COMPREHENSIVE ANNUAL FINANCIAL REPORT

AUGUST 31, 2001

ORGANIZATIONAL DATA

FOR THE FISCAL YEAR 2000-2001

BOARD OF TRUSTEES

Officers

Mary Rose Cardenas		Chairperson
Chester Gonzalez		Vice-chairperson
Rosemary Breedlove		Secretary
	<u>Members</u>	
Mary Rose Cardenas	Brownsville, Texas	May, 2002
Rosemary Breedlove	Brownsville, Texas	May, 2004
David Oliveira	Brownsville, Texas	May, 2006
Chester Gonzalez	Brownsville, Texas	May, 2004
Dolly Zimmerman	Port Isabel, Texas	May, 2002
Dr. Roberto Robles	Brownsville, Texas	May, 2006
Eddie Campirano	Brownsville, Texas	May, 2004
	Dutant 141 to a com-	
	Principal Administrative Office	<u>ers</u>
Dr. Juliet V. Garcia		President, UTB/TSC
Dr. Wayne J. Moore	7	Vice-President for Administration and Partnership Affairs, UTB/TSC

District Comptroller

Pat Celaya

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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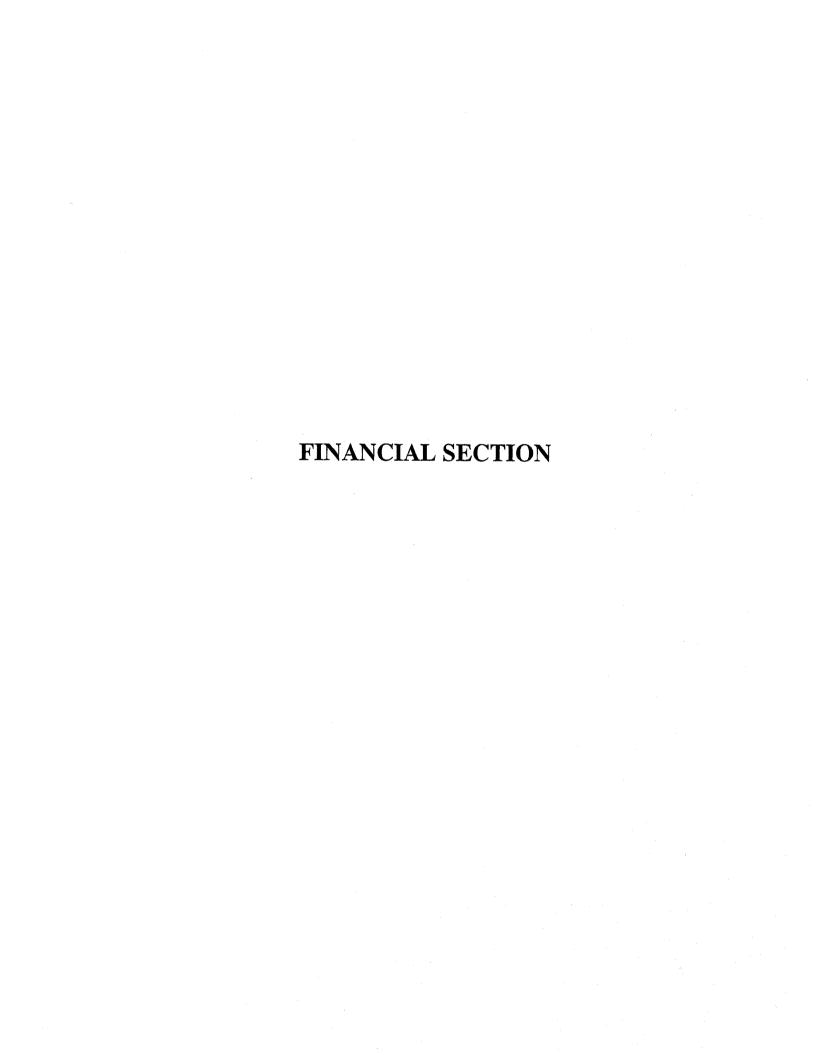
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PATTILLO, BROWN & HILL, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Board of Trustees Southmost Union Junior College District Brownsville, Texas

We have audited the accompanying general purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of Texas Southmost College's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Texas Southmost College at August 31, 2001, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2001, on our consideration of Texas Southmost College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Texas Southmost College, taken as a whole. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the combining statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

November 5, 2001

Pattillo, Brown & Hill, L.F.

FINANCIAL STATEMENTS

BALANCE SHEET

AUGUST 31, 2001 (with memorandum totals at August 31, 2000)

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

D	ant	r.,	- da
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			1 1411	trunc	19						
				_						otals	
т.			Renewals &		etirement of	Investment	Agency		(Memora	ndum	only)
	Inexpended		eplacements	<u>In</u>	idebtedness	 in Plant	 Funds		2001		2000
\$	4,648,481	\$	2,226,033	\$	1,124,096	\$ -	\$ 8,586	\$	10,312,930	\$	1,565,016
	2,507		3,057		-	-	• =		10,677	4	2,355,300
									10,0		2,555,500
			-		39	-	• •		54,994		1,599,909
	-		-		192,862	-	-		1,155,639		1,038,803
	-		-		-	-	-		89,934		-
	-		34,577		-	-	- (237,027		1,232,551
	6,157,219				-	-	-		6,196,365		14,355,823
	153,616		-		-	-	-		153,616		245,749
	-		-		-	-	-		9,939		1,220
	50,250		-		-	-	-		230,583		250,634
	-		-		-	-	-		-		50,250
	-		-		-	-	-		169,124		158,652
	-		-		-	3,022,039	-		3,022,039		2,995,303
	-		-		-	31,745,546	-		31,745,546		27,916,639
	-		-		-	5,890,705	-		5,890,705		5,870,705
	-		-		-	8,269,241	-		8,269,241		8,111,753
	-		-		-	8,422,239	-		8,422,239		8,422,239
	-		-		-	4,723,791	_		4,723,791		1,960,058
	-		-		-	351,064			351,064		351,064
	-		-		-	623,560	 		623,560		623,560
	11,012,073	\$	2,263,667	\$	1,316,997	\$ 63,048,185	\$ 8,586	\$	81,669,013	\$	79,105,228

STATEMENT OF CHANGES IN FUND BALANCES

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

	Unrestricted	Auxiliary Enterprises	Restricted	Total	Loan Funds
REVENUES & OTHER ADDITIONS					
Unrestricted current funds revenue	\$ 28,634,611	\$ 2,183,309	\$ 957,897	\$ 31,775,817	\$ -
State appropriations - restricted	-	-		*,,e_,	-
Federal grants & contracts	-	-	712,689	712,689	
State grants & contracts	-	-	223,419	223,419	-
Local gifts, grants & contracts	-	_	83,394	83,394	_
Net increase (decrease) in fair value of investmen	-	_	-	•	-
Taxes for debt retirement	-	-		-	-
Investment/endowment income	-	-	2,528	2,528	1,059
Net decrease in bonds payable	-	_	· <u>-</u>		-,
Bond proceeds on sale of bonds	-	-	_	-	-
Expended for plant facilities (includes \$360,485					
charged to current funds expenditures)	-	-	-	-··	
Other additions	-	-	_	-	132,797
Total revenues & other additions	28,634,611	2,183,309	1,979,927	32,797,847	133,856
EXPENDITURES & OTHER DEDUCTIONS					
Expenditures	26,882,445	1,022,007	12,468,589	40,373,041	_
Expended for plant facilities	· ·		-	-	
Loan cancellations & write-offs	-	_			122,325
Net increase in bonds payable	-	•	-	_	ل سال و ساسه ۱۱
Retirement of indebtedness - bonds	-	•			_
Interest on indebtedness	-		-	_	_
Other deductions	•	_	-	_	_
Other expenditures	-	_	-	_	
Total expenditures & other deductions	26,882,445	1,022,007	12,468,589	40,373,041	122,325
TRANSFERS-ADDITIONS (DEDUCTIONS)					
Mandatory transfers	(275,062)		275,062	_	_
Nonmandatory transfers	(472,972)	(1,100,302)	275,002	(1,573,274)	-
Other	-	(1,100,502)	10,287,247	10,287,247	
Total transfers - additions (deductions)	(748,034)	(1,100,302)	10,562,309	8,713,973	-
NET INCREASE (DECREASE) FOR THE FISCAL YEAR	1,004,132	61,000	73,647	1,138,779	11,531
FUND BALANCES, SEPTEMBER 1, 2000	399,310	537,735	61,272	998,317	186,937
FUND BALANCES, AUGUST 31, 2001	\$ 1,403,442	\$ 598,735	\$ 134,919	\$ 2,137,096	\$ 198,468

					Plant I	unds	3							
	Endowment & Similar			Renewals &		R	etirement of]	Investment		Agency	Totals (Memorandum only)		
_	Funds	U	nexpended	Rep	olacements	<u>Ir</u>	ndebtedness	ness in Plant			Funds	 2001		2000
\$	-	. \$	-	\$	- -	\$	-	\$	-	\$	-	\$ 31,775,817	\$	31,257,765
	-		-		-		-		_		-	712,689		1,169,804
	-		-		-		-		-		-	223,419		200,206
	-		-		-		-		-		_	83,394		20,000
	-		-		-		-		-		-	-		(11,175)
	-		-		-		1,242,432		-		-	1,242,432		1,157,455
	7,642		858,280		97,796		33,454		-		283	1,001,042		631,975
	-		-		-		-		960,000		-	960,000		940,000
	•		-				-		-		-	-		9,025,000
			, -		-		-		6,796,864		-	6,796,864		1,552,190
*****	7,642	***************************************	858,280		97,796		1,275,886	_	7.756.064	-		 132,797		79,736
	.,		0.50,200		37,730		1,273,000		7,756,864		283	 42,928,454		46,022,956
	•		4 (40 04 (-		-				-	40,373,041		40,070,882
	-		4,648,946		787,772		-		-		-	5,436,718		2,481,630
	-		-		-		-		-		_	122,325		9,321
	-		-		•		-		-		-	-		9,025,000
	-		•		-		1,100,000		-		-	1,100,000		940,000
	-		-		-		772,101		-		-	772,101		314,150
	2,000		-		-		716		-		-	716		199,411
_			4 (40 046						-		-	 2,000	*****	1,600
	2,000	•	4,648,946		787,772		1,872,817		-		-	 47,806,901		53,041,994
	-		-				-		-		-	-		-
	-		1,288,103		285,171		796,863		-		-	796,863		-
_			-		-		-				-	 10,287,247		10,106,788
	-		1,288,103		285,171	-	796,863	_			-	 11,084,110		10,106,788
	5.640		(0 #0# #ca)											
	5,642	((2,502,563)		(404,805)		199,932		7,756,864		283	 6,205,663		3,087,750
	38,344		4,629,496		2,668,456		745,447		19,292,762			 58,559,759		55,472,009
\$	43,986	\$	2,126,933	\$	2,263,651	\$	945,379	\$:	57,049,626	\$	283	\$ 64,765,422	\$	58,559,759

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STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE YEAR ENDED AUGUST 31, 2001 (with memorandum totals for the year ended August 31, 2000)

		4		Tot (Memoran	
	Unrestricted	Auxiliary	Destru	***	
REVENUES	Official	Enterprises	Restricted	2001	2000
State appropriations - general revenue	\$ 12,039,038	\$ -	\$ 957,897	£ 12.007.025	ft 10 (0 ft 0 ft c
Tuition & fees	9,281,149	1,650,302	\$ 957,897	\$ 12,996,935	\$ 12,625,876
Taxes for current operations	4,930,833	1,030,302	-	10,931,451 4,930,833	11,629,348
Federal grants & contracts	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_	712,689	712,689	4,188,325
State grants & contracts	1,635,604	_	223,419	1,859,023	1,169,804
Local grants & contracts	383,671	-	83,394	467,065	1,672,203
Investment/endowment income	106,622	_	05,574	106,622	493,701 99,330
Sales & service of auxiliary enterprises	-	495,776		495,776	
Other sources:		1,5,770	_	493,770	454,623
Interest income	-	28,145	2,528	30,673	40.207
Gains/losses on investments	_	20,1.5	2,520	30,073	42,307
Miscellaneous income	257,694	9,086	<u>.</u>	266,780	280,700
Total current funds revenues	28,634,611	2,183,309	1,979,927	32,797,847	32,656,217
EXPENDITURES & MANDATORY TRANSFEI Educational & general:	RS				
Instruction	•	_	287,337	287,337	944 447
Institutional support	531,909	_	267,557	531,909	844,447
Scholarships & fellowships	-		_	231,909	335,793
Transfers to UTB	26,350,536		12,181,252	38,531,788	37,884,601
Total educational & general expenditures	26,882,445	-	12,468,589	39,351,034	39,064,841
Auxiliary enterprise expenditures:					
Expenditures	_	770,129		770 100	00# 000
Transfers to UTB	-	251,878	-	770,129	837,089
Total auxiliary enterprise expenditures		1,022,007		251,878 1,022,007	168,952 1,006,041
M. Lee and A. C.					1,000,011
Mandatory transfers to:					
TPEG to restricted & loan funds	(275,062)		275,062	_	_
Total expenditures & mandatory transfers	27,157,507	1,022,007	12,193,527	40,373,041	40,070,882
OTHER TRANSFERS & ADDITIONS (DEDUCT	TIONS)				
Nonmandatory transfers	(472,972)	(1,100,302)	-	(1,573,274)	(2,380,552)
Excess of TPEG transfer over grant awarded	_	-		(1,575,274)	(2,300,332)
Federal scholarships/grants by UTB	-	-	10,287,247	10,287,247	10,106,788
Total other transfers & additions (deductions)	(472,972)	(1,100,302)	10,287,247	8,713,973	7,726,236
NET INCOEACE (DECIDE 4 CE) YEV					
NET INCREASE (DECREASE) IN					
FUND BALANCES	\$ 1,004,132	\$ 61,000	\$ 73,647	\$ 1,138,779	\$ 311,571

See accompanying notes to the financial statements.

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NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2001

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

The significant accounting policies followed by Texas Southmost College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. These requirements are in substantial conformity with the AICPA Industry Audit Guide, Audits of Colleges and Universities, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by applicable FASB pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements cited in Codification Section Co5, "Colleges and Universities."

Basis of Accounting

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Fund Accounting

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

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

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

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

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

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

Current Funds:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Current Funds: (Continued)

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

Auxiliary Enterprises - Funds for activities that serve students, faculty, or staff for charges that are directly related to, although no necessarily equal to, the cost of the service. Examples are residence halls, food services and bookstores.

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

Loan Funds:

Funds available for loans to students, faculty and staff.

Endowment and Similar Funds:

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

Annuity and Life Income Funds:

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

Plant Funds:

Plant funds are divided into these separate balanced fund groups:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Agency Funds:

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

Memorandum Totals

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

3. AUTHORIZED INVESTMENTS

Texas Southmost College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

4. DEPOSITS AND INVESTMENTS

At August 31, 2001, the carrying amount of Texas Southmost College cash and demand deposits was \$10,312,931, and total bank balances equaled \$13,389,138. Bank balances of \$100,000 are covered by federal depository insurance and \$18,176,648 of securities pledged as collateral in Texas Southmost College's name. The collateral was held by Texas Southmost College or by its agent (Category 1). There were no bank balances, which were collateralized with securities held by the pledging financial institution's trust department or agent in Texas Southmost College's name (Category 2). There were no bank balances uncollateralized at fiscal year-end (Category 3).

As reported on Exhibit A, cash and demand deposits include the following:

Cash and Demand Deposits

Bank Deposits
Demand Deposits

Cash and Cash Equivalents
Petty Cash on Hand

Total Cash and Deposits

\$ 10,310,420

2,510

\$ 10,312,930

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

Cash and Demand Deposits (Continued)

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

The following categories of credit risk are included:

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

	Categories							Carrying	Market		
Type of Security		1		2		3		Amount	Value		
Money Markets	\$	10,677	\$	-	\$	-	\$	10,677	\$	10,677	
Certificates of Deposit		-		-		-		´ <u>-</u>	•		
Corporate Stocks		39,145		-		_		39,145		39,145	
Repurchase Agreements		6,157,220		-		-	***************************************	6,157,220		6,157,220	
Totals	\$	6,207,042	\$	-	\$		\$	6,207,042	\$	6,207,042	

Reconciliation of Deposits and Investments Between Note 4 and Exhibit A

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

8. EMPLOYEES' RETIREMENT PLAN (Continued)

The State of Texas has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Texas Retirement System. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65%, respectively. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

9. DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. As of August 31, 2001, the College had two employees participating in the program. A total of \$6,600 in payroll deductions had been invested in approved plans during the fiscal year.

10. COMPENSATED ABSENCES

Full-time employees earn annual leave at a rate of eight hours per month. The College's policy is that an employee may carry their accrued leave forward from one fiscal year to another fiscal year without limit. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave. The College recognized the accrued liability for the unpaid annual leave in the Unrestricted Current Fund. Sick leave, which can be accumulated to a maximum of 60 days, is earned at the rate of eight hours per month. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. The College's policy is that employees who terminate employment are not entitled to payment of the accumulated sick leave. As a result, the College does not accrue the accumulated sick leave at year-end. The cost of sick leave is recognized when paid. As of August 31, 2001, compensated absences payable consisted of \$12,444.

11. LITIGATION

The College is a party in one litigation matter under which it may be required to pay certain monies upon a decision of the court. The College's attorney reports a contingent liability based on the amount of damages alleged in the case. However, it is the opinion of the College's attorney that this case is covered by liability insurance. In the opinion of the College's management, the outcome of this lawsuit will not have a material adverse effect on the accompanying financial statements and, accordingly, no provision or loss has been recorded.

12. CAPITAL LEASE OBLIGATIONS

There were no capital lease obligations at August 31, 2001.

13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

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

13. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS (Continued)

Rental agreements consist of the following:

A lease agreement was signed with Subway Real Estate Corp. to provide meals and beverages for the students, faculty, staff and guests. Under the terms of the agreement, Subway will pay the College a base rent at the rate of 4% of gross sales per month. This lease expires in December 31, 2001.

The College has been operating month to month without a bookstore lease to Texas Book Company since July 5, 2000. The College has been operating under the terms of the lease that expired July 5, 2000, which calls for a lease payment of \$75,000 per annum plus an additional 10% of gross revenue above \$1,000,000. The College is currently negotiating a new lease agreement.

14. FUNDS HELD IN TRUST BY OTHERS

At August 31, 2001, there were no such funds for the benefit of the College.

15. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Funds received, but not expended during the reporting period, are shown as additions to fund balance on Exhibit B. Revenues are recognized on Exhibit C as funds are actually expended. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit A. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit A. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

16. SELF-INSURED PLANS

The College has no self-insured arrangements.

17. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the College provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the College. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The College recognizes the cost of providing these benefits by expending the annual insurance premiums. The College contributes \$2.28 per month on \$5,000 of life insurance per employee. The College's monthly contribution per full-time employee was \$225.58 for single employees, \$311.55 for the employee and children, \$353.98 for employee and spouse, and \$439.95 for family coverage for the year ended August 31, 2001. The cost of providing those benefits for twelve active employees was \$33,436. At August 31, 2001, Texas Southmost College did not have any active retirees. The state group insurance amount of \$957,897 was transferred to UTB.

18. RELATED PARTIES

The TSC Foundation, Inc. is a non-profit organization with the sole purpose of supporting educational and other activities of the College. The Foundation solicits donations and acts as coordinator of a challenged grant funded by the Department of Education. During the fiscal year the College furnished certain services such as office space, utilities and staff assistance to the foundation at no cost for these services.

Partnership Agreement with the University of Texas at Brownsville

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

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

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

Under this agreement TSC agrees to provide UTB, until termination of the UTB/TSC partnership or until mutually agreed by both parties, or until either party terminates the lease in accordance with the provisions set forth in the lease, the right to use all real property and the tangible personal property belonging to TSC for the purpose of providing educational and student services to students. UTB agrees to pay TSC per year in equal monthly payments during the term of this lease a gross square foot amount equal to the gross square foot rate paid by the UT Board of Regents to Southmost District in the 1999-2000 biennium adjusted for inflation each biennium by the previous two year average of the annual Consumer Price Index for all items less food and energy as reported by the US Bureau of Labor Statistics.

During the year ended August 31, 2001 total rental income recognized by TSC was \$1,635,604.

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

Payments for agreements A and B above, will be in accordance with the Educational Partnership Cooperation Contract Regarding Finance and Funding. Under this contract UTB agrees to deliver all programs and provide all services for both entities. TSC will pay UTB for instruction and services for TSC students as follows:

Tuition for lower division academic and vocational courses, and all appropriations and contracts.

19. INTERFUND BORROWING

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

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

20. PROPERTY TAX

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

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

Assessed Valuation of the District:	\$ 5,302,2	63,192	
Less: Exemptions	510,4	21,568	
Less: Abatements		-	
Net Assessed Valuation of the District	\$ 4,791,8	41,624	
	Current	Debt	
	<u>Operations</u>	<u>Service</u>	<u>Total</u>
Tax Rate per \$100 valuation authorized for	\$ 0.500000 \$	0.500000	\$ 1.000000
Tax Rate per \$100 valuation assessed for	\$ 0.105841 \$	0.025559	\$ 0.131400

Taxes levied for the year ended August 31, 2001 are \$6,296,480 (which includes any penalty and interest assessed, if applicable). Taxes are due on receipt of the tax bill and become delinquent if not paid before February 1st of the year following the year in which imposed.

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

20. PROPERTY TAX (Continued)

Tax collections for the year ended August 31, 2001 were 93.38% of the current tax levy. Allowances for uncollectable taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

21. DEFERRED REVENUES

Revenues, primarily consisting of tuition, fees and housing charges, related to academic terms in the next fiscal year are recorded on the balance sheet as deferred revenue in the current fiscal year. Deferred revenue at year end consisted of the following:

<u>Description</u>	<u>Fund</u>		Amount
Net Tax Revenue	Unrestricted	\$	962,777
Prepaid Rentals	Auxiliary		86,893
Net Tax Revenue	Retirement of Indebtedness		192,862
Student Union Fees	Retirement of Indebtedness		178,756
Total		<u>\$</u>	1,421,288

22. BUDGETARY DATA

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

23. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the year ended August 31, 2001.

24. PROPERTY, PLANT AND EQUIPMENT

Land is valued at its original cost. \$817,500 was added to the value of the land based on a nonformal appraisal made in 1971 on the 54.5 acres occupied by the College, most of which was acquired by gift from the U.S. Government (Old Fort Brown). During the prior year, an additional 18.76 acres of land for \$422,100 have been added based on a nonformal appraisal made in 1995. This land was acquired by gift from the U.S. Government. Physical plant and equipment are stated at cost on date of acquisition or fair market value at date of gift. Library books are valued at replacement cost estimated by the Library Director. Depreciation on physical plant and equipment is not recorded.

24. PROPERTY, PLANT AND EQUIPMENT (Continued)

Changes in general fixed assets are as follows:

	Balance 8/31/00	Purchased/ Additions	Retirements	Balance 8/31/01
BUILDINGS				
Auto body building	\$ 87,621	\$ -	\$ -	\$ 87,621
Allied health	698,407	Ψ -	Ψ -	698,407
New Bookstore	255,259	1,738,005	•	1,993,264
Tandy Hall I	1,333,201	-	· · · · · · · · · · · · · · · · · · ·	1,333,201
Tandy Hall II	2,284,741	_	-	2,284,741
A. A. Champion	100,209	-	· _	100,209
Gymnasium/Tennis courts	829,819	88,653	-	918,472
Business services	5,565	•	· —	5,565
Student Center	944,335		-	944,335
Library	4,232,405	-	-	4,232,405
Rusteberg	939,020	-		939,020
Gomez-Farias Project	5,063	-	-	5,063
Eidman Science-Math				·
Building	875,315	36,560	-	911,875
Gorgas Hall improvements	1,835,241	5,547	-	1,840,788
Music Hall	94,770		. •	94,770
Maintenance	34,898	-	-	34,898
PAU - B administration	222,158	-	-	222,158
PAU - B temporary office	13,444	-	-	13,444
Child Care Center	701,432		•	701,432
Cavalry barracks	536,292	21,938	-	558,230
Women's Center	76,019	-	-	76,019
Continuing education	45,000	-	-	45,000
Athletic houses	13,143	-	-	13,143
Marion Hedrick Smith				
Memorial Amphitheater	456,808	-	-	456,808
U.S. Coast Guard Station	326,023	-	-	326,023
Security First Aid (Carpet)	888	-	-	888
Continuing education				
(American Legion Building)	78,367	-	-	78,367
Classroom/office	5,936,735	-	• •	5,936,735
Art	673,412	-	•	673,412
Central plant	396,443	-	-	396,443
USDA property Canon del Novillo	869,502	-	•	869,502
	117,078	-	-	117,078
Campus-wide Signage Jacob Brown Memorial Center	8,555	06.000	-	8,555
Parking lot	2,682,350	26,223	•	2,708,573
•	15,126	-	•	15,126
Duffey Plaza	20,000	1,238,280	-	1,258,280
North & South Buildings (AC)	153,564	-	-	153,564
Fuel Storage Tank	18,430	-	-	18,430
Old Bookstore	-	180,678	-	180,678
Young House	p-	493,023	_	493,023
Total Buildings	27,916,639	3,828,907		31,745,546

24. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Balance 8/31/00	Purchased/ Additions	Retirements	Balance 8/31/01
LAND				
Land 50-year Lease				-
Amphitheater Land	1,250	-	÷	1,250
Land	485,630	-	-	485,630
Land - appraisal increase	817,500	-	•	817,500
Land - parking lot	973,904	-	-	973,904
Land - 18.76 acres	422,100	-	-	422,100
Land - Canon del Novillo	12,535	-	-	12,535
Land - Young House	60,981	-	-	60,981
Land - Lot 3, Block 6,	•			
Paredes Subdivision	31,093	-	-	31,093
Land - Fort Brown Villas	119,056	-	-	119,056
Land - Lot 5, Block 6,	,			•
Paredes Subdivision	31,977	-	•	31,977
Land - Esparza Property	-	26,736	_	26,736
Land - Lot 7, Block 32,		,		,
Original townsite	39,277	-	-	39,277
Total Land	2,995,303	26,736	-	3,022,039
SITE IMPROVEMENTS			* * * * * * * * * * * * * * * * * * *	
Landscaping - T.S.C.	16,168	_	_	16,168
Landscaping - S.P.I.	3,395		_	3,395
Paving	392,615	20,000	_	412,615
Remodel courtyard fountain	18,638	20,000	_	18,638
Tennis courts	43,002	_	_	43,002
Reflecting pool	27,591	_	_	27,591
Gorgas monument	24,121	_	_	24,121
Roofing	719,512		_	719,512
ACM abatement	649,036	-		649,036
Resaca Bulkhead	281,424	_		281,424
Paseo	265,071	-		265,071
Paseo - classroom	448,523	-	-	448,523
Paseo - east	570,218		_	570,218
Central plant	2,280,410	-		2,280,410
ADA compliance improvements	130,981		_	130,981
Total Site Improvements	5,870,705	20,000		5,890,705
Total Bio Improvement		20,000		2,000,.00
MACHINERY, EQUIPMENT, FURNITURE & FIXTURES				
Furniture and Fixtures	8,111,753	157,488		8,269,241
Library Books	8,422,239	-	-	8,422,239
Total Machinery, Equipment,				
Furniture & Fixtures	16,533,992	157,488		16,691,480
Total General Fixed Assets	\$ 53,316,639	\$ 4,033,131	\$ -	\$ 57,349,770

25. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

26. CONSTRUCTION COMMITMENTS

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

<u>Project</u>	1	Remaining Balance
A/C for North and South Buildings A/C for FBMC Cabling of Gorgas, Allied Health & FBMC Student Union Building	\$	41,141 12,400 3,000 3,576,196
Total	\$	3,632,737

27. TRANSFERS

At August 31, 2001, the transfers in and out between all the Texas Southmost College funds do not net to zero.

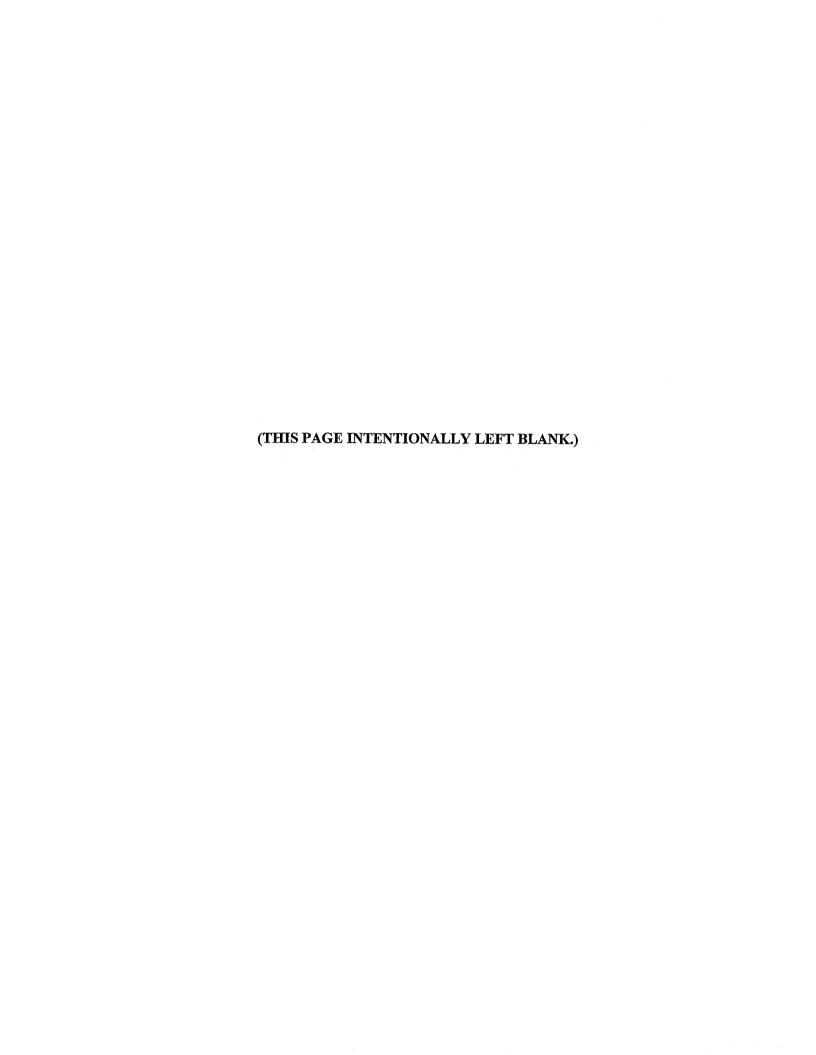
As disclosed in footnote #18, Texas Southmost College entered into an agreement with the University of Texas at Brownsville. Under this agreement, UTB receives federal/financial grants that it awards to lower division students. (See note 2 on Schedule D-3 Schedule of Federal Financial Assistance for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

28. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts, theft, damage or destruction of purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

29. COMMITMENTS AND CONTINGENCIES

The College participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.



OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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PATTILLO, BROWN & HILL, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees Southmost Union Junior College District Brownsville, Texas

We have audited the general purpose financial statements of Texas Southmost College, as of and for the year ended August 31, 2001, and have issued our report thereon dated November 5, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Texas Southmost College's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

Pattillo, Brown & Hill, CCP.

In planning and performing our audit, we considered Texas Southmost College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated November 5, 2001.

This report is intended for the information of the Board of Directors, the audit committee, the administration, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

November 5, 2001





REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees Southmost Union Junior College District Brownsville, Texas

Compliance

We have audited the compliance of Texas Southmost College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that are applicable to each of its major federal programs for the year ended August 31, 2001. Texas Southmost College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Texas Southmost College's management. Our responsibility is to express an opinion on Texas Southmost College's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Texas Southmost College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Texas Southmost College's compliance with those requirements.

In our opinion, Texas Southmost College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2001.

Internal Control Over Compliance

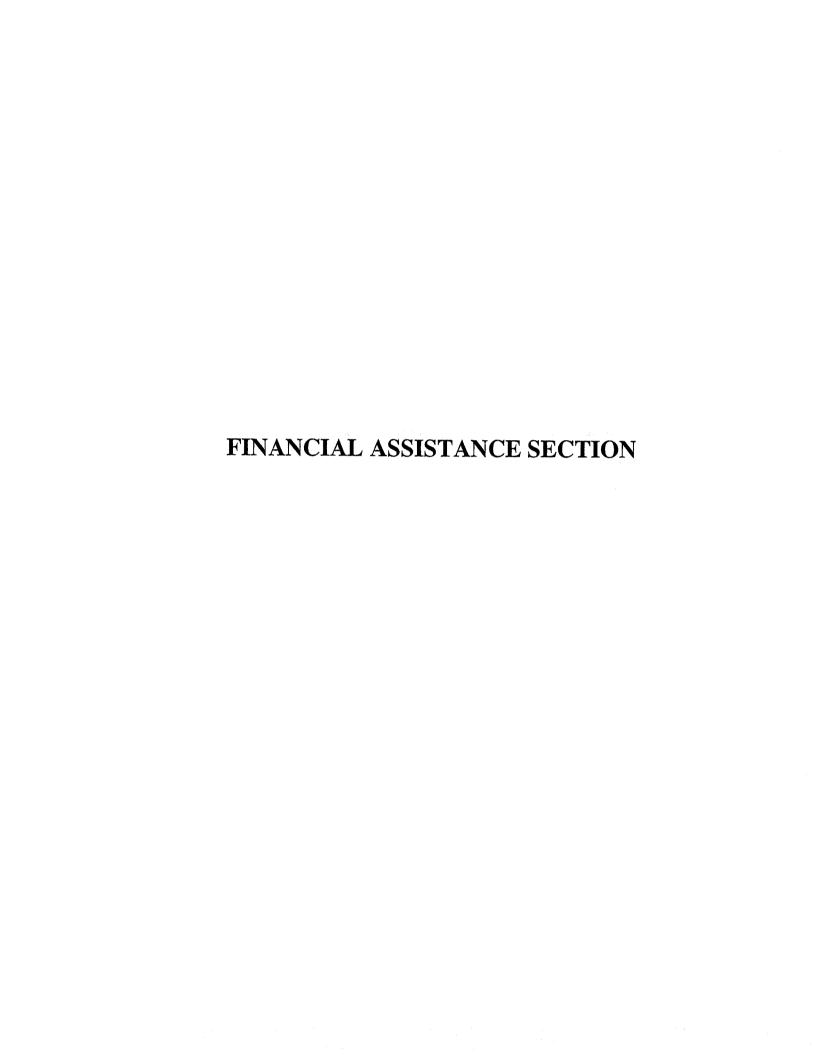
The management of Texas Southmost College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Texas Southmost College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, the audit committee, the administration, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

November 5, 2001

Pattillo, Brown & Hill, Cel.

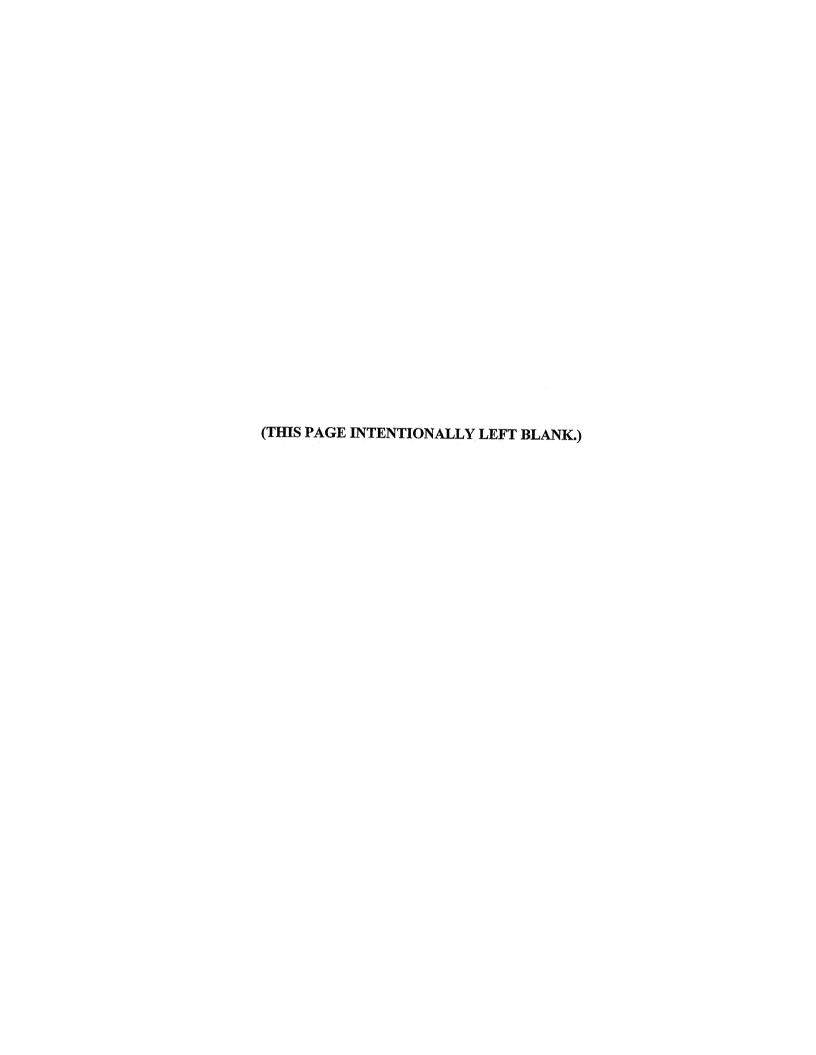


SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS

AUGUST 31, 2001

			Curre	nt Funds				
	Unr	estricted		uxiliary terprises	Re	estricted		Loan Funds
Cash and Cash Equivalents:								
Cash on hand								
Petty cash	\$	160	\$	2,350	\$	-	\$	-
Cash in bank								
Demand deposits	-	1,311,900	***************************************	818,719		138,673		29,344
Total Cash and Cash Equivalents	· -	1,312,060	<u></u>	821,069		138,673		29,344
Investments:								
Short-Term Investments:								
Money market accounts		2,507		2,509		m		-
Total Short-Term Investments	***************************************	2,507		2,509		-	teriosoridosa	-
Long-Term Investments:								
Corporate stock		-				-		-
Master Repurchase Agreement		-				-		**
Total Long-Term Investments		-		-		-		
Total Investments		2,507		2,509	elmonlysmussu	**		-
Total Cash and Cash								
Equivalents and Investments	\$	1,314,567	\$	823,578	\$	138,673	\$	29,344

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



SCHEDULE OF CHANGES IN FUND BALANCES - UNRESTRICTED CURRENT FUNDS - AUXILIARY FUNDS

REVENUES	Student <u>Services</u>	Jacob Brown Convention Center	Other	Total
Sales and services	ф			
	\$ -	\$ 455,742	\$ 40,034	\$ 495,776
Student parking fees Student service fees	285,171	-	-	285,171
Miscellaneous income	1,365,131	•	-	1,365,131
		***	37,231	37,231
Total revenues	1,650,302	455,742	77,265	2,183,309
EXPENDITURES				
Salaries and wages	_	188,444	-	188,444
Other operating expenses	-	501,561	69,648	571,209
Capital outlay	-	24,542	•	24,542
Subsidy expenses	-	- 1,5 1	213,073	213,073
Miscellaneous expenses	_	•	24,739	24,739
Total expenditures	-	714,547	307,460	1,022,007
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	1,650,302	(258,805)	(230,195)	1,161,302
TRANSFERS-ADDITIONS (DEDUCTIONS)				
Transfers to UTB	(1,365,131)	_	•	(1,365,131)
Unrestricted funds	(285,171)	_	550,000	264,829
Total transfers - additions (deductions)	(1,650,302)	******	550,000	(1,100,302)
NET INCREASE (DECREASE) FOR				
THE FISCAL YEAR	-	(258,805)	319,805	61,000
FUND BALANCES, SEPTEMBER 1, 2000	-	(361,008)	898,743	537,735
FUND BALANCES, AUGUST 31, 2001	\$ -	\$ (619,813)	\$ 1,218,548	\$ 598,735

SCHEDULE OF TRANSFERS

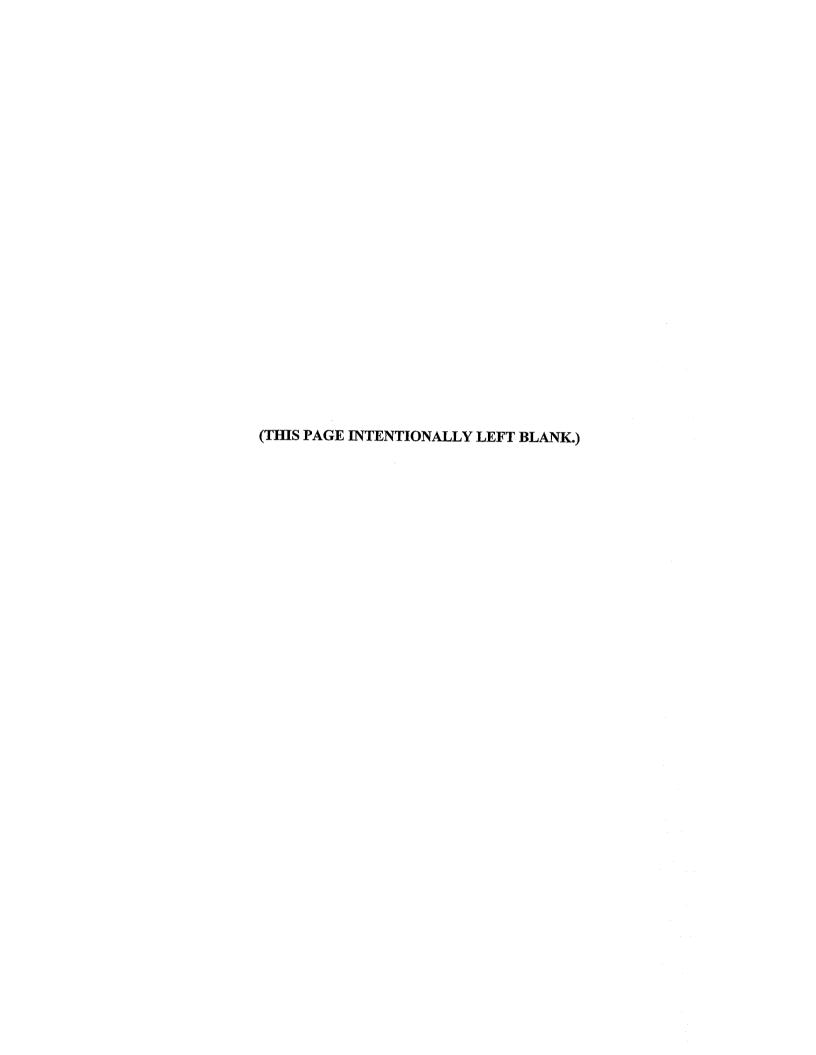
FOR THE YEAR ENDED AUGUST 31, 2001

FUNDS TRANSFERRED FROM:

	Amount	<u>Unrestricted</u>	Auxiliary Enterprises	Restricted
MAND A TODAY				
MANDATORY				
Unrestricted Funds TPEG Resident	Ф 200 7 10	Φ.	•	
	\$ 229,719	\$ -	\$ -	\$ 229,719
TPEG Foreign	1,243	-	-	1,243
Top 10% Top 5%	28,200	-	•	28,200
•	15,900	•	*	15,900
Total Unrestricted Funds	275,062			275,062
Total Mandatory Transfers	275,062	•	•	275,062
NONMANDATORY Unrestricted Funds				
Construction projects	1,288,103	_	_	_
Capital improvements	550,000	_	550,000	_
Student union fees	796,863	440	220,000	
Major repairs	-	_	-	_
Total Unrestricted Funds	2,634,966	**	550,000	-
Auxiliary Enterprise Funds				
Student parking fees	285,171	_	_	
Student service fees	1,365,131	1,365,131	- -	_
Total Auxiliary Enterprise Funds	1,650,302	1,365,131	a .	
Renewals & Replacements				
Construction projects	780,000			
• •		-		-
Total Renewals & Replacements	780,000	_		
Total Non-Mandatory Transfers	5,065,268	1,365,131	550,000	
Total Transfers Among Funds	\$ 5,340,330	\$ 1,365,131	\$ 550,000	\$ 275,062

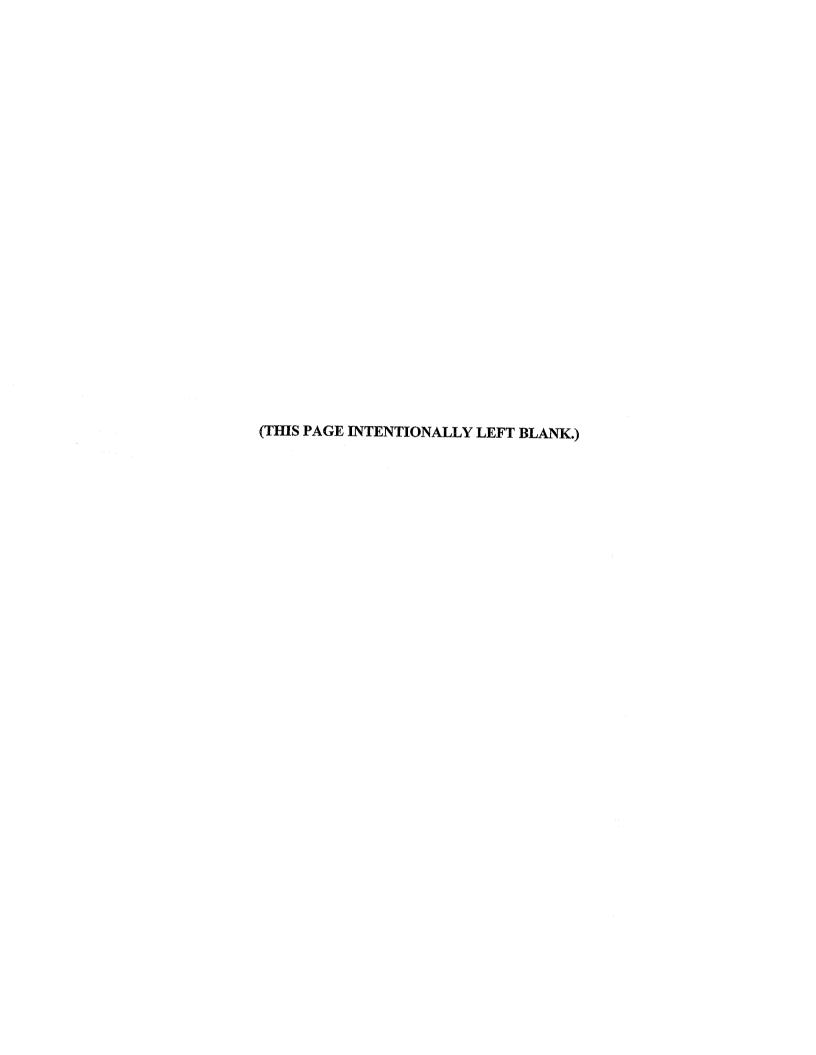
FUNDS TRANSFERRED TO:

	Loan Endowmer Funds & Similar			L	Jnexpended Plant		enewals & eplacements	Retirement of Indebtedness	
\$	- -	\$	- - -	\$	- - -	\$	-	\$	- -
	<u>-</u>		-				-		-
•	-	•			_	***********	-	Severe contract of the second	-
	- - -		- -		1,288,103		- - 796,863		-
	-		-	**********	1,288,103		796,863		-
		<u> </u>	-		-		285,171		-
	-		-			***************************************	285,171 780,000		-
	-		-		1,288,103		780,000 1,862,034		-
\$	-	\$		\$	1,288,103	\$	1,862,034	\$	•



DETAIL OF STATE APPROPRIATIONS, TUITION AND FEES

Ocate A comment to the	Unrestricted	Auxiliary Enterprises	Restricted	Total
State Appropriations: Education and general support	# 11 0 # 0 0 # 6		_	
State group insurance	\$ 11,953,956	\$ -	\$ -	\$ 11,953,956
Noncourse-based remedial education	85,082	-	957,897	957,897
Total State Appropriations		-	-	85,082
roun state Appropriations	12,039,038	-	957,897	12,996,935
Tuition and Fees:				
State Funded Courses				
In-district resident tuition	3,082,698	-	-	3,082,698
Out-of-district resident tuition	688,890	-	-	688,890
Non-resident tuition	151,057	-	-	151,057
Non-state funded continuing education	894,207	-	-	894,207
Subtotal tuition	4,816,852	_		4,816,852
Computer access fee	744,305	_	_	744,305
General fees	2,705,356	_	_	2,705,356
Student service fee	-	1,353,429	_	1,353,429
Laboratory fee	192,219	-	_	192,219
Automation fee	535,352	-		535,352
Student Union fees	-	-		
Other fees	287,065	296,873	-	583,938
Total Tuition and Fees	9,281,149	1,650,302		10,931,451
Taxes for Current Operations	4,930,833		-	4,930,833
Federal Grants and Contracts:				
Other programs	-	-	712,689	712,689
Total Federal Grants and Contracts	-	•	712,689	712,689
State Grants and Contracts:				
Other programs	1,635,604		223,419	1,859,023
Total State Grants and Contracts	1,635,604	-	223,419	1,859,023
Local Grants and Contracts:				
Other programs	383,671	-	83,394	467,065
Total Local Grants and Contracts	383,671	-	83,394	467,065
Sales and Services of Auxiliary:				
Activities	-	495,776	-	495,776
Other Sources:				120,770
Interest income	106,622	20 145	0.700	***
Other miscellaneous income	257,694	28,145 9,086	2,528	137,295
Total Other Sources	***************************************		0.500	266,780
Tomi Onle Bouroes	364,316	37,231	2,528	404,075
Total Current Funds Revenue	\$ 28,634,611	\$ 2,183,309	\$ 1,979,927	\$ 32,797,847



STATEMENT OF CURRENT FUNDS EXPENDITURES BY OBJECT

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

BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS

		Bonds	Range of		Bonds	В	onds		Bonds		Bonds		Maturi	ties
	I	ssued to	Interest	C	utstanding	Issue	d After	M	latured or	C	outstanding	First	Last	First
Description		Date	Rates		8/31/00	8/3	1/00		Retired		8/31/01	Year	Year	Call Date
Refunding Tax Bonds -														
Series 1994	\$	8,509,999	5.0%-5.6%	\$	6,334,999	\$	•	\$	960,000	\$	5,374,999	1995	2008	02/15/95
Revenue Bonds -														
Series 2000		9,025,000	5.0%-6.0%		9,025,000		-		140,000		8,885,000	2001	2025	02/15/01
Totals	\$	17,534,999		\$	15,359,999	\$	-	\$	1,100,000	\$	14,259,999			

Summary of Debt Service Requirements to Maturity

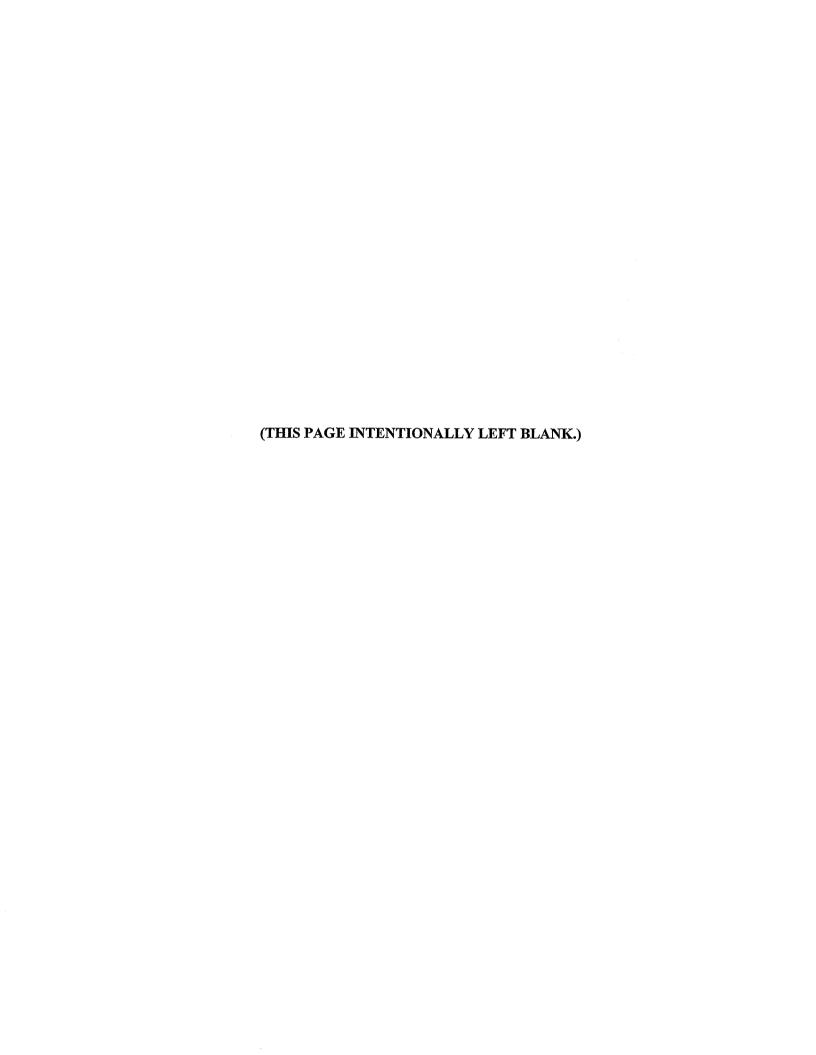
		Y	ear E	nding August	31,					All Other		Total
	2002	 2003		2004		2005		2006	-	Years	F	Requirements
\$	1,196,440	\$ 1,236,440	\$	1,210,700	\$	1,241,473	\$	1,222,880	\$	1,461,488	\$	7,569,421
•	650,381	 662,631	_	678,881		693,881	******	692,631		13,180,495		16,558,900
\$	1,846,821	\$ 1,899,071	\$	1,889,581	\$	1,935,354	\$	1,915,511	\$	14,641,983	\$	24,128,321

SCHEDULE OF PLEDGED REVENUE AND FUND BALANCES FOR REVENUE BONDS OUTSTANDING

		Ple	edged Rever	ue and Related	d Expenditure	es	
		Interest	Other	(a) Total	(b) Other	(c)	(d)
Description	Operating Revenue	Earned on Investments	Pledged Revenue	Pledged Revenue	Revenue Source	Operating Expense	Capital Outlay
Student Union Building Bonds Series 2000	\$ 796,863	\$ 19,663	\$ -	\$ 816,526	\$ ~	\$ 642,381	\$ -

SCHEDULE D-2

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



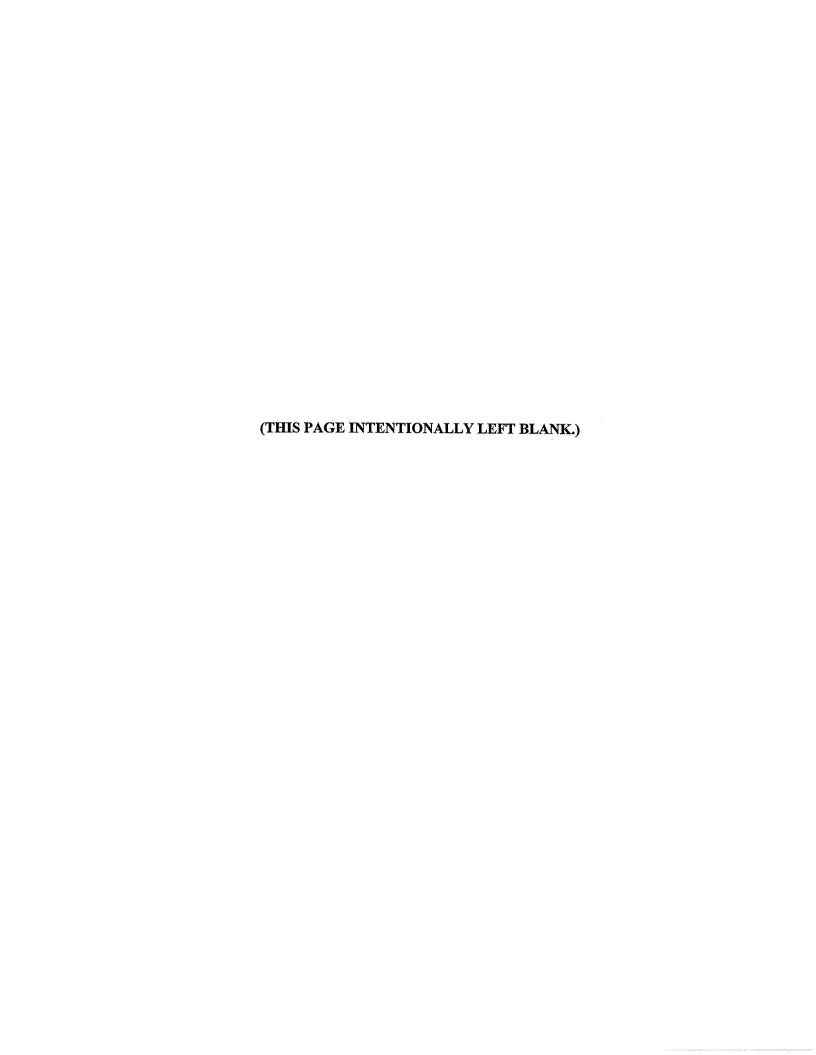
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED AUGUST 31, 2001

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

Notes to the Schedule on the following page.

(continued)



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) FOR THE YEAR ENDED AUGUST 31, 2001

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Dish	s-Through oursements expenditures
Note 1: Federal Assistance Reconciliation				
Federal revenue per Exhibit C Federal grants and contracts - per schedule			\$	712,689
Total Federal Revenue per Exhibit C			\$	712,689

Note 2: Significant Accounting Policies used in Preparing the Schedule

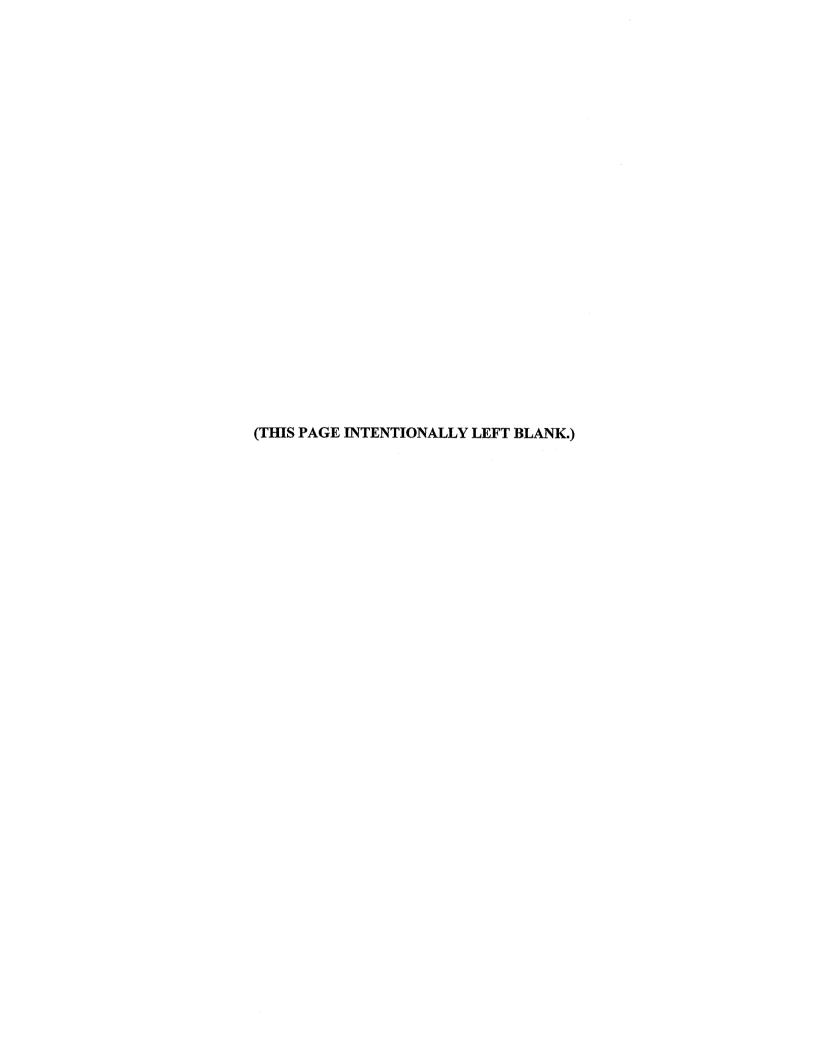
The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the purpose of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

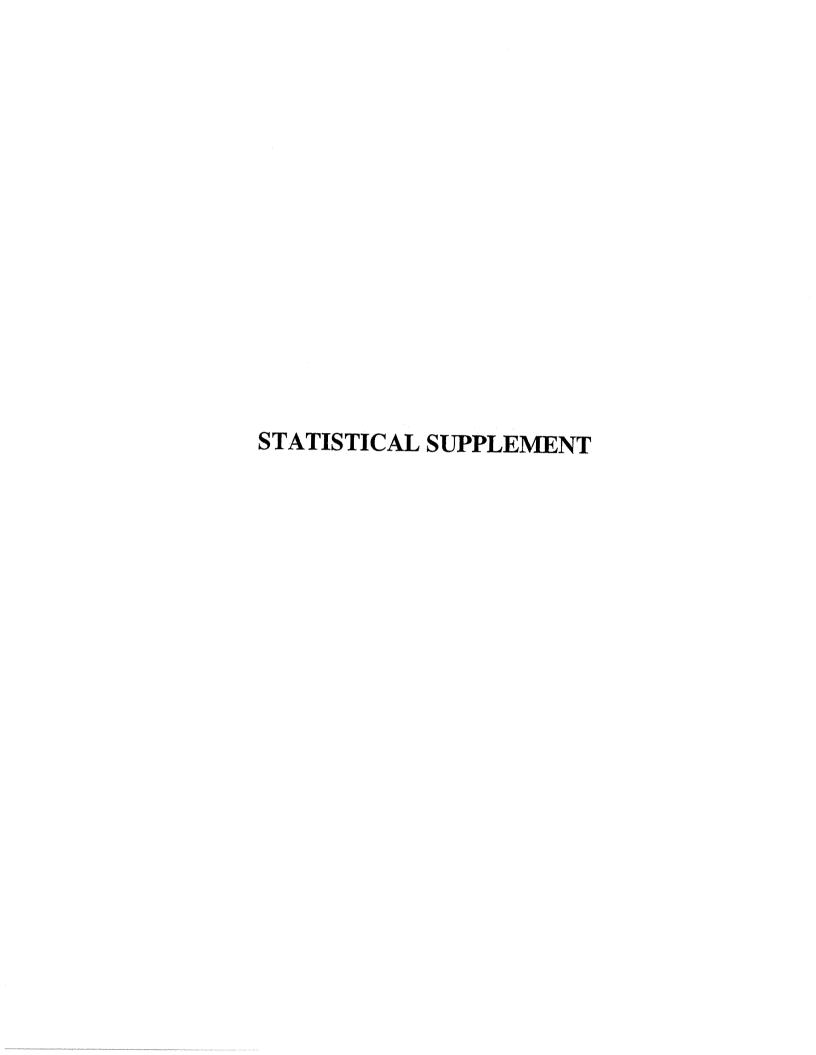
Note 3: Expenditures from Federal Funds Received by UTB

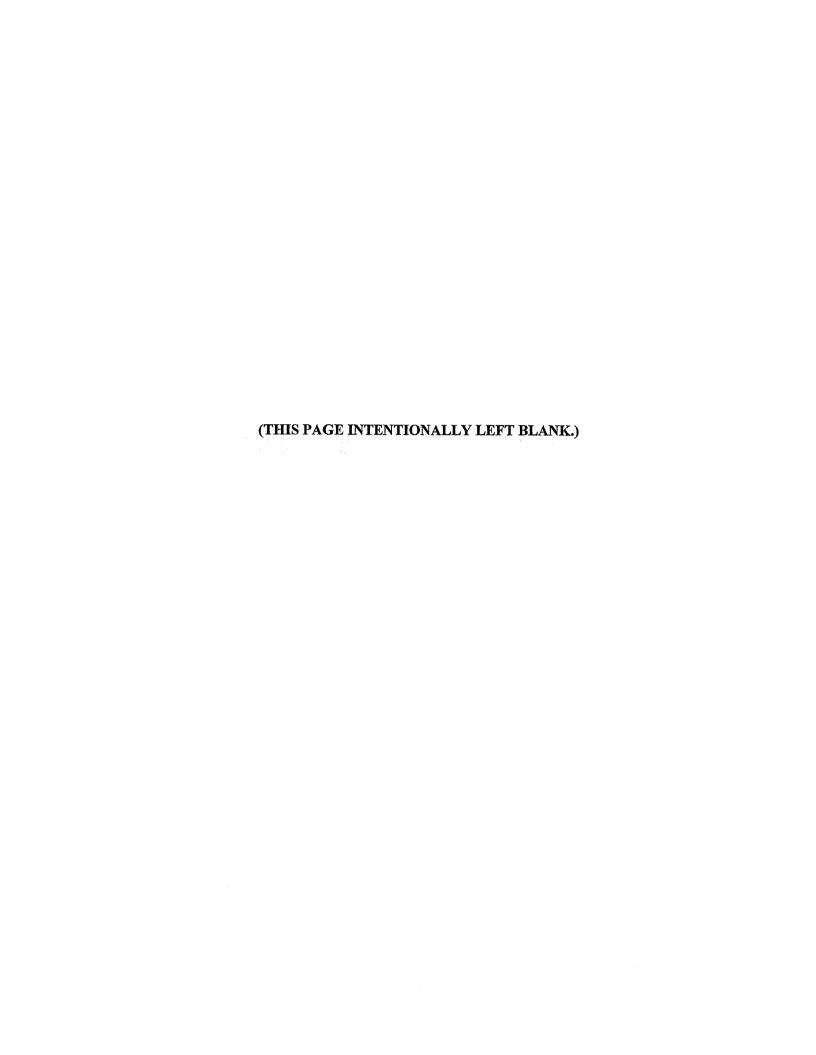
The following federal funds were not subject to a federal single audit at Texas Southmost College:

-	•	223,992 441,174
	•	
_	\$	9,622,081
	_	- \$

These funds were not subject to a federal single audit at Texas Southmost College because the University of Texas at Brownsville receives certain federal funds which are disbursed to Texas Southmost College students. These funds are audited as part of UTB's audit and are not included above.







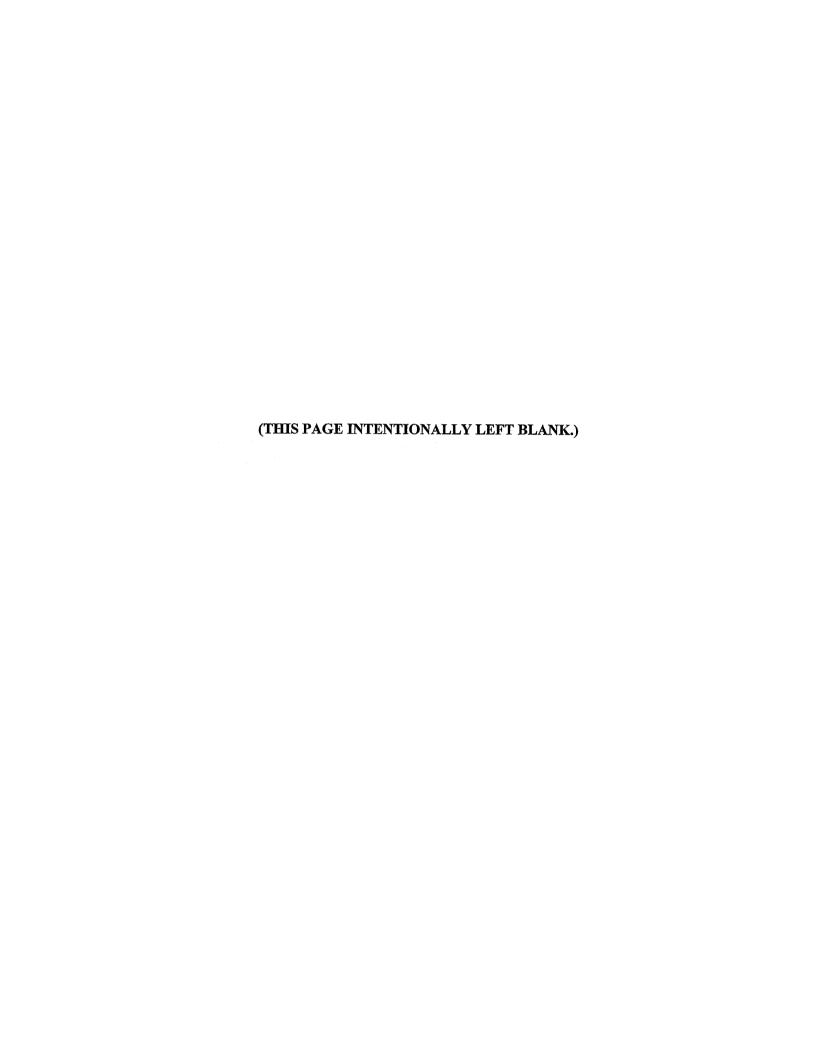
HEADCOUNT ENROLLMENT *

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	 Total
1991-92	24,702
1992-93	16,672
1993-94	16,202
1994-95	17,379
1995-96	17,619
1996-97	19,124
1997-98	19,325
1998-99	19,187
1999-00	20,184
2000-01	19,545

^{*} Unduplicated Headcount



PROPERTY TAX RATES ASSESSED *

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	Current Operations	Debt Service	Total
1991-92	0.065090	0.043280	0.108370
1992-93	0.064800	0.043405	0.108205
1993-94	0.063000	0.044550	0.107550
1994-95	0.061660	0.037320	0.098980
1995-96	0.056530	0.035840	0.092370
1996-97	0.055605	0.034154	0.089759
1997-98	0.055111	0.032878	0.087989
1998-99	0.097740	0.028345	0.126085
1999-00	0.096311	0.025715	0.122026
2000-01	0.105841	0.025559	0.131400

^{*} Per \$100 Valuation

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PROPERTY TAX RATES AUTHORIZED *

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	Current Operations	Debt Service	Total
	-		1000
1991-92	0.500000	0.500000	1.000000
1992-93	0.500000	0.500000	1.000000
1993-94	0.500000	0.500000	1.000000
1994-95	0.500000	0.500000	1.000000
1995-96	0.500000	0.500000	1.000000
1996-97	0.500000	0.500000	1.000000
1997-98	0.500000	0.500000	1.000000
1998-99	0.500000	0.500000	1.000000
1999-00	0.500000	0.500000	1.000000
2000-01	0.500000	0.500000	1.000000

^{*} Per \$100 Valuation

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CONTACT HOUR INFORMATION

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal	Contact Hours		
Year	Academic	Voc Tech	Total
1991-92	2,074,000	557,680	2,631,680
1992-93	2,079,664	921,407	3,001,071
1993-94	1,946,864	855,698	2,802,562
1994-95	2,114,512	917,633	3,032,145
1995-96	2,201,152	737,229	2,938,381
1996-97	2,357,296	768,349	3,125,645
1997-98	2,186,960	982,716	3,169,676
1998-99	2,190,320	870,372	3,060,692
1999-00	2,376,360	665,455	3,041,815
2000-01	2,349,504	574,934	2,924,438



NET ASSESSED VALUATION

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	Assessed Less: Valuation Exemptions		Net Assessed Valuation
1991-92	\$ 2,820,578,672	\$ -	\$ 2,820,578,672
1992-93	2,899,144,430	-	2,899,144,430
1993-94	3,079,170,904	-	3,079,170,904
1994-95	3,218,211,242	-	3,218,211,242
1995-96	3,333,499,914	and the second s	3,333,499,914
1996-97	3,565,068,615	-	3,565,068,615
1997-98	3,805,347,875	·-	3,805,347,875
1998-99	4,581,977,748	478,405,329	4,103,572,419
1999-00	4,944,006,077	489,425,756	4,454,580,321
2000-01	5,302,263,192	510,421,568	4,791,841,624

PROPERTY TAX COLLECTED

LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	Current Tax Collections	Delinquent Collections	Total Tax Collections
1991-92	\$ 2,832,730	\$ 152,375	\$ 2,985,105
1992-93	2,908,854	148,192	3,057,046
1993-94	3,053,124	134,766	3,187,890
1994-95	2,878,581	171,100	3,049,681
1995-96	2,883,363	162,381	3,045,744
1996-97	2,988,483	166,340	3,154,823
1997-98	3,197,142	193,039	3,390,181
1998-99	4,813,210	164,595	4,977,805
1999-00	5,093,585	232,749	5,326,334
2000-01	5,897,883	263,647	6,161,530



STATE APPROPRIATIONS PER FTSE *

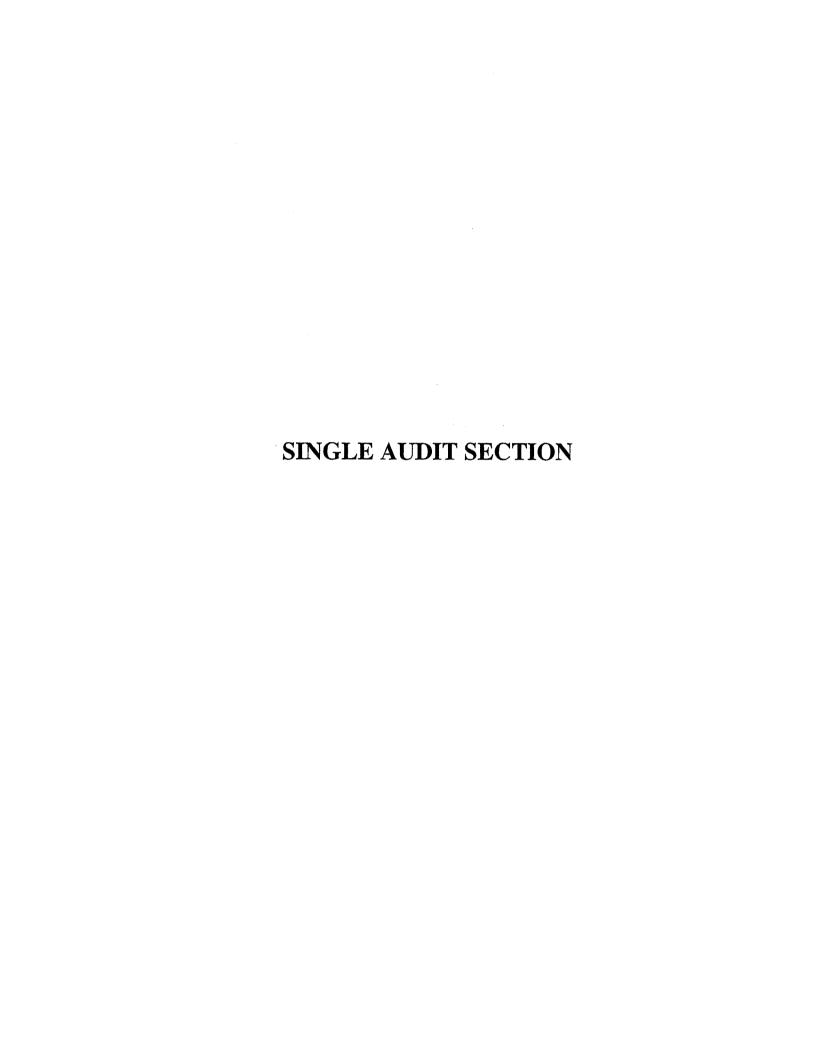
LAST 10 FISCAL YEARS

(UNAUDITED)

Fiscal Year	Appropriations Per FTSE
1991-92	851
1992-93	786
1993-94	887
1994-95	829
1995-96	826
1996-97	749
1997-98	830
1998-99	887
1999-00	921
2000-01	826

^{*} Full Time Student Equivalent

The property of the second



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2001

A. Summary of Auditors' Results

1. Type of auditors' report on financial statements:

Unqualified.

2. Regarding internal control over financial reporting:

Material weakness(es) identified:

None.

Reportable condition(s) identified that are not considered

to be material weaknesses:

None reported.

3. Noncompliance which is material to the financial statements:

None.

4. Regarding internal control over major programs:

Material weakness(es) identified:

None.

Reportable condition(s) identified that are not considered

to be material weaknesses:

None reported.

5. Type of auditors' report on compliance for major programs:

Unqualified.

6. Any audit findings which are required to be reported in accordance with OMB Circular A-133, Sec. 510(a):

No.

7. Major federal programs include:

CFDA 84.048 Carl D. Perkins Grant.

8. Dollar threshold used to distinguish between Type A and

Type B programs:

\$300,000.

9. Low risk auditee:

No.

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None reported.

C. Findings and Ouestioned Costs for Federal Awards

Program

None.

Findings/noncompliance

None.

Questioned costs

Not applicable.

SCHEDULE OF PRIOR AUDIT FINDINGS

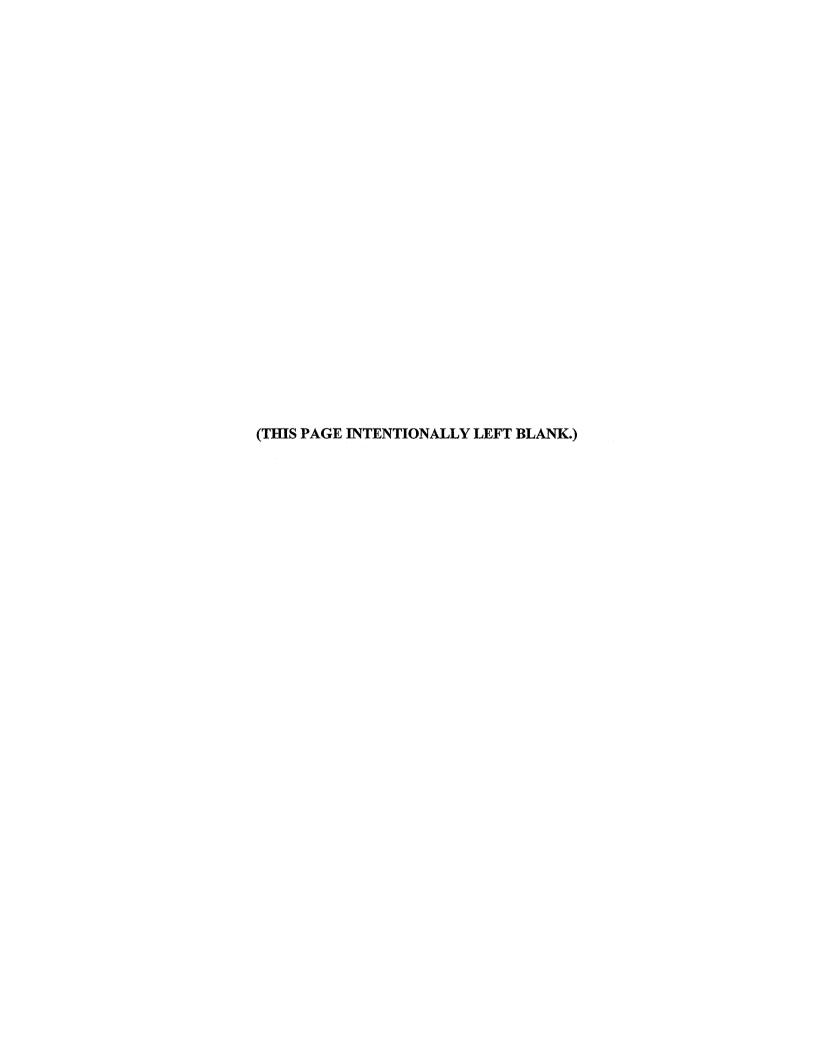
FOR THE YEAR ENDED AUGUST 31, 2001

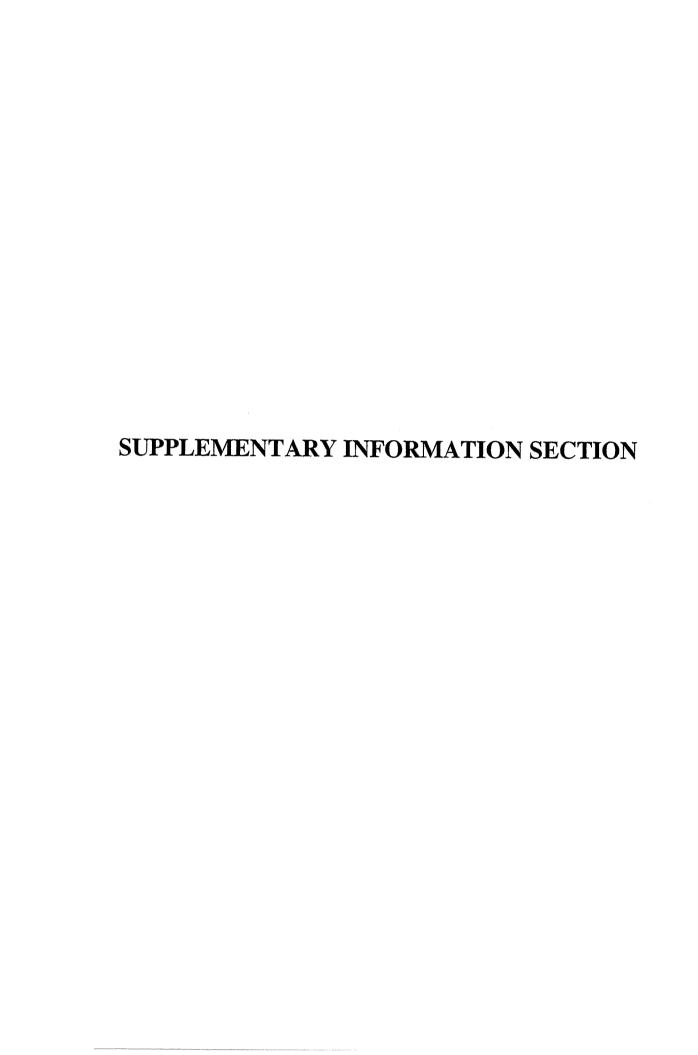
Findings and Questioned Costs for Federal Awards

Program None.

Findings/noncompliance None.

Questioned costs Not applicable.









REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY INFORMATION

To the Board of Trustees Southmost Union Junior College District Brownsville, Texas

Pattillo, Brown & Hill, C.P.

Our report on our audit of the general purpose financial statements of Texas Southmost College for the year ended August 31, 2001 appears on page 1. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statements and schedules included on pages 43 through 70 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for those portions marked "unaudited," on which we do not express an opinion, have been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

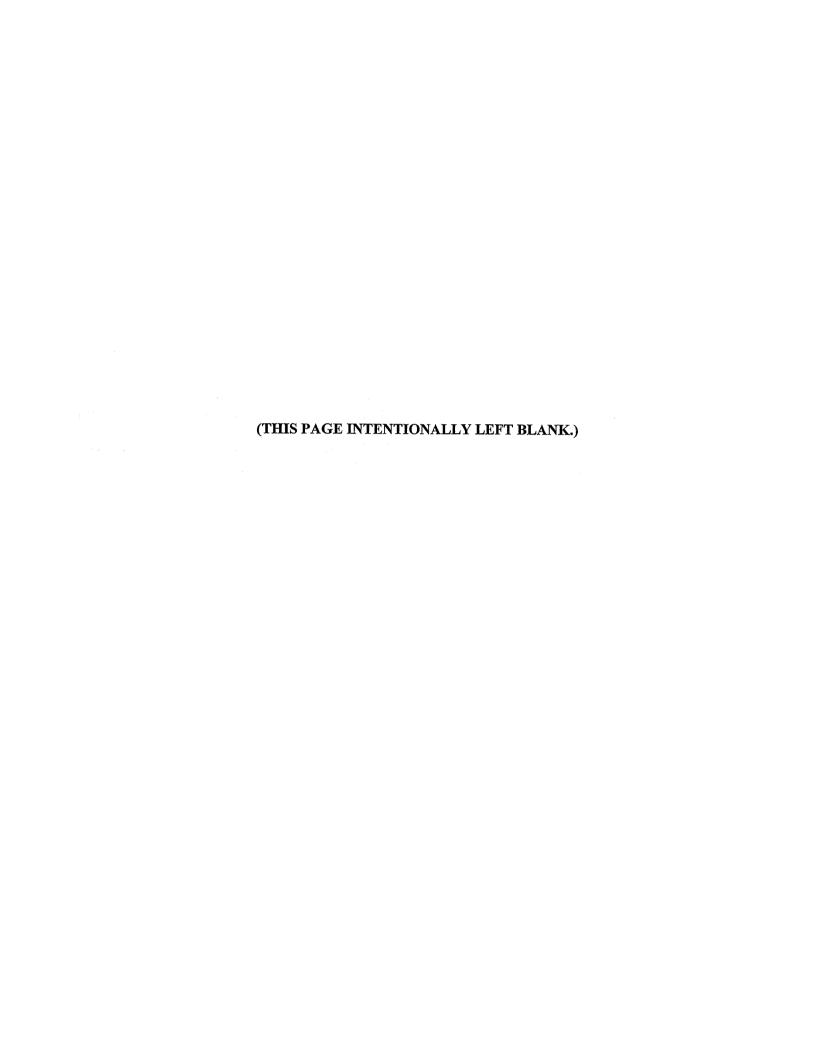
November 5, 2001

SCHEDULE OF REVENUE COMPARED WITH BUDGET GENERAL AND AUXILIARY ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL REVENUE:			
State Appropriations			
Education and general state support	\$ 11,955,891	\$ 11,953,956	\$ (1,935)
Noncourse-based remedial education	62,396	85,082	22,686
Total State Appropriations	12,018,287	12,039,038	20,751
Tuition and Fees			
Tuition	5,354,130	4,816,852	(537,278)
Computer access fee	813,195	744,305	(68,890)
General fees	2,927,502	2,705,356	(222,146)
Automation fee	554,980	535,352	(19,628)
Laboratory fee	101,552	192,219	90,667
Student Union fees	-	-	
Other fees	288,025	287,065	(960)
Total Tuition and Fees	10,039,384	9,281,149	(758,235)
Taxes for Current Operations	4,407,721	4,930,833	523,112
State Grants and Contracts			
UTB building lease	1 (25 (04	1.60 % 60.4	
	1,635,604	1,635,604	_
Total State Grants and Contracts	1,635,604	1,635,604	•
Local Grants and Contracts			
Local contracts	275,850	383,671	107,821
Total Local Grants and Contracts	275,850	383,671	107,821
Other Sources			
Interest income	100,000	106,622	6,622
Library income	25,322	,	(25,322)
Child care parent contribution	250,000	220,198	(29,802)
Other income	80,000	37,496	(42,504)
Total Other Sources	455,322	364,316	(91,006)
Total General Revenue	28,832,168	28,634,611	(197,557)

(continued)



SCHEDULE OF REVENUE COMPARED WITH BUDGET GENERAL AND AUXILIARY ENTERPRISE FUNDS (Continued) FOR THE YEAR ENDED AUGUST 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
AUXILIARY ENTERPRISES:			
Leases	403,500	455,742	52,242
Copier income	41,000	40,034	(966)
Interest income	25,000	28,145	3,145
Health insurance	13,500	9,086	(4,414)
Student service fees	1,455,074	1,353,429	(101,645)
Parking fees	275,500	296,873	21,373
Total Auxiliary Enterprises			
Funds Revenue	2,213,574	2,183,309	(30,265)
Total General and Auxiliary Enterprises Funds Revenue	¢ 21.045.742	Ф 20.017.000	(227.222)
Enterprises runds Revenue	\$ 31,045,742	\$ 30,817,920	\$ (227,822)

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET GENERAL AND AUXILIARY ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2001

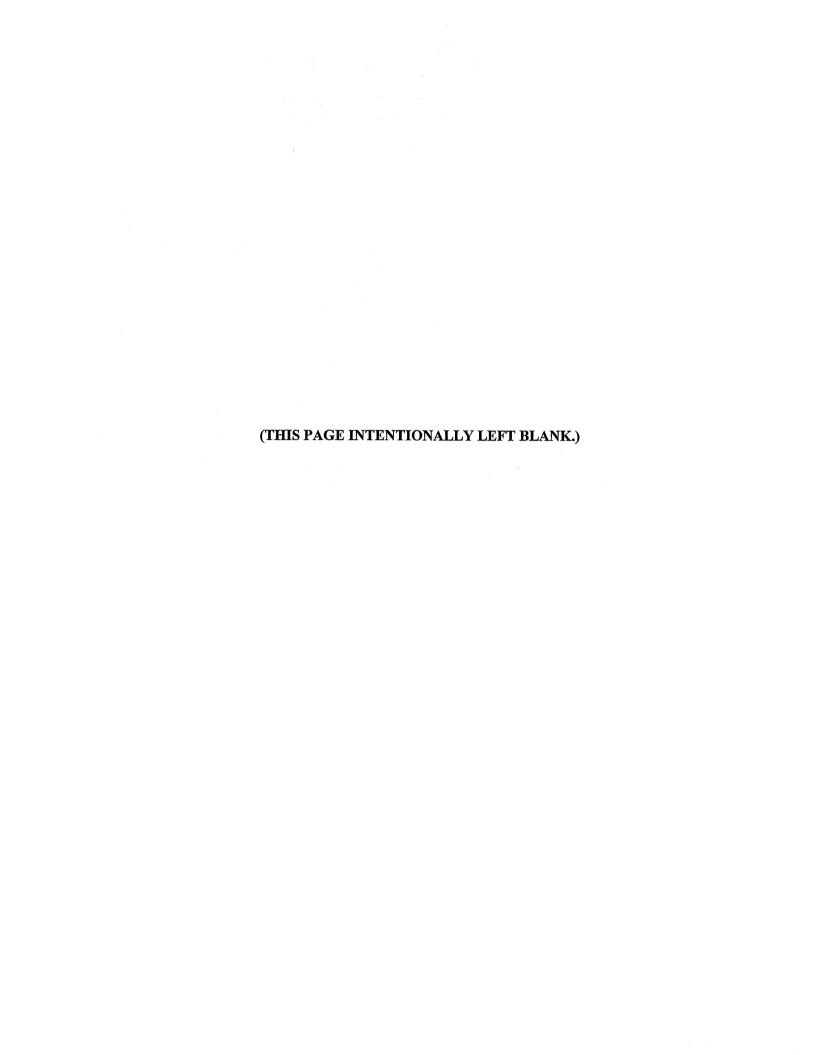
GENERAL EXPENDITURES:	Budget			Actual		Variance Favorable (Unfavorable)	
General Administration and Student Services Government of the institution	•						
Executive direction and control	\$	32,600	\$	51,450	\$	(18,850)	
Business and fiscal management		- 477,676		202.026		-	
Student admission and registration		477,070 -		203,026		274,650	
Student service		-		-		- -	
Total General Administration							
and Student Services		510,276	•	254,476	-	255,800	
General Institutional Expense		· -		894,091		(894,091)	
Staff Benefits:							
Group health insurance premiums		22,157		11,981		10.177	
Old age and survivors insurance		16,960		14,550		10,176 2,410	
Workmen's compensation insurance		1,508		1,230		2,410	
Life insurance premiums		961		806		155	
Total Staff Benefits		41,586		28,567		13,019	
Resident Instruction:						· 	
Subsidy to UTB		-		_			
Tuition paid to UTB		6,739,115		6,325,689		413,426	
Total Resident Instruction		6,739,115		6,325,689		413,426	
Special Items:							
Carl Perkins vocational grant		-		_			
Transfers to UTB	2	20,133,858		19,379,622		- 754,236	
Total Special Items		20,133,858	***************************************	19,379,622		754,236	
				, , , , , , , , , , , , , , , , , , , ,	•	. 5 1,200	
Total Education and General Expenditures	2	27,424,835		26,882,445		542,390	

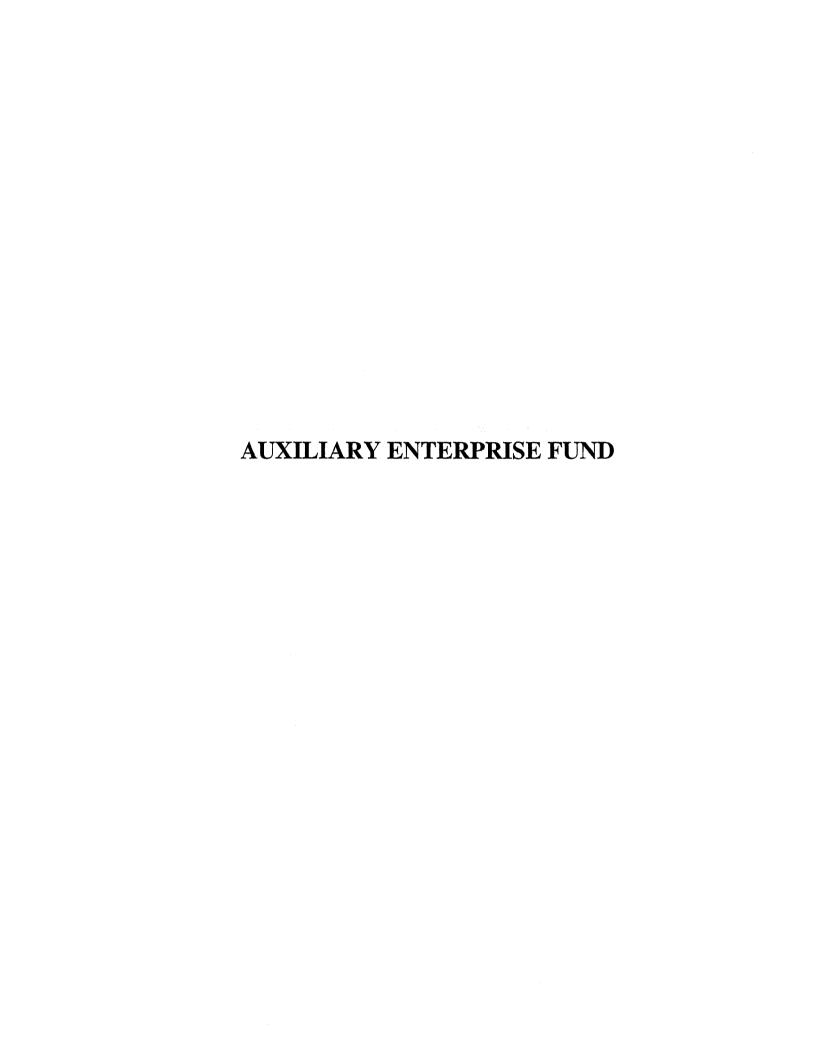
(continued)

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET GENERAL AND AUXILIARY ENTERPRISE FUNDS (Continued)

FOR THE YEAR ENDED AUGUST 31, 2001

AUXILIARY ENTERPRISES:	Budget	Actual	Variance Favorable (Unfavorable)
MOMBIANT ENTERINGES.			
Rancho Del Cielo	139,900	138,734	1,166
Rental and supplies for		100,701	1,100
copier	41,000	82,343	(41,343)
Supplies		24,533	(24,533)
Radio station support	30,000	30,000	(24,555)
Canyon del Novillo	39,500	24,339	15,161
Gorgas Science Foundation Special	-	- 1,555	15,101
Golf Course	_	-	. <u>-</u>
Jacob Brown	607,588	582,557	25,031
Young House	-	20,000	(20,000)
Miscellaneous expense	5,000	34,215	(29,215)
Condominium expenses	11,000	7,429	3,571
Alonso building project	-	-,,	5,571
St. Charles Street M&O	_	-	_
Transfer to UTB	1,468,574	1,365,131	103,443
Total Auxiliary Enterprises	2,342,562	2,309,281	33,281
Total General and Auxiliary			
Enterprise Fund Expenditures	29,767,397	29,191,726	575,671
REVENUE OVER EXPENDITURES		_	-
Total General and Auxiliary			
Enterprise Funds Revenue	\$ 31,045,742	\$ 30,817,920	\$ (227,822)





BALANCE SHEET

AUXILIARY ENTERPRISE FUND

AUGUST 31, 2001

ASSETS

Cash in bank Investments Accounts receivable Due from other funds Due from other agencies Total Assets	\$ \$	821,069 2,509 4 4,544 9,684 837,810
LIABILITIES AND FUND BALANCE		
Liabilities: Accounts payable Accrued compensable absences payable Due to other agencies Deferred revenue Due to other funds	\$	17,000 4,296 79,476 86,893 51,410
Total Liabilities		239,075
Fund Balance: Unrestricted - Undesignated	-	598,735
Total Fund Balance		598,735
Total Liabilities and Fund Balance	\$	837,810

STATEMENT OF CHANGES IN FUND BALANCE

AUXILIARY ENTERPRISE FUND

FOR THE YEAR ENDED AUGUST 31, 2001

Fund Balance, September 1, 2000	\$	537,735
Add: Revenue over expenditures	**************************************	61,000
Fund Balance, August 31, 2001	\$	598,735

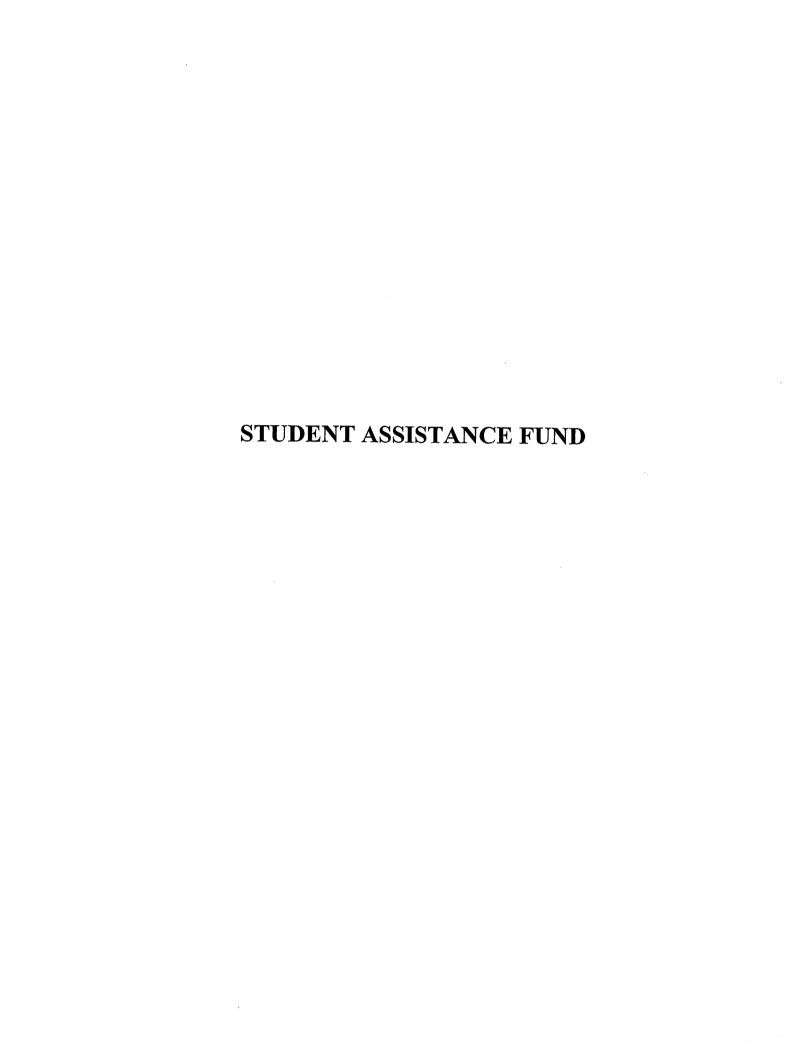


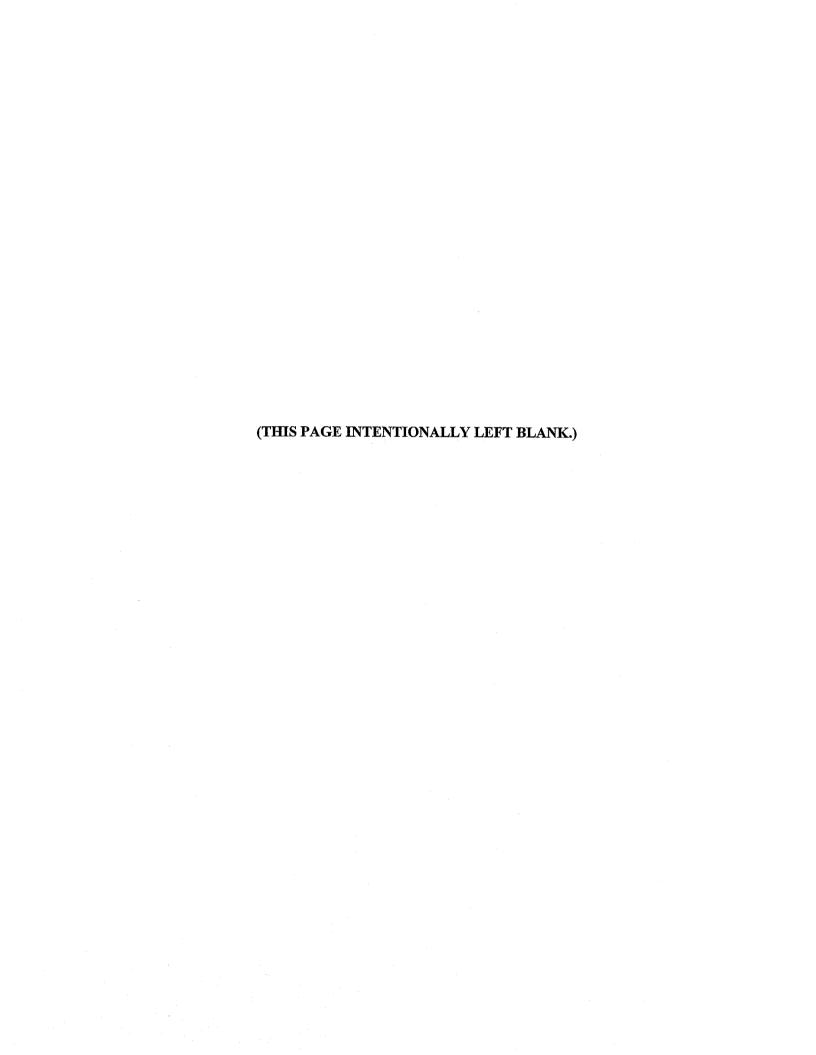
STATEMENT OF REVENUE AND EXPENDITURES

AUXILIARY ENTERPRISE FUND

FOR THE YEAR ENDED AUGUST 31, 2001

	Rancho Del Cielo	Bookstore, Cafeteria and Auditorium	Other	Combined Total
REVENUE				
Leases	\$ -	\$ 455,742	\$ -	\$ 455,742
Parking fees	-		285,171	285,171
Health insurance	_	-	11,702	11,702
Student service fee	-	-	1,353,429	1,353,429
Copier income	-		40,034	40,034
Miscellaneous income	-	-	9,086	9,086
Interest income		_	28,145	28,145
Total Revenue	-	455,742	1,727,567	2,183,309
EXPENDITURES				
Direct expenses	138,734	_	_	138,734
Jacob Brown	-	_	660,414	660,414
Rental and supplies for			300,111	000,717
copier	-	_	82,343	82,343
Supplies	-	_	24,533	24,533
Radio station support	-	-	30,000	30,000
Canyon del Novillo	-	•	24,339	24,339
Young House	-		20,000	20,000
Miscellaneous expense	-	_	34,215	34,215
Condominium expenses	-	-	7,429	7,429
Alonso building project	-		.,	7,120
Transfer to other funds	_	-	1,365,131	1,365,131
Total Expenditures	138,734	-	2,248,404	2,387,138
TRANSFERS-ADDITIONS (DEDUCTI	ONS)			
Non-mandatory transfers		-	264,829	264,829
Revenue over (under) Expenditures	\$ (138,734)	\$ 455,742	\$ (256,008)	\$ 61,000





BALANCE SHEET

LOCAL STUDENT ASSISTANCE FUNDS

AUGUST 31, 2001

	Institu Schola Gra	arship
ASSETS		
Cash in bank Funds held by state - TPEG Due from other funds	\$	112,143 100 600
Total Assets	\$	112,843
LIABILITIES AND FUND BALANCE		
Liabilities: Due to other agencies	\$	600
Total Liabilities		600
Fund Balance: Restricted		112,243
Total Fund Balance		112,243
Total Liabilities and Fund Balance	\$	112,843

STATEMENT OF CHANGES IN FUND BALANCE

LOCAL STUDENT ASSISTANCE FUNDS

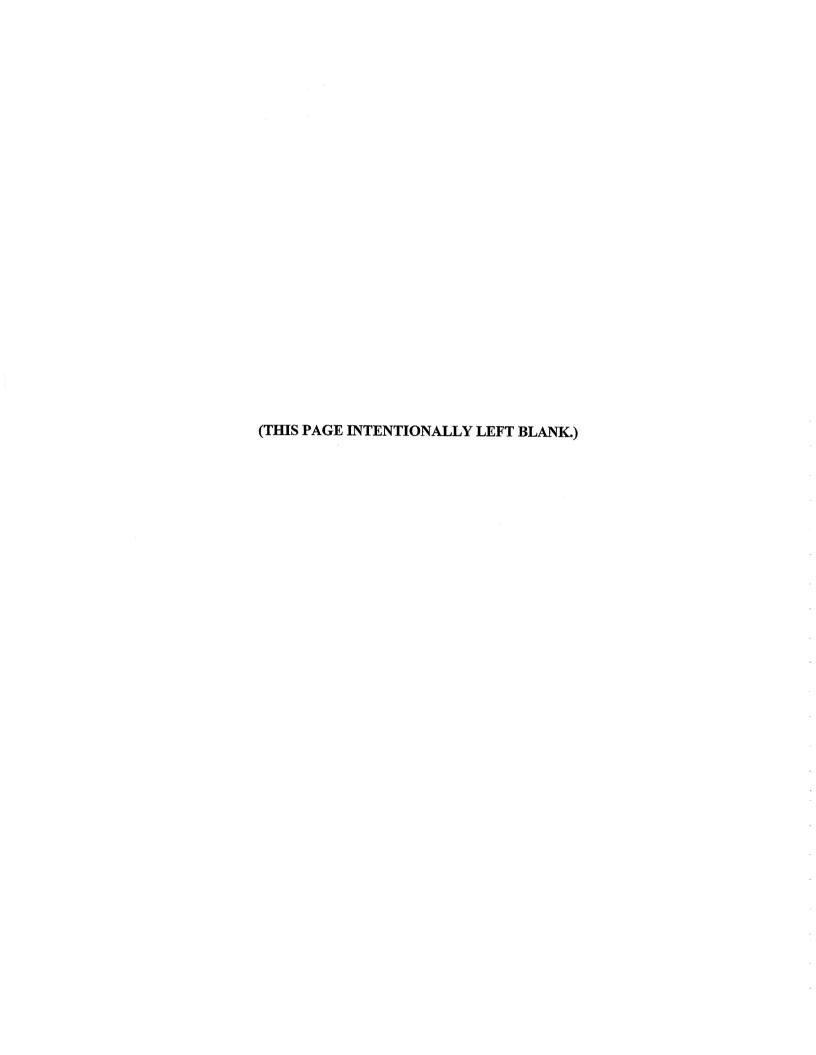
FOR THE YEAR ENDED AUGUST 31, 2001

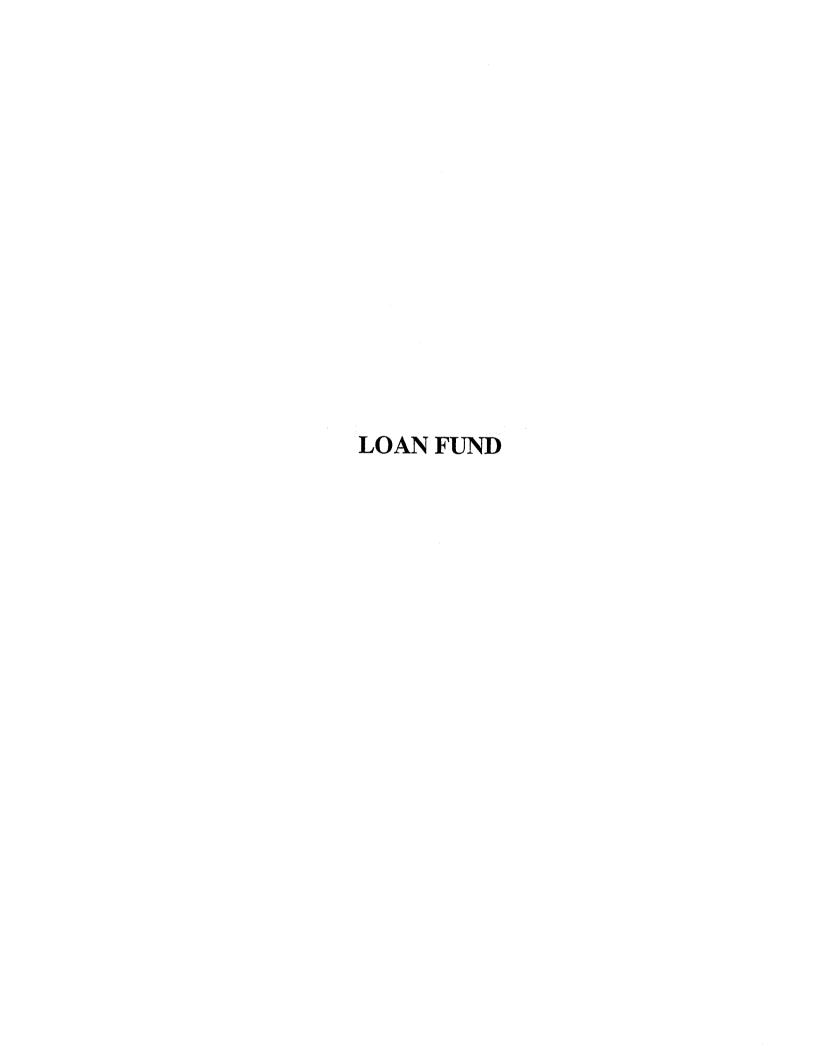
	Institutional Scholarship Grants	
Fund Balance, September 1, 2000	\$	46,931
Add: Revenue over expenditures		65,312
Fund Balance, August 31, 2001	\$	112,243

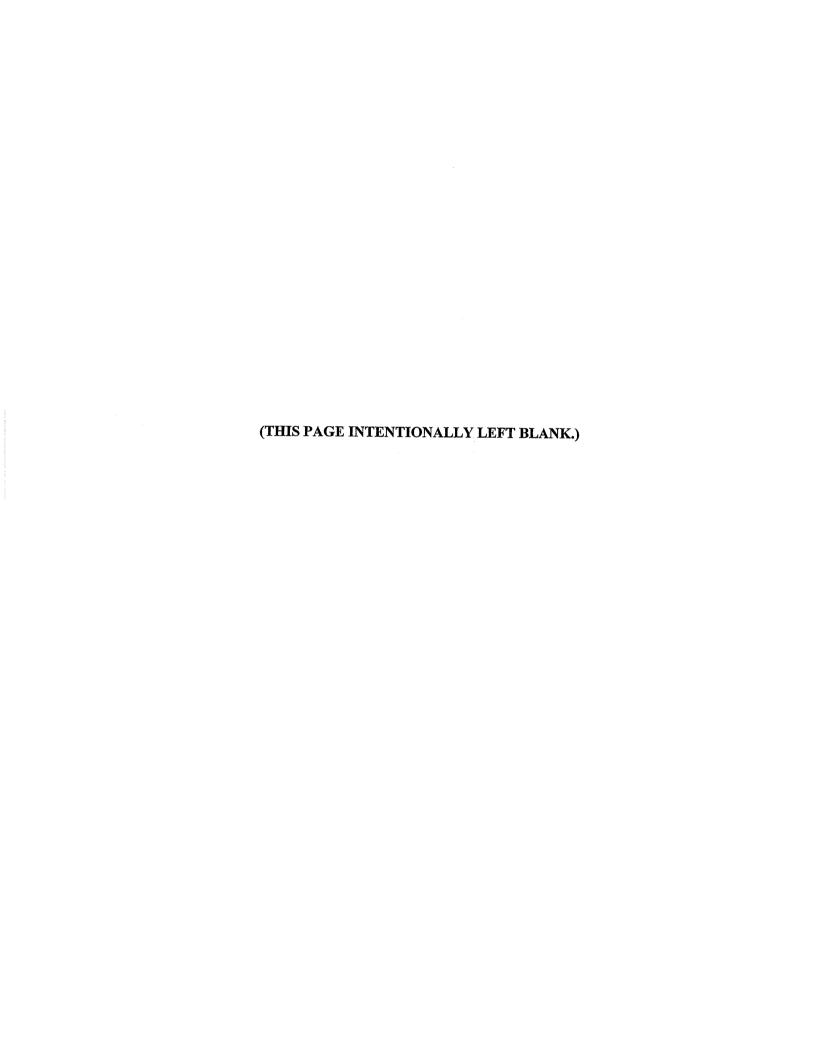
STATEMENT OF REVENUE AND EXPENDITURES

LOCAL STUDENT ASSISTANCE FUNDS

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







BALANCE SHEET

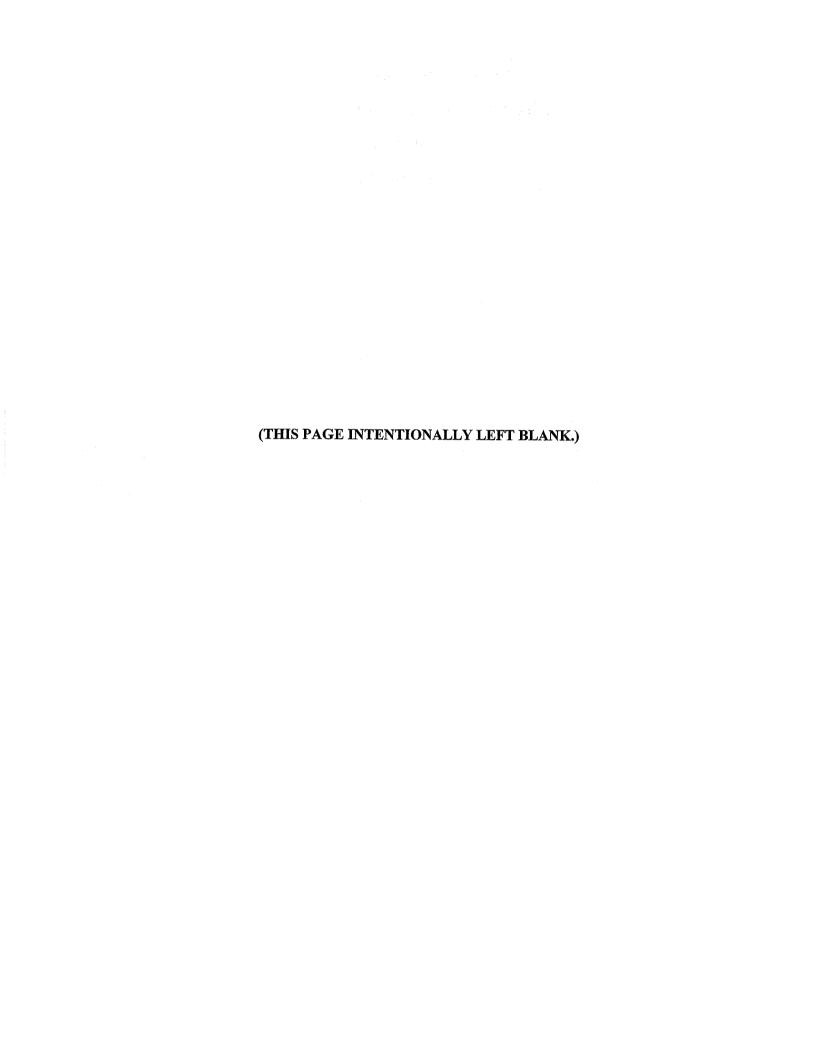
LOAN FUND

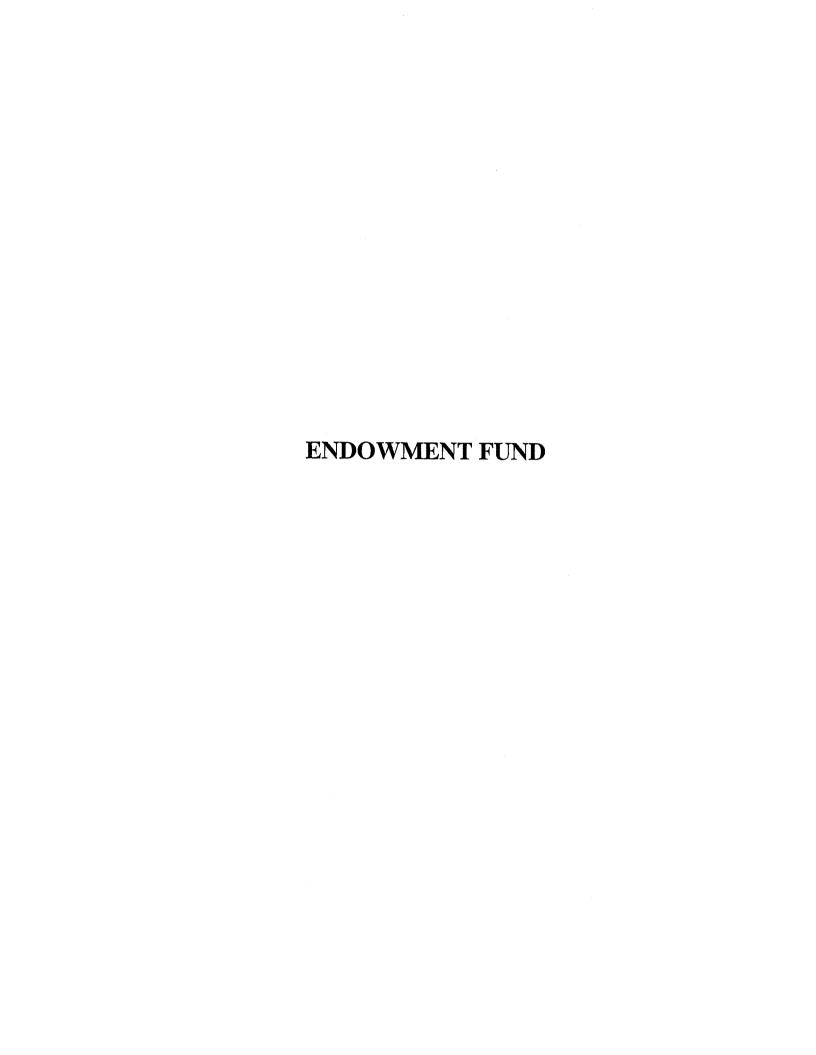
	Student Congress Loans	
ASSETS		
Cash	\$	29,344
Loans receivable (net of allowance for bad debts of \$246,294)		169,124
Total Assets	\$	198,468
LIABILITIES AND FUND BALANCE		
Liabilities: Due to UTB	\$	<u></u>
Total Liabilities		8+
Fund Balance: Unrestricted - designated		198,468
Total Fund Balance		198,468
Total Liabilities and Fund Balance	\$	198,468

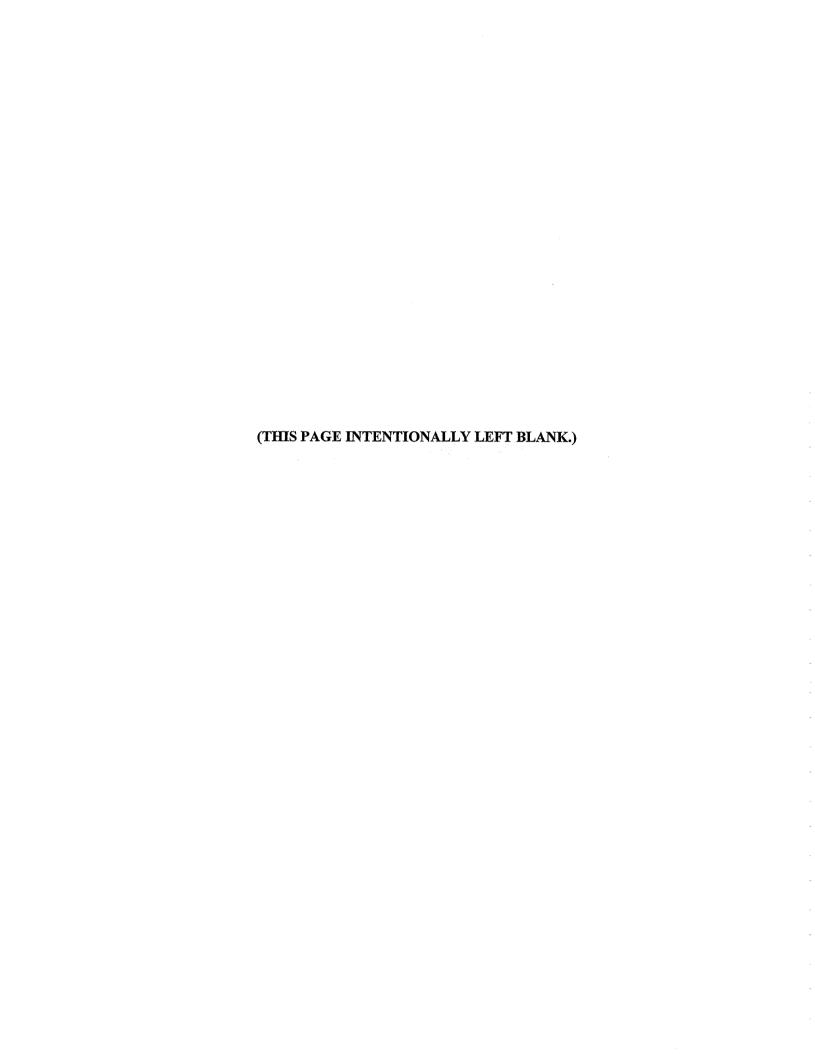
STATEMENT OF CHANGES IN FUND BALANCE

LOAN FUND

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







BALANCE SHEET

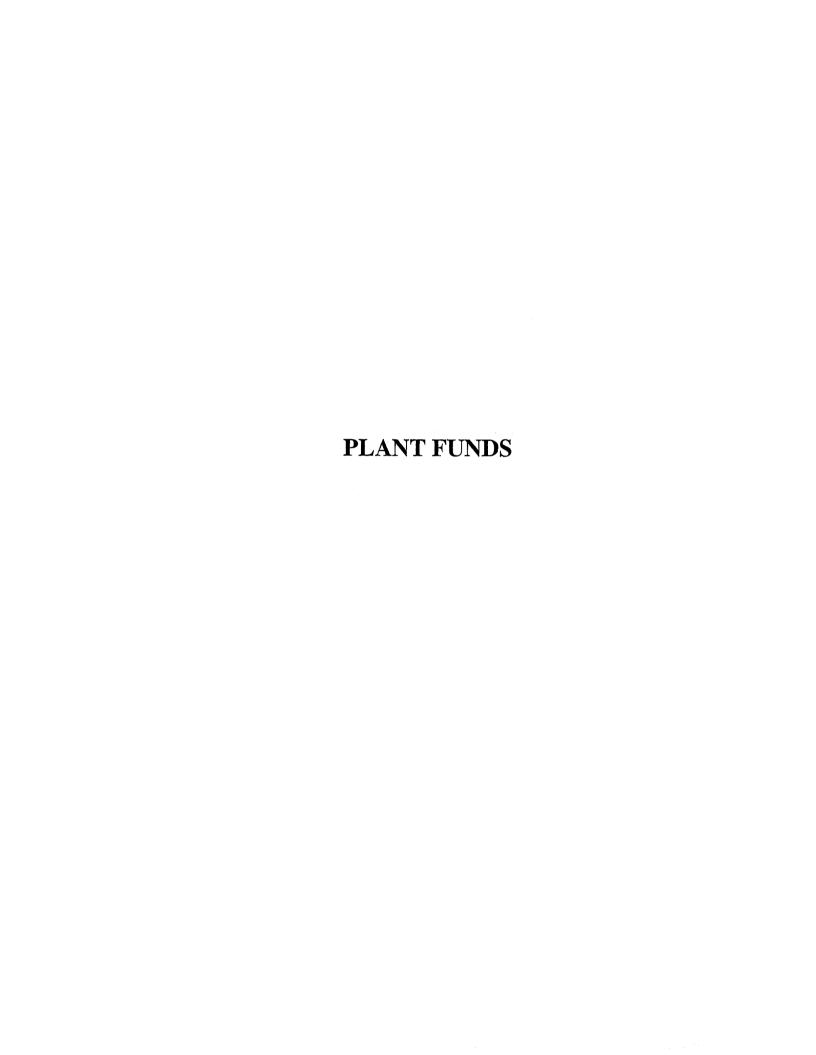
ENDOWMENT FUND

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

STATEMENT OF CHANGES IN FUND BALANCE

ENDOWMENT FUND

	TSC Endowmen Fund		
Fund Balance, September 1, 2000	\$	38,344	
Additions:			
Donations		_	
Investment income		7,642	
Total Additions	t	7,642	
Deductions:			
Scholarships		2,000	
Unrealized loss on marketable securities		-	
Total Deductions		2,000	
Fund Balance, August 31, 2001	\$	43,986	



BALANCE SHEET

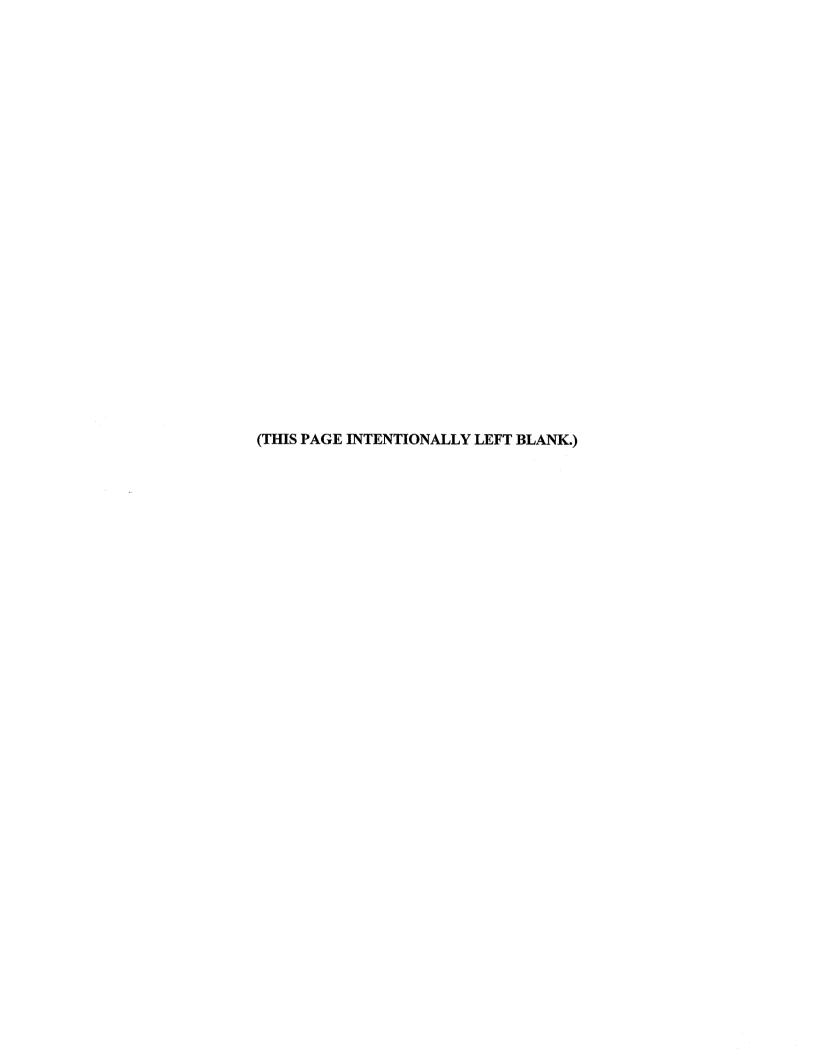
UNEXPENDED FUNDS

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

STATEMENT OF CHANGES IN FUND BALANCE

UNEXPENDED FUNDS

	_	_	rovement and atingency
Fund Balance, September 1, 2000		\$	4,629,496
Additions:			
Investment income			718,280
Net decrease in bonds payable			140,000
Transfers in-general fund	_		1,288,103
Total additions			2,146,383
Deductions:	•		
Capital outlay	*		4,648,946
Net increase in bonds payable			
Total deductions			4,648,946
Fund Balance, August 31, 2001	9	\$	2,126,933



COMBINING BALANCE SHEET

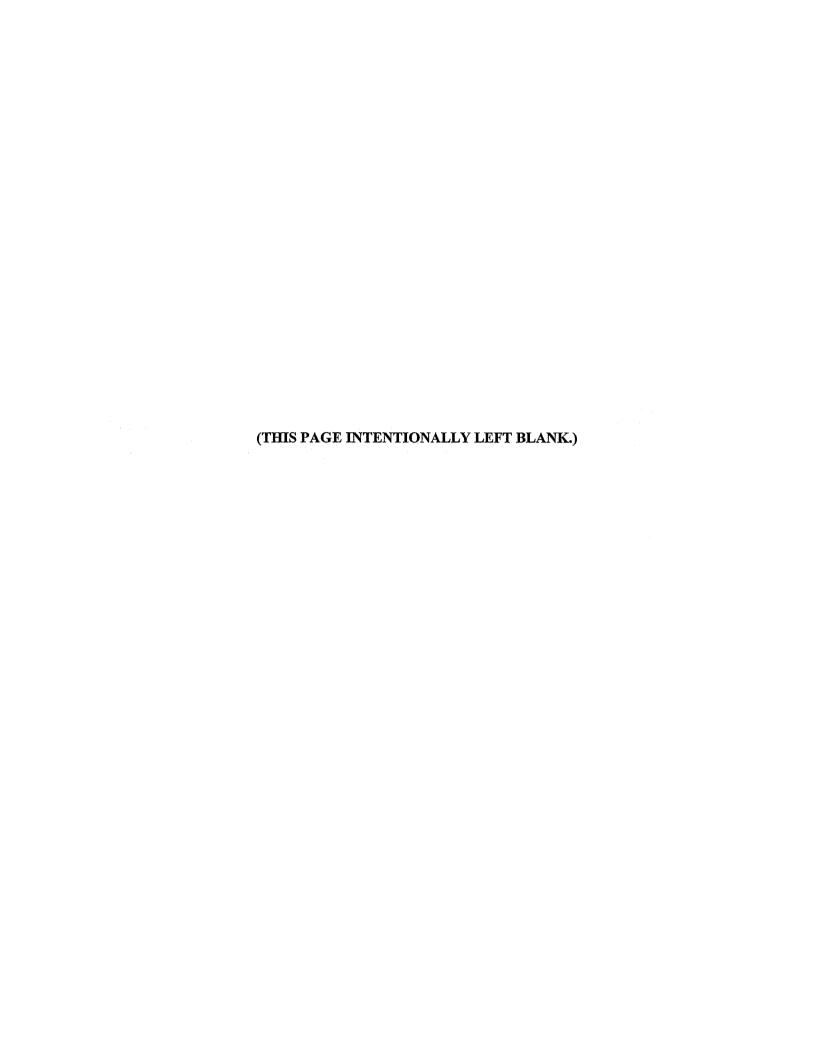
RENEWALS AND REPLACEMENT

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

COMBINING STATEMENT OF CHANGES IN FUND BALANCE

RENEWALS AND REPLACEMENT

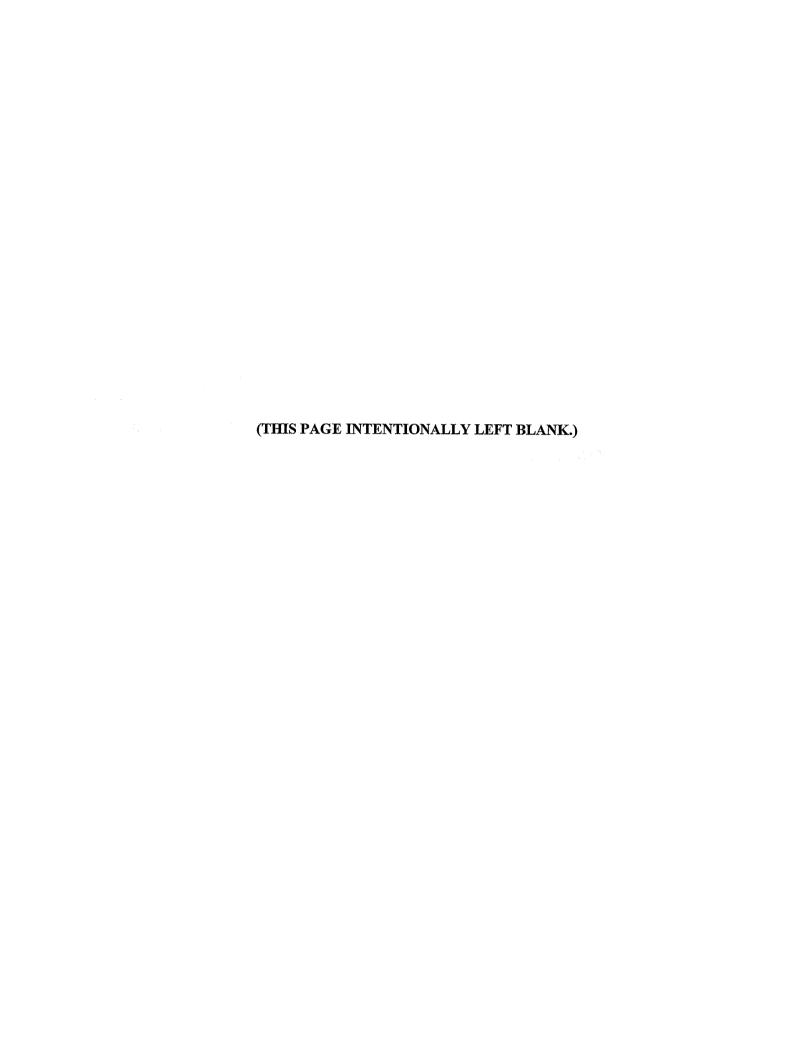
	Restricted Major Restoration		Restricted Parking	Capital xpansion	Total	
Fund Balance, September 1, 2000	\$	1,927,876	\$ 743,413	\$ (2,833)	\$ 2,668,456	
Additions:						
Transfer in-restricted major restoration		-	_	780,000	780,000	
Transfer in-auxiliary fund		-	285,171	•	285,171	
Investment income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



COMBINING BALANCE SHEET

RETIREMENT OF INDEBTEDNESS

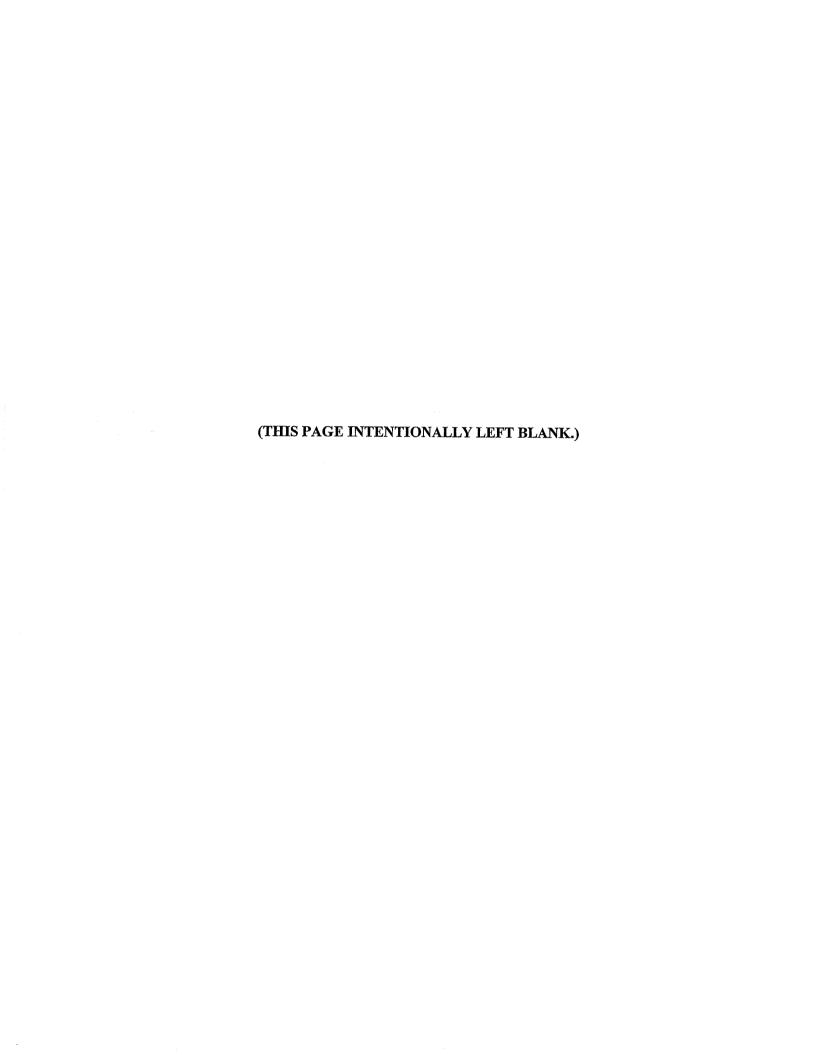
	ASSETS	***************************************	Debt Service	87/88 ax Dept. Service	Student nion Bldg.	•	Total
Cash in bank Accounts receiv Taxes receivabl Allowance for b	e	\$	166,732 - - -	\$ 50,164 - 203,013 (10,151)	\$ 907,200	\$	1,124,096 39 203,013 (10,151)
	Total Assets	\$	166,732	\$ 243,026	\$ 907,239	\$	1,316,997
LIABILITIES	AND FUND BALANCE						
Liabilities Deferred tax	x revenue	\$		\$ 192,862	\$ 178,756	\$	371,618
	Total Liabilities		-	 192,862	 178,756		371,618
Fund Balance Restricted			166,732	 50,164	 728,483		945,379
	Total Fund Balance		166,732	 50,164	 728,483		945,379
	Total Liabilities and Fund Balance	\$	166,732	\$ 243,026	\$ 907,239	\$	1,316,997



STATEMENT OF CHANGES IN FUND BALANCE

RETIREMENT OF INDEBTEDNESS

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



BALANCE SHEET

INVESTMENT IN PLANT

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

Total Liabilities		5,998,559
Net Investment in Plant		57,049,626
Total Liabilities and Net Investment in Plant	\$	63,048,185

STATEMENT OF CHANGES IN FUND BALANCE

INVESTMENT IN PLANT

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

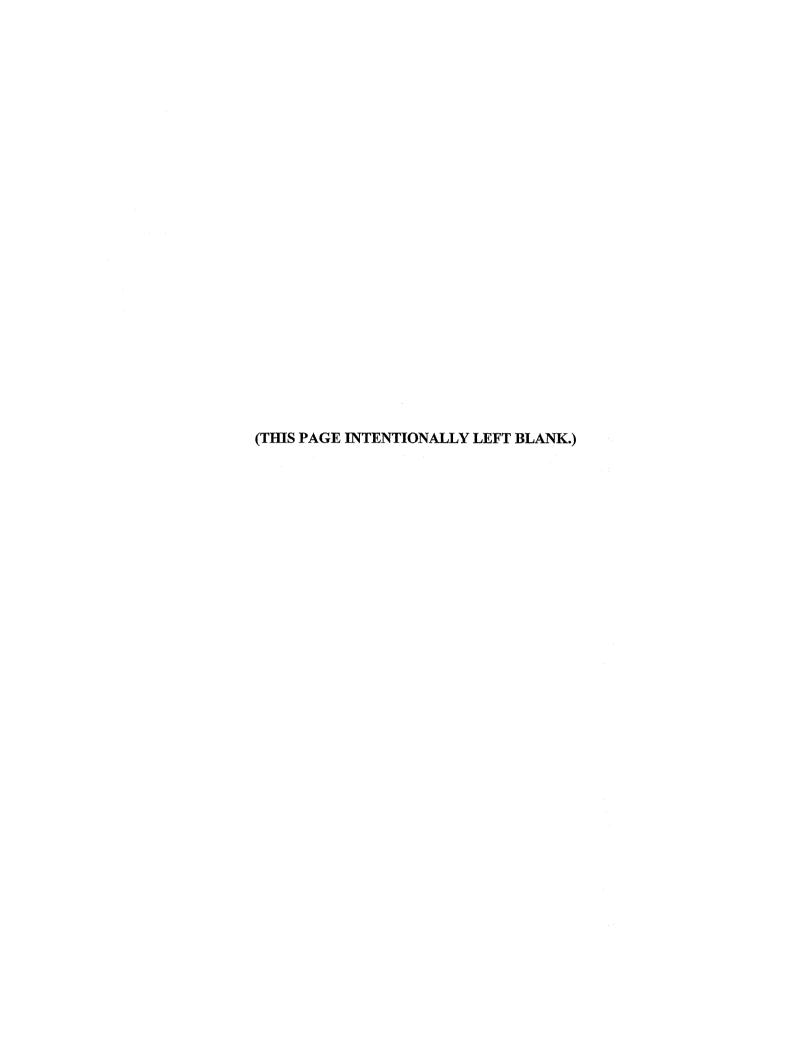
SCHEDULE OF GENERAL FIXED ASSETS

INVESTMENT IN PLANT

FOR THE YEAR ENDED AUGUST 31, 2001

	Balance 8/31/00		Purchased/ Additions	Reti	rements		Balance 8/31/01
BUILDINGS					TOTAL		0/31/01
Auto body building	\$ 87,621	\$	_	\$	_	\$	87,621
Allied health	698,407	•	_	7	-	Ψ	698,407
New Bookstore	255,259		1,738,005		_		1,993,264
Tandy Hall I	1,333,201		-,		_		1,333,201
Tandy Hall II	2,284,741		_		_		2,284,741
A. A. Champion	100,209		_		_		100,209
Gymnasium/Tennis courts	829,819		88,653		_		918,472
Business services	5,565		00,000		_		5,565
Student Center	944,335		_		_		944,335
Library	4,232,405		_		_		4,232,405
Rusteberg	939,020		_		-		939,020
Gomez-Farias Project	5,063				_		5,063
Eidman Science-Math Building	875,315		36,560		-		911,875
Gorgas Hall improvements	1,835,241		5,547		-		
Music Hall	94,770		5,547		-		1,840,788
Maintenance	34,898		-		-		94,770
PAU - B administration	222,158		-				34,898
PAU - B temporary office	13,444				-		222,158
Child care center	701,432		-		-		13,444
Cavalry barracks	536,292		21,938		-		701,432
Women's center	76,019		21,936		•		558,230
Continuing education	45,000		-		-		76,019
Athletic houses	13,143		-		•		45,000
Marion Hedrick Smith	13,143		-		-		13,143
Memorial Amphitheater	456,808						456.000
U.S. Coast Guard Station (S.P.I.)	326,023		-		-		456,808
Security First Aid (Carpet)	320,023 888		-		-		326,023
Continuing education (American Legion)			- '		-		888
Classroom/office	78,367		-		-		78,367
Art	5,936,735		-		-		5,936,735
Central plant	673,412		-		-		673,412
USDA property	396,443		-		-		396,443
Canon del Novillo	869,502		-		-		869,502
Campus-wide Signage	117,078		-		-		117,078
Jacob Brown Memorial Center	8,555		-		-		8,555
Parking lot	2,682,350		26,223		-		2,708,573
Duffey Plaza	15,126		1 220 200		-		15,126
Old Bookstore	20,000		1,238,280		-		1,258,280
Young House	-		180,678		. •		180,678
North & South Buildings (AC)	153,564		493,023				493,023
Fuel Storage Tank			-		-		153,564
_	 18,430				-		18,430
Total Buildings	 27,916,639		3,828,907		-		31,745,546

(continued)

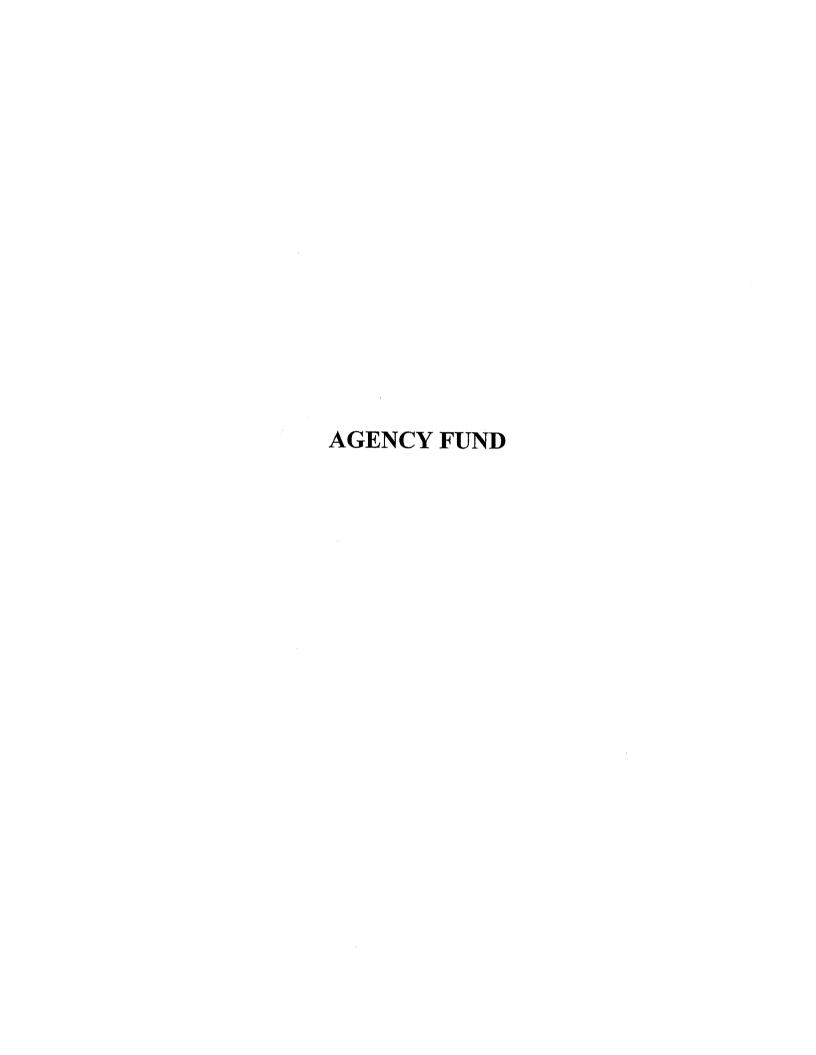


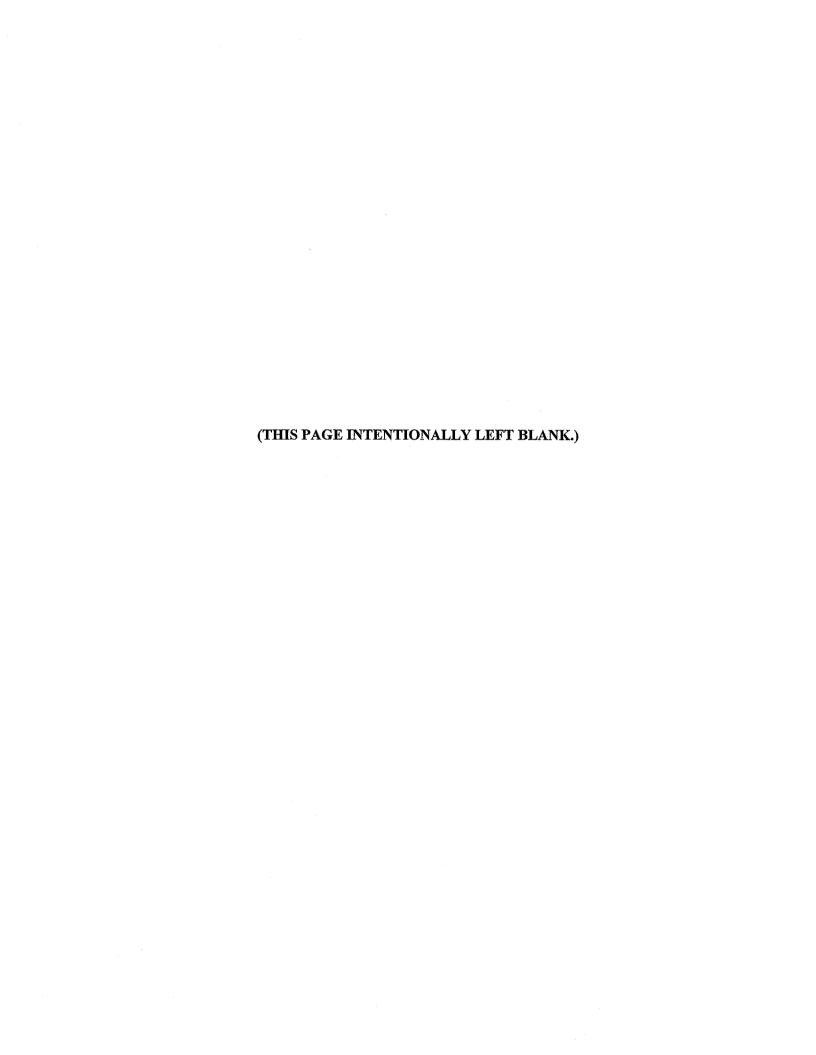
SCHEDULE OF GENERAL FIXED ASSETS

INVESTMENT IN PLANT (Continued) FOR THE YEAR ENDED AUGUST 31, 2001

	Balance	Purchased/		Balance
	8/31/00	Additions	Retirements	8/31/01
LAND				
Land 50-year Lease				
AmphitheaterLand	1,250	-	-	1,250
Land	485,630	•	-	485,630
Land - appraisal increase	817,500	-	-	817,500
Land - parking lot	973,904	-	-	973,904
Land - 18.76 acres	422,100	•	-	422,100
Land - Canon del Novillo	12,535		-	12,535
Land - Young House	60,981	-	-	60,981
Land - Lot 3, Block 6,				
Paredes Subdivision	31,093	-	-	31,093
Land - Fort Brown Villas	119,056	-	-	119,056
Land - Lot 5, Block 6,				
Paredes Subdivision	31,977	_	-	31,977
Land - Esparza Property	-	26,736	-	26,736
Land - Lot 7, Block 32,				
Original townsite	39,277	-	-	39,277
Total Land	2,995,303	26,736	_	3,022,039
SITE IMPROVEMENTS				
Landscaping - T.S.C.	16,168			16,168
Landscaping - S.P.I.	3,395	_	-	3,395
Paving	392,615	20,000	-	412,615
Remodel courtyard fountain	18,638	20,000	-	18,638
Tennis courts	43,002	-	-	43,002
Reflecting pool	27,591	•	-	27,591
Gorgas monument	24,121	-	-	
Roofing	719,512	-	-	24,121
ACM abatement	649,036		<u>-</u>	719,512
Resaca Bulkhead	281,424	-	-	649,036
Paseo	265,071	-	-	281,424
Paseo - classroom	448,523	~	-	265,071
Paseo - east		-	-	448,523
Central plant	570,218	-	-	570,218
ADA compliance improvements	2,280,410 130,981	-	-	2,280,410 130,981
Total Site Improvements	5,870,705	20,000	***	5,890,705
-		20,000		2,670,702
MACHINERY, EQUIPMENT,				
FURNITURE & FIXTURES		•		
Furniture and Fixtures	8,111,753	157,488	-	8,269,241
Library Books	8,422,239	-	_	8,422,239
Total Machinery, Equipment,		·	***************************************	**************************************
Furniture & Fixtures	16,533,992	157,488		16,691,480
Total General Fixed Assets	\$ 53,316,639	\$ 4,033,131	\$ -	\$ 57,349,770
		- 1,000,101	1°	÷ 51,510,710







BALANCE SHEET

AGENCY FUND

AUGUST 31, 2001

			Alumni Fund	
	ASSETS			
Cash in bank			\$	8,586
Total Assets			\$	8,586
LIA	BILITIES AND FUND BALAN	ICE		
Liabilities: Funds held in custody for others			\$	8,303
Total liabilities			·	8,303
Fund Balance: Unrestricted				283
Total Fund Balanc	e			283
Total Liabilities ar	nd Fund Balance		\$	8,586

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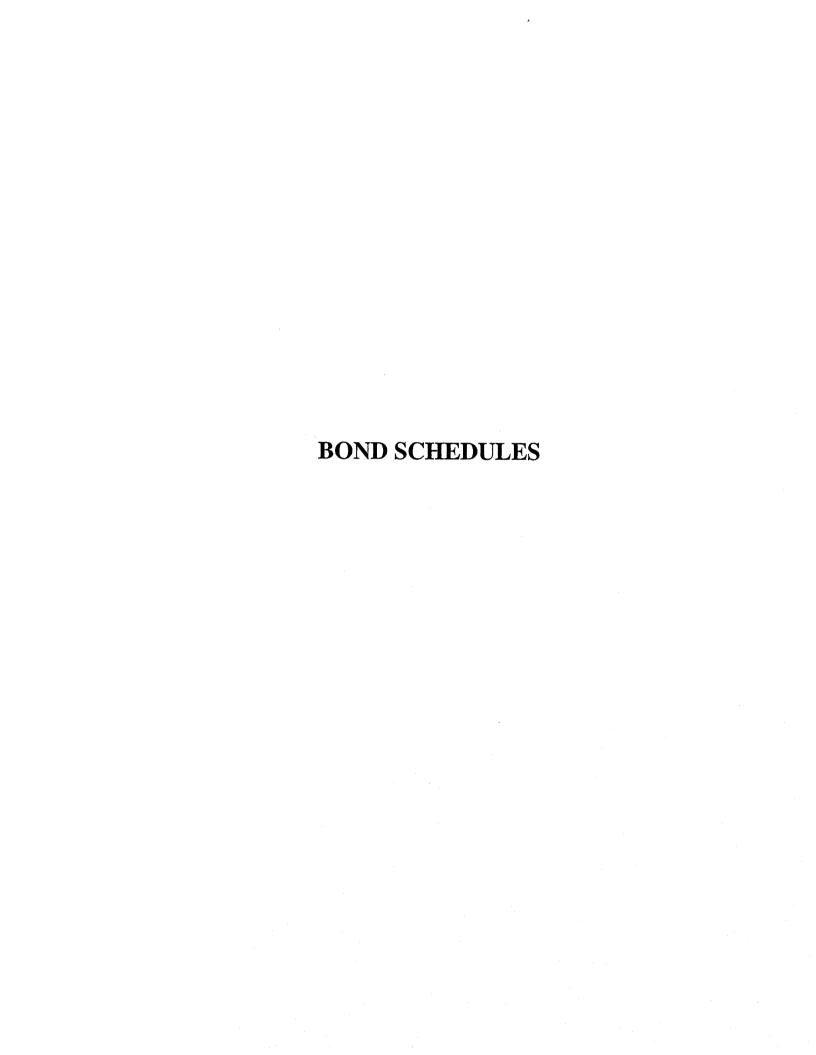
STATEMENT OF CHANGES IN FUND BALANCE

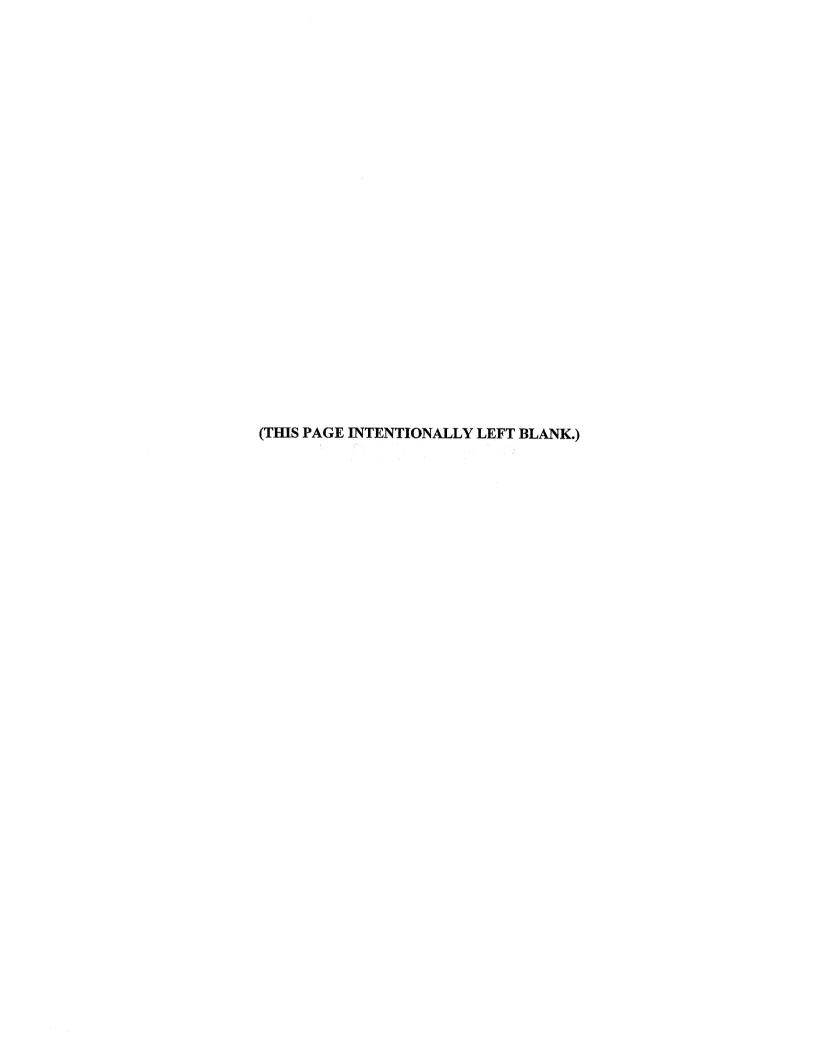
AGENCY FUND

FOR THE YEAR ENDED AUGUST 31, 2001

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

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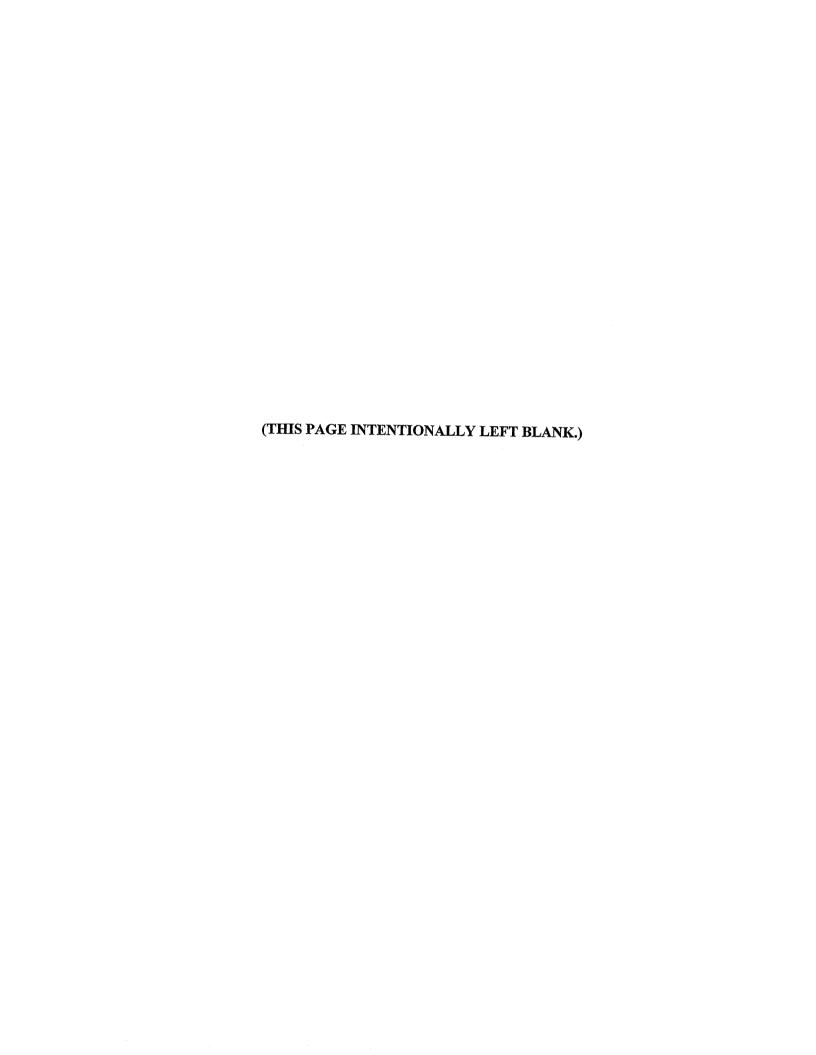
MATURITY SCHEDULE

SOUTHMOST UNION JUNIOR COLLEGE DISTRICT REFUNDING TAX BONDS - SERIES 1994

FOR THE YEAR ENDING AUGUST 31,

Year Ending	Principa	al	Interest		Total	
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	225.	,000	6,300		231,300	
Totals	\$ 5,374.	,999 \$	2,194,422	\$	7,569,421	

Interest on the Series 1994 bonds has been calculated at the rate of 7.50% for purpose of illustration.



MATURITY SCHEDULE

SOUTHMOST UNION JUNIOR COLLEGE DISTRICT REVENUE BONDS - SERIES 2000

FOR THE YEAR ENDING AUGUST 31,

Year Ending	<u>F</u>	Principal		Interest		Total	
2002	\$	155,000	\$	495,381	\$	650,381	
2003	7	175,000	4	487,631	Ψ	662,631	
2004		200,000		478,881		678,881	
2005		225,000		468,881		693,881	
2006		235,000		457,631		692,631	
2007		250,000		445,881		695,881	
2008		260,000		433,131			
2009		275,000				693,131	
2010				419,611		694,611	
		290,000		405,174		695,174	
2011		305,000		389,949		694,949	
2012		320,000		373,784		693,784	
2013		335,000		356,584		691,584	
2014		355,000		338,494		693,494	
2015		375,000		319,324		694,324	
2016		395,000		298,699		693,699	
2017		415,000		276,974		691,974	
2018		440,000		253,630		693,630	
2019		465,000		228,770		693,770	
2020		490,000		202,265		692,265	
2021		520,000		173,845		693,845	
2022		550,000		143,165		693,165	
2023		585,000		110,715		695,715	
2024		615,000		76,200		691,200	
2025	**********	655,000		39,300		694,300	
Totals	<u>\$</u>	8,885,000	\$	7,673,900	\$	16,558,900	

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

