



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

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

AUGUST 31, 1993

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

Board of Trustees

Officers

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

Members

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

Key Officer

Michael Putegnat

Executive Director/Secretary

TEXAS SOUTHMOST COLLEGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 AUGUST 31, 1993

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FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

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A. Carlos Barrera, CPA
Wayne D. Beneke, CPA
Susana L. Reynoso, CPA
Ruben Moreno, CPA
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Carl S. Chilton, Jr., CPA
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Joe J. Garza, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Texas Southmost College

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

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

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

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

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

Brownsville, Texas
October 13, 1993

TEXAS SOUTHWEST COLLEGE

EXHIBIT A

BALANCE SHEET

August 31, 1993

With Memorandum Totals At August 31, 1992

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

TEXAS SOUTHMOST COLLEGE

Exhibit A

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

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

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

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

TEXAS SOUTHWEST COLLEGE

Exhibit B

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

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

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

Endowment and Similar Funds	PLANT FUNDS				TOTALS MEMORANDUM ONLY		
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$	\$	\$	\$	\$	\$	\$ 20,512,627	\$19,422,362
			19,954			18,216	797,209
			83,385			1,155,490	4,746,475
7,895						128,811	25,865
123,922						7,895	391,049
						123,922	225,405
				650,098		650,098	837,106
				483,232		483,232	920,756
	10,356	12,678	17,267		238	43,603	10,702
			1,253,685			1,253,685	1,943,597
				3,798,258		3,800,508	8,713,108
<u>\$ 131,817</u>	<u>\$ 10,356</u>	<u>\$ 12,678</u>	<u>\$1,374,291</u>	<u>\$ 4,931,588</u>	<u>238</u>	<u>\$28,178,087</u>	<u>\$38,033,634</u>
1,575		356,192				20,585,943	25,810,942
						356,192	
						2,855	
							1,492
							8
			550,000			550,000	695,000
			845,543			845,543	906,432
			2,531			2,531	960,075
<u>\$ 1,575</u>	<u>\$</u>	<u>\$ 356,192</u>	<u>\$1,398,074</u>	<u>\$</u>	<u>\$</u>	<u>\$22,472,454</u>	<u>\$28,373,949</u>
			321,614				
			(202,751)				(143,393)
			118,863				143,393
130,242	10,356	(343,514)	95,080	4,931,588	238	5,705,633	9,659,685
\$3,813,044	\$ 13,427	\$ 438,211	\$ 433,652	\$34,478,977	\$ 12,889	\$42,687,810	\$32,983,237
(90)						8,104	44,887
3,812,954	13,427	438,211	433,652	34,478,977	12,889	42,695,914	33,028,124
<u>\$3,943,196</u>	<u>\$ 23,783</u>	<u>\$ 94,697</u>	<u>\$ 528,732</u>	<u>\$39,410,565</u>	<u>\$ 13,127</u>	<u>\$48,401,547</u>	<u>\$42,687,810</u>

TEXAS SOUTHWEST COLLEGE

Exhibit C

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

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

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

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

TEXAS SOUTHMOST COLLEGE
NOTES TO FINANCIAL STATEMENTS
August 31, 1993

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

Fund Accounting

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

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

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

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 1993

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

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

Current Funds

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

Unrestricted Current Funds

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

Auxiliary Enterprises

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

Restricted

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

Loan Funds

Funds available for loans to students, faculty and staff.

Endowment and Similar Funds

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

Annuity and Life Income Funds

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

Plant Funds

Plant funds are divided into these separate balanced fund groups:

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

Unexpended

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

Renewals and Replacements

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

Retirement of Indebtedness

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

Investment in Plant

Funds already expended for plant properties. Physical properties are stated at cost at date of acquisition or fair market value at date of donation for gifts and fair market value at August 31, 1992 for livestock. Depreciation on physical plant and equipment is not recorded.

Agency Funds

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

Memorandum Totals

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

Other Significant Accounting Policies

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

1. Authorized Investments

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

2. Deposits and Investments

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

Cash and Deposits

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

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

The following categories of credit risk are included:

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

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 1993

Investment Categories

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

3. Bonds and Variable Rate Notes Payable

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

