

BRAZOSPORT COLLEGE DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
YEARS ENDED AUGUST 31, 2007 AND 2006

KENNEMER, MASTERS & LUNSFORD, LLC
CERTIFIED PUBLIC ACCOUNTANTS
8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566

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BRAZOSPORT COLLEGE DISTRICT

Annual Financial and Compliance Report Year Ended August 31, 2007

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BRAZOSPORT COLLEGE DISTRICT

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INTRODUCTORY SECTION

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BRAZOSPORT COLLEGE DISTRICT

ORGANIZATIONAL DATA

Fiscal Year 2006-2007

Board of Trustees/Regents

Officers

Jerry Hinojosa
Carolyn Johnson

Chairman
Vice-Chairman

Members

Jerry Hinojosa
Harry E. Wille, Jr.
Lillian Lockett, M.D.
Lucilla Henderson
Harry F. Koester, Jr.
Sharon Rogers
John R. Gilbert
Joe C. Greer, Jr.
Carolyn Johnson

Lake Jackson, Texas
Clute, Texas
Lake Jackson, Texas
Lake Jackson, Texas
Lake Jackson, Texas
Lake Jackson, Texas
Lake Jackson, Texas
Freeport, Texas
Freeport, Texas

Term Expires

May 12, 2012
May 12, 2012
May 10, 2008
May 10, 2008
May 10, 2008
May 10, 2008
May 10, 2008
May 8, 2010
May 8, 2010
May 8, 2010

Principal Administrative Officers

Millicent M. Valek, Ph.D.
John C. Ray, Ed.D.
Fred J. Scott, MBA
Pamela Davenport, Ph.D.
Ken Tasa, Ed.D.
Herb E. Miles, Ed.D.

President
Dean, Information & Community Resources
Dean, Administrative & Business Services
Dean, Student Services
Dean, Educational Programs & Services
Dean, Human Resources

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FINANCIAL SECTION

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KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

Lake Jackson Office:
8 West Way Court
Lake Jackson, Texas 77566
(979) 297-4075 Fax: (979) 297-6648
(800) 399-4075

Houston Office:
10850 Richmond Avenue, Suite 250
Houston, Texas 77042
(713) 974-3030 Fax: (713) 974-3513

Independent Auditor's Report

Unqualified Opinion on Basic Financial Statements

Accompanied by Required Supplementary Information, Supplemental Schedules,
Supplementary Schedules of Expenditures of Federal and State Awards
And Statistical Supplementary Information

November 12, 2007

Board of Regents
Brazosport College District
Lake Jackson, Texas 77566

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Brazosport College District (the "District") as of and for the years ended August 31, 2007 and 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 the 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 opinions.

As discussed in Note 20 to the financial statements, certain errors resulting in the overstatement of previously reported cash as of August 31, 2006, were discovered by management of the District during the current year. Accordingly, the 2006 financial statements have been restated and an adjustment has been made to net assets as of September 1, 2006 to correct the error.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Brazosport College District, as of August 31, 2007 and 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

www.kmkwllc.com – Email: kmkw@kmkwllc.com

Members: American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants,
Partnering for CPA Practice Success

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 13 through 21, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are 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 Non-Profit Organizations*, and the Texas Higher Education Coordinating Board and are also not a required part of the basic financial statements of the District. The supplemental schedules and the schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kennemer, Masters & Hunford, LLC

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2007

This section of Brazosport College District's annual financial report presents a discussion and analysis of the financial performance of the District and Foundation during the fiscal year ended August 31, 2007. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with them. The financial statements, footnotes, and this discussion are the responsibility of management.

Financial reporting format has been presented in a manner required by the Governmental Accounting Standards Board's Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

Using This Annual Report

This report consists of three basic financial statements for the District and three basic financial statements for the Foundation. The Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows provide information on Brazosport College District as a whole and present a long-term view of the District's finances. The Statement of Financial Position; the Statement of Financial Activity; and the Statement of Cash Flows provide information on the Brazosport College Foundation as a whole.

The Statement of Net Assets

The Statement of Net Assets presents the financial position of the District at the end of the fiscal year and includes all assets and liabilities. The difference between total assets and total liabilities – net assets – is an indicator of the current financial condition of the District. Assets and liabilities are generally measured using current values. Capital assets, which represent 75% of total assets, are stated at historical cost less an allowance for depreciation.

Net assets are divided into three major categories. The first category, investment in capital assets, net of debt, provides the District equity in property, plant and equipment owned. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the District, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. These net assets are available for use by the District for any legal purpose.

Brazosport College District
Statement of Net Assets
As of August 31, 2007 and 2006 (Restated)
(in thousands of dollars)

	2007	2006 Restated
Assets:		
Current assets	\$ 3,064	\$ 2,363
Capital assets, net	38,210	36,560
Other assets	10,006	10,774
 Total assets	 51,280	 49,697

(continued)

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 YEAR ENDED AUGUST 31, 2007

The Statement of Net Assets - Continued

	2007	2006 Restated
Liabilities:		
Current liabilities	\$ 2,986	\$ 2,467
Noncurrent liabilities	10,257	10,348
Total liabilities	13,243	12,815
Total net assets	\$ 38,037	\$ 36,882
Net Assets Consists Of:		
Invested in capital assets, net of debt	\$ 27,547	\$ 25,830
Restricted – nonexpendable	2,455	2,221
Restricted – expendable	1,357	1,166
Unrestricted	6,678	7,665
Total net assets	\$ 38,037	\$ 36,882

Assets consist primarily of cash and cash equivalents, investments, accounts, notes and grants receivable, and capital assets. Liabilities include long-term bonded debt, compensated absences, and deferred revenue.

The Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the District and the non-operating revenues and expenses.

Brazosport College District
Statement of Revenues, Expenses and Changes in Net Assets
For Fiscal Years Ended August 31, 2007 and 2006 (Restated)
 (in thousands of dollars)

	2007	2006 Restated
Operating Revenues:		
Net tuition and fees	\$ 6,039	\$ 6,039
Auxiliary enterprises	120	124
Grants and contracts	2,515	3,171
Other	810	864
Total operating revenues	9,484	10,198

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BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2007

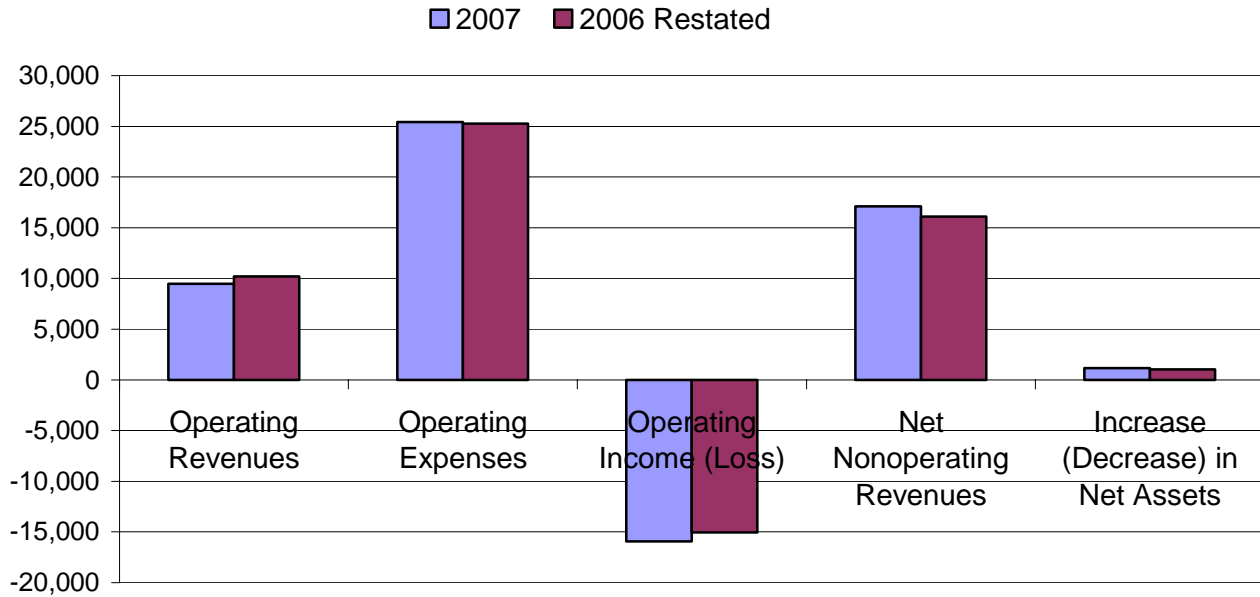
The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

	<u>2007</u>	<u>2006 Restated</u>
Operating Expenses:		
Instruction	\$ 11,770	\$ 12,136
Public service	162	162
Academic support	1,443	1,287
Student services	1,647	1,623
Institutional support	4,423	4,046
Operation and maintenance of plant	2,376	2,072
Scholarships and fellowships	1,814	2,163
Auxillary enterprises	288	257
Depreciation	<u>1,504</u>	<u>1,518</u>
Total operating expenses	<u>25,427</u>	<u>25,264</u>
Operating loss	(15,943)	(15,066)
Nonoperating Revenues and Expenses:		
Gifts, grants, and contracts	599	1,034
State Appropriations	7,981	7,865
Taxes of maintenance and operations	7,868	7,145
Investment income	895	623
Other revenues and expenses	<u>(428)</u>	<u>(569)</u>
Total nonoperating revenues and expenses	<u>16,915</u>	<u>16,098</u>
Income (loss) before other revenues, expenses, gains or losses	972	1,032
Other Revenues, Expenses, Gains or Losses:		
Additions to permanent and term endowments	<u>183</u>	<u>10</u>
Increase (decrease) in net assets	1,155	1,042
Net asset at beginning of period	<u>36,882</u>	<u>35,840</u>
Net asset at end of year	<u>\$ 38,037</u>	<u>\$ 36,882</u>

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2007

The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

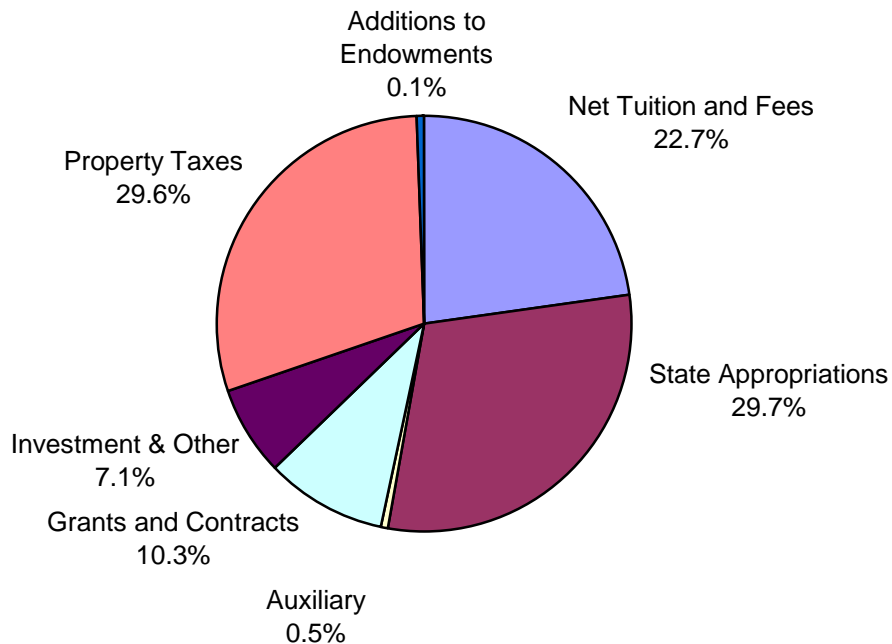
The following graphic illustrates the changes in revenues, expenses and the results of both operating and non-operating activity for the years ended August 31, 2007 and 2006.



Revenues

The following is a graphic illustration of revenues by source (both operating and nonoperating), which were used to fund the District's operating activities for the year ended August 31, 2007.

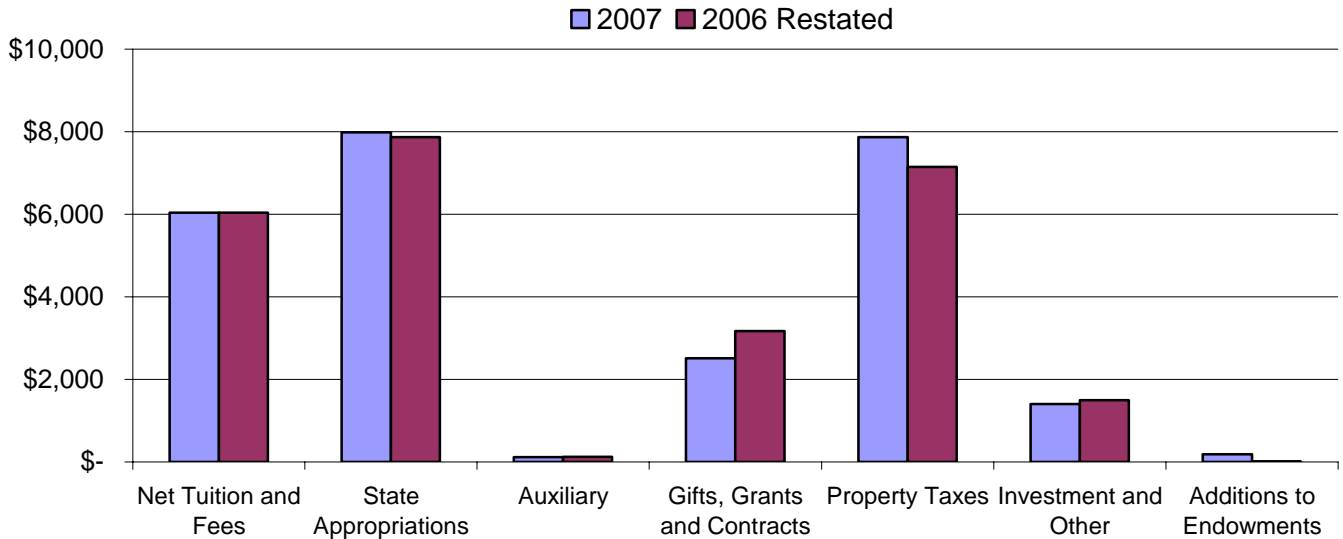
District Revenue by Source



BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2007

The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

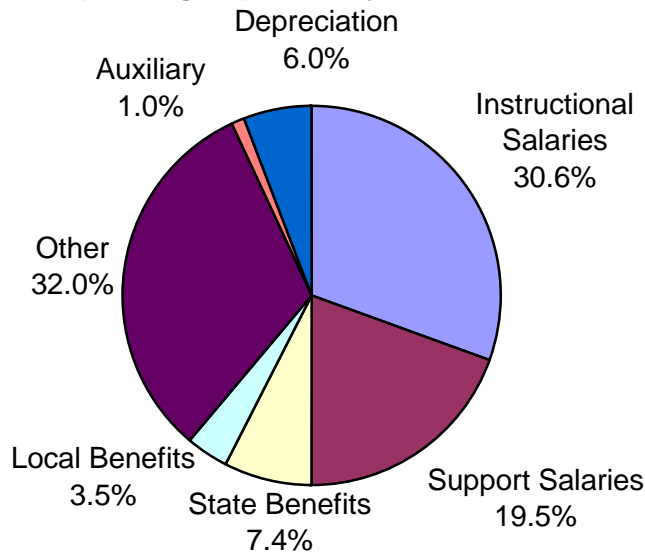
The following graphic illustrates the revenue by source (both operating and nonoperating), which were used to fund the District's operating activities for the years ended August 31, 2007 and 2006.



Expenses

Operating expenses can be displayed in two formats, natural classification and functional classification. Both formats are displayed below (as a percentage of total operating expenses), for the year ended August 31, 2007.

District Operating Expenses by Natural Classification

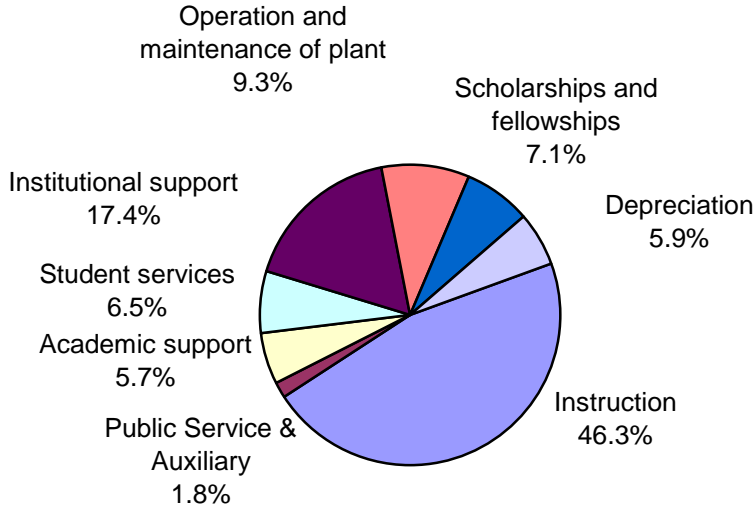


Sixty-one percent of expenses are attributed to salaries and benefits. Other operating expenses represent thirty-three percent of total expenses. Depreciation represent the remaining six percent of expenses. Total auxiliary expenses represented one percent of total expenses.

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 YEAR ENDED AUGUST 31, 2007

The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

District Operating Expenses by Function

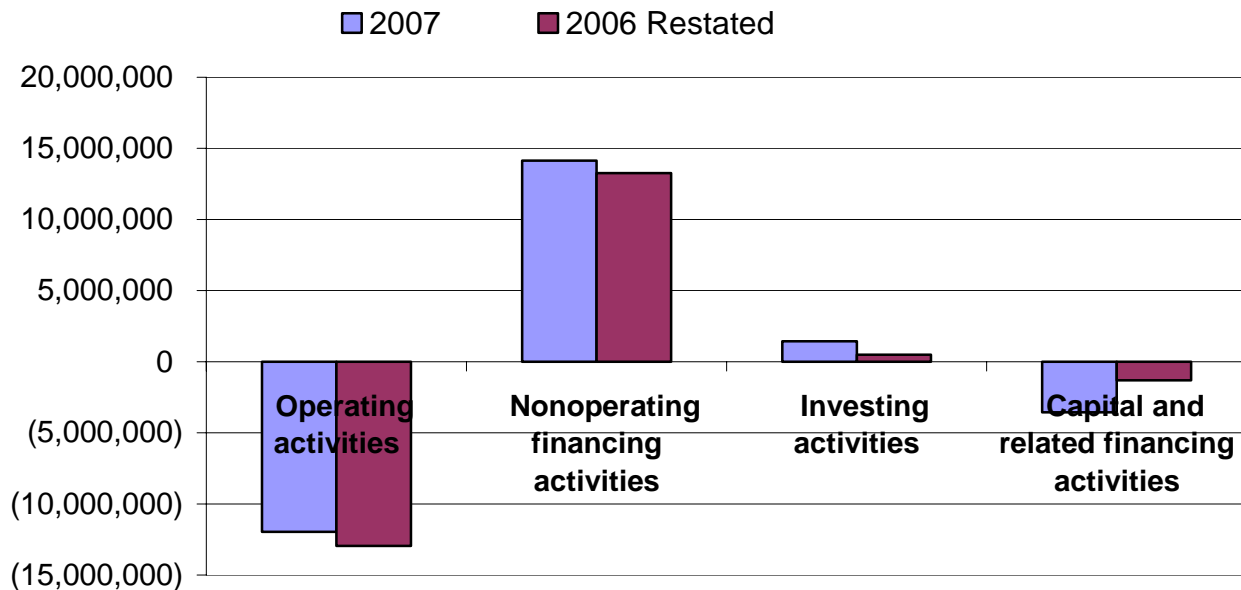


Forty-six percent of operating expenses by function is attributable to instruction. The percentages for the remaining functional areas range from two to seventeen percent of total operating expenses.

The Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the ability of the District to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

The following graphic illustrates the cash flows by activities (both operating and non-operating), which were provided and used for the years ended August 31, 2007 and 2006.



BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 YEAR ENDED AUGUST 31, 2007

The Statement of Cash Flows - Continued

Brazosport College District
Statement of Cash Flows
For the Fiscal Years Ended August 31, 2007 and 2006 (Restated)
(in thousands of dollars)

	2007	2006 Restated
Cash Provided (Used) By:		
Operating activities	\$(11,971)	\$(12,963)
Nonoperating financing activities	14,128	13,252
Capital and related financing activities	(3,554)	(1,301)
Investing activities	1,428	485
Net increase (decrease) in cash	31	(527)
Cash, beginning of year	1,791	2,318
Cash, end of year	\$ 1,822	\$ 1,791

Material sources of cash included state appropriations, tuition and fees, and grants and contracts. Material uses of cash were for payments to suppliers and vendors, payments to employees, and payments for scholarships and fellowships.

Capital Asset and Debt Administration

Capital Assets

At August 31, 2007, Brazosport College District had \$ 38,209,876 invested in capital assets, net of accumulated depreciation. Depreciation charges totaled \$ 1,504,448 for the current fiscal year. Details of these assets are shown below.

Schedule of Capital Assets, Net of Depreciation
(in thousands of dollars)

	2007	2006
Land	\$ 296	\$ 296
Land improvements and infrastructure	842	914
Buildings	32,887	33,633
Equipment	1,251	1,168
Library holdings	570	470
Projects in progress	2,364	79
Total	\$ 38,210	\$ 36,560

Projects in progress for Brazosport College District during 2006-2007 included the remodeling of three art studios, the art gallery, the student game room, the drama complex, and the technology wing. An Honors Atrium and an extension to the library were also being added. These projects were not complete at year-end. These projects were funded by available cash generated from operations.

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2007

Capital Asset and Debt Administration - Continued

More detailed information about the District capital assets is presented in Note 7 to the financial statements.

Debt

At August 31, 2007, the District had \$ 10,661,888 in debt outstanding. The table below summarizes these amounts by type of debt instrument.

	Outstanding Debt Schedule (in thousands of dollars)	
	2007	2006
Bonds	\$ <u>10,662</u>	\$ <u>10,730</u>
Total debt	\$ <u>10,662</u>	\$ <u>10,730</u>

During the year ended August 31, 2007, the District authorized and issued Combined Fee Revenue Refunding Bonds, Series 2006, in the amount of \$ 6,885,000 at 4.00% to refund \$ 6,510,000 in existing Combined Fee Revenue Bonds, Series 2001 (\$ 4,190,000) and Combined Fee Revenue Bonds, Series 2002 (\$ 2,320,000). These bonds have effectively been defeased as of November 28, 2006, the date of issuance.

Brazosport College currently is rated as AA by Moody and as BBB by Standard & Poors. More detailed information about the District and Foundation long-term liabilities is presented in Note 10 to the financial statements.

Economic Factors That Will Effect the Future

For fiscal year 2007-2008, the District Board of Regents approved a decrease in property tax in September, 2007 of \$ 0.0010 per \$ 100 of valuation. This sets the rate at \$ 0.121 per \$ 100 of valuation for the 2007 assessment. This decrease combined with an increase in the tax base will generate approximately \$ 184,000 less in state revenue for the 2007-2008 fiscal year. There will be approximately \$ 184,000 less in state revenue for the 2007-2008 fiscal year because the state contact hour appropriations increased \$ 216,000 while a special appropriation for the Baccalaureate Program decreased \$ 400,000.

Other than the above, the District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

On November 6, 2007, voters in the Brazosport College District approved a \$ 70 million bond referendum to fund the College Master Plan. Construction is expected to begin in fiscal year 2008 and continue in three phases with estimated completion 2017. Ad valorem tax rates are estimate to increase from approximately 3 cents to 7cents per \$ 100 valuation as the bonds are issued.

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2007

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Dean, Administrative & Business Services, Brazosport College District, 500 College Drive, Lake Jackson, Texas 77566.

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BASIC FINANCIAL STATEMENTS

BRAZOSPORT COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 1
Page 1 of 2

	<u>2007</u>	<u>2006</u> Restated
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 1,578,362	\$ 1,174,577
Short-term investments	294,959	94,937
Accounts and notes receivable (net of allowance for doubtful accounts)	683,083	742,271
Inventories	35,493	24,348
Other assets	<u>471,906</u>	<u>326,589</u>
Total current assets	<u>3,063,803</u>	<u>2,362,722</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	243,693	617,182
Accounts receivable (net of allowance for doubtful accounts)	36,010	205,001
Investments	2,963,902	2,574,791
Bond issuance costs (net of accumulated amortization)	588,189	89,545
Investments	6,175,290	7,288,108
Capital assets, (net of accumulated depreciation)	<u>38,209,876</u>	<u>36,560,108</u>
Total noncurrent assets	<u>48,216,960</u>	<u>47,334,735</u>
Total assets	<u>51,280,763</u>	<u>49,697,457</u>
Liabilities:		
Current Liabilities:		
Accounts and accrued liabilities	799,477	461,122
Funds held for others	133,272	171,013
Deferred revenues	1,463,289	1,202,499
Accrued compensated absences	45,000	38,000
Liabilities Payable From Restricted Assets:		
Accounts and accrued liabilities	19,913	26,805
Deferred revenue		72,626
Bonds payable	<u>525,000</u>	<u>495,000</u>
Total current liabilities	<u>2,985,951</u>	<u>2,467,065</u>
Noncurrent liabilities:		
Bonds payable	10,136,888	10,235,000
Accrued compensated absences	<u>120,588</u>	<u>113,237</u>
Total noncurrent liabilities	<u>10,257,476</u>	<u>10,348,237</u>
Total liabilities	<u>13,243,427</u>	<u>12,815,302</u>

(continued)

BRAZOSPORT COLLEGE DISTRICT
STATEMENTS OF NET ASSETS – Continued
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 1
Page 2 of 2

	<u>2007</u>	<u>2006</u> Restated
Net Assets:		
Invested capital assets, net of related debt	\$ 27,547,988	\$ 25,830,108
Restricted:		
Nonexpendable:		
Endowments	2,455,062	2,220,842
Expendable:		
Endowments	569,353	362,835
Student aid	198,061	179,770
Instructional programs	21,129	23,605
Debt service	568,276	600,036
Unrestricted	<u>6,677,467</u>	<u>7,664,959</u>
Total net assets	<u>\$ 38,037,336</u>	<u>\$ 36,882,155</u>

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE FOUNDATION
AFFILIATED ORGANIZATION
BRAZOSPORT COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 1A
PAGE 1 OF 1

	<u>2007</u>	<u>2006</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 494,845	\$ 511,331
Pledges receivable (net of allowance for doubtful accounts)	<u>297,393</u>	<u>1,184</u>
Total current assets	<u>792,238</u>	<u>512,515</u>
Noncurrent Assets:		
Pledges receivable (net of allowance for doubtful accounts and discounts)	351,007	34,128
Investments	<u>1,514,645</u>	<u>1,096,565</u>
Total noncurrent assets	<u>1,865,652</u>	<u>1,130,693</u>
Total assets	<u>2,657,890</u>	<u>1,643,208</u>
Liabilities:		
Current Liabilities:		
Accounts payable	<u>3,048</u>	<u>99,658</u>
Total current liabilities	3,048	99,658
Noncurrent liabilities:		
Total noncurrent liabilities	<u> </u>	<u> </u>
Total liabilities	<u>3,048</u>	<u>99,658</u>
Net Assets:		
Unrestricted	221,788	142,572
Temporarily restricted	1,453,746	1,002,934
Permanently restricted	<u>979,308</u>	<u>398,044</u>
Total net assets	<u>\$ 2,654,842</u>	<u>\$ 1,543,550</u>

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006**EXHIBIT 2
Page 1 of 1

	<u>2007</u>	<u>2006 Restated</u>
Revenues:		
Operating Revenues:		
Tuition and fees (net of discounts of \$ 415,511 and \$ 461,143, respectively)	\$ 6,038,938	\$ 6,038,983
Federal grants and contracts	2,192,701	2,727,110
State grants and contracts	112,198	340,049
Local grants and contracts	96,084	13,451
Non-governmental grants and contracts	114,003	90,333
Sales and services of educational activities	336,217	409,831
Auxiliary enterprises	120,302	123,768
Other operating revenues	<u>473,422</u>	<u>454,560</u>
Total operating revenues	<u>9,483,865</u>	<u>10,198,085</u>
Expenses:		
Operating Expenses:		
Instruction	11,770,431	12,135,656
Public service	161,546	162,294
Academic support	1,442,746	1,286,939
Student services	1,647,058	1,623,464
Institutional support	4,423,246	4,046,446
Operation and maintenance of plant	2,376,106	2,072,024
Scholarships and fellowships	1,813,713	2,162,908
Auxiliary enterprises	287,486	257,039
Depreciation	<u>1,504,448</u>	<u>1,517,704</u>
Total operating expense	<u>25,426,780</u>	<u>25,264,474</u>
Operating income (loss)	<u>(15,942,915)</u>	<u>(15,066,389)</u>
Non-Operating Revenues (Expenses):		
State appropriations	7,981,018	7,865,302
Taxes for maintenance and operations	7,868,247	7,145,092
Investment income (loss) net of investment expenses	894,977	622,474
Interest on capital related debt	(428,647)	(569,195)
Other non-operating revenues	<u>599,200</u>	<u>1,034,278</u>
Net operating revenues (expenses)	<u>16,914,795</u>	<u>16,097,951</u>
Income before other revenues, (expenses), gains, (losses)	<u>971,880</u>	<u>1,031,562</u>
Other Revenues, (Expenses), Gains, (Losses)		
Additions to permanent and term endowments	<u>183,301</u>	<u>10,647</u>
Total other revenues, (expenses), gains, (losses)	<u>183,301</u>	<u>10,647</u>
Increase (decrease) in net assets	1,155,181	1,042,209
Net Assets:		
Net assets – beginning of year	<u>36,882,155</u>	<u>35,839,946</u>
Net assets – end of year	<u>\$ 38,037,336</u>	<u>\$ 36,882,155</u>

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE FOUNDATION
AFFILIATED ORGANIZATION
BRAZOSPORT COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL ACTIVITY
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 2A
PAGE 1 OF 1

	<u>2007</u>	<u>2006</u>
Revenue:		
Contributions (net of discounts)	\$ 1,548,152	\$ 87,990
Fundraising	41,938	43,116
Interest and dividend income	58,889	59,303
Gain (loss) on investments	179,753	41,313
Unrealized investment income (loss)	<u>(20,636)</u>	<u>6,044</u>
Total revenue	<u>1,808,096</u>	<u>237,766</u>
Expenses:		
Fundraising expenses	9,432	10,569
Investment expenses	22,067	15,389
Administrative	7,200	
Student aid scholarships	16,527	24,674
Grants to Brazosport College District	<u>641,578</u>	<u>1,037,753</u>
Total operating expenses	<u>696,804</u>	<u>1,088,385</u>
Increase (decrease) in net assets	1,111,292	(850,619)
Net Assets:		
Net assets - beginning of year	<u>1,543,550</u>	<u>2,394,169</u>
Net assets - end of year	<u>\$ 2,654,842</u>	<u>\$ 1,543,550</u>

The accompanying notes are an integral part of this statement.

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BRAZOSPORT COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 3
Page 1 of 2

	<u>2007</u>	<u>2006</u> Restated
Cash Flows From Operating Activities:		
Receipts from students and other customers	\$ 7,115,803	\$ 6,495,016
Receipts of appropriations, grants and contracts	2,736,127	3,267,676
Collection of loans to students and employees	34,330	43,251
Receipts from student organizations	72,034	241,360
Other receipts	473,422	454,560
Payments to or on behalf of employees	(13,689,423)	(12,989,469)
Payments to suppliers of goods and service	(6,344,210)	(7,605,762)
Payments of scholarships	(2,229,224)	(2,621,106)
Loans to students and employees	(30,994)	(49,542)
Payment on behalf of student organizations	<u>(109,775)</u>	<u>(199,163)</u>
Net cash provided (used) by operating activities	<u>(11,971,910)</u>	<u>(12,963,179)</u>
Cash Flows From Noncapital Financing Activities:		
State appropriations	6,088,991	6,088,993
Ad valorem tax revenues	7,855,929	7,152,398
Gifts and grants (other than capital)	<u>183,301</u>	<u>10,647</u>
Net cash provided (used) by non-capital and related financing activities	<u>14,128,221</u>	<u>13,252,038</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds from sale of bonds	6,939,312	
Gifts and grants for capital construction	599,200	1,034,278
Payments to escrow account for defeased debt	(6,855,868)	
Bond issuance costs	(198,667)	
Principal payments on bonded debt	(495,000)	(470,000)
Interest and fees paid on bonded debt	(388,674)	(564,477)
Purchases of capital assets	<u>(3,154,216)</u>	<u>(1,300,932)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,553,913)</u>	<u>(1,301,131)</u>
Cash Flows From Investing Activities		
Proceeds from sale and maturity of investments	5,054,004	3,452,502
Investment earnings	748,896	722,274
Purchases of investments	<u>(4,375,002)</u>	<u>(3,689,251)</u>
Net cash provided (used) by investing activities	<u>1,427,898</u>	<u>485,525</u>
Increase (decrease) in cash and cash equivalents	30,296	(526,747)
Cash and cash equivalents – September 1,	<u>1,791,759</u>	<u>2,318,506</u>
Cash and cash equivalents – August 31,	<u>\$ 1,822,055</u>	<u>\$ 1,791,759</u>

(continued)

BRAZOSPORT COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS - Continued
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 3
Page 2 of 2

	<u>2007</u>	<u>2006</u> Restated
Noncash Transactions Affecting Financial Position:		
Change in value of investments – from cost to fair value increase (decrease)	\$ <u>155,318</u>	\$(<u>93,733</u>)
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating income (loss)	\$(15,942,915)	\$(15,066,389)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,504,448	1,517,704
State on-behalf benefits	1,892,027	1,776,309
Changes in Assets and Liabilities:		
Receivables, net	231,261	(178,228)
Inventories	(11,145)	(20,295)
Other assets	(145,317)	(80,969)
Accounts payable	334,957	(1,105,451)
Deferred revenue	188,164	150,172
Funds held for others	(37,741)	42,197
Compensated absences	<u>14,351</u>	<u>1,771</u>
Net cash provided (used) by operating activities	\$(<u>11,971,910</u>)	\$(<u>12,963,179</u>)

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT
AFFILIATED ORGANIZATION
BRAZOSPORT COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

EXHIBIT 3A
Page 1 of 1

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities:		
Receipts from gifts	\$ 927,864	\$ 155,529
Receipts from fundraising	41,938	43,116
Receipt of interest and dividend earnings	58,889	59,303
Proceeds from sale and maturity of investments	2,880,060	276,330
Payments to suppliers of goods and services	(31,499)	(25,958)
Payments of investments	(3,139,023)	(293,416)
Payments of scholarships and grants	<u>(754,715)</u>	<u>(970,678)</u>
Net cash provided (used) by operating activities	<u>(16,486)</u>	<u>(755,774)</u>
Cash Flows From Noncapital Financing Activities:		
Net cash provided (used) by non-capital and related financing activities	<u>-0-</u>	<u>-0-</u>
Cash Flows From Capital and Related Financing Activities:		
Net cash provided (used) by capital and related financing activities	<u>-0-</u>	<u>-0-</u>
Cash Flows From Investing Activities:		
Net cash provided (used) by investing activities	<u>-0-</u>	<u>-0-</u>
Increase (decrease) in cash and cash equivalents	(16,486)	(755,774)
Cash and cash equivalents – September 1,	<u>511,331</u>	<u>1,267,105</u>
Cash and cash equivalents – August 31,	<u>\$ 494,845</u>	<u>\$ 511,331</u>
Noncash Transactions Affecting Financial Position:		
Change in value of investments - from cost to fair value increase (decrease)	<u>\$(20,636)</u>	<u>\$ 6,044</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
By Operating Activities:		
Operating income (loss)	\$ 1,111,292	\$(850,619)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)		
By Operating Activities:		
Change in Assets and Liabilities:		
Pledges receivable, net	(613,089)	67,539
Investments	(418,079)	(64,443)
Accounts payable	<u>(96,610)</u>	<u>91,749</u>
Net cash provided (used) by operating activities	<u>\$(16,486)</u>	<u>\$(755,774)</u>

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED AUGUST 31, 2007 AND 2006

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BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Brazosport College District (the "District") are discussed in subsequent sections of this note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal years ended August 31, 2007 and 2006.

1.B. Reporting Entity

Brazosport Junior College District was established in 1948, in accordance with the laws of the State of Texas, to serve the educational needs of Brazosport and the surrounding communities. On September 15, 2003 the Board of Regents of the Brazosport Junior College District passed a resolution to change the corporate name of the college district to Brazosport College District. The Brazosport College District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of the these entities, it is not a component unit of any other governmental entity.

Brazosport College Foundation

On November 22, 1995 the Brazosport College District authorized the creation of the Brazosport College Foundation (the "Foundation"), a not-for-profit corporation organized to solicit donations and raise money to fund future scholarships and building projects. The Brazosport College Foundation has been included as a discretely presented component unit in Brazosport College District's financial statements in accordance with generally accepted accounting principles for governments. Initially, the Board of Trustees were appointed by the Brazosport College District's Board of Regents. Subsequent to the initial appointments, the Foundation is governed by a self-perpetuating board of trustees primarily consisting of elected volunteers. The primary function of the Foundation board is to solicit donations. The District agreed to allow various employees to perform administrative services for the Foundation at no cost to the Foundation.

The Financial Statements for the Brazosport College Foundation can be obtained from the Dean, Administrative & Business Services, Brazosport College District, 500 College Drive, Lake Jackson, Texas 77566.

Report Guidelines

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The significant accounting policies followed by the District 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*. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of Accounting

The basic financial statements of the District and the financial statements of the component unit report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property taxes revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Major revenue sources susceptible to accrual include: state appropriations, tuition and fees, grants and contracts, property taxes, and investment income.

Operating income includes revenues and expenses related to the primary, continuing operations of the District. Principal operating revenues include tuition and fees, grants and contracts, and charges to customers for sales and services. Principal operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as needed. See Note 6 for information describing restricted assets.

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Title IV, HEA Program Funds

Certain Title IV HEA Program funds are received by the college to pass through to the student. Their funds are initially received by the college and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The college awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

1.D. Budgetary Data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The District's Board of Regents adopts the budget, which is prepared on the accrual basis of accounting. 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 by November 1.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.D. Budgetary Data (Continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. 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.

1.E. Cash and Investments

The District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

1.F. Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and computer equipment and related accessories. Inventories are valued at market valuation method and are charged to expense as consumed.

1.G. Capital Assets, Depreciation, and Amortization

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The District generally capitalizes assets with a cost of \$ 5 thousand or more as purchase and construction outlays occur. Library books are an exception. Library books were capitalized but were not depreciated until the year ended August 31, 2005. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. The District reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50 years
Land Improvements	20 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	10 years

Bond issuance costs are recorded at historical cost and amortized over the term of the bonds on a straight-line basis.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.H. Capitalized Interest

Interest costs are capitalized when incurred on debt where proceeds were used to finance construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. During the years ended August 31, 2007 and 2006, no interest was capitalized.

1.I. Deferred Revenues

Tuition, fees, and other revenues received and related to the periods after August 31, 2007 and 2006 have been deferred.

1.J. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1.K. Compensated Absences

Full time employees of the District earn annual leave from 12 to 20 days each year depending upon the number of years employed with the District; however, in no case shall annual leave accrue in units other than one-half day or full days. Individuals employed after March 1, shall not receive credit for a year of service under this policy. Employees may accrue to a maximum of fifteen days of leave from prior years with the approval of the District president. At August 31, 2007 and 2006 the accrued liability for unpaid leave totaled \$ 165,588 and \$ 151,237, of which \$ 45,000 and \$ 38,000, respectively is classified as a current liability.

Under the District's sick leave policy, full-time and part-time (regularly employed on 50% or more basis) employed personnel, incapable of performing duties, shall be allowed up to ninety working days disability leave (sick leave) without loss of pay during any academic year or for any continuous absence for an accident or illness in which the ninety days includes days in two academic years. No leave under this policy shall accrue from one year to another; therefore, no accrual of liability exists at August 31, 2007 and 2006.

1.L. Endowments (Donor Restricted)

If a donor has not provided specific instructions, State law appears to permit the District's Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board of Regents is required to consider the District's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.L. Endowments (Donor Restricted) (Continued)

The District's Board of Regents chooses to spend only a portion of the endowment corpus earnings each year. Under the policy established by the Board, four (4) percent of the endowment corpus is available for expenditure. The remaining endowment earnings, if any, is retained and classified as expendable for future years. Should endowment earnings not exceed four (4) percent in any year, the unspent portion is considered nonexpendable and returns to corpus. At August 31, 2007 and 2006 no net appreciation was available to be spent.

1.M. Operating and Non-Operating Revenue and Expenses Policy

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state allocations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The District does not perform the operation of the bookstore and the cafeteria.

2. NEW PRONOUNCEMENTS

GASB No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," was issued May 2004 and establishes uniform financial reporting by state and local government entities for Other Postemployment Benefit plans. This statement provides standards for measurement, recognition, and display of the assets, liabilities and where applicable, net assets and changes in net assets of such funds and for related disclosures. This statement is effective for periods beginning after December 15, 2007. Management of the District has not determined the impact, if any, upon its financial position, results of operations or its cash flows upon adoption.

In May 2004, the GASB issued Statement No. 44, "Economic Condition Reporting: The Statistical Section - an amendment of NCGA Statement 1". This statement amends the portions of NCGA statement 1, "Governmental Accounting and Financial Reporting Principles", that guides the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements and required supplementary information to assess the economic condition of a government. This statement is effective for periods beginning after June 15, 2005. The statement was implemented and did not have a material impact on the District's financial statements.

GASB No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," was issued June 2004. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is effective for periods beginning after December 15, 2008. Management of the District has not determined the impact, if any, upon its financial position, results of operations or its cash flows upon adoption.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

2. NEW PRONOUNCEMENTS (Continued)

GASB No. 46, "Net Assets Restricted by Enabling Legislation: an amendment of GASB Statement No. 34", was issued December 2004. This statement clarifies the meaning of legally enforceable as applied to restrictions on net asset use imposed by enabling legislation. This statement is effective for periods beginning after June 15, 2006. The statement was implemented and did not have a material impact on the District's financial statements.

GASB No. 47, "Accounting for Termination Benefits", was issued April 2005. This statement provides guidance for measuring, recognizing, and reporting liabilities and expense/expenditures related to all termination benefits, both voluntary and involuntary. This statement is effective for periods beginning after June 15, 2005. This statement was implemented during the year ended August 31, 2006. The statement was implemented and did not have a material impact on the District's financial statements.

GASB No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra Entity Transfers of Assets and Future Revenues", was issued September 2006. This statement provides guidance for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. This statement is effective for periods beginning after December 15, 2006. The management of the District does not believe that the implementation of this statement will have a material effect on the financial statements of the District.

GASB No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", was issued November 2006. This statement provides guidance for pollution remediation obligations. This statement is effective for periods beginning after December 15, 2007. The management of the District does not believe that the implementation of this statement will have a material effect on the financial statements of the District.

GASB No. 50, "Pension Disclosures", was issued May 2007. This statement provides guidance for financial reporting by pension plans and by employers that provide defined benefit and contribution plans. This statement is effective for periods beginning after June 15, 2007. The management of the District does not believe that the implementation of this statement will have a material effect on the financial statements of the District.

GASB No. 51, "Accounting and Financial Reporting for Intangible Assets", was issued June 2007. This statement provides guidance for financial reporting of intangible assets for all state and local governments. This statement is effective for periods beginning after June 15, 2009. The management of the District does not believe that the implementation of this statement will have a material effect on the financial statements of the District.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, short-term investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either short-term investments or investments. Short-term investments have maturity of one year or less and investments are those that have a maturity of one year or more. See Note 1.E. for additional Governmental Accounting Standards Board Statement No. 3 disclosures.

Cash and cash equivalents, short-term investments, and investments as reported on the statement of net assets at August 31, 2007 and 2006 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2007</u>			
Cash and Cash Equivalents:			
Cash (cashier and petty cash accounts)	\$ 20,838	\$	\$ 20,838
Financial Institution Deposits:			
Demand deposits	448,450	243,693	692,143
Pooled Deposits:			
TexPool, Lone Star, LOGIC & TexSTAR	<u>1,109,074</u>	<u> </u>	<u>1,109,074</u>
Total cash and cash equivalents	<u>1,578,362</u>	<u>243,693</u>	<u>1,822,055</u>
Short-Term Investments:			
Investments Held by Broker-Dealers:			
U.S. Agencies	<u>294,959</u>	<u> </u>	<u>294,959</u>
Total short-term investments	<u>294,959</u>	<u>-0-</u>	<u>294,959</u>
Investments:			
Investments Held by Broker-Dealers:			
Certificates of deposit	289,000		289,000
U.S. agencies	5,886,290	202,202	6,088,492
Corporate bonds		149,855	149,855
Mutual funds		25,753	25,753
Equity securities	<u> </u>	<u>2,586,092</u>	<u>2,586,092</u>
Total investments	<u>6,175,290</u>	<u>2,963,902</u>	<u>9,139,192</u>
	<u>\$ 8,048,611</u>	<u>\$ 3,207,595</u>	<u>\$ 11,256,206</u>

(continued)

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2006 (Restated)</u>			
Cash and Cash Equivalents:			
Cash (cashier and petty cash accounts)	\$ 24,393	\$	\$ 24,393
Financial Institution Deposits:			
Demand deposits		190,795	190,795
Pooled Deposits:			
TexPool, Lone Star, LOGIC & TexSTAR	<u>1,150,184</u>	<u>426,387</u>	<u>1,576,571</u>
Total cash and cash equivalents	<u>1,174,577</u>	<u>617,182</u>	<u>1,791,759</u>
Short-Term Investments:			
Investments Held by Broker-Dealers:			
U.S. Agencies	<u>94,937</u>	<u> </u>	<u>94,937</u>
Total short-term investments	<u>94,937</u>	<u>-0-</u>	<u>94,937</u>
Investments:			
Investments Held by Broker-Dealers:			
Certificates of deposit	379,107		379,107
U.S. Treasuries	178,429		178,429
U.S. Agencies	6,620,453	34,018	6,654,471
Corporate bonds	110,119		110,119
Mutual funds		899,264	899,264
Equity securities	<u> </u>	<u>1,641,509</u>	<u>1,641,509</u>
Total investments	<u>7,288,108</u>	<u>2,574,791</u>	<u>9,862,899</u>
	<u>\$ 8,557,622</u>	<u>\$ 3,191,973</u>	<u>\$ 11,749,595</u>

3.A. Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District or Foundation’s deposits may not be returned to them. The District and the Foundation require that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At August 31, 2007 and 2006, the carrying amount of the District's deposits of the primary government were \$ 981,143 and \$ 664,839 and total financial institution balances equaled \$ 1,601,667 and \$ 1,123,992, respectively. At August 31, 2007 and 2006, financial institutions balances of \$ 389,000 and \$ 484,543 were covered by federal depository insurance, \$ 286,101 and \$ 349,592 were covered by the Securities Investor Protection Corporation Insurance, and \$ 926,566 and \$ 289,857 were covered by collateral pledged in District's name, respectively. The collateral was held in safekeeping departments of unrelated financial institutions, which act as the pledging financial institution's agents. The District's deposits held at financial institutions were collateralized or insured.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. The District operates under two investment policies, one for unrestricted and one for restricted (endowment funds) investments. These investment policies define what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District's deposits and investments are invested pursuant to the investment policies, which are approved by the Board of Regents. The investment policies include lists of authorized investment instruments and allowable stated maturity of individual investments. In addition they include and "Investment Strategy Statement" that specifically addresses each type's (unrestricted and restricted) investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed.

The District's Investment Officer submits an investment report each quarter to the Board of Regents. The report details the investment positions of the District and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

Unrestricted Investment Policy

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States Government or its agencies and instrumentalities, which have the full faith and credit guarantee of the United States Government or its agencies and instrumentalities.
2. Certificates of deposit guaranteed by the Federal Deposit Insurance Corporation issued by state and national banks domiciled in Texas.
3. Demand deposits and certificates of deposit guaranteed by the Federal Deposit Insurance Corporation or secured by pledged securities issued by the depository approved by the Board of Regents.
4. Public funds investment pools as permitted by Government Code 2256.016 – 2256.019 and approved by Board resolution up to eight million dollars.
5. Commercial paper that has a maturity of 270 days or fewer and is rated no less than A-1 or P-1 by at least two nationally recognized rating agencies.
6. Money market mutual funds as permitted by Government Code 2256.014 and approved by Board resolution.
7. Fully collateralized repurchase agreements as permitted by Government Code 2256.011.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

Restricted Investment Policy (Endowments)

The District's endowment fund assets are to be invested in accordance with sound investment practices that emphasize long-term growth for the endowment. This endowment will be managed according to the following underlying principles:

1. The endowment's investments shall emphasize long-term capital appreciation as a primary source of return. Current income is a supplementary source of gains;
2. The investment objective recognizes that the assets are exposed to risk and may be subject to large fluctuations in market value from year-to-year. This volatile performance is acceptable, as long as the endowment is invested primarily for capital appreciation over the long-term;
3. The endowment's assets are expected to earn long-term returns sufficient to grow the purchasing power of assets over the long-term, net of disbursements and fees;
4. The investment objective implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy;
5. The endowment shall be diversified in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions; and
6. The endowment shall achieve investment results over the long-term that compare favorably with those of other professionally managed portfolios and of appropriate market indices.

The District's endowment funds, are authorized to be invested in the items listed in the Unrestricted Investment Policy, and the following investment instruments provided that they meet the guidelines of the investment policy:

1. Mutual Fund Investments – The investment guidelines for mutual funds and limited partnerships are detailed in the prospectus or Declaration of Trust for individual funds. The investment advisor is responsible for reviewing these guidelines to ensure they are generally consistent with District's investment policy and advising the Board.
2. Permitted Securities – The securities shall be registered with the Securities and Exchange Commission, and traded on a recognized U.S. stock exchange or over-the-counter market. Private placement issues also known as "144A" securities may not be purchased.
 - a. Real Estate Securities include: Equity REITs, mortgage REITs, CMO or mortgage-related securities REITs, Health Care REITs, and equities of real estate operating companies.
 - b. Fixed Income Securities include: Domestic fixed and variable rate bonds and notes issued by the U.S. Government and its Agencies, U.S. Corporations, Yankee bonds and notes (bonds or notes issued by non-U.S. based corporations and governments but traded in the US), securitized mortgages (GNMA's, FNMA's, FHLMC's) collateralized mortgage obligations, asset-backed securities, taxable municipal bonds, convertible bonds and preferred stock.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

- c. International Securities include: sponsored and unsponsored American Depository Shares (ADS's) or other depository securities of non-U.S. based companies traded in the U.S. and closed-end country funds. Equities of foreign domiciled companies that are traded in the U.S. may also be purchased so long as the securities are registered with the Securities and Exchange Commission and traded on a recognized national exchange or over-the-counter market.
- 3. Excluded Investments – The endowment's assets may not be used for the following purposes:
 - a. Short sales;
 - b. Purchases of letter stock or private placements;
 - c. Leveraged transactions except through experienced fund managers;
 - d. Commodities transactions;
 - e. Puts, calls, straddles, or other option strategies;
 - f. Purchase of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or marketable real estate securities;
 - g. Investment in limited partnerships except for publicly traded Master Limited Partnerships and debt issued by Real Estate Master Trusts; and
 - h. Investments in futures, use of margin, or investments in any derivatives not explicitly permitted in the investment policy statement.

The District's security selection and asset allocation strategy sets a long-term percentage target for the amount of the endowment's market value that is to be invested in any one-asset class. In line with the return objectives and risk parameters of the endowment, the mix of assets should be generally maintained as follows:

<u>Asset Class/Investment Style</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Large/Medium/Small Cap Stocks	30%	50%	60%
International Stocks	5%	10%	15%
Total equities	35%	60%	75%
Investment grade fixed income	20%	35%	60%
Real estate funds, convertible funds, and			
Closed-end funds	0%	5%	15%
Cash and cash equivalents	0%	**	10%**

** Cash held outside the investment manager's accounts shall be the minimum amount needed to meet anticipated expenditures.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

Rebalancing the Portfolio – The allocation to each asset class and to investment styles within asset classes is expected to remain stable over most market cycles. Since capital appreciation (depreciation) and trading activity in individually managed portfolios can result in deviation from overall asset allocation, the aggregate asset allocation can result in deviation from overall asset allocation, the aggregate asset allocation will be monitored by the investment advisor and readjusted at least annually. Should an allowable asset range be violated, the Board of Regents must rebalance the existing assets to the target mix within three months of the time when the deviation is discovered.

The District participates in four Local Government Investment Pools (LGIP): TexPool, Lone Star, TexSTAR, and LOGIC. The State Comptroller oversees TexPool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Lone Star, TexSTAR, and LOGIC, advisory boards consisting of participants or their designees, maintains oversight responsibility for Lone Star, TexSTAR, and LOGIC.

The District invests in TexPool, Lone Star, TexSTAR, and LOGIC to provide its liquidity needs. TexPool, Lone Star, TexSTAR, and LOGIC are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Lone Star, TexSTAR, and LOGIC are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. TexPool, Lone Star, TexSTAR, and LOGIC are rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At August 31, 2007 TexPool, Lone Star, TexSTAR, and LOGIC had a weighted average maturity of 35 days, 32 days, 16 days, and 29 days, respectively. Although TexPool, Lone Star, TexSTAR, and LOGIC portfolios had a weighted average maturity of 35 days, 32 days, 16 days, and 29 days, respectively, the District considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

All of the District's investments are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the District at August 31, 2007 and 2006.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2007</u>			
Local government investment pools	\$ 1,109,074	\$	\$ 1,109,074
Certificates of deposit	289,000		289,000
U.S. Agency	6,181,249	202,202	6,383,451
Corporate bonds		149,855	149,855
Mutual funds		25,753	25,753
Equity securities		<u>2,586,092</u>	<u>2,586,092</u>
	<u>\$ 7,579,323</u>	<u>\$ 2,963,902</u>	<u>\$ 10,543,225</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2006</u>			
Local government investment pools	\$ 1,150,184	\$ 426,387	\$ 1,576,571
Certificates of deposit	474,044		474,044
U.S. Treasury	178,429		178,429
U.S. Agency	6,620,453	34,018	6,654,471
Corporate bonds	110,119		110,119
Mutual funds		899,264	899,264
Equity securities		1,641,509	1,641,509
	<u>\$ 8,533,229</u>	<u>\$ 3,001,178</u>	<u>\$ 11,534,407</u>

Unrestricted Funds

As of August 31, 2007 and 2006, the District's unrestricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<u>August 31, 2007</u>		
Local government investment pools (LGIP)	\$ 1,109,074	1
Certificates of deposit	289,000	379
U.S. Agency	6,181,249	452
	<u>\$ 7,579,323</u>	<u>383</u>
<u>August 31, 2006</u>		
Local government investment pools (LGIP)	\$ 1,150,184	1
Certificates of deposit	474,044	487
U.S. Treasury	178,429	1,587
U.S. Agency	6,620,453	943
Corporate bonds	110,119	359
	<u>\$ 8,533,229</u>	<u>759</u>

Credit Risk – As of August 31, 2007 and 2006, the LGIPs (which represent approximately 14% and 13% of the unrestricted portfolio) are rated AAAM by Standard and Poor's. The money market cash accounts and certificates of deposit (which represent approximately 7% and 8% of the unrestricted portfolio) are covered 100% by federal deposit insurance SIPC. The corporate bonds (which represent approximately 0% and 1% of the unrestricted portfolio) are rated A+ by Moody's. The U.S. agencies (which represent approximately 79% and 76% of the unrestricted portfolio) are rated AAA and Aaa by Standard and Poor's, and Moody. Approximately 0% and 2% of the portfolio consists of direct obligations of the U.S. government.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires 50% of unrestricted net assets not exceed one (1) year and none exceed two (2) years, unless matched to a specific requirement. Further, the Investment Policy requires 50% of restricted net assets (expendable) not exceed three (3) years and the maximum maturity of these investments shall not be five (5) years. Quality short-to-medium term securities should be purchased, which compliment each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

Restricted (Non-Endowment) Funds

As of August 31, 2007 and 2006, the District's non-endowment restricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<u>August 31, 2007</u>		
None		
<u>August 31, 2006</u>		
Local government investment pools (LGIP)	\$ <u>426,837</u>	<u>1</u>
	\$ <u>426,837</u>	<u>1</u>

Credit Risk - As of August 31, 2007 and 2006, the LGIP's (which represent 100% of the restricted non-endowment portfolio) are rated AAAM by Standard and Poor's.

Interest Rate Risk - The restricted (non-endowment) funds are covered by the same requirements of the District's Unrestricted Funds.

Restricted (Endowment) Funds

As of August 31, 2007 and 2006, the District's restricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<u>August 31, 2007</u>		
U.S. Agency	\$ 202,202	8,477
Corporate bonds	<u>149,855</u>	<u>7,719</u>
	352,057	<u>8,155</u>
Mutual funds	25,753	
Equity securities	<u>2,586,092</u>	
	\$ <u>2,963,902</u>	

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

Restricted (Endowment) Funds (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<u>August 31, 2006</u>		
Local government investment pools (LGIP)	\$ 426,387	1
U.S. Agency	<u>34,018</u>	<u>11,790</u>
	460,405	<u>872</u>
Mutual funds	899,264	
Equity securities	<u>1,641,509</u>	
	<u>\$ 3,001,178</u>	

Credit Risk - As of August 31, 2007 and 2006, the money market cash accounts (which represent approximately 1% and 1% of the restricted portfolio) are covered 100% by SIPC. The corporate bonds (which represent approximately 5% and 0% of the restricted portfolio) are rated A+ by Moody's. The U.S. Agencies (which represent approximately 7% and 1% of the restricted portfolio) are rated AAA and Aaa by Standard and Poor's and Moody. The mutual funds and equity securities are all registered with the Securities and Exchange Commission, and traded on a recognized U.S. stock exchange or over-the-counter market.

Interest Rate Risk - The District's investment policy for endowments emphasizes long-term capital appreciation as a primary source of return with and current income as a supplementary source of gains. However, quality medium-to-long term securities should be purchased, which compliment each other in a structured manner that minimizes risk and meets the District's endowment investment strategy.

Foreign Currency Risk - As of August 31, 2007 and 2006, the District's restricted investments in equity securities are exposed to foreign currency risk as follows:

<u>Country</u>	<u>Currency</u>	<u>Fair Value</u>
<u>August 31, 2007</u>		
Bermuda	Bermuda dollar \$	21,439
Brazil	Real	32,515
Canada	Canadian dollar	50,587
Chile	Chilean peso	7,381
Denmark	Euro	6,142
Finland	Euro	40,898
France	Euro	33,913
		(continued)

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

<u>Country</u>	<u>Currency</u>	<u>Fair Value</u>
Germany	Euro	\$ 10,567
Hong Kong	Hong Kong dollar	17,333
India	Indian rupee	16,611
Indonesia	Indonesian rupiah	2,452
Israel	Israeli new shegel	2,322
Japan	Japanese yen	84,079
Luxembourg	Euro	14,420
Mexico	Mexican peso	18,046
Netherlands	Euro	56,236
Norway	Euro	6,101
South Korea	Won	2,118
Spain	Euro	4,747
Sweden	Euro	22,160
Switzerland	Swiss franc	59,552
Taiwan	New Taiwan dollar	11,348
United Kingdom	British pound	<u>117,880</u>
Total foreign investments		638,847
United States		<u>1,947,245</u>
Total equity securities		<u>\$ 2,586,092</u>
 <u>August 31, 2006</u>		
Austria	Euro	\$ 6,515
Belgium	Euro	9,211
Brazil	Real	11,361
Canada	Canadian dollar	15,965
France	Euro	33,885
Germany	Euro	48,619
Italy	Euro	15,553
Japan	Japanese yen	86,850
Mexico	Peso	3,646
Netherlands	Euro	40,070
South Korea	Won	6,717
Spain	Euro	10,785
Sweden	Euro	13,031
Switzerland	Euro	45,250
United Kingdom	Euro	<u>15,987</u>
Total foreign investments		363,445
United States		<u>1,278,064</u>
Total equity securities		<u>\$ 1,641,509</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

3. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

3.B. Investments (Continued)

In addition, at August 31, 2007 and 2006, the District's investment in mutual funds contained \$ -0- (approximately 0%) and \$ 103,398 (approximately 11%) in foreign stock positions. The District's investment policy permits it to invest up to 15 percent of total investments in foreign investments. At August 31, 2007 and 2006, the District's current position is approximately 21.14 percent and 14.07 percent. Amounts over 15 percent require periodic rebalancing.

3.C. Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The District made no direct investments in derivatives during the years ended August 31, 2007 and 2006, and held no direct investments in derivatives at August 31, 2007 and 2006.

4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

4.A. Dissaggregation of Accounts and Notes Receivable

Balances net of uncollectible accounts at August 31, 2007 and 2006 were as follows:

<u>Brazosport College District</u>	<u>2007</u>	<u>2006</u>
Current Assets:		
Student notes receivable	\$ 30,505	\$ 33,841
Taxes receivable	68,837	56,519
Accounts receivable	517,165	573,851
Interest receivable	<u>66,576</u>	<u>78,060</u>
	<u>683,083</u>	<u>742,271</u>
Restricted Assets:		
Federal receivable	\$ 22,481	\$ 180,070
State receivable		21,297
Accounts receivable	11,123	3,475
Interest receivable	<u>2,406</u>	<u>159</u>
	<u>36,010</u>	<u>205,001</u>
 Total	 <u>\$ 719,093</u>	 <u>\$ 947,272</u>

4.B. Uncollectible Accounts

Taxes

Ad valorem taxes receivable are reserved based upon historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year. The allowance for uncollectible taxes as of August 31, 2007 and 2006 was \$ 73,276 and \$ 77,718, respectively.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE (Continued)

4.B. Uncollectible Accounts (Continued)

Customer Receivables

The allowance for uncollectible receivables related to District services is determined based on historical experience and evaluation of collectivity in relation to the aging of customer accounts. The allowance for uncollectible accounts as of August 31, 2007 and 2006 was \$ 35,309 and \$ 35,309, respectively.

Tuition and Fees Receivable

The allowance for uncollectible receivables related to District services is determined based on historical experience and evaluation of collectivity in relation to the aging of customer accounts. The District considers tuition and fees receivable to be fully collectible as of August 31, 2007 and 2006; accordingly no allowance for uncollectible accounts is required.

Notes Receivable - Student Loans

The allowance for uncollectible student loans is determined based on historical experience and evaluation of collectivity in relation to the aging of notes outstanding. At August 31, 2007 and 2006, an allowance in the amount of \$ -0- and \$ 842 was established. During the years ended August 31, 2007 and 2006, there was \$ -0- and \$ (200) of write-offs of student loans.

4.C. Deferred Revenues

Current Unrestricted Fund revenues, consisting of tuition and fees related to academic terms in the next fiscal year, and childcare fees are recorded on the balance sheet as deferred revenue at August 31, 2007 and 2006. Of these amounts only the tuition and fees and childcare fees were collected prior to August 31, 2007 and 2006. These amounts are as follows:

	2007	2006
Current Liabilities:		
Tuition and fees	\$ 1,463,289	\$ 1,202,499
Liabilities Payable from Restricted Assets:		
State and local grants		72,626
Totals	\$ 1,463,289	\$ 1,275,125

5. PROPERTY TAXES

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

	2007	2006
Assessed Valuation of the District:	\$ 8,385,488,033	\$ 7,868,515,755
Less: Abatements	606,664,970	628,630,440
Less: Exemptions	1,353,419,137	1,249,880,870
Net assessed valuation of the district	\$ 6,425,403,926	\$ 5,990,004,445

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

5. PROPERTY TAXES (Continued)

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate authorized per \$ 100 valuation	\$ <u>0.12200</u>	\$ <u>0.00000</u>	\$ <u>0.12200</u>
Tax rate assessed per \$ 100 valuation	\$ <u>0.11900</u>	\$ <u>0.00000</u>	\$ <u>0.11900</u>

Taxes levied for the years ended August 31, 2007 and 2006 were \$ 7,875,603 and \$ 7,127,913 (which includes any penalty and interest assessed if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

The following is a summary of tax collections for the years ended August 31, 2007 and 2006:

August 31, 2007

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 7,773,847	\$	\$ 7,773,847
Delinquent taxes collected	55,641		55,641
Penalties and interest collected	<u>38,759</u>		<u>38,759</u>
Total collections	\$ <u>7,868,247</u>	\$ <u>-0-</u>	\$ <u>7,868,247</u>

August 31, 2006

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 7,077,989	\$	\$ 7,077,989
Delinquent taxes collected	32,401		32,401
Penalties and interest collected	<u>34,702</u>		<u>34,702</u>
Total collections	\$ <u>7,145,092</u>	\$ <u>-0-</u>	\$ <u>7,145,092</u>

Tax collections for the years ended August 31, 2007 and 2006 were 99.17% and 99.38% of the current tax levy, respectively. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to maintenance and operations.

6. RESTRICTED ASSETS

Certain District assets are restricted for construction funded through long-term debt, payment of debt service and fiscal fees on long-term debt, endowments, student aid and instructional programs. Net assets include the excess of restricted assets over restricted liabilities except for restricted liabilities related to invested capital assets. See Note 1.C. describing the priority for use on restricted and unrestricted assets. See Note 1.L. for additional information on donor restricted endowments.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

7. CAPITAL ASSETS

7.A. Changes in Capital Assets

The following provides a summary of changes in capital assets and accumulated depreciation for the years ended August 31, 2007 and 2006:

<u>August 31, 2007</u>	<u>Balance September 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2007</u>
Non-Depreciated Capital Assets:				
Land	\$ 296,189	\$	\$	\$ 296,189
Art	91,209			91,209
Construction in progress	<u>79,137</u>	<u>2,560,463</u>	<u>276,044</u>	<u>2,363,556</u>
Total non-depreciated	<u>466,535</u>	<u>2,560,463</u>	<u>276,044</u>	<u>2,750,954</u>
Depreciated Capital Assets:				
Land improvements	3,393,120			3,393,120
Buildings	44,928,245	252,644		45,180,889
Furniture, machinery, vehicles, and other equipment	3,106,133	44,634		3,150,767
Library books	1,606,204	188,637	14,860	1,779,981
Telecommunication and peripheral equipment	<u>1,357,641</u>	<u>383,882</u>	<u> </u>	<u>1,741,523</u>
Total depreciated	<u>54,391,343</u>	<u>869,797</u>	<u>14,860</u>	<u>55,246,280</u>
Total additions/retirements		<u>\$ 3,430,260</u>	<u>\$ 290,904</u>	
Accumulated Depreciated:				
Land improvements	2,479,340	\$ 72,166	\$	2,551,506
Buildings	11,295,374	998,043		12,293,417
Furniture, machinery, vehicles and other equipment	2,379,057	62,174		2,441,231
Library books	1,135,801	88,964	14,860	1,209,905
Telecommunications and peripheral equipment	<u>1,008,198</u>	<u>283,101</u>	<u> </u>	<u>1,291,299</u>
Total accumulated depreciation	<u>18,297,770</u>	<u>\$ 1,504,448</u>	<u>\$ 14,860</u>	<u>19,787,358</u>
Net depreciated capital assets	<u>36,093,573</u>			<u>35,458,922</u>
Net capital assets	<u>\$ 36,560,108</u>			<u>\$ 38,209,876</u>

(continued)

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

7. CAPITAL ASSETS (Continued)

7.A. Changes in Capital Assets (Continued)

<u>August 31, 2006</u>	<u>Balance September 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2006</u>
Non-Depreciated Capital Assets:				
Land	\$ 296,189	\$	\$	\$ 296,189
Art		91,209		91,209
Construction in progress	<u>8,258,302</u>	<u> </u>	<u>8,179,165</u>	<u>79,137</u>
Total non-depreciated	<u>8,554,491</u>	<u>91,209</u>	<u>8,179,165</u>	<u>466,535</u>
Depreciated Capital Assets:				
Land improvements	3,363,264	29,856		3,393,120
Buildings	36,151,091	8,777,154		44,928,245
Furniture, machinery, vehicles, and other equipment	2,839,090	267,043		3,106,133
Library books	1,622,152	109,225	125,173	1,606,204
Telecommunication and peripheral equipment	<u>1,152,031</u>	<u>205,610</u>	<u> </u>	<u>1,357,641</u>
Total depreciated	<u>45,127,628</u>	<u>9,388,888</u>	<u>125,173</u>	<u>54,391,343</u>
Total additions/retirements		<u>\$ 1,300,932</u>	<u>\$ 125,173</u>	
Accumulated Depreciated:				
Land improvements	2,363,195	\$ 116,145		2,479,340
Buildings	10,302,447	992,927		11,295,374
Furniture, machinery, vehicles and other equipment	2,311,540	67,517		2,379,057
Library books	1,175,061	85,913	125,173	1,135,801
Telecommunications and peripheral equipment	<u>752,996</u>	<u>255,202</u>	<u> </u>	<u>1,008,198</u>
Total accumulated depreciation	<u>16,905,239</u>	<u>\$ 1,517,704</u>	<u>\$ 125,173</u>	<u>18,297,770</u>
Net depreciated capital assets	<u>28,222,389</u>			<u>36,093,573</u>
Net capital assets	<u>\$ 36,776,880</u>			<u>\$ 36,560,108</u>

See Note 1.G. for additional information regarding capital assets.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

7. CAPITAL ASSETS (Continued)

7.B. Depreciation Expense

Depreciation expense has not been charged to functional categories. This does not comply with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments. However, the Texas Higher Education Coordinating Board guidelines contained in the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* does not require allocation of depreciation to functional categories. Since the District is reported as a special-purpose government engaged in business-type activities, this is not considered material to the financial statements.

7.C. Unexpended Plant Construction Commitments

The District has entered into contracts for construction as of August 31, 2007 and 2006 as follows:

<u>August 31, 2007</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>	<u>Required Further Financing</u>
Design Services Project:				
Architect	\$ 185,000	\$ 162,327	\$ 22,673	\$
Fire Alarm System: Contractor	293,598	270,478	23,120	
Campus Renovation: Contractor	<u>1,564,674</u>	<u>1,525,818</u>	<u>38,856</u>	
Totals	<u>\$ 2,043,272</u>	<u>\$ 1,958,623</u>	<u>\$ 84,649</u>	<u>\$ -0-</u>
<u>August 31, 2006</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>	<u>Required Further Financing</u>
Design Services Project:				
Architect	\$ 185,000	\$ 45,630	\$ 139,370	\$
Master Plan Project: Architect	<u>125,000</u>	<u>54,493</u>	<u>70,507</u>	
Totals	<u>\$ 310,000</u>	<u>\$ 100,123</u>	<u>\$ 209,877</u>	<u>\$ -0-</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

8. DISSAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Balances at August 31, 2007 and 2006 were as follows:

<u>Brazosport College District</u>	<u>2007</u>	<u>2006</u>
Current Liabilities:		
Vendors payable	\$ 685,533	\$ 377,204
Due to other governments	21,527	
Salaries and benefits payable	<u>92,417</u>	<u>83,918</u>
	<u>799,477</u>	<u>461,122</u>
Liabilities Payable from Restricted Assets:		
Accrued interest	19,913	23,407
Due to other governments		<u>3,398</u>
	<u>19,913</u>	<u>26,805</u>
Total	<u>\$ 819,390</u>	<u>\$ 487,927</u>

9. LEASE COMMITMENTS AND SHORT-TERM DEBT

9.A. Lease Commitments

Operating Lease Obligations

Beginning October 1, 2000 the District entered into a lease agreement with CALTIM, LTD., a Texas Limited Partnership, to lease space in the Four Corners Shopping Center located in Lake Jackson, Texas. The District is using the space for community education classes. The initial lease period is for five years ending on September 30, 2005.

Under this lease, the District is granted the option to extend the term of this lease for three (3) additional periods of three (3) years each, commencing on the date immediately following the expiration of the initial lease term. The District must give written notice of its exercise of the option at least one hundred and twenty (120) days prior to the expiration of the initial lease term. The monthly rent during the extended lease periods will be \$ 7,933 for the first option term, \$ 8,553 for the second option term, and \$ 9,297 for the third option term. On July 27, 2000, this lease was amended to include an increase of \$ 400 per month for the entire initial term, the first option term, and a portion of the second option term, totaling one hundred and twenty (120) months.

On July 14, 2005, the District exercised its option, in writing, extending the lease term through September 30, 2008.

The District paid \$ 126,975 and \$ 94,051 as rent expense for the years ended August 31, 2007 and 2006.

Beginning February 1, 2003 the District entered into a lease agreement with Beacroft, Bass and Beacroft Et Al, to lease space located in Freeport, Texas. The initial lease period is for five years ending on January 31, 2008. The District paid \$ 21,732 as rent expense for the years ended August 31, 2007 and 2006.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

9. LEASE COMMITMENTS AND SHORT-TERM DEBT (Continued)

9.A. Lease Commitments (Continued)

Under this lease, the District is granted the option to terminate the lease at any time after the thirty-sixth (36) month of the term, provided the District provides written notice no less than ninety (90) days prior to the date of termination. A termination fee is associated with this termination option, which decreases each month from February 2006 (\$ 27,545) to January 2008 (\$ 1,249).

On August 31, 2003, this lease was amended to reduce the base rent amount from \$ 3,070 to \$ 1,811 with the payment of \$ 56,125 of leasehold improvements.

The District also leases storage facilities on a month-to-month basis. The District paid \$ 6,000 as rent expense for the years ended August 31, 2007 and 2006.

Future, minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2007 and 2006 were as follows:

<u>Year Ended August 31,</u>	<u>Minimum Future Lease Payments</u>	
	<u>2007</u>	<u>2006</u>
2007	\$	\$ 121,733
2008	109,056	109,056
2009	<u>8,333</u>	<u>8,333</u>
Total	<u>\$ 117,389</u>	<u>\$ 239,122</u>

9.B. Short-Term Debt

The District had and incurred no short-term debt at and for the years ended August 31, 2007 and 2006.

10. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the years ended August 31, 2007 and 2006:

<u>August 31, 2007</u>	<u>Balance</u> <u>September 1,</u> <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31,</u> <u>2007</u>	<u>Current</u> <u>Portion</u>
Long-Term Debt:					
Revenue bonds	\$ 10,730,000	\$ 6,936,888	\$ 7,005,000	\$ 10,661,888	\$ 525,000
Compensated absences	<u>151,237</u>	<u>39,026</u>	<u>24,675</u>	<u>165,588</u>	<u>45,000</u>
Total	<u>\$ 10,881,237</u>	<u>\$ 6,975,914</u>	<u>\$ 7,029,675</u>	<u>\$ 10,827,476</u>	<u>\$ 570,000</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

10. LONG-TERM DEBT (Continued)

<u>August 31, 2006</u>	<u>Balance September 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2006</u>	<u>Current Portion</u>
Long-Term Debt:					
Revenue bonds	\$ 11,200,000	\$	\$ 470,000	\$ 10,730,000	\$ 495,000
Compensated absences	<u>149,466</u>	<u>38,059</u>	<u>36,288</u>	<u>151,237</u>	<u>38,000</u>
Total	<u>\$ 11,349,466</u>	<u>\$ 38,059</u>	<u>\$ 506,288</u>	<u>\$ 10,881,237</u>	<u>\$ 533,000</u>

See Note 1.K. for additional information about compensated absences payable.

General information related to revenue bonds payable as of August 31, 2007 and 2006 is summarized below:

	<u>2007</u>	<u>2006</u>
Combined Fee Revenue Bonds, Series 2001, issued to construct a Child Care/Development Center and Corporate Learning Center. Issued January 1, 2001 for \$ 8,000,000; all authorized bonds have been issued. Interest rates range from 4.80% to 7.00% over the term on the bonds. The source of revenues for debt service are the building fee, the corporate training fee, the pledged tuition fee and the registration fee.	\$ 1,870,000	\$ 6,370,000
Combined Fee Revenue Bonds, Series 2002, issued to pay for the costs of construction of new buildings on campus. Issued July 24, 2002 for \$ 5,000,000; all authorized bonds have been issued. Interest rates range from 4.20% to 5.25% over the term of the bonds. The sources for debt service are the registration fee, pledged tuition fee, building fee, and corporate learning fee.	1,855,000	4,360,000
Combined Fee Revenue Refunding Bonds, Series 2006, issued to refund \$ 6,510,000 in existing Combined Fee Revenue Bonds, Series 2001 (\$ 4,190,000) and Combined Fee Revenue Bonds, Series 2002 (\$ 2,320,000). Issued November 28, 2006 for \$ 6,885,000: all authorized bonds have been issued. Interest rate is 4.00% over the term of the bonds. The sources for debt service are the registration fee, pledged tuition fee, building fee, and corporate learning fee.	<u>6,885,000</u>	<u> </u>
	<u>\$ 10,610,000</u>	<u>\$ 10,730,000</u>

The \$ 51,888 difference between the bonds outstanding at August 31, 2007 of \$ 10,661,888 and the bond principal requirements of \$ 10,610,000 represents the amount of capital appreciation bonds to be accreted as interest over the life of these bonds.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

10. LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity for bonded debt as of August 31, 2007 are as follows:

For the Year Ended August 31,	Series 2001		Series 2002	
	Principal	Interest	Principal	Interest
2008	\$ 330,000	\$ 92,295	\$ 195,000	\$ 86,560
2009	355,000	75,795	205,000	76,420
2010	375,000	58,045	210,000	66,170
2011	395,000	39,295	225,000	55,670
2012	415,000	20,335	240,000	44,420
2013-2017			780,000	70,080
2018-2022				
Total	<u>\$ 1,870,000</u>	<u>\$ 285,765</u>	<u>\$ 1,855,000</u>	<u>\$ 399,320</u>

For the Year Ended August 31,	Series 2006		Total	
	Principal	Interest	Principal	Interest
2008	\$	\$ 275,400	\$ 525,000	\$ 454,255
2009		275,400	560,000	427,615
2010		275,400	585,000	399,615
2011	20,000	275,400	640,000	370,365
2012	50,000	274,600	705,000	339,355
2013-2017	3,230,000	1,148,800	4,010,000	1,218,880
2018-2022	<u>3,585,000</u>	<u>365,000</u>	<u>3,585,000</u>	<u>365,000</u>
Total	<u>\$ 6,885,000</u>	<u>\$ 2,890,000</u>	<u>\$ 10,610,000</u>	<u>\$ 3,575,085</u>

Debt Issuances and Defeased Debt

During the year ended August 31, 2007, the District issued \$ 6,885,000 in Combined Fee Revenue Refunding Bonds, Series 2006 for refunding of previously issued outstanding bonds, \$ 4,190,000 Combined Fee Revenue Bonds, Series 2001, and \$ 2,320,000 Combined Fee Revenue Bonds, Series 2002. The District placed the proceeds of the refunding bond in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$ 231,800. The economic gain resulting from the transaction was \$ 205,753. The outstanding balance of these defeased bonds at August 31, 2007 was \$ 6,510,000 and the balance held in escrow was \$ 6,832,346.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

11. EMPLOYEE RETIREMENT PLANS

11.A. Teacher Retirement System

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the District participates is administered by the Teacher Retirement System of Texas (TRS). The percentages of participant salaries currently contributed by the state and by each participant are 6% and 6.4% respectively, of annual compensation. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% on the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS on behalf of Brazosport College District employees for the years ended August 31, 2007 and 2006 was \$ 355,951 and \$ 317,032, respectively. The District's total payroll for the years ended August 31, 2007 and 2006 was \$ 12,821,813 and \$ 12,272,138 of which \$ 6,793,691 and \$ 6,118,469 was covered payroll for this plan, respectively.

The Teacher Retirement System does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature.

The state 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 Teacher 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% and 6.65% respectively. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

11.B. Optional Retirement System

Brazosport College District's full-time employees and administrators as defined in accordance with Texas Civil Statutes, Title 110B, Section 31.001, Subdivision (8), Revised Statutes, as amended are eligible to participate in the Optional Retirement Program (ORP). By statute, the State of Texas contributes to the retirement program an amount equal to the current authorized rates times the aggregate annual compensation of all members of the retirement program during that fiscal year. Member benefits in the ORP vest after one year of participation in one or more optional retirement plans operating in one or more institutions of higher education in Texas.

The State of Texas contribution rate is 6% for fiscal years 2005-2006 and 2006-2007 with a 1.31% supplement for those participating on August 31, 1995 or before which is paid by the District. Member contribution rate was 6.65% for fiscal years 2005-2006 and 2006-2007. These rates are set by state statutes. The contribution requirement of the fiscal years ended August 31, 2007 and 2006 for the District was \$ 654,017 and \$ 622,123, which consisted of \$ 284,000 and \$ 273,371 from the state, \$ 42,851 and \$ 41,153 from the District, and \$ 327,159 and \$ 307,599 from the employees, respectively. The District's total payroll for the years ended August 31, 2007 and 2006 was \$ 12,821,813 and \$ 12,272,138 of which \$ 4,738,469 and \$ 4,625,548 was covered payroll for this plan, respectively.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

11. EMPLOYEE RETIREMENT PLANS (Continued)

11.C. Teachers Insurance Annuity Association/College Retirement Equities Fund

Brazosport College District's part-time employees are eligible to participate in the Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF). The member contribution rate was 6% for fiscal years 2005-2006, and 2006-2007. The District's contribution rate was 1.5% for the same period. The contribution requirement of the fiscal years ended August 31, 2007 and 2006 was \$ 17,300 and \$ 21,010 from the District and \$ 69,200 and \$ 84,036 from the employees, respectively. The District's total payroll for the years ended August 31, 2007 and 2006 was \$ 12,821,813 and \$ 12,272,138 of which \$ 1,153,263 and \$ 1,400,599 was covered payroll for this plan, respectively.

12. DEFERRED COMPENSATION PROGRAM

District 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.

13. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee varied based upon coverage category. Monthly contributions for the year ended August 31, 2007 was \$ 360.54 for "Employee Only" coverage, \$ 566.57 for "Employee and Spouse" coverage, \$ 498.49 for "Employee and Children" coverage, and \$ 704.52 for "Employee and Family" coverage. The cost of providing those benefits for 55 retirees was \$ 319,579 and for 228 active employees was \$ 932,499. For the year ended August 31, 2006 the state contribution was limited to \$ 1,252,076. Monthly contributions for the year ended August 31, 2006 was \$ 343.48 for "Employee Only" coverage, \$ 539.70 for "Employee and Spouse" coverage, \$ 474.86 for "Employee and Children" coverage, and \$ 671.08 for "Employee and Family" coverage. The cost of providing those benefits for 62 retirees was \$ 306,225 and for 247 active employees was \$ 879,681. For the year ended August 31, 2006 the state contribution was limited to \$ 1,185,906.

14. ON-BEHALF PAYMENTS

The State of Texas provided on-behalf payments for the following benefits for the years ended August 31, 2007 and 2006:

	2007	2006
Teacher Retirement System	\$ 355,951	\$ 317,032
Optional Retirement Program (ORP)	284,000	273,371
Post retirement health care and life insurance benefits	1,252,076	1,185,906
Total	\$ 1,892,027	\$ 1,776,309

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

15. OPERATING LEASE REVENUES

Brazosport College District is the lessor of various properties and rights under operating leases as follows:

1. The District leases land described as Lot #3, block #13, Davidson's Slater Place, Pecan Park Subdivision, Richwood, Texas, to Joseph Garrett for the fee of \$ 1.00 annually. The lease began February 27, 1995 and is renewed annually and expires on February 18, 2008.
2. Beginning April 18, 2003 the District entered into a lease agreement with Texas Book Company to lease the bookstore for 8.5% of gross sales up to \$ 2,000,000, plus 10% of gross sales over \$ 2,000,000, but not less than \$ 100,000 annually. The District provides utilities, furniture and equipment, and maintenance of facilities while the lessee provides maintenance of furniture and equipment and specified insurance coverage. On August 21, 2006, the District approved modifications to the existing agreement, which calls for the Texas Book Company to commit up to \$ 90,000 for bookstore renovations and to provide a \$ 10,000 contribution to the District. The new agreement will be for seven years from May 1, 2007 to April 30, 2014. Upon completion of the renewal term, the lease shall automatically self-renew for three years under the same provisions. The District received \$ 120,302 and \$ 123,768 in lease income for the years ended August 31, 2007 and 2006.
3. Beginning January 20, 1999 the District entered into a lease agreement with Tommy's to lease the cafeteria for 3% of net sales (gross sales less sales taxes), but not less than \$ 400 monthly. The District provides utilities, specified furniture and equipment, and maintenance of facilities and the lessee provides maintenance of furniture and equipment, specified insurance coverage, inventory and business licenses and permits. Lessee agrees to comply with all applicable laws. The lease began on January 20, 1999 and was renewed on May 1, 2000 and April 19, 2004 and is effective until April 30, 2009. The District received \$ 15,769 and \$ 9,810 of lease income on this contract for the years ended August 31, 2007 and 2006.

16. CONTRACTS 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 2. Revenues are recognized on Exhibit 2 as funds are actually expended. For federal and state contract and grant awards, funds expended, but not collected, are reported as Federal and State Receivables on Exhibit 1. Non-federal and state contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the District has not yet performed services are not included in the financial statements.

17. RELATED PARTIES

The Brazosport College Foundation is a nonprofit organization with the sole purpose of supporting the educational activities of the District. The Foundation solicits donations and raises money to fund future scholarships and building projects. During the years ended August 31, 2007 and 2006 the Foundation raised \$ 1,582,890 and \$ 131,106 in gifts with related expenses of \$ 9,432 and \$ 10,569, excluding investment earnings and expenses, respectively. During the year ended August 31, 2007 and 2006 the Foundation gave \$ 641,578 and \$ 1,037,753 in gifts and grants to the District. The District has agreed to allow various employees to perform administrative services for the Foundation at no cost to the Foundation.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

18. INCOME TAXES

The District 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, 2007 and 2006.

19. RISK MANAGEMENT AND CONTINGENT LIABILITIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for these types of risks. There have been no significant changes in insurance coverage, and no settlements have significantly exceeded insurance coverage for the years ended August 31, 2007 and 2006.

The District is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the District at August 31, 2007 and 2006.

20. PRIOR PERIOD ADJUSTMENTS

Restatement of Error

During the year ended August 31, 2007, certain errors resulting in the overstatement of previously reported cash, in the amount of \$ 86,709 as of August 31, 2006, were discovered by management of the District. This error resulted in the overstatement of unrestricted net assets at August 31, 2006, by the same amount. The error occurred in the performance of bank reconciliations during the year ended August 31, 2006. The following is a summary of the changes in revenues, expenses, operating income (loss), and increase in net assets for the year ended August 31, 2006.

	For the Year Ended August 31, 2006		
	Restated	Previously Reported	Understated (Overstated)
Revenues:			
Operating Revenues:			
Other operating revenues	\$ 454,560	\$ 457,657	\$(3,097)
Expenses:			
Operating Expenses:			
Instruction	11,718,100	11,667,924	50,176
Public service	162,294	162,236	58
Academic support	1,286,939	1,281,738	5,201
Student services	1,811,756	1,803,504	8,252
Institutional support	4,048,511	4,031,345	17,166
Operation and maintenance of plant	2,072,024	2,069,265	<u>2,759</u>
			<u>83,612</u>
Understatement of operating loss and overstatement of increase in net assets			<u>\$ 86,709</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2007 AND 2006

21. PRIOR PERIOD ADJUSTMENTS (Continued)

Reclassifications

During the year ended August 31, 2007, the District realigned departments in relation to functional categories. This resulted from changes in the nature of the expenses within certain departments, which management believed would be more accurately be reported within different functional categories. Due to this realignment of functional expenses, the same realignment of departments was performed for the year ended August 31, 2006, for comparative purposes. These reclassifications did not affect operating income (loss) or increase in net assets.

Other reclassifications have been made to the financial statements for the year ended August 31, 2006 to provide for comparability, however, the nature and descriptions of the accounts were not changed.

21. SUBSEQUENT EVENTS

On November 6, 2007, the voters of the Brazosport College District approved \$ 70 million of General Obligation Bonds to be funded by debt service property taxes. This is to fund the construction of new buildings and improvements based on the Master Plan.

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SUPPLEMENTAL SCHEDULES

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2007
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

SCHEDULE A
Page 1 of 2

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total Year Ended August 31, 2007</u>	<u>Total Year Ended August 31, 2006 Restated</u>
TUITION AND FEES:						
Tuition:						
State Funded Courses:						
In-district resident tuition	\$ 1,261,083	\$	\$ 1,261,083	\$	\$ 1,261,083	\$ 1,341,605
Out-of-district resident tuition	1,325,639		1,325,639		1,325,639	1,266,694
TPEG (set aside)*		127,249	127,249		127,249	128,270
Non-resident tuition	51,265		51,265		51,265	43,446
Non-state funded continuing education	<u>2,266,059</u>		<u>2,266,059</u>		<u>2,266,059</u>	<u>2,429,047</u>
Total tuition	<u>4,904,046</u>	<u>127,249</u>	<u>5,031,295</u>	<u>-0-</u>	<u>5,031,295</u>	<u>5,209,062</u>
Fees:						
General fee	401,687		401,687	55,668	457,355	343,836
Student service fee			-0-	91,802	91,802	87,461
Out-of-district fees			-0-		-0-	-0-
Laboratory fee	197,490		197,490		197,490	189,746
Building use fee	676,507		676,507		676,507	670,021
Internet fee			-0-		-0-	-0-
Total fees	<u>1,275,684</u>	<u>-0-</u>	<u>1,275,684</u>	<u>147,470</u>	<u>1,423,154</u>	<u>1,291,064</u>
Scholarship Allowances and Discounts:						
Scholarship allowances	(102,082)		(102,082)		(102,082)	(103,012)
Remissions and exemptions	(17,086)		(17,086)		(17,086)	(16,710)
TPEG allowances	(83,021)		(83,021)		(83,021)	(74,580)
Federal grants to students	(192,835)		(192,835)		(192,835)	(249,279)
Other	<u>(20,487)</u>		<u>(20,487)</u>		<u>(20,487)</u>	<u>(17,562)</u>
Total scholarship allowances and discounts	<u>(415,511)</u>	<u>-0-</u>	<u>(415,511)</u>	<u>-0-</u>	<u>(415,511)</u>	<u>(461,143)</u>
Net tuition and fees	<u>5,764,219</u>	<u>127,249</u>	<u>5,891,468</u>	<u>147,470</u>	<u>6,038,938</u>	<u>6,038,983</u>

BRAZOSPORT COLLEGE DISTRICT*SCHEDULE OF OPERATING REVENUES - Continued*

FOR THE YEAR ENDED AUGUST 31, 2007

(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

SCHEDULE A

Page 2 of 2

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total Year Ended August 31, 2007	Total Year Ended August 31, 2006 Restated
ADDITIONAL OPERATING REVENUES:						
Federal grants and contracts	\$ 1,364	\$ 2,191,337	\$ 2,192,701	\$	\$ 2,192,701	\$ 2,727,110
State grants and contracts		112,198	112,198		112,198	340,049
Local grants and contracts		96,084	96,084		96,084	13,451
Nongovernmental grants and contracts	108,458	5,545	114,003		114,003	90,333
Sales and services of educational activities	310,357	3,353	313,710	22,507	336,217	409,831
Other operating revenues	<u>473,422</u>		<u>473,422</u>		<u>473,422</u>	<u>454,560</u>
Total other operating revenues	<u>893,601</u>	<u>2,408,517</u>	<u>3,302,118</u>	<u>22,507</u>	<u>3,324,625</u>	<u>4,035,334</u>
AUXILIARY ENTERPRISES:						
Bookstore			-0-	120,302	120,302	123,768
Total auxiliary enterprises	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>120,302</u>	<u>120,302</u>	<u>123,768</u>
Total operating revenues	<u>\$ 6,657,820</u>	<u>\$ 2,535,766</u>	<u>\$ 9,193,586</u>	<u>\$ 290,279</u>	<u>\$ 9,483,865</u> (Exhibit 2)	<u>\$ 10,198,085</u> (Exhibit 2)

* In accordance with Education Code 56.033, \$ 127,249 and \$ 128,270 for years ended August 31, 2007 and 2006, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

BRAZOSPORT COLLEGE DISTRICT**SCHEDULE OF OPERATING EXPENSES BY OBJECT****FOR THE YEAR ENDED AUGUST 31, 2007****(WITH MEMORANDUM TOTAL FOR THE YEAR ENDED AUGUST 31, 2006)****SCHEDULE B****Page 1 of 1**

	Operating Expenses				Total Year Ended August 31, 2007	Total Year Ended August 31, 2006 Restated
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted Educational Activities:						
Instruction	\$ 7,615,621	\$	\$ 363,895	\$ 2,234,191	\$ 10,213,707	\$ 10,429,061
Public services	62,670		9,357	3,607	75,634	78,495
Academic support	798,381		39,281	404,750	1,242,412	1,170,714
Student services	1,134,452		55,820	246,170	1,436,442	1,340,711
Institutional support	2,468,931		121,461	1,329,310	3,919,702	3,587,689
Operation and maintenance of plant	384,678		257,215	1,734,213	2,376,106	2,072,024
Scholarship and fellowships				204,730	204,730	200,515
Total unrestricted educational activities	<u>12,464,733</u>	<u>-0-</u>	<u>847,029</u>	<u>6,156,971</u>	<u>19,468,733</u>	<u>18,879,209</u>
Restricted Educational Activities:						
Instruction	\$ 166,086	\$ 1,153,758	\$ 13,200	\$ 223,680	\$ 1,556,724	\$ 1,706,595
Public services	55,965		7,985	21,962	85,912	83,799
Academic support	35,254	133,955		31,125	200,334	116,225
Student services	10,753	190,149	644	9,070	210,616	282,753
Institutional support	5,757	414,165	952	82,670	503,544	458,757
Operation and maintenance of plant					-0-	-0-
Scholarship and fellowships				1,608,983	1,608,983	1,962,393
Total restricted educational activities	<u>273,815</u>	<u>1,892,027</u>	<u>22,781</u>	<u>1,977,490</u>	<u>4,166,113</u>	<u>4,610,522</u>
Total educational activities	12,738,548	1,892,027	869,810	8,134,461	23,634,846	23,489,731
Auxiliary enterprises	83,265		7,663	196,558	287,486	257,039
Depreciation Expense:						
Buildings and other real estate				1,070,209	1,070,209	1,109,072
Equipment and furniture				345,275	345,275	322,720
Library books				88,964	88,964	85,912
Total operating expenses	<u>\$ 12,821,813</u>	<u>\$ 1,892,027</u>	<u>\$ 877,473</u>	<u>\$ 9,835,467</u>	<u>\$ 25,426,780</u> (Exhibit 2)	<u>\$ 25,264,474</u> (Exhibit 2)

BRAZOSPORT COLLEGE DISTRICT**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**

FOR THE YEAR ENDED AUGUST 31, 2007

(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

SCHEDULE C

Page 1 of 1

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>Total Year Ended August 31, 2007</u>	<u>Total Year Ended August 31, 2006</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 6,088,991	\$	\$	\$ 6,088,991	\$ 6,088,993
State group insurance		1,252,076		1,252,076	1,185,906
State retirement matching		<u>639,951</u>		<u>639,951</u>	<u>590,403</u>
Total state appropriations	6,088,991	1,892,027	-0-	7,981,018	7,865,302
Maintenance ad valorem taxes	7,868,247			7,868,247	7,145,092
Investment income (net of fees)	340,979	103,014	224	444,217	469,123
Increase (decrease) in value of investments	93,496	61,822		155,318	(93,733)
Gain on sale of investments		295,442		295,442	247,084
Contributions in aid of construction	<u>599,200</u>			<u>599,200</u>	<u>1,034,278</u>
Total non-operating revenue	<u>14,990,913</u>	<u>2,352,305</u>	<u>224</u>	<u>17,343,442</u>	<u>16,667,146</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	<u>428,647</u>			<u>428,647</u>	<u>569,195</u>
Total non-operating expenses	<u>428,647</u>	<u>-0-</u>	<u>-0-</u>	<u>428,647</u>	<u>569,195</u>
Net non-operating revenues (expenses)	<u>\$ 14,562,266</u>	<u>\$ 2,352,305</u>	<u>\$ 224</u>	<u>\$ 16,914,795</u> (Exhibit 2)	<u>\$ 16,097,951</u> (Exhibit 2)

BRAZOSPORT COLLEGE DISTRICT

**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
FOR THE YEAR ENDED AUGUST 31, 2007**

(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

SCHEDULE D

Page 1 of 1

	Detail by Source				Total
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	
		Expendable	Non- Expendable		
Current:					
Unrestricted	\$ 2,487,343	\$	\$	\$	\$ 2,487,343
Board designated	74,097				74,097
Restricted		219,190			219,190
Auxiliary enterprises	647,301				647,301
Loan	7,851				7,851
Endowment:					
Quasi:					
Unrestricted	3,460,875				3,460,875
Endowment:					
True		569,353	2,455,062		3,024,415
Plant:					
Debt service		568,276			568,276
Investment in plant				27,547,988	27,547,988
Total net assets, August 31, 2007	6,677,467	1,356,819	2,455,062	27,547,988	38,037,336 (Exhibit 1)
Total net assets, August 31, 2006 (Restated)	7,664,959	1,166,246	2,220,842	25,830,108	36,882,155 (Exhibit 1)
Net increase (decrease) in net assets	\$ (987,492)	\$ 190,573	\$ 234,220	\$ 1,717,880	\$ 1,155,181 (Exhibit 2)

Available for
Current Operations

<u>Yes</u>	<u>No</u>
\$ 2,487,343	\$ 74,097
219,190	7,851
647,301	3,460,875
569,353	2,455,062
<u> </u>	568,276
3,923,187	<u>27,547,988</u>
<u>4,695,686</u>	34,114,149
<u>4,695,686</u>	<u>32,186,469</u>
\$(<u>772,499</u>)	<u>\$ 1,927,680</u>

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FEDERAL AND STATE AWARD SECTION

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KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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Lake Jackson, Texas 77566
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Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

November 12, 2007

Board of Regents
Brazosport College District
Lake Jackson, Texas 77566

We have audited the financial statements of the business-type activities and the discretely presented component unit of Brazosport College District (the "District") as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs (Item 07-01) to be a significant deficiency in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, we consider item 07-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated November 12, 2007.

This report is intended solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kennebec, Masters & Hunford, LLC

KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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Independent Auditor's Report

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

November 12, 2007

Board of Regents
Brazosport College District
Lake Jackson, Texas 77566

Compliance

We have audited the compliance of Brazosport College District (the "District"), 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, 2007. The District's major federal programs are identified in the summary of auditor's 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Non-Profit 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 the District'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 the District's compliance with those requirements.

In our opinion, the District, 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, 2007.

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Internal Control over Compliance

The management of the District 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 the District'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kerremeyer, Masters & Hunzford, LLC

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
2. One significant internal control deficiency (Item 07-1), which was considered a material weakness, that is required to be reported in this schedule was disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control deficiencies that are required to be reported in this schedule were disclosed in the audit of major programs.
5. Type of auditor's report on compliance for major programs: Unqualified.
6. Did the audit disclose findings, which are required to be reported under Sec. 5 I O (a): No.
7. Major programs include:
Federal/(Cluster):
 - CFDA# 84.063 Pell Grant Program.
 - CFDA# 84.032 Federal Family Education Loan Program.
 - CFDA# 84.375 Academic Competitiveness Grant
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000.
9. Low Risk Auditee: Yes.

II. Findings related to the financial statements.

1. Schedule Reference Number 07-1: Significant control deficiency in internal control over financial reporting. Bank reconciliations were performed incorrectly during the years ended August 31, 2007 and 2006 and were not detected by management of the District until the performance of analytical procedures for the year ended August 31, 2007. These errors resulted in the overstatement of cash and unrestricted net assets at August 31, 2006, in the amount of \$86,709, and required adjustments totaling \$ 56,323 to revenues and expenses for the year ended August 31, 2007.

Criteria: Procedures should be in place to ensure that adequate control of the general ledger and subsequent financial reporting is maintained on a current basis.

Deficiency Found: The District discovered errors in the bank reconciliations during the years ended August 31, 2007 and 2006, which resulted in material differences in financial reporting. Internal controls over the reconciliation of cash and the subsequent review of cash reconciliations failed to be performed as designed.

Questioned costs/basis: None

Instances/universe: The condition was found during the analytical review of revenues during the year ended August 31, 2007.

II. Findings related to the financial statements - Continued

1. Schedule Reference Number 07-1 -Continued

Effect: These errors required the restatement of the August 31, 2006 financial statements and adjustments to revenues and expenses for the year ended August 31, 2007.

Recommendations: This deficiency is reported as a result of the District's failure to adequately perform and review routine reconciliations of a bank account, which subsequently affected control of the general ledger and the accuracy of financial reporting. We believe that the established procedures over the performance and review of reconciliations are adequate. However, performance and review of these established procedures must be given a higher priority. We recommend that difficulties encountered with the bank reconciliations be considered in evaluating the assignment of these responsibilities to qualified personnel. Further, we recommend that the review of these and other reconciliation controls not only be performed by the internal audit function, but, monitored for both timing and accuracy by management within the Business Office.

Total Questioned Costs: \$ -0-.

III. Findings and questioned costs related to the federal awards.

None.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2007

Schedule Reference Number 06-1: Return of Title IV funds (Student Loan Program (FFELP) CFDA No. 34.032. The District did not return Title IV program funds within 45 days after the date of determination of withdrawal for four students.

Corrective Action Taken: The District put in place additional procedures for reconciling funds received and disbursed to accounting records on a timely basis. The District examines its accounting details on a student-by-student basis to identify any discrepancies in reporting. The results of the current year audit disclosed no repeat of this finding.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2007

Schedule Reference Number 07-1: Significant control deficiency in internal control over financial reporting. Bank reconciliations were performed incorrectly during the years ended August 31, 2007 and 2006 and were not detected by management of the District until the performance of analytical procedures for the year ended August 31, 2007. These errors resulted in the overstatement of cash and unrestricted net assets at August 31, 2006, in the amount of \$ 86,709, and required adjustments totaling \$ 56,323 to revenues and expenses for the year ended August 31, 2007.

Corrective Action Plan: Brazosport College has developed a corrective action plan to prevent future problems and improve the process. The bank reconciliation in question has been reassigned to staff that has been trained to prepare each monthly bank reconciliation in a proper and timely manner. After each bank reconciliation is complete, it is submitted to the Director of Business Services for review in addition to being reviewed by the Internal Auditor. New processes have also been developed for recording information to the general ledger on a timely basis that is also more current than in the past. The Director of Business Services will communicate monthly to the Dean of Administrative and Business Services the current status of all bank reconciliations. The Director of Business Services, Ginger Wooster, will be responsible for enactment of this planned corrective action.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT E
Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
Title V	84.031	P031S010010-05	\$ <u>164,361</u>
Student loan program – FFELP	84.032	007287	<u>224,437</u>
Pell Grant program	84.063	P063P042911	<u>1,340,250</u>
Academic Competitiveness Program	84.375	P375A062911	<u>15,350</u>
Childcare	84.335	P335A020096-03	<u>1,447</u>
Passed Through From:			
Texas Education Agency:			
Adult Basic Education Programs:			
El Civics	84.002	0741000871101697	97,306
El Civics	84.002	084100087110238	<u>8,839</u>
			<u>106,145</u>
Region IV Education Service Center:			
ABE-COOP ESL	84.002	074100017110127	70,219
ABE-COOP ESL	84.002	084100017110208	6,677
ABE-COOP GED/TANFF	93.558	073625017110117	10,234
ABE-COOP GED/TANFF	93.558	063625017110116	<u>3,366</u>
Subtotal Adult Basic Education			<u>90,496</u>
Passed Through From:			
Texas Higher Education Coordinating Board:			
Vocational Education - Basic Grants	84.048	54207	<u>144,897</u>
Student Leveraging Education Assistance Partnership	84.069	007287	<u>2,661</u>
Leveraging Education Assistance Partnership	84.069	007287	<u>4,490</u>
North Harris Montgomery Community College:			
Vocational Education - Tech Prep	84.243	71713	<u>3,700</u>
Total U.S. Department of Education			<u>2,098,234</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through From Brazoria County:			
Community Development Block Grant	14.218	007287	<u>10,496</u>
<u>U.S. Small Business Administration</u>			
Passed Through From:			
University of Houston Small Business Development Center:			
Brazos SBDC Programs (Note 3)	59.037	6-603001-Z-0047-22	7,833
Brazos SBDC Programs (Note 3)	59.037	7-603001-Z-0047-23	<u>74,774</u>
Total U.S. Small Business Administration			<u>82,607</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,191,337</u>

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT E
 Page 2 of 2

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues – per Exhibit 2:	
Federal grants and contracts	\$ 2,192,701
Reconciling Items:	
In lieu of property tax on federal land	(1,364)
Total pass-through and expenditures per federal schedule	<u>\$ 2,191,337</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The expenditures included in the schedule are reported for the college’s fiscal years ended August 31, 2007 and 2006. 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 purposes 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 basic 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 - MATCHING EXPENDITURES

The Small Business Development (SBDC) program requires local matching expenditures. The District accounts for these expenditures within the Unrestricted Funds. Matching expenditures for the years ended August 31, 2007 and 2006 were as follows:

	Federal CFDA Number	Pass -Through Grantor's Number	Program Matching Required	Direct Matching Expenditures		
				Years Ended August 31,		Total
				2007	2006	
SBDC Program (10-01-05/09-30-06)	59.037	6-603001-Z-0047-22	\$ 94,721	\$ 9,604	\$ 85,481	\$ 95,085
SBDC Program (10-01-06/09-30-07)	59.037	7-603001-Z-0047-23	96,198	<u>91,543</u>		<u>91,543</u>
				<u>\$ 101,147</u>	<u>\$ 85,481</u>	<u>\$ 186,628</u>

NOTE 4 - INDIRECT COST

The District did not receive reimbursement for indirect costs during the year ended August 31, 2007. Indirect costs are allowed as part of the Small Business Development program matching expenditures, however, none are reimbursed.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT F
Page 1 of 1

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordination Board Direct:		
Work Study Program	007287	\$ 7,807
Texas B-On-Time Loan Program	007287	713
Texas Grant Program	007287	59,535
Texas Education Opportunity Grant Program	007287	<u>10,290</u>
Total Texas Higher Education Coordinating Board		<u>78,345</u>
Texas Education Agency:		
Passed Through Austin Community College VCT Grant Program	N/A	<u>7,872</u>
Texas Education Agency:		
Passed Through Region IV Education Service Center:		
Adult Basic Education	070100017110127	18,900
Adult Basic Education-GED/TANF	070110017110117	<u>5,729</u>
Total Region IV Education Service Center		<u>24,629</u>
Texas Workforce Commission:		
Direct:		
Skills Development Program	2805SDF001	<u>1,352</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 112,198</u>

NOTE 1 - STATE ASSISTANCE RECONCILIATION

State Revenues – per Exhibit 2:		
State grants and contracts		\$ 112,198
Reconciling Items:		
None		<u>-0-</u>
Expenditures per state schedule		<u>\$ 112,198</u>

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE

The accompanying schedule is presented using the accrual basis of accounting. See Note 1 to the financial statements for the District's significant accounting policies. These expenditures are reported on the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

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STATISTICAL SUPPLEMENTARY INFORMATION

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 1 -
NET ASSETS BY COMPONENT
 Fiscal Years 2002 to 2007
UNAUDITED
 (Amounts expressed in thousands)

	<u>For the Fiscal Year Ended</u>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Invested in capital assets, net of related debt	\$ 27,547	\$ 25,830	\$ 25,553	\$ 20,926
Restricted - expendable	1,357	1,165	968	886
Restricted - nonexpendable	2,455	2,221	2,144	1,974
Unrestricted	<u>6,678</u>	<u>7,752</u>	<u>7,175</u>	<u>10,902</u>
Total primary government net assets	<u>\$ 38,037</u>	<u>\$ 36,968</u>	<u>\$ 35,840</u>	<u>\$ 34,688</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

August 31, _____

2003 2002

\$	16,752	\$	13,126
	736		3,044
	3,099		2,856
	<u>10,177</u>		<u>13,716</u>

\$	<u>30,764</u>	\$	<u>32,742</u>
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BRAZOSPORT COLLEGE DISTRICT**STATISTICAL SUPPLEMENT 2 -****REVENUES BY SOURCE**

Fiscal Years 2002 to 2007

UNAUDITED

(Amounts expressed in thousands)

	For the Fiscal Year Ended			
	2007	2006	2005	2004
Tuition and fees (net of discounts)	\$ 6,039	\$ 6,039	\$ 5,247	\$ 5,515
Governmental Grants and Contracts:				
Federal grants and contracts	2,193	2,727	2,905	2,660
State grants and contracts	112	340	301	501
Local grants and contracts	96	13	14	4
Non-governmental grants and contracts	114	90	75	98
Sales and service of education activities	336	410	527	480
Auxiliary enterprises	120	124	119	115
Other operating revenues	474	455	505	419
Total operating revenues	9,484	10,198	9,693	9,792
State appropriations	7,981	7,865	7,041	7,118
Ad Valorem taxes	7,868	7,145	6,380	5,773
Gifts	599	1,034	2,026	2,000
Investment income	444	469	409	376
Other non-operating revenues	451	154	216	167
Total non-operating revenues	17,343	16,667	16,072	15,434
Total revenues	\$ 26,827	\$ 26,865	\$ 25,765	\$ 25,226

	For the Fiscal Year Ended			
	2007	2006	2005	2004
Tuition and fees (net of discounts)	22.51%	22.47%	20.36%	21.86%
Governmental Grants and Contracts:				
Federal grants and contracts	8.17%	10.15%	11.27%	10.54%
State grants and contracts	0.42%	1.27%	1.17%	1.99%
Local grants and contracts	0.36%	0.05%	0.05%	0.02%
Non-governmental grants and contracts	0.42%	0.33%	0.29%	0.39%
Sales and service of education activities	1.25%	1.52%	2.05%	1.90%
Auxiliary enterprises	0.45%	0.46%	0.46%	0.46%
Other operating revenues	1.77 %	1.71 %	1.97 %	1.66%
Total operating revenues	35.35%	37.96%	37.62%	38.82%
State appropriations	29.75%	29.28%	27.33%	28.22%
Ad Valorem taxes	29.33%	26.60%	24.76%	22.89%
Gifts	2.23%	3.85%	7.86%	7.93%
Investment income	1.66%	1.75%	1.59%	1.49%
Other non-operating revenues	1.68%	0.56%	0.84%	0.65%
Total non-operating revenues	64.65%	62.04%	62.38%	61.18%
Total revenues	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

August 31,	
<u>2003</u>	<u>2002</u>
\$ 4,412	\$ 5,067
2,360	1,759
376	305
15	
73	55
112	110
133	84
<u>349</u>	<u>28</u>
<u>7,830</u>	<u>7,408</u>
7,264	7,605
4,602	4,506
386	281
<u>186</u>	<u>31</u>
<u>12,438</u>	<u>12,423</u>
<u>\$ 20,268</u>	<u>\$ 19,831</u>

August 31,	
<u>2003</u>	<u>2002</u>
21.77%	25.55%
11.64%	8.87%
1.86%	1.54%
0.07%	0.00%
0.36%	0.28%
0.55%	0.55%
0.66%	0.42%
<u>1.72%</u>	<u>0.14%</u>
<u>38.63%</u>	<u>37.35%</u>
35.84%	38.35%
22.71%	22.72%
0.00%	0.00%
1.90%	1.42%
<u>0.92%</u>	<u>0.16%</u>
<u>61.37%</u>	<u>62.65%</u>
<u>100.00%</u>	<u>100.00%</u>

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 3 -
PROGRAM EXPENSES BY FUNCTION
Fiscal Years 2002 to 2007
UNAUDITED
(Amounts expressed in thousands)

	For the Fiscal Year Ended			
	2007	2006	2005	2004
Instruction	\$ 11,770	\$ 12,136	\$ 11,237	\$ 10,221
Public service	162	162	165	163
Academic support	1,443	1,287	1,037	893
Student services	1,647	1,623	1,729	1,732
Institutional support	4,423	4,046	3,647	3,480
Operation and maintenance of plant	2,376	2,072	1,774	1,562
Scholarships and fellowships	1,814	2,163	2,204	1,925
Auxiliary enterprises	288	257	72	60
Depreciation	1,504	1,518	1,207	1,025
Total operating revenues	25,427	25,264	23,072	21,061
Interest on capital related debt	429	569	597	623
Loss on disposal of fixed assets				
Total non-operating expenses	429	569	597	623
Total expenses	\$ 25,856	\$ 25,833	\$ 23,669	\$ 21,684

	For the Fiscal Year Ended			
	2007	2006	2005	2004
Instruction	45.52%	46.98%	47.48%	47.14%
Public support	0.63%	0.63%	0.70%	0.75%
Academic support	5.58%	4.98%	4.38%	4.12%
Student services	6.37%	6.28%	7.30%	7.99%
Institutional support	17.11%	15.66%	15.41%	16.05%
Operation and maintenance of plant	9.19%	8.02%	7.50%	7.20%
Scholarships and fellowships	7.02%	8.37%	9.31%	8.88%
Auxiliary enterprises	1.11%	0.99%	0.30%	0.28%
Depreciation	5.82%	5.89%	5.10%	4.73%
Total operating expenses	98.34%	97.80%	97.48%	97.13%
Interest on capital related debt	1.66%	2.20%	2.52%	2.87%
Loss on disposal of fixed assets	0.00%	0.00%	0.00 %	0.00 %
Total non-operating expenses	1.66%	2.20%	2.52%	2.87%
Total expenses	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

August 31,	
2003	2002
\$ 11,179	\$ 9,328
200	399
858	814
1,612	1,527
3,249	3,150
1,624	1,529
1,761	1,332
134	52
<u>972</u>	<u>740</u>
<u>21,589</u>	<u>18,871</u>
644	4
<u>644</u>	<u>4</u>
<u>\$ 22,233</u>	<u>\$ 18,875</u>

August 31,	
2003	2002
50.28%	49.42%
0.90%	2.11%
3.86%	4.31%
7.25%	8.09%
14.61%	16.69%
7.30%	8.10%
7.92%	7.06%
0.60%	0.28%
<u>4.37%</u>	<u>3.92%</u>
<u>97.10%</u>	<u>99.98%</u>
2.90%	0.02%
<u>0.00%</u>	<u>0.00%</u>
<u>2.90%</u>	<u>0.02%</u>
<u>100.00%</u>	<u>100.00%</u>

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 4 -
TUITION AND FEES
 Last Ten Academic Years
UNAUDITED
 (Fees per Semester Credit Hour (SCH))

Resident											
Academic Year (Fall)	Registration Fee	In-District Tuition	Out-of-District Tuition	Building Fees	Student Service Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District		
2007	\$ --	\$ 28	\$ 49	\$ 9	\$ 8	\$ 519	\$ 771	13.07%	8.44%		
2006	--	28	49	9	8	459	711	11.68%	15.61%		
2005	--	24	41	9	8	411	615	0.00%	0.00%		
2004	--	24	41	9	8	411	615	31.31%	34.57%		
2003	10	20	32	4	8	313	457	13.00%	8.55%		
2002	10	17	29	4	8	277	421	0.00%	0.00%		
2001	10	17	29	4	8	277	421	20.96%	34.50%		
2000	10	17	24	--	8	229	313	18.65%	23.72%		
1999	10	14	19	--	8	193	253	0.00%	0.00%		
1998	10	14	19	--	8	193	253	0.00%	0.00%		

Non-Resident											
Academic Year (Fall)	Registration Fee	Non-Resident Tuition Out-of-State	Non-Resident Tuition Inter-national	Building Fees	Student Service Fees	Cost for 12 SCH Out-of-State	Cost for 12 SCH Inter-national	Increase from Prior Year Out-of-State	Increase from Prior Year Inter-national		
2007	\$ --	\$ 96	\$ 96	\$ 9	\$ 8	\$ 1,335	\$ 1,335	4.71%	4.71%		
2006	--	96	96	9	8	1,275	1,275	8.14%	8.14%		
2005	--	88	88	9	8	1,179	1,179	0.00%	0.00%		
2004	--	88	88	9	8	1,179	1,179	15.48%	15.48%		
2003	10	79	79	4	8	1,021	1,021	0.00%	0.00%		
2002	10	79	79	4	8	1,021	1,021	0.00%	0.00%		
2001	10	79	79	4	8	1,021	1,021	11.83%	11.83%		
2000	10	74	74	--	8	913	913	7.03%	7.03%		
1999	10	69	69	--	8	853	853	0.00%	0.00%		
1998	10	69	69	--	8	853	853	0.00%	0.00%		

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 5 -
ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2006-07	\$ 7,839	\$ 1,571	\$ 6,268	79.96%	0.122000	0.000000	0.122000
2005-06	7,128	1,289	5,839	81.92%	0.119000	0.000000	0.119000
2004-05	7,335	1,769	5,566	75.88%	0.114000	0.000000	0.114000
2003-04	7,257	1,706	5,551	76.49%	0.105000	0.000000	0.105000
2002-03	6,707	1,369	5,338	79.59%	0.085000	0.000000	0.085000
2001-02	6,926	1,642	5,284	76.28%	0.085000	0.000000	0.085000
2000-01	6,794	1,424	5,370	79.04%	0.085000	0.000000	0.085000
1999-00	6,489	1,354	5,135	79.13%	0.076250	0.000000	0.076250
1998-99	6,083	1,168	4,915	80.82%	0.076250	0.000000	0.076250
1997-98	6,031	1,326	4,705	78.03%	0.076250	0.000000	0.076250

Source: Local Appraisal District

Note: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 6 -
STATE APPROPRIATIONS PER FTSE AND CONTACT HOUR

Last Ten Fiscal Years

UNAUDITED

(Amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriations per FTSE		Appropriations per Contact Hour			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2006-07	\$ 7,981	1,200	\$ 6,651	939	595	1,534	\$ 5.20
2005-06	7,865	1,253	6,277	933	495	1,428	5.51
2004-05	7,041	1,279	5,505	915	469	1,384	5.09
2003-04	7,118	1,237	5,754	899	573	1,472	4.84
2002-03	7,264	1,250	5,811	897	660	1,557	4.67
2001-02	7,605	1,192	6,380	842	783	1,625	4.68
2000-01	6,680	1,334	5,007	782	756	1,538	4.34
1999-00	6,334	1,499	4,225	743	751	1,494	4.24
1998-99	6,098	1,157	5,271	728	686	1,414	4.31
1997-98	5,929	1,068	5,551	725	686	1,411	4.20

Note: FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

(a) Source CBM001

(b) Source CBM00A

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BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 7 -
PRINCIPAL TAXPAYERS
Last Ten Tax Years
UNAUDITED

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 Omitted)			
		2007	2006	2005	2004
Dow Chemical Company	Chemical	\$ 2,743,452	\$ 3,463,027	\$ 3,274,446	\$ 2,971,965
BASF Corp Chemical Division	Chemical	741,770	831,464	837,731	836,575
Shintech, Inc.		175,269	166,170	137,292	132,887
Schenectady International		107,474	93,351	93,656	85,159
Oyster Creek Ltd.		87,517	119,138	133,736	132,834
Air Liquide Energy Inc.		45,354	46,454	47,165	62,691
Exxon Mobil Pipeline Co.		39,468	37,604	29,153	
Centerpoint Energy Inc.	Utility	39,081	42,250	44,151	41,879
Huntsman Ethyleneamines LTD		31,326		37,013	33,804
DSM Nutritional Products Inc		25,323			33,784
Freeport Energy Center			83,515		
Shin-Etsu Silicones of America			60,471	46,339	47,849
Hoffman-La Roche Inc.					
Silica Products Inc					
Houston Lighting and Power	Utility				
Rhodia Inc.					
Seaway Crude Pipeline LP					
Gulf Chemical					
Southwest Shopping Centers Co II					
Totals		<u>\$ 4,036,034</u>	<u>\$ 4,943,444</u>	<u>\$ 4,680,682</u>	<u>\$ 4,379,427</u>
Total taxable assessed value		<u>\$ 6,423,220</u>	<u>\$ 6,005,693</u>	<u>\$ 5,636,859</u>	<u>\$ 5,470,974</u>

Taxpayer	Type of Business	% Taxable Assessed Value (TAV) by Tax Year			
		2007	2006	2005	2004
Dow Chemical Company	Chemical	67.97%	70.05%	69.96%	67.86%
BASF Corp Chemical Division	Chemical	18.38%	16.82%	17.90%	19.10%
Shintech, Inc.		4.34%	3.36%	2.93%	3.03%
Schenectady International		2.66%	1.89%	2.00%	1.94%
Oyster Creek Ltd.		2.17%	2.41%	2.86%	3.03%
Air Liquide Energy Inc.		1.12%	0.94%	1.01%	1.43%
Exxon Mobil Pipeline Co.		0.98%	0.76%	0.62%	
Centerpoint Energy Inc.	Utility	0.97%	0.85%	0.94%	0.96%
Huntsman Ethyleneamines LTD		0.78%		0.79%	0.77%
DSM Nutritional Products Inc		0.63%			0.77%
Freeport Energy Center			1.69%		
Shin-Etsu Silicones of America			1.22%	0.99%	1.09%
Hoffman-La Roche Inc.					
Silica Products Inc					
Houston Lighting and Power	Utility				
Rhodia Inc.					
Seaway Crude Pipeline LP					
Gulf Chemical					
Southwest Shopping Centers Co II					
Totals		<u>62.84%</u>	<u>82.31%</u>	<u>83.01%</u>	<u>80.05%</u>

Taxable Assessed Value (TAV) by Tax Year (\$000 Omitted)

2003	2002	2001	2000	1999	1998
\$ 3,113,632	\$ 2,968,858	\$ 2,340,550	\$ 2,515,232	\$ 2,515,952	\$ 2,352,624
906,643	925,909	496,765	887,800	591,269	601,760
167,027	160,390	157,226	164,780	142,657	134,446
84,012	84,135	62,539	57,988	59,249	63,262
136,766	151,294	160,710	172,508		
64,069		79,597	68,049	68,086	43,682
40,393					
	72,069				
40,613					
60,001	75,359	75,958	78,433	96,274	114,478
31,979	35,124		29,574	277	
	38,175	38,186		33,620	34,868
	31,093	28,333	25,049	38,337	50,656
		26,626			
			19,057		
				27,007	25,568
<u>\$ 4,645,135</u>	<u>\$ 4,542,406</u>	<u>\$ 3,466,490</u>	<u>\$ 4,018,470</u>	<u>\$ 3,572,728</u>	<u>\$ 3,421,344</u>
<u>\$ 5,397,054</u>	<u>\$ 5,282,617</u>	<u>\$ 5,377,684</u>	<u>\$ 5,130,604</u>	<u>\$ 4,957,123</u>	<u>\$ 4,753,171</u>

% Taxable Assessed Value (TAV) by Tax Year

2003	2002	2001	2000	1999	1998
67.03%	65.36%	67.52%	62.59%	70.42%	68.76%
19.52%	20.38%	14.33%	22.09%	16.55%	17.59%
3.60%	3.53%	4.54%	4.10%	3.99%	3.93%
1.81%	1.85%	1.80%	1.44%	1.66%	1.85%
2.94%	3.33%	4.64%	4.29%		
1.38%		2.30%	1.69%	1.91%	1.28%
0.87%					
	1.59%				
0.87%					
1.29%	1.66%	2.19%	1.95%	2.69%	3.35%
0.69%	0.77%		0.74%	0.01%	
	0.84%	1.10%		0.94%	1.02%
	0.68%	0.82%	0.62%	1.07%	1.48%
		0.77%			
			0.47%		
				0.76%	0.75%
<u>86.07%</u>	<u>85.99%</u>	<u>64.46%</u>	<u>78.32%</u>	<u>72.07%</u>	<u>71.98%</u>

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 8 -
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Academic Years

UNAUDITED

(Amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2007	\$ 6,268	\$(155)	\$ 6,423	\$ 7,774	121.03%	\$	\$ 55	\$ 7,829	121.89%
2006	5,839	(151)	5,990	7,078	118.16%		32	7,110	118.70%
2005	6,345	3	6,342	6,295	99.21%		46	6,341	99.94%
2004	5,750	12	5,738	5,693	99.01%		44	5,737	99.77%
2003	4,482	(95)	4,577	4,539	101.27%		38	4,577	102.12%
2002	4,486	9	4,477	4,430	98.75%		47	4,477	99.80%
2001	4,564	16	4,548	4,518	98.99%		30	4,548	99.65%
2000	3,915	(9)	3,924	3,881	99.13%		42	3,923	100.20%
1999	3,772	4	3,768	3,721	98.65%		47	3,768	99.89%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only does not include penalties and interest.

(d) Represents cumulative collection of prior years not collected in the current year of the year of the tax levy.

(e) Represents current year collections of prior years levels.

Total collections = c + d + e

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 1999-2007 are available.

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 9 -
RATIO OF OUTSTANDING DEBT
 Last Ten Fiscal Years
UNAUDITED

For the Year Ended August 31 (amounts expressed in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Bonded Debt										
General obligation bonds	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Notes										
Less: Funds restricted for debt service										
Net general bonded debt	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Other Debt										
Revenue Bonds	\$ 10,662	\$ 10,730	\$ 11,200	\$ 11,640	\$ 12,055	\$ 12,415	\$ 7,635	\$ 205	\$ 395	\$ 575
Notes										
Capital lease obligations										
Total outstanding debt	\$ <u>10,662</u>	\$ <u>10,730</u>	\$ <u>11,200</u>	\$ <u>11,640</u>	\$ <u>12,055</u>	\$ <u>12,415</u>	\$ <u>7,635</u>	\$ <u>205</u>	\$ <u>395</u>	\$ <u>575</u>
General Bonded Debt Ratio										
Per Capita	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Per FTSE										
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ N/A	\$ N/A	\$ 374.97	\$ 409.25	\$ 430.64	\$ 442.84	\$ 275.07	\$ 7.59	\$ 15.78	\$ 23.81
Per FTSE	1,603	1,709	2,034	2,023	2,074	1,946	1,525	49	75	104
As a percentage of Taxable Assessed Value	0.17%	0.18%	0.20%	0.21%	0.22%	0.24%	0.14%	0.00%	0.01%	0.01%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time equivalent enrollment.

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 10 -
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
UNAUDITED

For the Year Ended August 31 (amounts expressed in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Taxable Assessed Value	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
General Obligation Bonds										
Statutory Tax Levy for Debt Service	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Funds Restricted for Repayment of General Obligation Bonds	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Net General Obligation Debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Current Year Debt Service Requirements	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Excess of Statutory Limit for Debt Service over Current Requirements	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Net Current Requirements as a % of Statutory Limits	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars of assessed value.

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BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 11 -
PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years
UNAUDITED
 (Amounts expressed in thousands)

Fiscal Year Ended August 31	Tuition	Building Fees	Registration Fees	Laboratory Fees	Corporate Training	Interest Income	Vending Commission	Bookstore Commission	Total
2007	\$ 679	\$ 677			\$ 2,266				\$ 3,622
2006	663	670			2,429				3,762
2005	628	666			1,964				3,258
2004	584	666			2,272				3,522
2003	353	309	100		1,836				2,598
2002	402	278	104		2,396				3,180
2001	361	263	99		2,095				2,818
2000	124	187	106		2,341				2,758
1999	125	128	88		1,648				1,989
1998	118	128	94		1,462				1,802

<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
\$ 10,610	\$ 3,575	\$ 14,185	1.01
10,730	5,645	16,375	0.66
11,200	5,258	16,458	0.62
11,640	5,849	17,489	0.60
12,055	6,584	18,639	0.39
12,415	7,274	19,689	0.44
7,635	4,622	12,257	0.61
205	13	218	212.15
395	38	433	52.34
575	73	648	24.68

BRAZOSPORT COLLEGE DISTRICT*STATISTICAL SUPPLEMENT 12 -**DEMOGRAPHIC AND ECONOMIC STATISTICS - TAXING DISTRICT*

Last Ten Fiscal Years

UNAUDITED

<u>Calendar Year</u>	<u>District Population</u>	<u>District Personal Income (a) (thousands of dollars)</u>	<u>District Personal Income Per Capita</u>	<u>District Unemployment Rate</u>
2007	N/A	N/A	N/A	4.3
2006	287,898	N/A	N/A	5.1
2005	278,484	8,298	29,869	5.6
2004	271,130	7,701	28,442	6.8
2003	263,621	7,375	27,993	7.3
2002	256,935	7,204	28,035	6.3
2001	249,163	6,918	27,757	5.1
2000	243,267	6,574	27,019	5.0
1999	234,303	5,948	25,032	N/A
1998	228,859	5,583	24,146	N/A

Sources:

Population from U.S. Census Bureau (Data only available from 1998-2006)

<http://quickfacts.census.gov/gfd/states/48/48039.html>

Personal income from Bureau of Economic Analysis (Data only available from 1998-2005).

<http://www.bea.gov/regional/reis/default.cfm?catable=CA1-3§ion=2>

Unemployment rate from Texas Workforce Commission (Data only available from 2000-2007)

<http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 13 -
PRINCIPAL EMPLOYERS
 Current Fiscal Year
UNAUDITED

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment (2)</u>
Dow Chemical	4,570	3.38%
Texas Department of Criminal Justice	2,440	1.80%
Infinity Group	2,413	1.78%
Brazosport I.S.D.	2,015	1.49%
Walmart	1,880	1.39%
Brazoria County Government	1,313	0.97%
Industrial Specialists	1,069	0.79%
Conoco Phillips	900	0.67%
BASF	596	0.44%
Brazosport Memorial Hospital	555	0.41%
Total	135,277	100.00%

Source:
Brazosport Chamber of Commerce

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 14 -
FACULTY, STAFF AND ADMINISTRATORS STATISTICS
 Last Ten Fiscal Years
UNAUDITED

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Faculty										
Full-Time	74	73	75	68	61	61	47	50	47	36
Part-Time	<u>167</u>	<u>80</u>	<u>100</u>	<u>111</u>	<u>135</u>	<u>141</u>	<u>131</u>	<u>131</u>	<u>139</u>	<u>151</u>
Total	<u>241</u>	<u>153</u>	<u>175</u>	<u>179</u>	<u>196</u>	<u>202</u>	<u>178</u>	<u>181</u>	<u>186</u>	<u>187</u>
Percentage										
Full-Time	30.7%	47.7%	42.9%	38.0%	31.1%	30.2%	26.4%	27.6%	25.3%	19.3%
Part-Time	69.3%	52.3%	57.1%	62.0%	68.9%	69.8%	73.6%	72.4%	74.7%	80.7%
Staff and Administrators										
Full-Time	155	161	141	131	116	97	87	67	62	58
Part-Time	<u>76</u>	<u>250</u>	<u>248</u>	<u>218</u>	<u>178</u>	<u>166</u>	<u>165</u>	<u>154</u>	<u>163</u>	<u>162</u>
Total	<u>231</u>	<u>411</u>	<u>389</u>	<u>349</u>	<u>294</u>	<u>263</u>	<u>252</u>	<u>221</u>	<u>225</u>	<u>220</u>
Percentage										
Full-Time	67.1%	39.2%	36.2%	37.5%	39.5%	36.9%	34.5%	30.3%	27.6%	26.4%
Part-Time	32.9%	60.8%	63.8%	62.5%	60.5%	63.1%	65.5%	69.7%	72.4%	73.6%
FTSE Per Full-time Faculty	5.0	7.8	7.2	7.1	6.3	6.2	6.7	7.4	8.1	6.2
FTSE Per Full-time Staff Member	5.2	2.9	3.2	3.7	4.2	4.8	4.7	6.0	6.7	5.3
Average Annual Faculty Salary	\$ 55,857	\$ 44,200	\$ 40,600	\$ 36,900	\$ 32,200	\$ 28,600	\$ 29,900	\$ 27,600	\$ 23,400	\$ 20,600

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 15 -
ENROLLMENT DETAILS
 Last Five Fiscal Years
UNAUDITED

<u>Student Classification</u>	<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</u>		<u>Fall 2002</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
00-30 hours	2,748	72.16%	2,513	69.69%	2,381	67.97%	2,527	68.69%	2,912	71.08%
31-60 hours	633	16.62%	633	17.55%	656	18.73%	632	17.18%	642	15.67%
>60 hours	<u>427</u>	<u>11.22%</u>	<u>460</u>	<u>12.76%</u>	<u>466</u>	<u>13.30%</u>	<u>520</u>	<u>14.13%</u>	<u>543</u>	<u>13.25%</u>
Total	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>	<u>3,679</u>	<u>100.00%</u>	<u>4,097</u>	<u>100.00%</u>

<u>Semester Hour Load</u>	<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</u>		<u>Fall 2002</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 3	19	0.50%	11	0.31%	22	0.63%	16	0.43%	53	1.29%
3-5 semester hours	1,165	30.59%	984	27.29%	937	26.75%	1,150	31.26%	1,373	33.51%
6-8 semester hours	1,063	27.91%	984	27.29%	869	24.81%	929	25.25%	1,005	24.53%
9-11 semester hours	516	13.55%	573	15.89%	505	14.42%	525	14.27%	544	13.28%
12-14 semester hours	796	20.90%	838	23.24%	926	26.43%	847	23.02%	883	21.55%
15-17 semester hours	208	5.46%	158	4.38%	202	5.77%	171	4.65%	190	4.64%
18 & over	<u>41</u>	<u>1.09%</u>	<u>58</u>	<u>1.60%</u>	<u>42</u>	<u>1.19%</u>	<u>41</u>	<u>1.12%</u>	<u>49</u>	<u>1.20%</u>
Total	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>	<u>3,679</u>	<u>100.00%</u>	<u>4,097</u>	<u>100.00%</u>

<u>Tuition Status</u>	<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</u>		<u>Fall 2002</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Texas Resident (in-district)	2,254	59.19%	2,084	57.79%	2,045	58.38%	2,120	57.62%	2,400	58.58%
Texas Resident (out-of-district)	1,494	39.23%	1,501	41.63%	1,429	40.79%	1,524	41.42%	1,668	40.71%
Non-resident tuition	<u>60</u>	<u>1.58%</u>	<u>21</u>	<u>0.58%</u>	<u>29</u>	<u>0.83%</u>	<u>35</u>	<u>0.96%</u>	<u>29</u>	<u>0.71%</u>
Total	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>	<u>3,679</u>	<u>100.00%</u>	<u>4,097</u>	<u>100.00%</u>

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 16 -
STUDENT PROFILE
 Last Five Fiscal Years
UNAUDITED

<u>Student Classification</u>	<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</u>		<u>Fall 2002</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Female	1,975	51.86%	1,732	48.03%	1,917	54.72%	1,912	51.97%	2,065	50.40%
Male	1,833	48.14%	1,874	51.97%	1,586	45.28%	1,767	48.03%	2,032	49.60%
Total	3,808	100.00%	3,606	100.00%	3,503	100.00%	3,679	100.00%	4,097	100.00%

<u>Semester Hour Load</u>	<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</u>		<u>Fall 2002</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
White	2,499	65.63%	2,401	66.58%	2,355	67.23%	2,451	66.62%	2,740	66.88%
Hispanic	984	25.84%	876	24.29%	856	24.44%	857	23.29%	975	23.80%
African American	242	6.36%	272	7.54%	220	6.28%	280	7.61%	279	6.81%
Asian	47	1.23%	34	0.94%	40	1.14%	45	1.22%	61	1.49%
Foreign	-0-	0.00%	-0-	0.00%	-0-	0.00%	-0-	0.00%	-0-	0.00%
Native American	16	0.42%	11	0.31%	14	0.40%	19	0.52%	25	0.61%
Other	20	0.52%	12	0.34%	18	0.51%	27	0.74%	17	0.41%
Total	3,808	100.00%	3,606	100.00%	3,503	100.00%	3,679	100.00%	4,097	100.00%

<u>Tuition Status</u>	<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</u>		<u>Fall 2002</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 18	825	21.66%	1,475	40.90%	534	15.24%	568	15.44%	740	18.06%
18-21	1,345	35.32%	449	12.45%	1,298	37.05%	1,311	35.63%	1,339	32.68%
22-25	536	14.08%	571	15.83%	566	16.16%	618	16.80%	628	15.33%
26-29	328	8.61%	330	9.15%	325	9.28%	324	8.81%	371	9.06%
30-33	209	5.49%	255	7.07%	227	6.48%	236	6.41%	271	6.61%
34-37	168	4.41%	155	4.30%	152	4.34%	174	4.73%	215	5.25%
38-41	132	3.47%	146	4.05%	135	3.85%	149	4.05%	193	4.71%
42 & over	265	6.96%	225	6.25%	266	7.60%	299	8.13%	340	8.30%
Total	3,808	100.00%	3,606	100.00%	3,503	100.00%	3,679	100.00%	4,097	100.00%

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 17 -
TRANSFERS TO SENIOR INSTITUTIONS
2003-04 Fall Students as of Fall 2004
(Includes only public senior colleges in Texas)

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Transfer Student Count <u>Tech-Prep</u>	Total of all Sample Transfer Students	% of all Sample Transfer Students
Angelo State University	1			1	0.15%
Lamar University	11	2		13	1.97%
Midwestern State University	1			1	0.15%
Prairie View A&M University	8	2	1	11	1.66%
Sam Houston State University	66	1	6	73	11.04%
Stephen F. Austin State University	29	1		30	4.54%
Tarleton State University	2			2	0.30%
Texas A&M International University	1			1	0.15%
Texas A&M University	103	2		105	15.89%
Texas A&M University at Corpus Christi	13			13	1.97%
Texas A&M University at Galveston	8			8	1.21%
Texas A&M University at Kingsville	5			5	0.76%
Texas Southern University	5			5	0.76%
Texas State University	58			58	8.77%
Texas Tech University	16	2	1	19	2.87%
Texas Woman's University	5			5	0.76%
The University of Texas at Arlington	9		1	10	1.51%
The University of Texas at Austin	51	2		53	8.02%
The University of Texas at Dallas	5			5	0.76%
The University of Texas at Pan American		1		1	0.15%
The University of Texas at San Antonio	24		2	26	3.93%
The University of Texas at Tyler	2			2	0.30%
The University of Texas of the Permian Basin	2			2	0.30%
The University of Houston	77	9	2	88	13.31%
The University of Houston - Downtown	4		2	6	0.91%
The University of Houston at Clear Lake	74	6	2	82	12.42%
The University of Houston at Victoria	2	1		3	0.45%
The University of North Texas	18		3	21	3.18%
West Texas A&M University	1			1	0.15%
Texas Tech University/Health Sciences Center	1			1	0.15%
The University of Texas Medical Branch at Galveston	10			10	1.51%
Totals	612	29	20	661	100.00%

BRAZOSPORT COLLEGE DISTRICT*STATISTICAL SUPPLEMENT 18 -**CAPITAL ASSET INFORMATION*

Fiscal Years 2003-2007

	Fiscal Year				
	2007	2006	2005	2004	2003
Academic Buildings					
Square footage (in thousands)	359	355	355	323	323
Libraries					
Square footage (in thousands)	16	15	15	15	15
Number of volumes (in thousands)					
Administrative and support buildings					
Square footage (in thousands)	26	26	26	24	24
Dining Facilities					
Square footage (in thousands)	9	9	9	9	9
Average daily customers					
Athletic Facilities					
Square footage (in thousands)					
Gymnasiums	16	16	16	16	16
Fitness Centers	3	3	3	1	1
Plant Facilities					
Square Footage (in thousands)	13	13	13	13	12
Transportation					
Cars					
Light Truck/Vans	5	5	5	4	4
Buses					