



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

TEXAS SOUTHMOST COLLEGE  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
AUGUST 31, 1994

TEXAS SOUTHMOST COLLEGE

**ORGANIZATIONAL DATA**  
For the Fiscal Year 1993 - 1994

Board of Trustees

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Officers

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

Members

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

Principal Administrative Officers

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Michael Putegnat  
Hector H. Garcia

Executive Director/Secretary  
Controller

TEXAS SOUTHMOST COLLEGE  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
AUGUST 31, 1994

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**FINANCIAL SECTION**



**LONG, CHILTON, PAYTE & HARDIN, LLP**

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

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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, 1994, as listed in the table of contents. These general-purpose financial statements are the responsibility of Texas Southmost College management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

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

Brownsville, Texas  
November 11, 1994



TEXAS SOUTHMOST COLLEGE

EXHIBIT A

BALANCE SHEET

August 31, 1994

With Memorandum Totals At August 31, 1993

CURRENT FUNDS

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

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

TEXAS SOUTHMOST COLLEGE

Exhibit A

BALANCE SHEET - CONTINUED

August 31, 1994

With Memorandum Totals At August 31, 1993

CURRENT FUNDS

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

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

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

TEXAS SOUTHMOST COLLEGE

Exhibit B

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

CURRENT FUNDS

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

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

Endowment and Similar Funds	PLANT FUNDS				TOTALS MEMORANDUM ONLY		
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	Current Year	Prior Year
\$	\$	\$	\$	\$	\$	\$ 22,965,264	\$ 20,512,627
			19,954			21,263	18,216
						1,415,305	1,155,490
						215,330	
						534,476	128,811
70						70	7,895
54,511	14,490	9,465	15,313			94,032	123,922
				600,000		600,000	650,098
				117,875		117,875	
				672,963		672,963	483,232
						59,891	1,297,288
		31	1,906,221			1,908,304	3,800,508
<u>\$ 54,581</u>	<u>\$ 14,490</u>	<u>\$ 9,496</u>	<u>\$ 1,941,488</u>	<u>\$ 1,390,838</u>		<u>\$ 28,604,773</u>	<u>\$ 28,178,087</u>
4,554		904,737				29,075,715	20,585,943
						904,737	356,192
							2,855
						23,361	
			600,000			600,000	550,000
			682,494			682,494	845,543
11,845						11,845	
			388,293	7,301,458		7,689,751	2,531
						100,174	129,390
<u>\$ 16,399</u>	<u>\$</u>	<u>\$ 904,737</u>	<u>\$ 1,670,787</u>	<u>\$</u>	<u>\$ 7,301,458</u>	<u>\$ 39,088,077</u>	<u>\$ 22,472,454</u>
						(26,541)	
						5,943,911	
(3,953,729)	1,397,487	1,043,933	(307,340)			(3,966,855)	
<u>(3,953,759)</u>	<u>1,397,487</u>	<u>1,043,933</u>	<u>(307,340)</u>			<u>1,950,515</u>	
(3,915,547)	1,411,977	148,692	(36,639)	(5,910,620)	(13,127)	(8,532,789)	5,705,633
\$ 3,943,196	\$ 23,783	\$ 94,697	\$ 528,732	\$ 39,410,565	\$ 13,127	\$ 48,401,547	\$ 42,687,810
						106,741	8,104
3,943,196	23,783	94,697	528,732	39,410,565	13,127	48,508,288	42,695,914
<u>\$ 27,649</u>	<u>\$ 1,435,760</u>	<u>\$ 243,389</u>	<u>\$ 492,093</u>	<u>\$ 33,499,945</u>	<u>\$ -</u>	<u>\$ 39,975,499</u>	<u>\$ 48,401,547</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, 1994  
With Memorandum Totals For the Year Ended August 31, 1993

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

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



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TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS

August 31, 1994

1. **Reporting Entity**

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

2. **Summary of Significant Accounting Policies**

**Report Guidelines**

The significant accounting policies followed by TSC in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. These requirements are in substantial conformity with, the GASB statements, the AICPA Industry Audit Guide, *Audits of Colleges and Universities*, 1973 as amended by AICPA Statement of Position (SOB) 74-8, and *Financial Accounting and Reporting Manual for Higher Education*, 1990 edition as published by NACUBO and are enumerated in the following paragraphs.

**Basis of Accounting**

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

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

**Fund Accounting**

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

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

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

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

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

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

**Current Funds**

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

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

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

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

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**Loan Funds**

Funds available for loans to students, faculty and staff.

**Endowment and Similar Funds**

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

**Annuity and Life Income Funds**

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

**Plant Funds**

Plant funds are divided into these separate balanced fund groups:

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

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

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

**Investment in Plant** - Funds already expended for plant properties. Physical properties are stated at cost at date of acquisition or fair market value at date of donation for gifts and fair market value at August 31, 1994 for livestock. Depreciation on physical plant and equipment is not recorded.

**Agency Funds**

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

**Memorandum Totals**

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

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3. Authorized Investments

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

4. Deposits and Investments

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

Cash and Deposits

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

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

The following categories of credit risk are included:

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

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

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

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

5. Bonds and Variable Rate Notes Payable

General information related to bonds payable is summarized below:

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

