest expense requirements are summarized below for bonds and variable rate notes issued.

<u>Year Ending August 31,</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Principal Outstanding</u>
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>\$13,795,931</u>	<u>\$ 3,990,932</u>	<u>\$ 9,804,999</u>	

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1996

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 bonds 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 resulted from the advanced refunding.

7. Defeased Bonds Outstanding

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

8. Employees' Retirement Plan

PLAN DESCRIPTION

The Teacher Retirement System of Texas is a multiple-employer public employee retirement system (PERS). It is a cost-sharing PERS with one exception: All risks and costs are not shared by the employer but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year.

For members of the retirement system entitled to the minimum salary for certain school personnel established under § 16.056, Texas Education Code, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1996

Types of Employees Covered

All employees of public, state-supported educational institutions in Texas who are employed for up to $\frac{1}{2}$ time or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C § 822.002 are covered by TRS membership.

Benefit Provisions

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution, art. XVI, § 67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

Service Retirement

1. Normal
 - Age 65 with five years of service
 - Age 60 with 20 years of service
 - Age 55 with 30 years of service
2. Reduced
 - Age 55 with at least five years of service
 - Any age below 55 with 30 years of service

A member is fully vested after five years of creditable service and entitled to any benefit for which eligibility requirements have been met.

FUNDING STATUS AND PROGRESS

State law provided for a state contribution rate for fiscal years 1996 and 1997 of 6.00% and a member contribution rate of 6.4% for fiscal years 1996 and 1997. These rates are set by state statutes. In certain instances, the reporting district Texas Southmost College is required to make all or a portion of the state's 6.00% contribution.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years or if the amortization period already exceeds 31 years the period would be increased by such action.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

Pension benefit obligation, net assets available, unfunded pension benefit obligation, and annual covered payroll for the Teacher Retirement System of Texas as of August 31, 1987 to 1995, were as follows (in billions):

Fiscal Year	Pension Benefit Obligation	Net Assets Available for Benefits (Book Value)	Unfunded Pension Benefit Obligation	Annual Covered Payroll
1987	\$ 20.1	\$ 15.5	\$ 4.6	\$ 8.6
1988	21.8	17.5	4.3	9.2
1989	24.6	19.7	4.9	9.8
1990	27.1	21.8	5.3	10.4
1991	29.8	24.0	5.8	11.2
1992	32.0	26.1	5.9	12.0
1993	35.7	29.0	6.7	13.4
1994	36.1	33.3	2.8	14.2
1995	41.9	37.1*	4.8	14.9

1996 information will be available after March 1, 1997.

*Market Value of Net Assets Available at 8/31/95 is \$45.7 billion.

OPTIONAL RETIREMENT PLAN

Administrative employees and faculty members have an option to participate in an Optional Retirement Plan. The state's contribution rate for fiscal years 1996 and 1997 is 8.5%, and a member's contribution rate is 6.65% for fiscal years 1996 and 1997. Texas Southmost College is required to make 2.5% of the state's 8.5% contribution.

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. As of August 31, 1996, the college had one employee participating in the program. A total of \$3,000 in payroll deductions had been invested in approved plans during the fiscal year.

10. Compensated Absences

Full-time employees earn annual leave at a rate of eight hours per month employed with the college. The college district's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year without limit. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave. The college recognized the accrued liability for the unpaid annual leave in the Unrestricted Current Fund. Sick leave, which can be accumulated to a maximum of 60 days, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness. The college district's policy is that employees who terminate employment are not entitled to payment of the accumulated sick leave. As a result, the college does not accrue the accumulated sick leave at year end. The cost of sick leave is recognized when paid.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

11. Pending Lawsuits and Claims

On August 31, 1996, there were no lawsuits involving Texas Southmost College.

12. Capital Lease Obligations

There were no capital lease obligations at August 31, 1996.

13. Operating Lease Commitments and Rental Agreement

There were no operating lease commitments at August 31, 1996.

Rental agreements consist of the following:

On June 6, 1996 a lease agreement was signed with Subway Real Estate Corp. to provide meals and beverages for the students, faculty, staff and guests. Under the terms of the agreement Subway will pay the College a base rent at the rate of 4% of gross sales per month.

On August 22, 1995 the College extended its bookstore lease to Texas Book Company for an additional one year period from August 1, 1995 thru July 31, 1996. The lease calls for a lease payment of \$95,000 for the year plus an additional 10% of gross revenues above \$1,250,000.

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, 1996 there were no such funds for the benefit of the college.

15. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Funds received, but not expended during the reporting period, are shown as additions to fund balance on Exhibit B. Revenues are recognized on Exhibit C as funds are actually expended. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit A. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit A. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 1996 for which monies have not been received nor funds expended totalled \$871,115. Of this amount, \$871,115 was from Federal Contract and Grant Awards.

16. Self-Insured Plans

The college has no self-insured arrangements.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1996

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 contributes \$2.28 per month on \$5,000 of life insurance per employee. The state's contribution per full-time employee was \$184.03 for single employees, \$360.70 for the employee and children, \$289.85 for employee and spouse, and \$360.70 for family coverage per month for the year ended August 31, 1996. The cost of providing those benefits for six active employees was \$18,924. At August 31, 1996 Texas Southmost College did not have any active retirees.

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 \$222,132 to the college during the year ended August 31, 1996. During the fiscal year the college furnished certain services such as office space, utilities and staff assistance to the Foundation at no cost for these services.

Partnership Agreement With the University of Texas at Brownsville

On September 1, 1992 an agreement was entered into between 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 \$45,489 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 head count of the prior year divided by the official fall student head count 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, 1996 UTB had property purchases of \$432,974. TSC's interest in this property is 83.19% or \$360,208.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

Real Property

Under this agreement UTB also agrees to pay TSC \$204,511 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 Contract Regarding Finance and Funding. Under this contract UTB agrees to deliver all programs and provide all services for both entities. TSC will pay UTB for instruction and services for TSC students as follows: Tuition for lower division academic and vocational courses, and all appropriations and contracts.

19. Interfund Borrowing

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 760,644	\$ 19,867
Auxiliary Enterprises	570	13,161
Restricted		
Institutional Scholarships	19,857	12,629
Federal Restricted Funds	10	442,051
Loan Funds	12,629	
Renewals and Replacements		
Restricted Major Restoration	12,976	570
Restricted Parking Fund		
Capital Expansion		
Retirement of Indebtness		
Systems Fund		318,408
	<u>\$ 806,686</u>	<u>\$ 806,686</u>

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1996

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 either maintenance and operations or interest and sinking expenditures. Tax collections for the year ended August 31, 1996 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 its original cost. \$817,500 was 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). During the year, an additional 18.76 acres of land for \$422,100 have been added based on a non-formal appraisal made in 1995. This land was acquired by gift from the U.S. Government.

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

Changes in general fixed assets are as follows:

	<u>Balance</u> 8-31-95	<u>Purchased/</u> <u>Additions</u>	<u>Other*</u>	<u>Balance</u> 8-31-96
BUILDINGS				
Auto Body Building	\$ 87,621	\$	\$	\$ 87,621
Allied Health	698,407			698,407
Tandy Hall I	1,209,301			1,209,301
Tandy Hall II	2,277,225			2,277,225
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	4,191,479			4,191,479
Rusteberg	933,684			933,684
Gomez-Farias Project (Mexico)	5,063			5,063
Eidman Science-Math Building	820,972	54,343		875,315
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	443,891			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
Central Plant		396,443		396,443
Total Buildings	<u>22,319,214</u>	<u>450,786</u>	<u>0</u>	<u>22,770,000</u>

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

	Balance 8-31-95	Purchased/ Additions	Other*	Balance 8-31-96
LAND				
Land 50 year Lease Amphitheater	1,250			1,250
Land	485,631			485,631
Land - Appraisal Increase	817,500			817,500
Land - Parking Lot	616,584	270,649		887,233
Land - 18.76 Acres	422,100			422,100
Land - Canon Del Novillo		16,425		16,425
Land - Young House		60,000		60,000
Total Land	2,343,065	347,074	0	2,690,139
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168			16,168
Landscaping - S.P.I.	3,395			3,395
Paving	392,615			392,615
Remodel Courtyard Fountain	18,638			18,638
Tennis Courts	43,002			43,002
Reflecting Pool	27,591			27,591
Gorgas Monument	24,121			24,121
Roofing	719,512			719,512
ACM Abatement	649,036			649,036
Resaca Bulkhead	281,424			281,424
Paseo	265,071			265,071
Paseo - Classroom	448,523			448,523
Paseo - East	570,218			570,218
Central Plant	2,280,410			2,280,410
ADA Compliance Improvements	66,911	37,221		104,132
Total Improvements	5,806,635	37,221	0	5,843,856
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Gorgas	190,717	47,342		238,059
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	423,594			423,594
Library	1,013,676			1,013,676
Library Books	7,870,228	202,451	(292,426)	7,780,253
Student Center	231,601			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	38,838			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	1,118,115	23,042	(312,255)	828,902
LVN - Weslaco	8,508			8,508
Total Equipment	16,196,568	272,835	(604,681)	15,864,722
Total General Fixed Assets	\$46,665,482	\$ 1,107,916	\$ (604,681)	\$47,168,717

* Stolen, Transfers, Deletions, Donations, Auctions, and Corrections.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1996

22. Deferred Revenues

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

23. Budgetary Data

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

24. Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The college had no unrelated business income tax liability for the year ended August 31, 1996.

25. Prior Period Adjustments

A prior period adjustment in the amount of \$1,544 was reported in the General Fund. The adjustment resulted from voiding old outstanding checks.

26. Commitments

At August 31, 1996 Texas Southmost College had the following construction commitments:

- a. An extension of Parking Area 10 was approximately 41% complete at fiscal year end. The college has committed spending an additional \$49,166.
- b. The Physical Plant and Building Trades are in the process of being relocated to the USDA property. The area has been named Riverside, and the total cost of this project has been estimated to be \$1,025,000. At August 31, 1996 the project was 85% complete.
- c. The Gorgas Board Room is being enhanced by permanent installation of audio-visual equipment. Permanently installed, remotely controlled television cameras are a part of this project. The total cost of the project has been estimated to be \$42,000.
- d. The Board of Trustees has expressed a desire to build a new baseball field at the Riverside campus. A contract for construction was awarded at the October board meeting to Terry Ray Construction, Inc. for \$339,962.
- e. Building #44, commonly called the Commandant's House, is a multi-year project of historical renovation. Grants are currently being sought to help fund the project. The Board of Trustees has set aside \$250,000 towards this project.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1996

27. Transfers In and Out

At August 31, 1996 the transfers in and out between all the Texas Southmost College funds do not net to zero.

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

28. Donated Fixed Assets

During the year, Texas Southmost College received a piece of property, that includes lodge buildings, improvements, furniture, fixtures and land known as Canyon del Novillo, in exchange for paying off an outstanding loan balance of \$16,425. Canyon del Novillo is located in Novillo Canyon near Victoria, Tamps. Mexico. Since the property is located in Mexico, an appraisal of the property has not yet been performed. As a result, the cost of this property is recorded at \$16,425 on these financial statements.



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**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, 1996, and have issued our report thereon dated November 1, 1996.

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's 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 disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of Texas Southmost College in a separate letter dated November 1, 1996.

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.

Henry Chilton, Payte, Hardin

Brownsville, Texas
November 1, 1996



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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, 1996, and have issued our report thereon dated November 1, 1996.

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.

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.

In planning and performing our audit of the general-purpose financial statements of Texas Southmost College, for the year ended August 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Texas Southmost College, in a separate letter dated November 1, 1996.

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.

Henry Wilton, Pastor, Hardin

Brownsville, Texas
November 1, 1996

TEXAS SOUTHMOST COLLEGE

SCHEDULE A-1

SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
August 31, 1996

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 Bank				
Demand Accounts	1,628,624	91,478	77,065	53,064
Cash Equivalents				
Cash in State Treasury			100	
Total Cash and Cash Equivalents (Exhibit A)	<u>1,628,784</u>	<u>93,728</u>	<u>77,165</u>	<u>53,064</u>
Long-Term Investments				
Corporate Stock				
Certificates of Deposit		300,000		
Total Long-Term Investments (Exhibit A)	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Total Cash, Cash Equivalents, and Investments	<u>\$1,628,784</u>	<u>\$ 393,728</u>	<u>\$ 77,165</u>	<u>\$ 53,064</u>

Endowment and Similar Funds	Annuity and Life Income Funds	PLANT FUNDS			Agency Funds	Total
		Unexpended	Renewals and Replaces- ments	Retirement of Indebt- edness		
\$	\$	\$	\$	\$	\$	\$ 2,410
2,977		45,973	1,366,070	633,766	7,098	3,906,115
						100
<u>2,977</u>	<u>0</u>	<u>45,973</u>	<u>1,366,070</u>	<u>633,766</u>	<u>7,098</u>	<u>3,908,625</u>
44,453						44,453
		3,500,000	2,000,000			5,800,000
<u>44,453</u>	<u>0</u>	<u>3,500,000</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>5,844,453</u>
<u>\$ 47,430</u>	<u>\$ 0</u>	<u>\$3,545,973</u>	<u>\$3,366,070</u>	<u>\$ 633,766</u>	<u>\$ 7,098</u>	<u>\$9,753,078</u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE C-1

STATEMENT OF CURRENT FUND REVENUES
For the Year Ended August 31, 1996

	<u>Unrestricted</u>	<u>Auxiliary Enterprises</u>	<u>Restricted</u>	<u>Total</u>
State Appropriations:				
Education and General State Support	\$ 9,274,241	\$	\$	\$ 9,274,241
Non-Course-Based Remedial Education	50,406			50,406
State Group Insurance	654,225		18,924	673,149
State Retirement Matching			9,295	9,295
State Retirement Adjustment			2,029	2,029
Total State Appropriations	<u>9,978,872</u>	<u>0</u>	<u>30,248</u>	<u>10,009,120</u>
Tuition and Fees				
Tuition	3,880,750			3,880,750
Building Use Fee	1,438,379			1,438,379
General Fees		288,542		288,542
Student Service Fee		1,141,803		1,141,803
Laboratory Fee	90,911			90,911
Remissions and Exemptions	96,089			96,089
Other Fees	897,826	100,830		998,656
Total Tuition and Fees	<u>6,403,955</u>	<u>1,531,175</u>	<u>0</u>	<u>7,935,130</u>
Taxes for Current Operations	<u>1,879,329</u>			<u>1,879,329</u>
Federal Grants and Contracts				
Other Programs			1,343,309	1,343,309
Total Federal Grants and Contracts	<u>0</u>	<u>0</u>	<u>1,343,309</u>	<u>1,343,309</u>
State Grants and Contracts				
Other Programs	3,000,000			3,000,000
Total State Grants and Contracts	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>
Local Grants and Contracts				
Other Programs		888,684	9,171	897,855
Total Local Grants and Contracts	<u>0</u>	<u>888,684</u>	<u>9,171</u>	<u>897,855</u>
Sales & Services of Auxiliary Activities		<u>201,536</u>		<u>201,536</u>
Other Sources				
Gains/Losses on Investments				
Interest Income	275,302	20,395	2,497	298,194
Other Miscellaneous Income		9,127		9,127
Total Other Sources	<u>275,302</u>	<u>29,522</u>	<u>2,497</u>	<u>307,321</u>
Total Current Funds Revenues (Exh. C)	<u>\$21,537,458</u>	<u>\$ 2,650,917</u>	<u>\$ 1,385,225</u>	<u>\$25,573,600</u>

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TEXAS SOUTHMOST COLLEGE

SCHEDULE C-2

STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
For the Year Ended August 31, 1996

This Schedule is being presented as Supplementary Information.

See Supplementary Information Section

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TEXAS SOUTHMOST COLLEGE

SCHEDULE C-3

SCHEDULE OF UNRESTRICTED CURRENT FUNDS
EDUCATIONAL AND GENERAL EXPENDITURES
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS
For the Year Ended August 31, 1996

This Schedule is being presented as Supplementary Information.

See Supplementary Information Section

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TEXAS SOUTHMOST COLLEGE

SCHEDULE C-4

SCHEDULE OF CHANGES IN TAXES RECEIVABLE
For the Year Ended August 31, 1996

Assessed valuation of District	<u>\$3,333,499,914</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate authorized per \$100 valuation	<u>\$.06508</u>	<u>\$.03584</u>	<u>\$.10092</u>
Tax rate assessed per \$100 valuation	<u>\$.05653</u>	<u>\$.03584</u>	<u>\$.09237</u>
Taxes Receivable, August 31, 1995	\$ 595,502	\$ 316,073	\$ 911,575
Less: Allowance for Doubtful Accounts	<u>187,768</u>	<u>79,646</u>	<u>267,414</u>
Adjusted Taxes Receivable, August 31, 1995	<u>407,734</u>	<u>236,427</u>	<u>644,161</u>
Taxes assessed	<u>1,884,361</u>	<u>1,194,660</u>	<u>3,079,021</u>
Subtotal Assessment	<u>1,884,361</u>	<u>1,194,660</u>	<u>3,079,021</u>
Taxes collected			
Current	1,764,893	1,118,470	2,883,363
Delinquent	<u>99,402</u>	<u>62,979</u>	<u>162,381</u>
Subtotal Collections	<u>1,864,295</u>	<u>1,181,449</u>	<u>3,045,744</u>
Adjustments			
Tax adjustments	(8,473)	(5,291)	(13,764)
Allowance for doubtful accounts	<u>169,555</u>	<u>69,926</u>	<u>239,481</u>
Subtotal Adjustments	<u>161,082</u>	<u>64,635</u>	<u>225,717</u>
Taxes Receivable, August 31, 1996	<u>\$ 588,882</u>	<u>\$ 314,273</u>	<u>\$ 903,155</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-1

BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS
For the Year Ended August 31, 1996

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding 09/01/95	Bonds Issued After 09/01/95	Bonds Matured Or Retired	Bonds Refunded	Bonds Outstanding 08/31/96
Library Revenue Bonds Series 1975-A	\$ 800,000	7.6% - 7.7%	\$ 100,000	\$	\$ 50,000	\$	\$ 50,000
Revenue Bonds Series 1970	650,000	7.5%	60,000		60,000		
School Building Tax Bonds - Series 1987 - 1988	13,500,000	7.5%	2,070,000		550,000		1,520,000
Refunding Tax Bonds - Series 1994	<u>8,509,999</u>	<u>3.2 - 5.6%</u>	<u>8,374,999</u>		<u>140,000</u>		<u>8,234,999</u>
Total	<u>\$23,459,999</u>		<u>\$10,604,999</u>	<u>\$ 0</u>	<u>\$ 800,000</u>	<u>\$ 0</u>	<u>\$ 9,804,999</u>

(Exh. A)

Maturities			Summary of Debt Service Requirements to Maturity					Total Require- ments	
First Year	Last Year	First Call Date	Year Ending August 31,						
			1997	1998	1999	2000	2001	All Other Years	
1975	1997	11/15/75	\$ 53,850	\$	\$	\$	\$	\$	\$ 53,850
1970	1996	11/15/70							
1988	1999	02/15/88	729,418	713,950	196,460				1,639,828
1995	2008	02/15/95	<u>522,898</u>	<u>521,681</u>	<u>1,004,383</u>	<u>1,254,150</u>	<u>1,229,720</u>	<u>7,569,421</u>	<u>12,102,253</u>
			<u>\$ 1,306,166</u>	<u>\$ 1,235,631</u>	<u>\$1,200,843</u>	<u>\$1,254,150</u>	<u>\$1,229,720</u>	<u>\$7,569,421</u>	<u>\$ 13,795,931</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-2

SCHEDULE OF PLEDGED REVENUES AND FUND BALANCES
FOR REVENUE BONDS OUTSTANDING
For the Year Ended August 31, 1996

Description	PLEGGED REVENUES AND RELATED EXPENDITURES						
	<u>Operating Revenues</u>	<u>Interest Earned on Investments</u>	<u>Other Pledged Revenues</u>	<u>(a) Total Pledged Revenues</u>	<u>(b) Other Revenue Sources</u>	<u>(c) Operating Expense</u>	<u>(d) Capital Outlay</u>
Library Revenue Bonds Series 1975-A	\$	\$ 3,549	\$	\$ 3,549	\$	\$ 130	\$
School Building Tax Bonds Series 1987/1988	<u>1,189,855</u>	<u>13,863</u>	<u></u>	<u>1,203,718</u>	<u></u>	<u>413</u>	<u></u>
Totals	<u>\$ 1,189,855</u>	<u>\$ 17,412</u>	<u>\$ 0</u>	<u>\$ 1,207,267</u>	<u>\$ 0</u>	<u>\$ 543</u>	<u>\$ 0</u>

RESTRICTED ACCOUNT BALANCES

(a+b-c-d) Net Available for Debt Service	Debt Service Principal	Debt Service Interest	INTEREST AND SINKING FUND		BOND RESERVE FUND	
			Minimum Required	Actual Balance	Minimum Required	Actual Balance
\$ 3,419	\$ 50,000	\$ 7,700	\$ 60,080	\$ 60,080	\$	\$ 7,502
<u>1,203,305</u>	<u>690,000</u>	<u>506,898</u>	<u> </u>	<u> </u>	<u> </u>	<u>130,310</u>
<u>\$ 1,206,724</u>	<u>\$ 740,000</u>	<u>\$ 514,598</u>	<u>\$ 60,080</u>	<u>\$ 60,080</u>	<u>\$ 0</u>	<u>\$ 137,812</u>

SINGLE AUDIT SECTION



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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, 1996, and have issued our report thereon dated November 1, 1996. 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 general-purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Long, Chilton, Payte, Hardin

Brownsville, Texas
November 1, 1996

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended August 31, 1996

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>U.S. Department of Education Direct Programs:</u>			
Academic Facilities-Interest Subsidy Grant			\$ 19,954
Total			<u>19,954</u>
<u>Passed Through Texas Higher Education Coordinating Board:</u>			
Carl D. Perkins - Voc Ed. 95-96	84.048*	66420246	\$ 798,211
Carl D. Perkins - Discretionary 95-96	84.048*	66150040	56,778
Carl D. Perkins - Skill Standards 95-96	84.048*	66190004	56,531
Carl D. Perkins - Voc. Ed. 96-97	84.048*	77420246	72,187
Carl D. Perkins - Discretionary 96-97	84.048*	77150040	9,285
Carl D. Perkins - Skill Standards 96-97	84.048*	77190004	6,339
Total			<u>999,331</u>
Total U.S. Department of Education			<u>\$ 1,019,285</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	96-IIA-0001	\$ 59,633
Individual Referral Program		96-IIC-0002	35,879
Individual Referral Program		96-III-0003	7,730
Total U.S. Department of Labor			<u>\$ 103,242</u>
<u>U.S. Department of Agriculture:</u>			
Passed through Texas Department of Human Services: Child Care Food Program	10.558	TX-031006	\$ 36,492
Total U.S. Department of Agriculture			<u>\$ 36,492</u>
<u>U.S. Department of Human Services:</u>			
Passed through Texas Migrant Council, Inc. Child Day Care Center	13.667		\$ 96,082
Total U.S. Department of Human Services			<u>\$ 96,082</u>
<u>National Aeronautics and Space Administration:</u>			
Research Grant		NAGW-3060	\$ 108,162
Total National Aeronautics and Space Administration			<u>\$ 108,162</u>
Total Federal Financial Assistance			<u>\$ 1,363,263</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	\$ 1,343,309
Reconciling Items: Add: Debt Service Fund - Interest Subsidy	<u>19,954</u>
Total Pass-Through and Expenditures Per Federal Schedule	<u>\$ 1,363,263</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE D-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
For the Year Ended August 31, 1996

<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:			
Federal Pell Grant Program	84.063		\$ 5,071,392
SEOG	84.007		227,581
Federal Workstudy Program	84.033		<u>336,854</u>
Total Expenditures Not Subject to A-128 Audits			<u>\$ 5,635,827</u>



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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, 1996, and have issued our report thereon dated November 1, 1996. 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 1, 1996.

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, 1995, we considered the 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 to 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 general purpose financial statements in a separate report dated November 1, 1996.

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 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, 1996, Texas Southmost College, expended 73.30% 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 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 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 1, 1996.

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.

Louy. Chult, / rpl: Harline

Brownsville, Texas
November 1, 1996



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**SINGLE AUDIT REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO 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, 1996, and have issued our report thereon dated November 1, 1996.

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, 1996: 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 second 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 disclosed 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

Brownsville, Texas
November 1, 1996



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

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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, 1996, and have issued our report thereon dated November 1, 1996.

We have also audited Texas Southmost College's 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, 1996. The management of Texas Southmost College, is responsible for Texas Southmost College's 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's 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 on 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, 1996.

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

Long, Chilton, Payte & Hardin LLP

Brownsville, Texas
November 1, 1996



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

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, 1996, and have issued our report thereon dated November 1, 1996.

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, 1996. 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.

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

Brownsville, Texas
November 1, 1996

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 1996

Carl D. Perkins Grants

Questioned
Costs

Finding

1. Time and effort reports were not found for one employee who is paid from more than one funding source. For this employee and three others no further documentation was found to verify the percentage that is used to calculate the salary/wages to be charged to the grant.

\$ -

Regulation

When salaries/wages are paid to individuals from more than one funding source, the salaries/wages should be supported by appropriate time distribution records.

Recommendation

We suggest that split-funded employees submit appropriate time distribution records to document the percentages included on the time and effort reports for grant salary/wages funded from more than one source.

Response

The documentation utilized will include all employees fully or partially funded by the Carl Perkins project.

Finding

2. Fixed assets inventory records were not maintained accurately during the fiscal year. Beginning balances did not agree to the prior year's ending balances. The cost of some of the current year's fixed asset additions did not agree to the costs reported on the Coordinating Board's approval forms or the final June 30, 1996, expenditure report.

Regulation

Section B, page 19, paragraph 2.65 of the TAG manual deals with equipment management requirements. It documents the procedures for managing equipment and the minimum requirements that should be met.

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 1996

Carl D. Perkins Grants

Questioned
Costs

Recommendation

We recommend that a reconciliation be performed periodically between the information submitted to the Coordinating Board and the inventory records.

Response

The corrected inventory balance of \$1,539,673 appears on the asset report of October 29, 1996. The Carl Perkins Office has reconciled the equipment purchase amounts and they now agree to the Coordinating Board's End of the Year 1995-96 report.

With the implementation of the new inventory system in 1997, asset values will be automatically reconciled to the financial statements and/or general ledger. Over-stated asset values will no longer appear on the inventory report.

Finding

3. The total expenditures reported to the Coordinating Board for the period ended June 30, 1996, did not agree to UTB's general ledger totals.

Regulation

TAG manual section C, page 3, paragraph 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, page 3, paragraph 3.0-2c(1), states "...These reports also indicate the actual amount of federal expenditures to date".

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 1996

Carl D. Perkins Grants

Questioned
Costs

Recommendation

A reconciliation needs to be performed between the Coordinating Board Reimbursement Claim forms and UTB's general ledger before the reimbursement claim forms are submitted to the Coordinating Board. The UTB business office needs to inform the Carl D. Perkins Coordinator of any changes made to the Carl Perkins general ledger accounts.

Response

General Ledger Reports are the primary tool used in the preparation of the Carl Perkins Reimbursement Reports (including the End of the Year Report).

The Carl Perkins Office will verify that the reimbursement claim forms reconcile to the UTB general ledger prior to sending the report to the Coordinating Board. A copy of each reimbursement report will be sent to the Grants & Contracts Office for review.

Finding

4. The Technical Education Performance Report was not filed until October 14, 1996.

Regulation

According to the general instructions on the forms, the Annual Performance Report will be due at the Texas Higher Education Coordinating Board on September 2, 1996.

Recommendation

We recommend that the project coordinator be familiar with all the reports that are required to be filed on all Carl D. Perkins grants.

Response

The Carl Perkins Coordinator will send the Technical Education Performance Report to the Coordinating Board prior to September 2, 1997.

Total Questioned Costs

\$ -

TEXAS SOUTHMOST COLLEGE
STATUS OF CORRECTIVE ACTION ON PRIOR YEAR FINDINGS
Year Ended August 31, 1996

This schedule does not apply.

SUPPLEMENTARY INFORMATION SECTION



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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 1996 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 60 thru 97 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 Schedule C, C-2, and C-3 have been prepared from information provided by the University of Texas at Brownsville.

Long, Chilton, Payte & Hardin LLP

Brownsville, Texas
November 1, 1996

TEXAS SOUTHMOST COLLEGE

Schedule C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

For the Year Ended August 31, 1996
With Memorandum Totals For the Year Ended August 31, 1995

	UNAUDITED			TOTALS MEMORANDUM ONLY	
	Unrestricted	Auxiliary Enterprises	Restricted	Current Year	Prior Year
REVENUES					
State Appropriations - General Revenue	\$ 9,978,872	\$	\$ 30,248	\$10,009,120	\$10,604,651
Tuition and Fees	6,403,955	1,531,175		7,935,130	7,896,476
Taxes for Current Operation	1,879,329			1,879,329	1,938,934
Federal Grants and Contracts			1,343,309	1,343,309	1,441,917
State Grants and Contracts	3,000,000			3,000,000	2,134,622
Local Grants and Contracts		888,684	9,171	897,855	766,513
Investment/Endowment Income	275,302			275,302	259,319
Sales & Service of Auxiliary Enterprises		201,536		201,536	194,338
Other Sources					
Interest Income		20,395	2,497	22,892	15,776
Gains/Losses on Investments					25,000
Miss Income		9,127		9,127	225,010
Total Current Funds Revenues	<u>21,537,458</u> (Exh. B)	<u>2,650,917</u> (Exh. B)	<u>1,385,225</u>	<u>25,573,600</u>	<u>25,502,556</u>
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General					
Instruction	9,174,948		229,967	9,404,915	9,693,722
Research	32,369			32,369	52,385
Public Service	1,546,090		58,647	1,604,737	1,381,052
Academic Support	1,650,050		438,772	2,088,822	2,047,653
Student Services	1,498,894		627,123	2,126,017	1,954,957
Institutional Support	3,975,844		28,219	4,004,063	4,971,868
Operation and Maintenance of Plant	1,836,547			1,836,547	2,274,626
Scholarships and Fellowships	254,892		5,761,978	6,016,870	6,234,823
Transfers to UTB					
Total Educational and General Expenditures	<u>19,969,634</u> (Exh. B)	<u>0</u>	<u>7,144,706</u> (Exh. B)	<u>27,114,340</u>	<u>28,611,086</u>
Auxiliary Enterprise Expenditures		<u>1,186,588</u> (Exh. B)		<u>1,186,588</u>	<u>794,603</u>
Mandatory Transfers for:					
TPEG to Restricted	(68,113)		68,113	0	0
SEOG Matching				0	(45,799)
Total expenditures and transfers	<u>20,037,747</u>	<u>1,186,588</u>	<u>7,076,593</u>	<u>28,300,928</u>	<u>29,451,488</u>
Other transfers and additions/(deductions):					
Non-mandatory transfers	(4,407,239)	(1,442,175)	45,409	(5,804,005)	(2,396,304)
Excess of TPEG transfer over grant awarded			78,939	78,939	0
Federal Scholarships/Grants by UTB	254,892		5,635,827	5,890,719	6,087,100
Net increase (decrease) in fund balances	<u>\$(2,652,636)</u>	<u>\$ 22,154</u>	<u>\$ 68,807</u>	<u>\$(2,561,675)</u>	<u>\$(258,136)</u>

See Accompanying Notes to the Financial Statements.

TEXAS SOUTHMOST COLLEGE
SCHEDULE C-2
STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT
For the Year Ended August 31, 1996

UNAUDITED

	<u>SALARIES AND WAGES</u>	<u>OTHER EXPENSES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
Unrestricted - Education and General				
Instruction	\$ 7,869,794	\$ 1,287,647	\$ 17,507	\$ 9,174,948
Research	4,133	23,255	4,981	32,369
Public Service	901,284	633,241	11,565	1,546,090
Academic Support	731,256	903,531	15,263	1,650,050
Student Services	1,046,265	451,269	1,360	1,498,894
Institutional Support	1,861,329	1,972,195	142,320	3,975,844
Operation and Maintenance of Plant	618,882	1,110,253	107,412	1,836,547
Scholarships and Fellowships	31,947	222,945		254,892
Total Unrestricted	<u>13,064,890</u>	<u>6,604,336</u>	<u>300,408</u>	<u>19,969,634</u> (Exh. C)
Restricted - Education and General				
Instruction	147,611	82,356		229,967
Public Service	45,125	13,522		58,647
Academic Support	45,028	76,373	317,371	438,772
Student Services	344,265	211,989	70,869	627,123
Institutional Support		28,219		28,219
Scholarships and Fellowships	336,854	5,425,124		5,761,978
Total Restricted	<u>918,883</u>	<u>5,837,583</u>	<u>388,240</u>	<u>7,144,706</u> (Exh. C)
Total Educational and General	<u>13,983,773</u>	<u>12,441,919</u>	<u>688,648</u>	<u>27,114,340</u>
Auxiliary Enterprises	<u>474,787</u>	<u>704,843</u>	<u>6,958</u>	<u>1,186,588</u> (Exh. C)
Total Current Fund Expenditures	<u>\$14,458,560</u>	<u>\$13,146,762</u>	<u>\$ 695,606</u>	<u>\$28,300,928</u>

TEXAS SOUTHWEST COLLEGE
SCHEDULE C-3
SCHEDULE OF UNRESTRICTED CURRENT FUNDS
EDUCATIONAL AND GENERAL EXPENDITURES
SUMMARIZED BY ELEMENTS OF INSTITUTIONAL COSTS
For the Year Ended August 31, 1996

		Unaudited
Instruction		
Academic Programs		
Faculty Salaries	5,666,057	
Departmental Operating Expenses	495,711	
Organized Activities related to Instructional Departments		6,161,768
Vocational Technical Programs		
Faculty Salaries	1,689,246	
Departmental Operating Expenses	363,455	
Organized Activities related to Instructional Departments		2,052,701
Total Instruction		8,214,469
Extension and Public Service		1,546,089
Research		31,963
Academic Support		
Library	421,211	
Instructional Administration		1,282,800
Student Services		1,315,558
Scholarships and Fellowships		153,430
Institutional Support		
General Administration	2,776,390	
General Institutional Expense	734,178	
Campus Security		3,814,193
Operation and Maintenance of Plant		
Plant Support Service	89,629	
Building Maintenance	462,567	
Custodial Services	256,290	
Grounds Maintenance	173,316	
Utilities		1,532,922
Staff Benefits		
Group Insurance Premiums	8,508	
O.A.S.I.	926,330	
Worker's Compensation Insur.	63,673	
State Retirement Adjustment	2,029	
Other		1,007,692
Special Items		
Major Repairs and Rehabilitation of Buildings		
Total Expenditures by Elements of Costs		\$18,899,116
		(a)
(a) Reconciliation		
Total Expenditures by Function (Exh. C)		\$19,969,634
Plus: State Retirement Adjustment		2,029
Less: Increase in Accrued Compensable Absences		(19,858)
Remissions and Waivers		(96,089)
Group Insurance Premiums		(956,600)
Total Expenditures by Elements of Institutional Costs		\$18,899,116

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF REVENUES COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS
Year Ended August 31, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
State Appropriations:			
Education and General State Support	\$ 9,404,241	\$ 9,274,241	\$ (130,000)
Non-Course-Based Remedial Education	54,260	50,406	(3,854)
State Group Insurance	1,044,047	1,044,711	664
State Retirement Matching	-	-	-
State Retirement Adjustment	-	2,029	2,029
Total State Appropriations	10,502,548	10,371,387	(131,161)
Tuition and Fees:			
Tuition	4,561,509	3,880,750	(680,759)
Building Use Fee	-	-	-
General Fees	1,537,690	1,438,379	(99,311)
Student Service Fee	-	-	-
Laboratory Fee	84,539	90,911	6,372
Other Fees	1,080,968	993,915	(87,053)
Remissions and Exemptions	-	-	-
Total Tuition and Fees	7,264,706	6,403,955	(860,751)
Taxes for Current Operations	1,850,000	1,879,329	29,329
Federal Grants and Contracts:			
Financial Aid Admin. Allow.	-	-	-
Veterans Cost of Instruction	-	-	-
College Work Study	-	-	-
Carl Perkins Vocational Grant & Basis	876,500	-	(876,500)
Child Day Care Center	73,000	96,082	23,082
Child Care Food Program	38,000	36,492	(1,508)
Cameron County Private Industry Council	-	-	-
Nasa Research Grant	12,907	18,222	5,315
Total Federal Grants and Contracts	1,000,407	150,796	(849,611)
State Grants and Contracts:			
UTB Building Lease	3,000,000	3,000,000	-
UTB First Aid Center	-	-	-
College Work-Study	-	-	-
Total State Grants and Contracts	3,000,000	3,000,000	0
Local Grants and Contracts:			
Local Contracts	513,296	466,289	(47,007)
Total Local Grants and Contracts	513,296	466,289	(47,007)
Other Sources:			
Interest Income	280,000	275,302	(4,698)
Child Care Parent Contribution	99,000	123,247	24,247
Other Income	448,566	99,729	(348,837)
Total Other Sources	827,566	498,278	(329,288)
Other Financing Sources:			
Transfers from Other Funds	1,711,621	1,470,742	(240,879)
Total Other Financing Sources	1,711,621	1,470,742	(240,879)
Total Education and General Income	26,670,144	24,240,776	(2,429,368)
Auxiliary Enterprises Revenue:			
Leases and Rentals	131,000	201,537	70,537
Other Interest Income	15,000	20,395	5,395
Other Income	30,000	9,127	(20,873)
Student Service Fees	-	1,141,803	1,141,803
Parking Fees	-	300,373	300,373
Total Auxiliary Enterprises Revenue	176,000	1,673,235	1,497,235
Total General and Auxiliary Enterprise Funds Revenues	\$26,846,144	\$25,914,011	\$ (932,133)

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL AND AUXILIARY ENTERPRISE FUNDS
Year Ended August 31, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
General Administration and Student Services:			
Gov't of the Institution	\$ 57,100	\$ 39,533	\$ 17,567
Exec. Direction and Control	-	-	-
Business and Fiscal Mgmt.	290,097	290,144	(47)
Student Admission and Registration	-	-	-
Student Service	-	-	-
Total	<u>347,197</u>	<u>329,677</u>	<u>17,520</u>
General Institutional Expense			
Total	<u>528,883</u>	<u>481,299</u>	<u>47,584</u>
Staff Benefits:			
Group Health Ins. Premiums	29,300	7,409	21,891
Old Age and Survivors Ins.	25,930	26,860	(930)
Workmen's Comp. Insurance	1,634	1,634	-
Other Staff Benefits:			
Other	3,995	3,823	172
Life Insurance Premiums	1,820	1,099	721
ORP and TRS State Contributions	-	-	-
Total	<u>62,679</u>	<u>40,825</u>	<u>21,854</u>
Resident Instruction:			
Subsidy to UTB	-	-	-
Tuition Paid to UTB	4,516,005	4,576,962	(60,957)
	<u>4,516,005</u>	<u>4,576,962</u>	<u>(60,957)</u>
General Academic Courses:			
Faculty Salaries	-	-	-
Dept. Operating	-	-	-
Instructional Adm. Expense	-	-	-
Organized Activities	-	-	-
Sub-Total	<u>0</u>	<u>0</u>	<u>0</u>
Vocational-Technical Programs:			
Faculty Salaries	-	-	-
Dept. Operating Expense	-	-	-
Instructional Adm. Expense	-	-	-
Organized Activities	-	-	-
Sub-Total	<u>0</u>	<u>0</u>	<u>0</u>
Total Resident Instruction	<u>0</u>	<u>0</u>	<u>0</u>
Library:			
Salaries, Wages and Other	-	-	-
Operating Expenses	-	-	-
Books and Equipment	-	-	-
Total	<u>0</u>	<u>0</u>	<u>0</u>
Extension and Public Service:			
Community Service	-	-	-
Total	<u>0</u>	<u>0</u>	<u>0</u>
Physical Plant Operation and Maintenance:			
Campus Security	-	-	-
Bldg. Maintenance	-	-	-
Custodial Service	-	-	-
Grounds Maintenance	-	-	-
Utilities	-	-	-
Total	<u>0</u>	<u>0</u>	<u>0</u>

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL AND AUXILIARY ENTERPRISE FUNDS - CONTINUED
 Year Ended August 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Special Items:			
Carl Perkins Vocational Grant			
Transfers to UTB	17,510,913	15,518,555	1,992,358
Total Special Items	<u>17,510,913</u>	<u>15,518,555</u>	<u>1,992,358</u>
Other Financing Sources:			
Transfers to Other Funds	684,076	5,946,094	(5,262,018)
Total Other Financing Sources	<u>684,076</u>	<u>5,946,094</u>	<u>(5,262,018)</u>
Total Education and General Expenditures	<u>23,649,753</u>	<u>26,893,412</u>	<u>(3,243,659)</u>
Auxiliary Enterprises:			
Cafeteria/Bookstore Expenditures	-	-	-
Copy Machine Expense	15,549	14,730	819
Rancho del Cielo:			
Direct Expense	140,500	144,225	(3,725)
Radio Station	15,000	15,000	-
Canon Del Novillo	20,000	20,000	-
Alonso Building	7,500	7,500	-
Convention Center	5,000	5,000	-
Miscellaneous Expense	2,451	2,450	1
Transfer to Other Funds	-	1,442,176	(1,442,176)
Total Auxiliary Enterprises	<u>206,000</u>	<u>1,651,081</u>	<u>(1,445,081)</u>
Total General and Auxiliary Enterprise Funds Expenditures	<u>23,855,753</u>	<u>28,544,493</u>	<u>(4,688,740)</u>
Excess Revenue Over (Under) Expenditures	<u>2,990,391</u>	<u>(2,630,482)</u>	<u>(5,620,873)</u>
Total General and Auxiliary Enterprise Funds Revenues	<u>\$26,846,144</u>	<u>\$25,914,011</u>	

AUXILIARY ENTERPRISE FUND

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
AUXILIARY ENTERPRISE FUND
August 31, 1996

ASSETS

ASSETS

Petty Cash	\$ 2,250
Cash in Bank	91,478
Accounts Receivable	126,596
Due from Other Funds	570
Investments	<u>300,000</u>
Total Assets	<u>\$ 520,894</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 4,457
Due to Other Funds	13,161
Due to UTB	<u>570</u>
Total Liabilities	<u>18,188</u>

FUND BALANCE

Unrestricted	<u>502,706</u>
Total Unreserved Unallocated Fund Balance (Exh. B)	<u>502,706</u>
Total Liabilities and Fund Balance	<u>\$ 520,894</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISE FUND
Year Ended August 31, 1996

Fund Balance, September 1, 1995	\$ 480,552
Add: Excess revenues (expenditures)	<u>22,154</u>
Fund Balance, August 31, 1996	<u>\$ 502,706</u>

TEXAS SOUTHMOST COLLEGE

STATEMENT OF REVENUES AND EXPENDITURES
 AUXILIARY ENTERPRISE FUND
 Year Ended August 31, 1996

	<u>Rancho Del Cielo</u>	<u>Bookstore and Cafeteria</u>	<u>Other</u>	<u>Combined Total</u>
REVENUES:				
Leases	\$ -	\$ 173,323	\$ -	\$ 173,323
Parking Fees	-	-	288,542	288,542
Health Insurance	-	-	11,831	11,831
Student Service Fee	-	-	1,141,803	1,141,803
Copier Income	-	-	28,214	28,214
Miscellaneous Income	4,600	-	4,527	9,127
Interest Income	-	-	20,395	20,395
Total Revenues	<u>4,600</u>	<u>173,323</u>	<u>1,495,312</u>	<u>1,673,235</u>
EXPENDITURES:				
Direct Expenses	144,225	-	-	144,225
Rental & Supplies for Copier	-	-	17,180	17,180
Radio station support	-	-	15,000	15,000
Canyon Del Novillo	-	-	20,000	20,000
Alonso Building Project	-	-	7,500	7,500
Convention Center Project	-	-	5,000	5,000
Transfer to other Funds	-	-	1,442,176	1,442,176
Total Expenses	<u>144,225</u>	<u>-</u>	<u>1,506,856</u>	<u>1,651,081</u>
Excess Revenues (Expenditures)	<u>\$ (139,625)</u>	<u>\$ 173,323</u>	<u>\$ (11,544)</u>	<u>\$ 22,154</u>

STUDENT ASSISTANCE FUNDS

TEXAS SOUTHMOST COLLEGE
COMBINING BALANCE SHEET
LOCAL STUDENT ASSISTANCE FUNDS
August 31, 1996

	<u>Institutional Scholarship Grants</u>
ASSETS	
<u>ASSETS</u>	
Cash in Bank	\$ 74,383
Funds Held by State-TPEG	100
Due from Other Funds	<u>19,857</u>
Total Assets	<u>\$ 94,340</u>
LIABILITIES AND FUND BALANCE	
<u>LIABILITIES</u>	
Due to Other Funds	12,629
Due to UTB	<u>2,097</u>
Total Liabilities	14,726
<u>FUND BALANCE</u>	
Restricted	<u>79,614</u>
Total Liabilities and Fund Balance	<u>\$ 94,340</u>

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
LOCAL STUDENT ASSISTANCE FUND
Year Ended August 31, 1996

	<u>Institutional Scholarship Grants</u>
Fund Balance, September 1, 1995	\$ 10,807
Add: Excess Revenue (Expenditures)	<u>68,807</u>
Fund Balance, August 31, 1996	<u>\$ 79,614</u>

TEXAS SOUTHWEST COLLEGE
COMBINING STATEMENT OF REVENUES AND EXPENDITURES
LOCAL STUDENT ASSISTANCE FUND
Year Ended August 31, 1996

	<u>Institutional Scholarship Grants</u>
REVENUES:	
Local Grants and Contracts	\$ 58,035
State Grant	147,052
Interest Income	<u>2,497</u>
Total Revenues	<u>207,584</u>
EXPENDITURES:	
Texas Public Grant Program	68,113
Local Scholarships	58,035
Transfers to Other Funds	<u>12,629</u>
Total Expenditures	<u>138,777</u>
Excess Revenues (Expenditures)	<u>\$ 68,807</u>

LOAN FUNDS

TEXAS SOUTHMOST COLLEGE

COMBINING BALANCE SHEET
 LOAN FUND
 August 31, 1996

Student
 Congress
 Loans

ASSETS

ASSETS

Cash	\$ 53,064
Loans Receivable (Net of Allowance For Bad Debts of \$92,373)	9,771
Due From Other Funds	12,629
Due From UTB	<u>76,601</u>
Total Assets	<u>\$ 152,065</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Federal Government	\$ _____
Total Liabilities	0

FUND BALANCE

Unrestricted - Designated	<u>152,065</u>
Total Liabilities and Fund Balance	<u>\$ 152,065</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 LOAN FUND
 Year Ended August 31, 1996

	<u>Student Congress Loans</u>
Fund Balance, September 1, 1995	<u>\$ 140,588</u>
Additions:	
Miscellaneous Income	1,881
Interest Income	14,100
Increase in Receivables	12,629
Transfers From Other Funds	<u>12,629</u>
Total Additions	<u>28,610</u>
Deductions:	
Allowance for Bad Debt	<u>17,133</u>
Total Deductions	<u>17,133</u>
Fund Balance, August 31, 1996	<u>\$ 152,065</u>

ENDOWMENT FUNDS

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEETS
 ENDOWMENT FUNDS
 August 31, 1996

	<u>TSC Endowment Fund</u>
ASSETS	
ASSETS	
Cash in Bank	\$ 2,977
Investments	44,453
Accrued Dividends	<u>119</u>
Total Assets	<u>\$ 47,549</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Due to the TSC Foundation, Inc.	\$ <u> -</u>
Total Liabilities	<u> -</u>
FUND BALANCE	
Restricted - Term	15,173
Restricted - Quasi-endowment	<u>32,376</u>
Total Fund Balance	<u>47,549</u>
Total Liabilities and Fund Balance	<u>\$ 47,549</u>

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
ENDOWMENT FUNDS
Year Ended August 31, 1996

	TSC Endowment Fund
Fund Balance, September 1, 1995	<u>\$ 46,080</u>
Add: Donations	-
Interest, and Dividends	2,013
Unrealized Gain (Loss) on Marketable Securities	1,056
Less: Scholarship	<u>1,600</u>
Net Increase (Decrease) for the Year	<u>1,469</u>
Fund Balance, August 31, 1996	<u>\$ 47,549</u>

PLANT FUNDS

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
UNEXPENDED FUNDS
August 31, 1996

		<u>Improvement and Contingency</u>
ASSETS		
<u>ASSETS</u>		
Cash in Bank		\$ 45,973
Accrued Interest		83,726
Due from Other Funds		3,500,000
Earnest Money Deposit		<u>50,000</u>
Total Assets		<u>\$ 3,679,699</u>
LIABILITIES AND FUND BALANCE		
<u>LIABILITIES</u>		
Accounts Payable		<u>\$ 28,366</u>
Total Liabilities		<u>28,366</u>
<u>FUND BALANCE</u>		
Unrestricted		<u>\$ 3,651,333</u>
Total Fund Balance		<u>3,651,333</u>
Total Liabilities and Fund Balance		<u>\$ 3,679,699</u>

TEXAS SOUTHMOST COLLEGE
 STATEMENT OF CHANGES IN FUND BALANCE
 UNEXPENDED FUNDS
 Year Ended August 31, 1996

	<u>Improvement and Contingency Fund</u>
Fund Balance, September 1, 1995	<u>\$ 2,954,282</u>
Add: Investment Income	169,354
Gift	-
Transfers in from Other Funds	<u>4,370,150</u>
	4,539,504
Less: Capital Outlay	610,703
Transfers to Other Funds	<u>3,231,750</u>
	3,842,453
Net Increase (Decrease) for the Year	<u>697,051</u>
Fund Balance, August 31, 1996	<u>\$ 3,651,333</u>

TEXAS SOUTHMOST COLLEGE
 COMBINING BALANCE SHEET
 RENEWALS AND REPLACEMENT
 August 31, 1996

	<u>Restricted Major Restoration Fund</u>	<u>Restricted Parking Fund</u>	<u>Capital Expansion Fund</u>	<u>Total</u>
ASSETS				
<u>ASSETS</u>				
Cash in Bank	\$ 1,057,748	\$ 276,173	\$ 32,149	\$ 1,366,070
Accounts Receivable	-	-	185	185
Due from Other Funds	-	12,976	-	12,976
Investments	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total Assets	<u>\$ 3,057,748</u>	<u>\$ 289,149</u>	<u>\$ 32,334</u>	<u>\$ 3,379,231</u>
 LIABILITIES AND FUND BALANCE				
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ 22,450	\$ 22,450
Due to Other Funds	<u>-</u>	<u>570</u>	<u>-</u>	<u>570</u>
Total Liabilities	-	570	22,450	23,020
 <u>FUND BALANCE</u>				
Unrestricted	<u>3,057,748</u>	<u>288,579</u>	<u>9,884</u>	<u>3,356,211</u>
Total Liabilities and Fund Balance	<u>\$ 3,057,748</u>	<u>\$ 289,149</u>	<u>\$ 32,334</u>	<u>\$ 3,379,231</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
RENEWALS AND REPLACEMENT
Year Ended August 31, 1996

	Restricted Major Restoration Fund	Restricted Parking Fund	Capital Expansion Fund	Total
Fund Balance, September 1, 1995	\$ -	\$ -	\$ 174,851	\$ 174,851
Add: Transfer In-Improvement/Contingency Fund	2,206,750	-	1,025,000	3,231,750
Transfer In-General Fund	850,854	-	520,000	1,370,854
Transfer In-Auxiliary Fund	-	288,542	-	288,542
Investment Income	144	37	19,824	20,005
Other Income	-	-	41,307	41,307
	<u>3,057,748</u>	<u>288,579</u>	<u>1,606,131</u>	<u>4,952,458</u>
Less: Capital Outlay	-	-	1,527,449	1,527,449
Repairs	-	-	243,649	243,649
	<u>-</u>	<u>-</u>	<u>1,771,098</u>	<u>1,771,098</u>
Net Increase (Decrease) for the Year	<u>3,057,748</u>	<u>288,579</u>	<u>(164,967)</u>	<u>3,181,360</u>
Fund Balance, August 31, 1996	<u>\$ 3,057,748</u>	<u>\$ 288,579</u>	<u>\$ 9,884</u>	<u>\$ 3,356,211</u>

TEXAS SOUTHMOST COLLEGE

COMBINING BALANCE SHEETS
 RETIREMENT OF INDEBTEDNESS
 August 31, 1996

	<u>Systems Fund</u>	<u>Debt Service</u>	<u>87/88 Tax Debt Service</u>	<u>Total</u>
ASSETS				
<u>ASSETS</u>				
Cash in Bank	\$ 318,408	\$ 189,606	\$ 125,752	\$ 633,766
Accounts Receivable	-	-	4,558	4,558
Taxes Receivable	-	-	323,993	323,993
Allowance for Bad Debts	-	-	(9,720)	(9,720)
Due from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 318,408</u>	<u>\$ 189,606</u>	<u>\$ 444,583</u>	<u>\$ 952,597</u>
 LIABILITIES AND FUND BALANCE				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 318,408	\$ -	\$ -	\$ 318,408
Deferred Tax Revenue	-	-	314,273	314,273
	<u>-</u>	<u>-</u>	<u>314,273</u>	<u>314,273</u>
Total Liabilities	318,408	-	314,273	632,681
 <u>FUND BALANCE</u>				
Restricted	-	189,606	130,310	319,916
	<u>-</u>	<u>189,606</u>	<u>130,310</u>	<u>319,916</u>
Total Liabilities and Fund Balance	<u>\$ 318,408</u>	<u>\$ 189,606</u>	<u>\$ 444,583</u>	<u>\$ 952,597</u>

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
RETIREMENT OF INDEBTEDNESS
Year Ended August 31, 1996

	<u>Systems Fund</u>	<u>Debt Service</u>	<u>87/88 Tax Debt Service</u>	<u>Total</u>
Reserves and Fund Balance, September 1, 1995	\$ -	\$ 281,889	\$ 123,902	\$ 405,791
Add: AD Valorem Tax	-	-	1,189,856	1,189,856
HEW Subsidy Grant	-	19,954	-	19,954
Investment Income	5,705	8,209	13,863	27,777
Building Usage Fees	311,404	-	-	311,404
Total Receipts	<u>317,109</u>	<u>28,163</u>	<u>1,203,719</u>	<u>1,548,991</u>
Less: Retirement of Indebtedness	-	110,000	690,000	800,000
Interest on Indebtedness	-	9,950	506,898	516,848
Transfers to Other Funds	317,109	-	-	317,109
Other	-	496	413	909
Total Disbursements	<u>317,109</u>	<u>120,446</u>	<u>1,197,311</u>	<u>1,634,866</u>
Net Increase (Decrease) for the Year	<u>-</u>	<u>(92,283)</u>	<u>6,408</u>	<u>(85,875)</u>
Reserves and Fund Balance, August 31, 1996	<u>\$ -</u>	<u>\$ 189,606</u>	<u>\$ 130,310</u>	<u>\$ 319,916</u>

TEXAS SOUTHMOST COLLEGE

BALANCE SHEET
 INVESTMENT IN PLANT
 August 31, 1996

	<u>General Fixed Assets Fund</u>
ASSETS	
<u>LAND, BUILDINGS AND EQUIPMENT</u>	
Land	\$ 1,872,639
Land - Appraisal Increase	817,500
Site Improvements	5,843,856
Buildings and Improvements	22,770,000
Machinery, Equipment, Furniture and Library Books	15,864,722
Assets Held in Trust	351,064
Construction in Progress	1,152,302
Amounts to be Provided	<u>623,560</u>
TOTAL LAND, BUILDINGS AND EQUIPMENT	<u>49,295,643</u>
LIABILITIES AND NET INVESTMENT IN PLANT	
<u>LONG-TERM DEBT</u>	
Accrued Interest Payable	\$ 623,560
Bonds Payable	<u>9,804,999</u>
Total Long-Term Debt	10,428,559
<u>NET INVESTMENT IN PLANT</u>	
Total Liabilities and Net Investment in Plant	<u>\$49,295,643</u>

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CHANGES IN FUND BALANCE
INVESTMENT IN PLANT
Year Ended August 31, 1996

	<u>General Fixed Assets Fund</u>
Fund Balance, September 1, 1995	<u>\$36,466,331</u>
Add: Reduction in Long-Term Debt	800,000
Purchases and Additions	1,107,916
Work In Process	1,097,518
Less: Decrease in Assets	<u>604,681</u>
Net Increase (Decrease) for the Year	<u>2,400,753</u>
Fund Balance, August 31, 1996	<u>\$38,867,084</u>

TEXAS SOUTHMOST COLLEGE
SCHEDULE OF GENERAL FIXED ASSETS
INVESTMENT IN PLANT
Year Ended August 31, 1996

	Balance 8-31-95	Purchased/ Additions	Other*	Balance 8-31-96
BUILDINGS				
Auto Body Building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied Health	698,407	-	-	698,407
Tandy Hall I	1,209,301	-	-	1,209,301
Tandy Hall II	2,277,225	-	-	2,277,225
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	4,191,479	-	-	4,191,479
Rusteberg	933,684	-	-	933,684
Gomez-Farias Project (Mexico)	5,063	-	-	5,063
Eidman Science-Math Building	820,972	54,343	-	875,315
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	443,891	-	-	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
Central Plant	-	396,443	-	396,443
Total Buildings	<u>22,319,214</u>	<u>450,786</u>	<u>0</u>	<u>22,770,000</u> ✓
LAND				
Land 50 year Lease Amphitheater	1,250	-	-	1,250
Land	485,631	-	-	485,631
Land - Appraisal Increase	817,500	-	-	817,500
Land - Parking Lot	616,584	270,649	-	887,233
Land - 18.76 Acres	422,100	-	-	422,100
Land - Canon Del Novillo	-	16,425	-	16,425
Land - Young House	-	60,000	-	60,000
Total Land	<u>2,343,065</u>	<u>347,074</u>	<u>0</u>	<u>2,690,139</u> ✓

TEXAS SOUTHMOST COLLEGE

SCHEDULE OF GENERAL FIXED ASSETS
INVESTMENT IN PLANT - CONTINUED
Year Ended August 31, 1996

	<u>Balance</u> 8-31-95	<u>Purchased/ Additions</u>	<u>Other*</u>	<u>Balance</u> 8-31-96
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168	-	-	16,168
Landscaping - S.P.I.	3,395	-	-	3,395
Paving	392,615	-	-	392,615
Remodel Courtyard Fountain	18,638	-	-	18,638
Tennis Courts	43,002	-	-	43,002
Reflecting Pool	27,591	-	-	27,591
Gorgas Monument	24,121	-	-	24,121
Roofing	719,512	-	-	719,512
ACM Abatement	649,036	-	-	649,036
Resaca Bulkhead	281,424	-	-	281,424
Paseo	265,071	-	-	265,071
Paseo - Classroom	448,523	-	-	448,523
Paseo - East	570,218	-	-	570,218
Central Plant	2,280,410	-	-	2,280,410
ADA Compliance Improvements	66,911	37,221	-	104,132
Total Improvements	<u>5,806,635</u>	<u>37,221</u>	<u>0</u>	<u>5,843,856</u>
MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES				
Gorgas	190,717	47,342	-	238,059
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	423,594	-	-	423,594
Library	1,013,676	-	-	1,013,676
Library Books	7,870,228	202,451	(292,426)	7,780,253
Student Center	231,601	-	-	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	38,838	-	-	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	1,118,115	23,042	(312,255)	828,902
LVN - Weslaco	8,508	-	-	8,508
Total Equipment	<u>16,196,568</u>	<u>272,835</u>	<u>(604,681)</u>	<u>15,864,722</u>
Total General Fixed Assets	<u>\$46,665,482</u>	<u>\$ 1,107,916</u>	<u>\$ (604,681)</u>	<u>\$47,168,717</u>

* Stolen, Transfers, Deletions, Donations, Auctions, and Corrections.

AGENCY FUNDS

TEXAS SOUTHMOST COLLEGE
COMBINING BALANCE SHEETS
AGENCY FUNDS
 August 31, 1996

	<u>Alumni Fund</u>
ASSETS	
<u>ASSETS</u>	
Cash in Bank	\$ 7,098
Total Assets	<u>\$ 7,098</u>
 LIABILITIES AND FUND BALANCE	
<u>LIABILITIES</u>	
Funds Held in Custody For Others	\$ 7,098
Total Liabilities	<u>7,098</u>
<u>FUND BALANCE</u>	
Restricted	-
Unrestricted	<u>-</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 7,098</u>

TEXAS SOUTHMOST COLLEGE
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
AGENCY FUNDS
Year Ended August 31, 1996

	<u>Alumni Fund</u>
Fund Balance, September 1, 1995	\$ -
Add: Interest	-
Less: Disbursements	-
Transfer to Other Funds	<u>-</u>
Net Increase (Decrease) for the Year	<u>-</u>
Fund Balance, August 31, 1996	<u>\$ -</u>

BOND SCHEDULES

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>
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>

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>
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>\$ 1,520,000</u>	<u>\$ 119,828</u>	<u>\$ 1,639,828</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>
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>\$ 8,234,999</u>	<u>\$ 3,867,254</u>	<u>\$12,102,253</u>