

TEXAS SOUTHMOST COLLEGE

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

AUGUST 31, 1998

TEXAS SOUTHMOST COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 1997-1998

BOARD OF TRUSTEES

Officers

Mary Rose Cardenas	Chairperson
Prax Orive	Vice - Chairperson
Rosemary Breedlove	Secretary

Members

Mary Rose Cardenas	Brownsville, Texas	May, 2002
Prax Orive	Brownsville, Texas	May, 2004
Rosemary Breedlove	Brownsville, Texas	May, 2004
David Oliveira	Brownsville, Texas	May, 2000
Chester Gonzalez	Brownsville, Texas	May, 2004
Dolly Zimmerman	Port Isabel, Texas	May, 2002
Dr. Roberto Robles	Brownsville, Texas	May, 2000

Principal Administrative Officers

Dr. Juliet V. Garcia	President, UTB/TSC
Dr. Antonio Zavaletta	Vice-President for Administration And Planning UTB/TSC
George F. Haylock, Jr.	District Office Manager
Pat Celaya	District Comptroller

TEXAS SOUTHMOST COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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PATILLO, BROWN, HILL & CASCOS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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, 1998, as listed in the table of contents. These 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Southmost College, as of August 31, 1998, 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 issued a report dated November 6, 1998, on our consideration of Texas Southmost College's internal control structure and a report dated November 6, 1998, on its compliance with laws and regulations.

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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Nonprofit Organizations*", and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Patillo, Brown, Hill & Cascos, L.L.P.

November 6, 1998

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TEXAS SOUTHMOST COLLEGE

BALANCE SHEET

AUGUST 31, 1998

(With comparative totals at August 31, 1997)

	Current Funds				
	Unrestricted	Auxiliary Enterprises	Restricted	Total	Loan Funds
ASSETS					
Cash & cash equivalents	\$ 1,625,459	\$ 35,264	\$ 12,681	\$ 1,673,404	\$ 79,482
Accounts receivable (net of allowance for doubtful accounts of \$9,000 both years)	568,968	141,875	-	710,843	-
Taxes receivable (net of allowance for doubtful accounts of \$30,601 & \$18,350 at August 31, 1998 & 1997, respectively)	581,414	-	-	581,414	-
Due from other funds	826,465	38,820	197,210	1,062,495	-
Investments	20,024	415,712	-	435,736	-
Accrued interest receivable	-	698	-	698	-
Due from other agencies	-	1,374	6,498	7,872	76,601
Federal receivables	-	-	466,966	466,966	-
Deposits	-	-	-	-	-
Notes receivable (net of allowance for doubtful accounts of \$114,333 & \$94,148 at August 31, 1998 & 1997, respectively)	-	-	-	-	19,542
Consumable inventories	-	-	-	-	-
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Equipment	-	-	-	-	-
Library books	-	-	-	-	-
Construction in progress	-	-	-	-	-
Assets held in trust	-	-	-	-	-
Amounts to be provided interest payable on capital appreciation bonds	-	-	-	-	-
Total assets	<u>\$ 3,622,330</u>	<u>\$ 633,743</u>	<u>\$ 683,355</u>	<u>\$ 4,939,428</u>	<u>\$ 175,625</u>

See accompanying notes to the financial statements.

EXHIBIT A

Endowment & similar funds	Annuity & life income funds	Plant Funds					Totals (Memorandum only)	
		Unexpended	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	1998	1997
\$ 2,978	\$ -	\$ 581,823	\$ 1,120,848	\$ 263,300	\$ -	\$ 7,661	\$ 3,729,496	\$ 4,797,050
-	-	-	185	-	-	-	711,028	349,518
-	-	-	-	306,210	-	-	887,624	929,951
-	-	2,308	94,751	15,599	-	-	1,175,153	1,015,722
46,005	-	1,250,479	3,329,182	-	-	-	5,061,402	6,951,162
-	-	3,488	5,532	-	-	-	9,718	194,266
-	-	-	-	-	-	-	84,473	731,841
-	-	-	-	-	-	-	466,966	652,473
-	-	50,250	-	-	-	-	50,250	50,750
-	-	-	-	-	-	-	19,542	9,771
-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,995,303	-	2,995,303	2,924,049
-	-	-	-	-	26,543,958	-	26,543,958	23,969,159
-	-	-	-	-	5,870,705	-	5,870,705	5,870,705
-	-	-	-	-	15,475,639	-	15,475,639	6,096,810
-	-	-	-	-	1,195,505	-	1,195,505	8,220,480
-	-	-	-	-	351,064	-	351,064	895,453
-	-	-	-	-	-	-	-	351,064
-	-	-	-	-	623,560	-	623,560	623,560
<u>\$ 48,983</u>	<u>\$ -</u>	<u>\$ 1,888,348</u>	<u>\$ 4,550,498</u>	<u>\$ 585,109</u>	<u>\$ 53,055,734</u>	<u>\$ 7,661</u>	<u>\$ 65,251,386</u>	<u>\$ 64,633,784</u>

TEXAS SOUTHMOST COLLEGE
BALANCE SHEET
(Continued)
AUGUST 31, 1998
(With comparative totals at August 31, 1997)

	Current Funds				Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total	
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts payable	\$ 36,515	\$ 62,698	\$ -	\$ 99,213	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	251,569	57,076	472,612	781,257	-
Due to other agencies	2,470,823	6,689	116,309	2,593,821	-
Deferred revenue	581,414	66,330	-	647,744	-
Accrued compensable absences payable	11,322	2,743	-	14,065	-
Bonds payable (net of unamortized premium discount of \$0 as of 8/31/98 & 8/31/97)	-	-	-	-	-
Funds held in custody for others	-	-	-	-	-
Total liabilities	<u>3,351,643</u>	<u>195,536</u>	<u>588,921</u>	<u>4,136,100</u>	<u>-</u>
Fund balance:					
Unrestricted					
Reserved					
Accounts receivable	-	-	-	-	-
Consumable inventory	-	-	-	-	-
Unreserved					
Designated					
Capital projects	-	-	-	-	-
College loan funds	-	-	-	-	175,625
Undesignated	270,687	438,207	-	708,894	-
Restricted					
Other	-	-	94,434	94,434	-
Institutional matching funds	-	-	-	-	-
Net investment in plant	-	-	-	-	-
Total fund balance	<u>270,687</u>	<u>438,207</u>	<u>94,434</u>	<u>803,328</u>	<u>175,625</u>
Total liabilities and fund balance	<u>\$ 3,622,330</u>	<u>\$ 633,743</u>	<u>\$ 683,355</u>	<u>\$ 4,939,428</u>	<u>\$ 175,625</u>

See accompanying notes to the financial statements.

EXHIBIT A

Endowment & similar funds	Annuity & life income funds	Plant Funds					Totals (Memorandum only)	
		Unexpended	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant	Agency Funds	1998	1997
\$ -	\$ -	\$ 327	\$ 2,068	\$ -	\$ -	\$ -	\$ 101,608	\$ 1,417,202
-	-	-	-	-	623,560	-	623,560	623,561
-	-	391,899	1,997	-	-	-	1,175,153	1,993,457
-	-	692	190	-	-	-	2,594,703	2,029,630
-	-	-	-	306,210	-	-	953,954	2,157,079
-	-	-	-	-	-	-	14,065	38,659
-	-	-	-	-	8,119,999	-	8,119,999	8,954,999
-	-	-	-	-	-	7,661	7,661	7,374
-	-	<u>392,918</u>	<u>4,255</u>	<u>306,210</u>	<u>8,743,559</u>	<u>7,661</u>	<u>13,590,703</u>	<u>17,221,961</u>
-	-	-	-	-	-	-	-	190,654
-	-	-	-	-	-	-	-	-
-	-	1,495,430	4,546,243	-	-	-	6,041,673	6,666,546
-	-	-	-	-	-	-	175,625	90,437
-	-	-	-	-	-	-	708,894	639,175
21,851	-	-	-	278,899	-	-	395,184	412,357
27,132	-	-	-	-	-	-	27,132	39,933
-	-	-	-	-	44,312,175	-	44,312,175	39,372,721
<u>48,983</u>	<u>-</u>	<u>1,495,430</u>	<u>4,546,243</u>	<u>278,899</u>	<u>44,312,175</u>	<u>-</u>	<u>51,660,683</u>	<u>47,411,823</u>
<u>\$ 48,983</u>	<u>\$ -</u>	<u>\$ 1,888,348</u>	<u>\$ 4,550,498</u>	<u>\$ 585,109</u>	<u>\$ 53,055,734</u>	<u>\$ 7,661</u>	<u>\$ 65,251,386</u>	<u>\$ 64,633,784</u>

TEXAS SOUTHMOST COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 1998
(With comparative totals at August 31, 1997)

	Current Funds				Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	Total	
REVENUE AND OTHER ADDITIONS					
Unrestricted current funds revenue	\$ 26,164,078	\$ 2,055,131	\$ -	\$ 28,219,209	\$ -
State appropriations - restricted	-	-	-	-	-
Federal grants & contracts	-	-	1,106,544	1,106,544	-
State grants & contracts	-	-	196,576	196,576	-
Local gifts, grants & contracts	-	-	64,433	64,433	-
Investment/endowment income	-	-	4,051	4,051	2,656
Realized gains on investments	-	-	-	-	-
Net change in bonds payable	-	-	-	-	-
Net change in notes payable	-	-	-	-	-
Expended for plant facilities (includes \$0 charged to current funds expenditures)	-	-	-	-	-
Other additions	-	-	-	-	31,731
Total revenue & other additions	<u>26,164,078</u>	<u>2,055,131</u>	<u>1,371,604</u>	<u>29,590,813</u>	<u>34,387</u>
EXPENDITURES & OTHER DEDUCTIONS					
Expenditures	23,791,221	1,910,077	9,043,244	34,744,542	-
Expended for plant facilities	-	-	-	-	-
Loan cancellations & write-offs	-	-	-	-	-
Retirement of indebtedness - bonds	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Other deductions	-	-	-	-	21,960
Total expenditures & other deductions	<u>23,791,221</u>	<u>1,910,077</u>	<u>9,043,244</u>	<u>34,744,542</u>	<u>21,960</u>
TRANSFERS-ADDITIONS (DEDUCTIONS)					
Nonmandatory transfers	(2,372,857)	(265,989)	(225,000)	(2,863,846)	-
Other	-	-	7,903,618	7,903,618	-
Total transfers - additions (deductions)	<u>(2,372,857)</u>	<u>(265,989)</u>	<u>7,678,618</u>	<u>5,039,772</u>	<u>-</u>
NET INCREASE (DECREASE) FOR THE FISCAL YEAR					
	<u>-</u>	<u>(120,935)</u>	<u>6,978</u>	<u>(113,957)</u>	<u>12,427</u>
FUND BALANCES, SEPTEMBER 1, 1997					
-RESTATED	<u>270,687</u>	<u>559,142</u>	<u>87,456</u>	<u>917,285</u>	<u>163,198</u>
FUND BALANCES, END OF YEAR					
	<u>\$ 270,687</u>	<u>\$ 438,207</u>	<u>\$ 94,434</u>	<u>\$ 803,328</u>	<u>\$ 175,625</u>

See accompanying notes to the financial statements.

EXHIBIT B

Endowment & similar funds	Annuity & life income funds	Plant Funds					Agency Funds	Totals	
		Unexpended	Renewals & Replacements	Retirement of Indebtedness	Investment in Plant	(Memorandum only)			
						1998		1997	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,826,822	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	1,106,544	1,174,324	
-	-	-	-	-	-	-	196,576	247,446	
-	-	-	-	-	-	-	64,433	35,801	
912	-	151,576	206,843	14,785	-	-	380,823	449,460	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	835,000	-	835,000	850,000	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	3,804,402	-	3,804,402	1,463,805	
-	-	-	-	1,258,904	300,053	-	1,590,688	1,246,427	
<u>912</u>	<u>-</u>	<u>151,576</u>	<u>206,843</u>	<u>1,273,689</u>	<u>4,939,455</u>	<u>-</u>	<u>36,197,675</u>	<u>31,294,085</u>	
11,518	-	-	-	-	-	-	34,756,060	30,892,459	
-	-	3,034,044	552,085	-	-	-	3,586,129	3,882,456	
-	-	-	-	-	-	-	-	-	
-	-	-	-	835,000	-	-	835,000	850,000	
-	-	-	-	400,631	-	-	400,631	456,165	
-	-	-	-	500	-	-	22,460	1,809,039	
<u>11,518</u>	<u>-</u>	<u>3,034,044</u>	<u>552,085</u>	<u>1,236,131</u>	<u>-</u>	<u>-</u>	<u>39,600,280</u>	<u>37,890,119</u>	
-	-	1,636,848	965,989	-	-	-	(261,009)	(253,104)	
-	-	-	-	-	-	-	7,903,618	6,513,171	
-	-	<u>1,636,848</u>	<u>965,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,642,609</u>	<u>6,260,067</u>	
(10,606)	-	(1,245,620)	620,747	37,558	4,939,455	-	4,240,004	(335,967)	
59,589	-	2,741,050	3,925,496	241,341	39,372,720	-	47,420,679	47,747,789	
<u>\$ 48,983</u>	<u>\$ -</u>	<u>\$ 1,495,430</u>	<u>\$ 4,546,243</u>	<u>\$ 278,899</u>	<u>\$ 44,312,175</u>	<u>\$ -</u>	<u>\$ 51,660,683</u>	<u>\$ 47,411,822</u>	

TEXAS SOUTHMOST COLLEGE
STATEMENT OF CURRENT FUNDS REVENUE, EXPENDITURES
AND OTHER CHANGES
FOR THE YEAR ENDED AUGUST 31, 1998
(With comparative totals for the year ended August 31, 1997)

	Unrestricted	Auxiliary Enterprises	Restricted	Totals (Memorandum only)	
				1998	1997
REVENUE					
State appropriations - general revenue	\$ 11,505,760	\$ -	\$ -	\$ 11,505,760	\$ 10,320,956
Tuition & fees	8,426,273	1,489,534		9,915,807	9,361,993
Taxes for current operation	2,107,988			2,107,988	1,964,638
Federal grants & contracts	115,995		1,106,543	1,222,538	1,315,113
State grants & contracts	3,191,730		196,576	3,388,306	3,247,446
Local grants & contracts	428,480		64,434	492,914	411,503
Investment/endowment income	145,790			145,790	213,615
Sales & service of auxiliary enterprises		505,196		505,196	233,304
Other sources				-	-
Interest income		47,016	4,051	51,067	21,632
Gains/losses on investments				-	-
Miscellaneous income	242,062	13,385	-	255,447	197,481
Total current funds revenue	<u>26,164,078</u>	<u>2,055,131</u>	<u>1,371,604</u>	<u>29,590,813</u>	<u>27,287,681</u>
EXPENDITURES & MANDATORY TRANSFERS					
Educational & general:					
Instruction	-	-	-	-	-
Institutional support	730,214		534,544	1,264,758	971,384
Scholarships & fellowships	-	-	-	-	-
Transfers to UTB	23,061,007	-	8,508,700	31,569,707	28,506,392
Total educational & general expenditures	<u>23,791,221</u>	<u>-</u>	<u>9,043,244</u>	<u>32,834,465</u>	<u>29,477,776</u>
Auxiliary enterprise expenditures:					
Expenditures	-	673,147	-	673,147	202,902
Transfers to UTB	-	1,236,930	-	1,236,930	1,210,181
Total auxiliary enterprise expenditures	<u>-</u>	<u>1,910,077</u>	<u>-</u>	<u>1,910,077</u>	<u>1,413,083</u>
Total expenditures & mandatory transfers	<u>23,791,221</u>	<u>1,910,077</u>	<u>9,043,244</u>	<u>34,744,542</u>	<u>30,890,859</u>
OTHER TRANSFERS & ADDITIONS (DEDUCTIONS)					
Nonmandatory transfers	(2,372,857)	(265,989)	(225,000)	(2,863,846)	(3,346,339)
Excess of TPEG transfer over grant awarded	-	-	-	-	-
Federal scholarships/grants by UTB	-	-	7,903,618	7,903,618	6,513,171
Total other transfers & additions (deductions)	<u>(2,372,857)</u>	<u>(265,989)</u>	<u>7,678,618</u>	<u>5,039,772</u>	<u>3,166,832</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ -</u>	<u>\$ (120,935)</u>	<u>\$ 6,978</u>	<u>\$ (113,957)</u>	<u>\$ (436,346)</u>

See accompanying notes to the financial statements.

TEXAS SOUTHMOST COLLEGE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 1998

1. REPORTING ENTITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines

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

Basis of Accounting

The financial statements of Texas Southmost College have been prepared on the accrual basis of accounting except that depreciation expense related to plant fund assets is not recorded. The Statement of Current Funds Revenue, 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.

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