

**BRAZOSPORT COLLEGE DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**YEARS ENDED AUGUST 31, 2008 AND 2007**

**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, 2008*

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**INTRODUCTORY SECTION**

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# BRAZOSPORT COLLEGE DISTRICT

## ORGANIZATIONAL DATA

*Fiscal Year 2007-2008*

### Board of Trustees/Regents

---

#### Officers

Jerry Hinojosa  
Carolyn Johnson

Chairman  
Vice-Chairman

#### Members

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

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

#### Term Expires

May 8, 2010  
May 8, 2010  
May 8, 2010  
May 12, 2012  
May 12, 2012  
May 12, 2012  
May 10, 2014  
May 10, 2014  
May 10, 2014

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#### 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

December 1, 2008

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, 2008 and 2007, 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.

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, 2008 and 2007, 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](http://www.kmkwllc.com) – Email: [kmkw@kmkwllc.com](mailto: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 December 1, 2008, 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 & Rungford, LLC*

**BRAZOSPORT COLLEGE DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**YEAR ENDED AUGUST 31, 2008**

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, 2008. 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 49% 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, 2008 and 2007**  
**(in thousands of dollars)**

	2008	2007
Assets:		
Current assets	\$ 5,027	\$ 3,064
Capital assets, net	38,331	38,210
Other assets	35,059	10,006
Total assets	78,417	51,280

(continued)

**BRAZOSPORT COLLEGE DISTRICT**  
*MANAGEMENT DISCUSSION AND ANALYSIS*  
 YEAR ENDED AUGUST 31, 2008

**The Statement of Net Assets - Continued**

	2008	2007
Liabilities:		
Current liabilities	\$ 3,465	\$ 2,986
Noncurrent liabilities	38,466	10,257
Total liabilities	41,931	13,243
Total net assets	\$ 36,486	\$ 38,037
Net Assets Consists Of:		
Invested in capital assets, net of debt	\$ 26,325	\$ 27,547
Restricted – nonexpendable	2,460	2,455
Restricted – expendable	1,546	1,357
Unrestricted	6,155	6,678
Total net assets	\$ 36,486	\$ 38,037

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, 2008 and 2007**  
 (in thousands of dollars)

	2008	2007
Operating Revenues:		
Net tuition and fees	\$ 6,075	\$ 6,039
Auxiliary enterprises	118	120
Grants and contracts	2,123	2,515
Other	711	810
Total operating revenues	9,027	9,484

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**BRAZOSPORT COLLEGE DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**YEAR ENDED AUGUST 31, 2008**

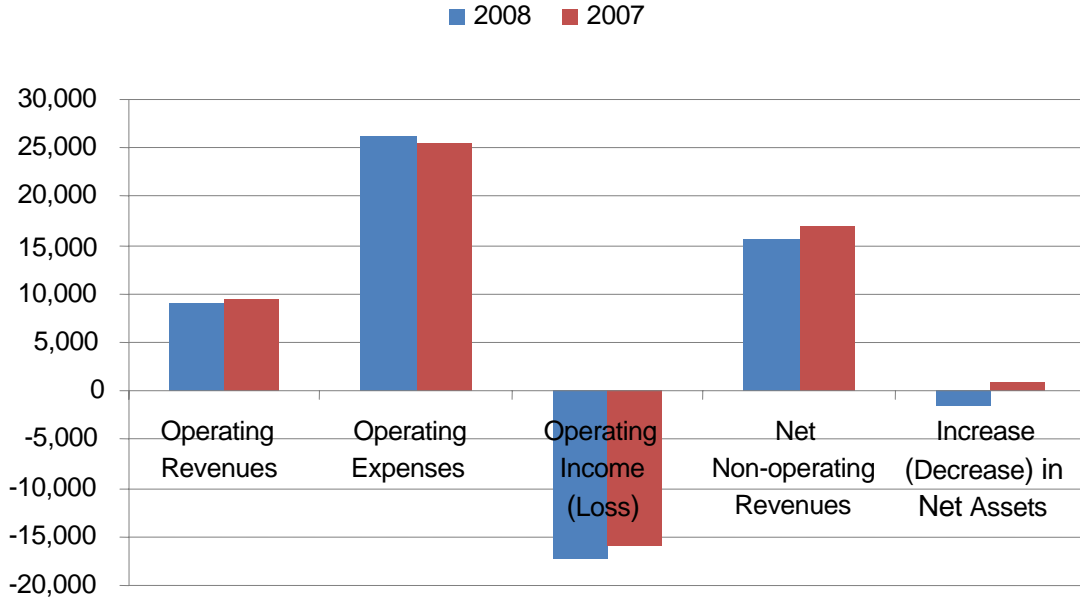
**The Statement of Revenues, Expenses, and Changes in Net Assets - Continued**

	<u>2008</u>	<u>2007</u>
Operating Expenses:		
Instruction	\$ 12,131	\$ 11,770
Public service	178	162
Academic support	1,651	1,443
Student services	1,945	1,647
Institutional support	4,404	4,423
Operation and maintenance of plant	2,572	2,376
Scholarships and fellowships	1,506	1,814
Auxillary enterprises	289	288
Depreciation	<u>1,596</u>	<u>1,504</u>
Total operating expenses	<u>26,272</u>	<u>25,427</u>
Operating loss	( 17,245)	( 15,943)
Nonoperating Revenues and Expenses:		
Gifts, grants, and contracts	6	599
State Appropriations	8,018	7,981
Taxes of maintenance and operations	8,145	7,868
Investment income	211	895
Other revenues and expenses	<u>( 708)</u>	<u>( 428)</u>
Total nonoperating revenues and expenses	<u>15,672</u>	<u>16,915</u>
Income (loss) before other revenues, expenses, gains or losses	( 1,573)	972
Other Revenues, Expenses, Gains or Losses:		
Additions to permanent and term endowments	<u>22</u>	<u>183</u>
Increase (decrease) in net assets	( 1,551)	1,155
Net asset at beginning of period	<u>38,037</u>	<u>36,882</u>
Net asset at end of year	<u>\$ 36,486</u>	<u>\$ 38,037</u>

**BRAZOSPORT COLLEGE DISTRICT**  
*MANAGEMENT DISCUSSION AND ANALYSIS*  
*YEAR ENDED AUGUST 31, 2008*

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

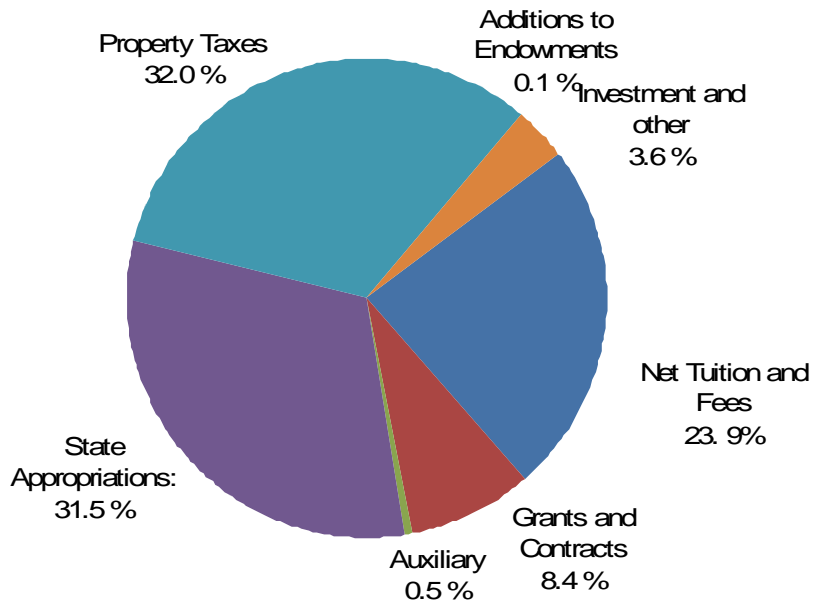
The following graphic illustrates the changes in revenues, expenses and the results of both operating and non-operating activity for the years ended August 31, 2008 and 2007.



Revenues

The following is a graphic illustration of revenues by source (both operating and non-operating), which were used to fund the District's operating activities for the year ended August 31, 2008.

District Revenue by Source

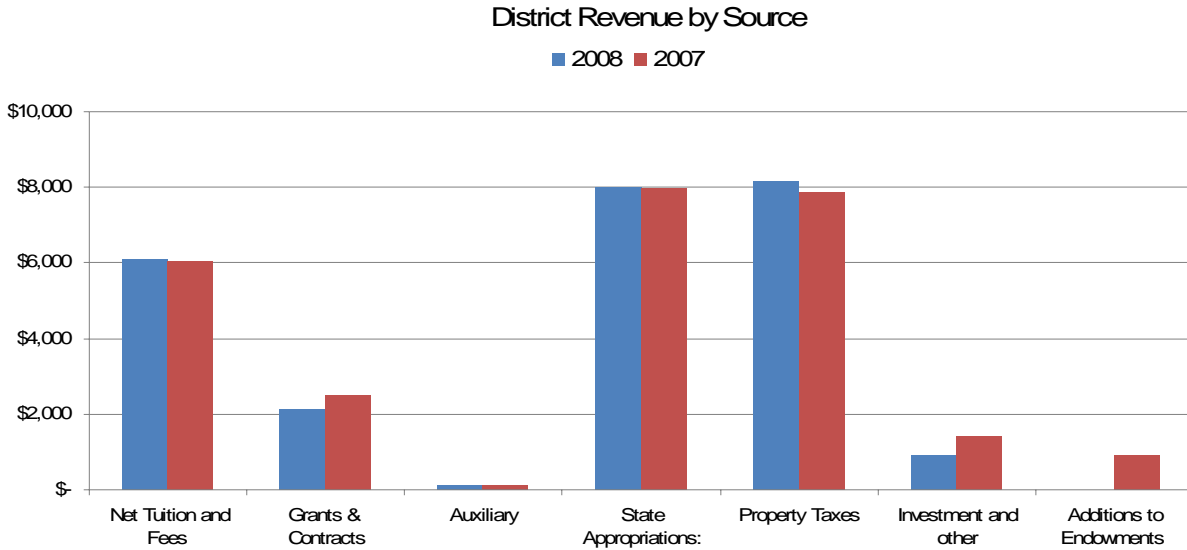




**BRAZOSPORT COLLEGE DISTRICT**  
*MANAGEMENT DISCUSSION AND ANALYSIS*  
 YEAR ENDED AUGUST 31, 2008

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

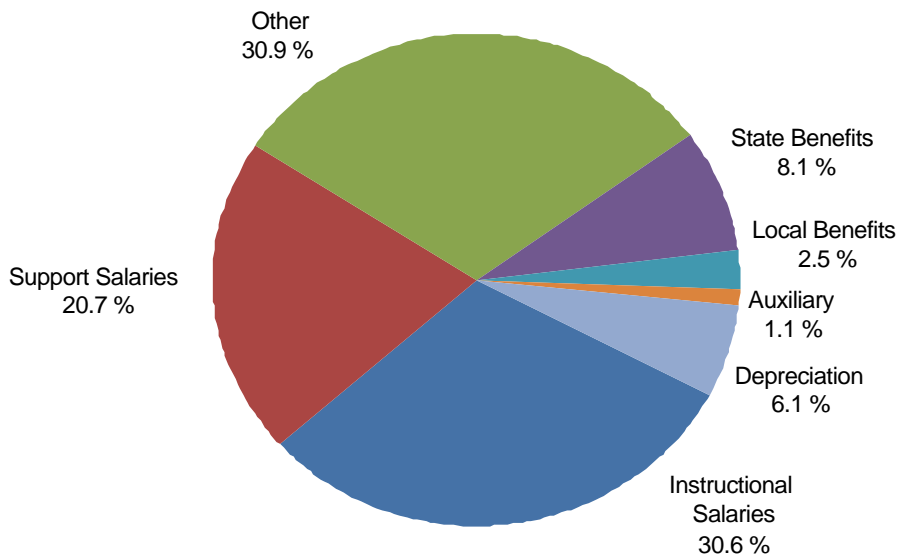
The following graphic illustrates the revenue by source (both operating and non-operating), which were used to fund the District's operating activities for the years ended August 31, 2008 and 2007.



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, 2008.

District Operating Expenses by Natural Classification

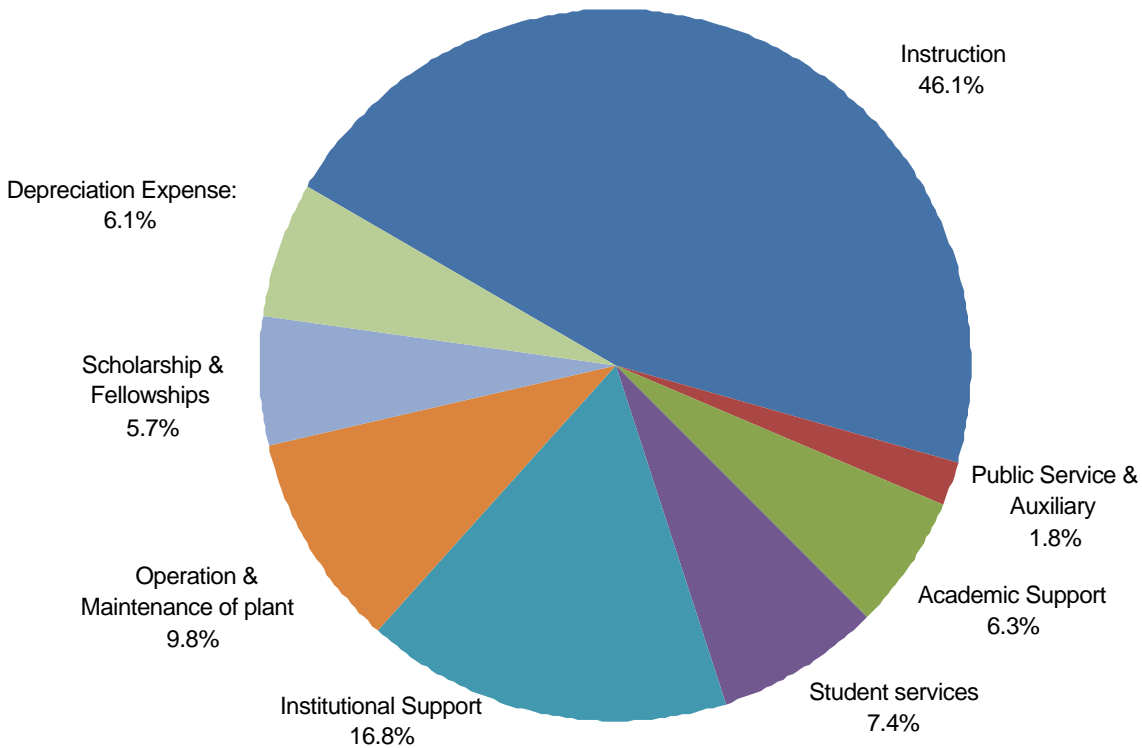


**BRAZOSPORT COLLEGE DISTRICT**  
*MANAGEMENT DISCUSSION AND ANALYSIS*  
*YEAR ENDED AUGUST 31, 2008*

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

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

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.

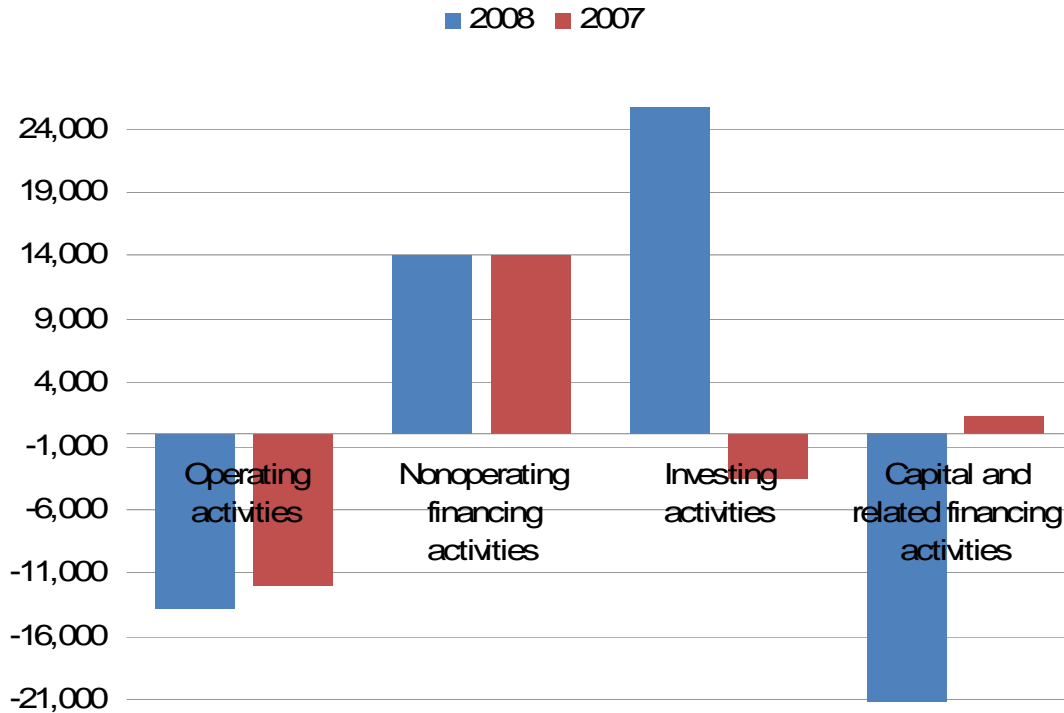
**The Statement of Cash Flows**

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, 2008 and 2007.

**BRAZOSPORT COLLEGE DISTRICT**  
*MANAGEMENT DISCUSSION AND ANALYSIS*  
 YEAR ENDED AUGUST 31, 2008

**The Statement of Cash Flows – Continued**



**Brazosport College District**  
**Statement of Cash Flows**  
**For the Fiscal Years Ended August 31, 2008 and 2007**  
**(in thousands of dollars)**

	2008	2007
Cash Provided (Used) By:		
Operating activities	\$( 13,776)	\$( 11,971)
Nonoperating financing activities	14,065	14,128
Capital and related financing activities	25,667	( 3,554)
Investing activities	( 21,231)	1,428
Net increase (decrease) in cash	4,725	31
Cash, beginning of year	1,822	1,791
Cash, end of year	\$ 6,547	\$ 1,822

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.

**BRAZOSPORT COLLEGE DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**YEAR ENDED AUGUST 31, 2008**

**Capital Asset and Debt Administration**

Capital Assets

At August 31, 2008, Brazosport College District had \$ 38,330,761 invested in capital assets, net of accumulated depreciation. Depreciation charges totaled \$ 1,596,414 for the current fiscal year. Details of these assets are shown below.

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

	2008	2007
Land	\$ 296	\$ 296
Land improvements and infrastructure	771	842
Buildings	34,875	32,887
Equipment	1,274	1,251
Library holdings	636	570
Projects in progress	479	2,364
Total	\$ 38,331	\$ 38,210

Projects in progress for Brazosport College District during 2007-2008 included enlarging the north retention pond, a road connecting the northeast parking lot and also under construction northwest parking lot, renovation of the delivery loop road for the Commons, and a new southwest parking lot.

More detailed information about the District capital assets is presented in Note 6 to the financial statements.

Debt

At August 31, 2008, the District had \$ 39,224,133 in debt outstanding. The table below summarizes these amounts by type of debt instrument.

**Outstanding Debt Schedule**  
**(in thousands of dollars)**

	2008	2007
Bonds	\$ 39,224	\$ 10,662
Total debt	\$ 39,224	\$ 10,662

On May 23, 2008, the District authorized and issued \$ 28,470,000 in General Obligation Bonds, Series 2008 to construct the Master Plan which adds several buildings and renovates and improves the campus. These bonds are the first issue of bonds approved by voters in the amount of \$ 70,000,000 on November 6, 2007.

Brazosport College currently is rated as Aa3 by Moody and as AA- by Standard & Poors. More detailed information about the District long-term liabilities is presented in Notes 7-10 to the financial statements.

**BRAZOSPORT COLLEGE DISTRICT**  
*MANAGEMENT DISCUSSION AND ANALYSIS*  
*YEAR ENDED AUGUST 31, 2008*

**Economic Factors That Will Effect the Future**

For fiscal year 2008-2009, the District Board of Regents approved an increase in property tax in September, 2008 of \$ 0.0080 per \$ 100 of valuation. This sets the rate at \$ 0.129 per \$ 100 of valuation for the 2008 assessment. This increase combined with an increase in the tax base will generate approximately \$ 998,000 more tax revenue for the 2008-2009 fiscal year. The Board of Regents also approved a tax rate of 0.027488 per \$ 100 valuation to pay the debt service on the General Obligation Bonds. Therefore, the total tax rate for the District is \$ .156488 per \$ 100 of valuations.

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 began in fiscal year 2008 and will continue in three phases with estimated completion 2017. Ad valorem tax rates are estimated to increase from approximately 3 cents to 7 cents per \$ 100 valuation as the bonds are issued.

**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, 2008 AND 2007**

EXHIBIT 1  
Page 1 of 2

	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 3,331,684	\$ 1,578,362
Short-term investments	639,530	294,959
Accounts and notes receivable (net of allowance for doubtful accounts)	601,272	683,083
Inventories	50,716	35,493
Other assets	<u>403,789</u>	<u>471,906</u>
Total current assets	<u>5,026,991</u>	<u>3,063,803</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	3,215,095	243,693
Short-term investments	5,008,777	
Accounts receivable (net of allowance for doubtful accounts)	421,293	36,010
Investments	21,933,421	2,963,902
Bond issuance costs (net of accumulated amortization)	1,136,548	588,189
Other assets	26,719	
Investments	3,317,450	6,175,290
Capital assets, (net of accumulated depreciation)	<u>38,330,761</u>	<u>38,209,876</u>
Total noncurrent assets	<u>73,390,064</u>	<u>48,216,960</u>
Total assets	<u>78,417,055</u>	<u>51,280,763</u>
Liabilities:		
Current Liabilities:		
Accounts and accrued liabilities	305,426	799,477
Funds held for others	137,597	133,272
Deferred revenues	1,555,490	1,463,289
Accrued compensated absences	45,000	45,000
Liabilities Payable from Restricted Assets:		
Accounts and accrued liabilities	375,111	19,913
Deferred revenue	141,859	
Bonds payable	<u>933,845</u>	<u>528,469</u>
Total current liabilities	<u>3,494,328</u>	<u>2,989,420</u>
Noncurrent liabilities:		
Bonds payable	38,290,288	10,133,419
Accrued compensated absences	<u>146,499</u>	<u>120,588</u>
Total noncurrent liabilities	<u>38,436,787</u>	<u>10,254,007</u>
Total liabilities	<u>41,931,115</u>	<u>13,243,427</u>

(continued)



**BRAZOSPORT COLLEGE DISTRICT**  
*STATEMENTS OF NET ASSETS – Continued*  
*FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007*

EXHIBIT 1  
Page 2 of 2

	<u>2008</u>	<u>2007</u>
Net Assets:		
Invested capital assets, net of related debt	\$ 26,325,318	\$ 27,547,988
Restricted:		
Nonexpendable:		
Endowments	2,460,108	2,455,062
Expendable:		
Endowments	288,467	569,353
Student aid	140,504	198,061
Instructional programs	22,717	21,129
Debt service	1,094,397	568,276
Unrestricted	<u>6,154,429</u>	<u>6,677,467</u>
Total net assets	<u>\$ 36,485,940</u>	<u>\$ 38,037,336</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, 2008 AND 2007*

EXHIBIT 1A  
PAGE 1 OF 1

	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 603,015	\$ 494,845
Accounts receivable	8,583	
Pledges receivable (net of allowance for doubtful accounts)	238,603	312,797
Land held for sale	<u>610,000</u>	
Total current assets	<u>1,460,201</u>	<u>807,642</u>
Noncurrent Assets:		
Pledges receivable (net of allowance for doubtful accounts and discounts)	1,182,489	335,603
Investments	<u>2,262,928</u>	<u>1,514,645</u>
Total noncurrent assets	<u>3,445,417</u>	<u>1,850,248</u>
Total assets	<u>4,905,618</u>	<u>2,657,890</u>
Liabilities:		
Current Liabilities:		
Accounts payable	<u>6,393</u>	<u>3,048</u>
Total current liabilities	6,393	3,048
Noncurrent liabilities:		
Total noncurrent liabilities	<u>          </u>	<u>          </u>
Total liabilities	<u>6,393</u>	<u>3,048</u>
Net Assets:		
Restricted:		
Temporarily restricted	3,526,431	1,453,746
Permanently restricted	1,042,024	979,308
Unrestricted	<u>330,770</u>	<u>221,788</u>
Total net assets	<u>\$ 4,899,225</u>	<u>\$ 2,654,842</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, 2008 AND 2007**EXHIBIT 2  
Page 1 of 1

	<u>2008</u>	<u>2007</u>
Revenues:		
Operating Revenues:		
Tuition and fees (net of discounts of \$ 429,209 and \$ 415,511, respectively)	\$ 6,075,383	\$ 6,038,938
Federal grants and contracts	1,638,978	2,192,701
State grants and contracts	270,159	112,198
Local grants and contracts	116,119	96,084
Non-governmental grants and contracts	98,097	114,003
Sales and services of educational activities	215,389	336,217
Auxiliary enterprises	117,961	120,302
Other operating revenues	<u>495,127</u>	<u>473,422</u>
Total operating revenues	<u>9,027,213</u>	<u>9,483,865</u>
Expenses:		
Operating Expenses:		
Instruction	12,131,461	11,770,431
Public service	178,072	161,546
Academic support	1,651,370	1,442,746
Student services	1,944,983	1,647,058
Institutional support	4,403,825	4,423,246
Operation and maintenance of plant	2,571,784	2,376,106
Scholarships and fellowships	1,506,012	1,813,713
Auxiliary enterprises	289,387	287,486
Depreciation	<u>1,596,414</u>	<u>1,504,448</u>
Total operating expense	<u>26,273,308</u>	<u>25,426,780</u>
Operating income (loss)	<u>( 17,246,095)</u>	<u>( 15,942,915)</u>
Non-Operating Revenues (Expenses):		
State appropriations	8,018,292	7,981,018
Taxes for maintenance and operations	8,145,443	7,868,247
Investment income (loss) net of investment expenses	211,423	894,977
Interest on capital related debt	( 708,345)	( 428,647)
Other non-operating revenues	<u>5,675</u>	<u>599,200</u>
Net operating revenues (expenses)	<u>15,672,488</u>	<u>16,914,795</u>
Income before other revenues, (expenses), gains, (losses)	<u>( 1,573,607)</u>	<u>971,880</u>
Other Revenues, (Expenses), Gains, (Losses)		
Additions to permanent and term endowments	<u>22,211</u>	<u>183,301</u>
Total other revenues, (expenses), gains, (losses)	<u>22,211</u>	<u>183,301</u>
Increase (decrease) in net assets	( 1,551,396)	1,155,181
Net Assets:		
Net assets – beginning of year	<u>38,037,336</u>	<u>36,882,155</u>
Net assets – end of year	<u>\$ 36,485,940</u>	<u>\$ 38,037,336</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, 2008 AND 2007*

EXHIBIT 2A  
PAGE 1 OF 1

	<u>2008</u>	<u>2007</u>
Revenue:		
Gifts (net of discounts)	\$ 2,351,760	\$ 1,548,152
Fundraising	90,750	41,938
Interest and dividend income	48,899	58,889
Gain (loss) on investments	( 18,920)	179,753
Unrealized investment income (loss)	<u>( 82,035)</u>	<u>( 20,636)</u>
Total revenue	<u>2,390,454</u>	<u>1,808,096</u>
Expenses:		
Fundraising expenses	39,915	9,432
Investment expenses	23,015	22,067
Administrative	7,200	7,200
Student aid scholarships	50,065	16,527
Grants to Brazosport College District	<u>25,876</u>	<u>641,578</u>
Total operating expenses	<u>146,071</u>	<u>696,804</u>
Increase (decrease) in net assets	2,244,383	1,111,292
Net Assets:		
Net assets - beginning of year	<u>2,654,842</u>	<u>1,543,550</u>
Net assets - end of year	<u>\$ 4,899,225</u>	<u>\$ 2,654,842</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, 2008 AND 2007**

EXHIBIT 3  
Page 1 of 2

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 6,644,779	\$ 7,115,803
Receipts of appropriations, grants and contracts	2,555,090	2,736,127
Collection of loans to students and employees	29,746	34,330
Receipts from student organizations	30,576	72,034
Other receipts	495,127	473,422
Payments to or on behalf of employees	( 14,599,017)	( 13,689,423)
Payments to suppliers of goods and service	( 7,336,690)	( 6,344,210)
Payments of scholarships	( 1,529,305)	( 2,229,224)
Loans to students and employees	( 27,838)	( 30,994)
Payment on behalf of student organizations	<u>( 38,739)</u>	<u>( 109,775)</u>
Net cash provided (used) by operating activities	<u>( 13,776,271)</u>	<u>( 11,971,910)</u>
Cash Flows from Noncapital Financing Activities:		
State appropriations	5,897,143	6,088,991
Ad valorem tax revenues	8,145,443	7,855,929
Gifts and grants (other than capital)	<u>22,211</u>	<u>183,301</u>
Net cash provided (used) by non-capital and related financing activities	<u>14,064,797</u>	<u>14,128,221</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from sale of bonds	29,236,594	6,939,312
Gifts and grants for capital construction	5,675	599,200
Payments to escrow account for defeased debt		( 6,855,868)
Bond issuance costs	( 595,720)	( 198,667)
Principal payments on bonded debt	( 525,000)	( 495,000)
Interest and fees paid on bonded debt	( 455,505)	( 388,674)
Purchases of capital assets	<u>( 1,998,888)</u>	<u>( 3,154,216)</u>
Net cash provided (used) by capital and related financing activities	<u>25,667,156</u>	<u>( 3,553,913)</u>
Cash Flows from Investing Activities		
Proceeds from sale and maturity of investments	8,623,057	5,054,004
Investment earnings	502,076	748,896
Purchases of investments	<u>( 30,356,091)</u>	<u>( 4,375,002)</u>
Net cash provided (used) by investing activities	<u>( 21,230,958)</u>	<u>1,427,898</u>
Increase (decrease) in cash and cash equivalents	4,724,724	30,296
Cash and cash equivalents – September 1,	<u>1,822,055</u>	<u>1,791,759</u>
Cash and cash equivalents – August 31,	<u>\$ 6,546,779</u>	<u>\$ 1,822,055</u>

(continued)

**BRAZOSPORT COLLEGE DISTRICT**  
**STATEMENTS OF CASH FLOWS - Continued**  
**FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007**

EXHIBIT 3  
Page 2 of 2

	<u>2008</u>	<u>2007</u>
Noncash Transactions Affecting Financial Position:		
Change in value of investments – from cost to fair value increase (decrease)	\$( <u>290,653</u> )	\$ <u>155,318</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating income (loss)	\$( 17,246,095 )	\$( 15,942,915 )
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,596,414	1,504,448
State on-behalf benefits	2,121,149	1,892,027
Changes in Assets and Liabilities:		
Receivables, net	( 322,335 )	231,261
Inventories	( 15,223 )	( 11,145 )
Other assets	41,398	( 145,317 )
Accounts payable	( 117,326 )	334,957
Deferred revenue	135,511	188,164
Funds held for others	4,325	( 37,741 )
Compensated absences	<u>25,911</u>	<u>14,351</u>
Net cash provided (used) by operating activities	\$( <u>13,776,271</u> )	\$( <u>11,971,910</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, 2008 AND 2007**

EXHIBIT 3A  
Page 1 of 1

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Receipts from gifts	\$ 961,868	\$ 927,864
Receipts from fundraising	90,750	41,938
Receipt of interest and dividend earnings	48,899	58,889
Proceeds from sale and maturity of investments	1,706,424	2,880,060
Payments to suppliers of goods and services	( 62,930)	( 31,499)
Payments of investments	( 2,555,662)	( 3,139,023)
Payments of scholarships and grants	<u>( 81,179)</u>	<u>( 754,715)</u>
Net cash provided (used) by operating activities	<u>108,170</u>	<u>( 16,486)</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	108,170	( 16,486)
Cash and cash equivalents – September 1,	<u>494,845</u>	<u>511,311</u>
Cash and cash equivalents – August 31,	<u>\$ 603,015</u>	<u>\$ 494,825</u>
Noncash Transactions Affecting Financial Position:		
Contributions of land held for resale	\$ 610,000	\$
Change in value of investments - from cost to fair value increase (decrease)	<u>( 82,035)</u>	<u>( 20,636)</u>
Net noncash transactions affecting financial position	<u>\$ 527,965</u>	<u>\$( 20,636)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
By Operating Activities:		
Operating income (loss)	\$ 2,244,383	\$ 1,111,292
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)		
By Operating Activities:		
Change in Assets and Liabilities:		
Receivables	( 8,583)	
Pledges receivable, net	( 772,692)	( 613,089)
Land held for resale	( 610,000)	
Investments	( 748,283)	( 418,079)
Accounts payable	<u>3,345</u>	<u>( 96,610)</u>
Net cash provided (used) by operating activities	<u>\$ 108,170</u>	<u>\$( 16,486)</u>

The accompanying notes are an integral part of this statement.



# BRAZOSPORT COLLEGE DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED AUGUST 31, 2008 AND 2007

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**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

**1. REPORTING ENTITY**

**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, 2008 and 2007.

**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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.A. 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.

**2.B. 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.

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.B. Tuition Discounting (Continued)**

Title IV, HEA Program Funds

Certain Title IV HEA Program funds are received by the college to pass through to the student. The 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.

**2.C. 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 2.F. for information describing restricted assets.

**2.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 December 1.

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.

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.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.

**2.F. 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 2.C. describing the priority for use on restricted and unrestricted assets. See Note 2.L. for additional information on donor restricted endowments.

**2.G. 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.

**2.H. Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$ 5,000 or more and an estimated useful life in excess of one year. Renovations of \$ 100,000 to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

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
Library Books	10 years
Telecommunications and Peripheral Equipment	5 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, 2008 AND 2007*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.I. 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, 2008 and 2007, no interest was capitalized.

**2.J. Deferred Revenues**

Tuition and fees of \$ 1,324,535 and \$ 1,347,649 and federal, state and local grants of \$ 372,814 and \$ 115,640 have been reported as deferred revenues at August 31, 2008 and 2007 respectively.

**2.K. 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.

**2.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.

The District's Board of Regents chooses to spend only a portion of the endowment 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, 2008 and 2007, no net appreciation was available to be spent.

**2.M. Operating and Non-Operating Revenue and Expenses Policy**

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a Business Type Activity (BTA) and as a single, proprietary fund. 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.

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

**3. AUTHORIZED INVESTMENTS**

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

**4. DEPOSITS AND INVESTMENTS**

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 2.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, 2008 and 2007 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2008</u>			
Cash and Cash Equivalents:			
Cash (cashier and petty cash accounts)	\$ 30,205	\$	\$ 30,205
Financial Institution Deposits:			
Demand deposits	1,660,357	780,957	2,441,314
Pooled Deposits:			
TexPool, Lone Star, LOGIC & TEXSTAR	<u>1,641,122</u>	<u>2,434,138</u>	<u>4,075,260</u>
Total cash and cash equivalents	<u>3,331,684</u>	<u>3,215,095</u>	<u>6,546,779</u>
Short-Term Investments:			
Investments Held by Broker-Dealers:			
U.S. Agencies	<u>639,530</u>	<u>5,008,777</u>	<u>5,648,307</u>
Total short-term investments	<u>639,530</u>	<u>5,008,777</u>	<u>5,648,307</u>
Investments:			
Investments Held by Broker-Dealers:			
Certificates of deposit	194,000		194,000
U.S. agencies	3,123,450	19,507,073	22,630,523
Corporate bonds		50,103	50,103
Mutual funds (stock)		9,560	9,560
Equity securities		<u>2,366,685</u>	<u>2,366,685</u>
Total investments	<u>3,317,450</u>	<u>21,933,421</u>	<u>25,250,871</u>
	<u>\$ 7,288,664</u>	<u>\$ 30,157,293</u>	<u>\$ 37,445,957</u>

(continued)

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

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

	<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>

**4.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 requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At August 31, 2008 and 2007, the carrying amount of the District's deposits of the primary government were \$ 2,635,312 and \$ 981,143 and total financial institution balances equaled \$ 3,117,302 and \$ 1,601,667, respectively. At August 31, 2008 and 2007, financial institutions balances of \$ 294,000 and \$ 389,000 were covered by federal depository insurance, \$ 1,664,680 and \$ 286,101 were covered by the Securities Investor Protection Corporation Insurance, and \$ 1,158,622 and \$ 926,566 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*  
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**4. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

**4.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, 2008 TexPool, Lone Star, TexSTAR, and LOGIC had a weighted average maturity of 44 days, 39 days, 36 days, and 41 days, respectively. Although TexPool, Lone Star, TexSTAR, and LOGIC portfolios had a weighted average maturity of 44 days, 39 days, 36 days, and 41 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, 2008 and 2007.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2008</u>			
Local government investment pools	\$ 1,641,122	\$ 2,434,138	\$ 4,075,260
Certificates of deposit	194,000		194,000
U.S. Agency	3,762,980	24,515,850	28,278,830
Corporate bonds		50,103	50,103
Mutual funds (stock)		9,560	9,560
Equity securities		<u>2,366,685</u>	<u>2,366,685</u>
	<u>\$ 5,598,102</u>	<u>\$ 29,376,336</u>	<u>\$ 34,974,438</u>

**BRAZOSPORT COLLEGE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2008 AND 2007**

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

**4.B. Investments (Continued)**

	<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>

Unrestricted Funds

As of August 31, 2008 and 2007, 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, 2008</u>		
Local government investment pools (LGIP)	\$ 1,641,122	1
Certificates of deposit	194,000	99
U.S. Agency	<u>3,762,980</u>	<u>795</u>
	<u>\$ 5,598,102</u>	<u>538</u>
<u>August 31, 2007</u>		
Local government investment pools (LGIP)	\$ 1,109,074	1
Certificates of deposit	289,000	379
U.S. Agency	<u>6,181,249</u>	<u>452</u>
	<u>\$ 7,579,323</u>	<u>383</u>

Credit Risk – As of August 31, 2008 and 2007, the LGIPs (which represent approximately 24% and 14% of the unrestricted portfolio) are rated AAAM by Standard and Poor's. The money market cash accounts and certificates of deposit (which represent approximately 22% and 7% of the unrestricted portfolio) are covered 100% by federal deposit insurance SIPC. The U.S. agencies (which represent approximately 54% and 79% of the unrestricted portfolio are rated AAA and Aaa by Standard and Poor's, and Moody's.

**BRAZOSPORT COLLEGE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. DEPOSITS AND INVESTMENTS (Continued)**

**4.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, 2008 and 2007, 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, 2008</u>		
Local government investment pools (LGIP)	\$ 2,434,138	1
U.S. Agency	<u>24,352,564</u>	<u>813</u>
	<u>\$ 26,786,702</u>	<u>740</u>

August 31, 2007

None

Credit Risk - As of August 31, 2008, the LGIP’s (which represent 9% of the restricted non-endowment portfolio) are rated AAAm by Standard and Poor’s. The money market cash accounts and certificates of deposit (which represent approximately 1% of the restricted non-endowment portfolio) are covered 100% by federal deposit insurance SIPC. The U.S. Agencies (which represent 90% of the restricted non-endowment portfolio) are rated AAA and Aaa by Standard and Poor’s and Moody’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, 2008 and 2007, 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, 2008</u>		
U.S. Agency	\$ 163,286	1,477
Corporate bonds	<u>50,103</u>	<u>31</u>
	213,389	<u>1,137</u>
Mutual funds	9,560	
Equity securities	<u>2,366,685</u>	
	<u>\$ 2,589,634</u>	

**BRAZOSPORT COLLEGE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)**

**4.B. Investments (Continued)**

Restricted (Endowment) Funds (Continued)

<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>	

Credit Risk - As of August 31, 2008 and 2007, the money market cash accounts (which represent approximately 6% and 1% of the restricted portfolio) are covered 100% by SIPC. The corporate bonds (which represent approximately 2% and 5% of the restricted portfolio) are rated A+ by Moody's. The U.S. Agencies (which represent approximately 6% and 7% of the restricted portfolio) are rated AAA and Aaa by Standard and Poor's and Moody's. The mutual funds and equity securities (which represent approximately 86% and 87% of the restricted portfolio) 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, 2008 and 2007, 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, 2008</u>		
Brazil	Real \$	4,346
Canada	Canadian dollar	7,333
China	Chinese renminbi	3,047
Czech Republic	Czech koruna	6,407
Finland	Euro	17,341
France	Euro	35,400
Germany	Euro	25,832
Hong Kong	Hong Kong dollar	8,365
Indonesia	Indonesian rupiah	1,810
Israel	Israeli new shegel	3,077
Italy	Euro	6,505

(continued)

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
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**4. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)**

**4.B. Investments (Continued)**

<u>Country</u>	<u>Currency</u>	<u>Fair Value</u>
Japan	Japanese yen	\$ 66,501
Mexico	Mexican peso	2,546
Netherlands	Euro	30,017
Norway	Euro	3,855
South Korea	Won	5,421
Spain	Euro	4,843
Sweden	Euro	14,149
Switzerland	Swiss franc	44,374
Taiwan	New Taiwan dollar	1,755
United Kingdom	British pound	<u>74,083</u>
Total foreign investments		367,007
United States		<u>1,999,678</u>
Total equity securities		<u>\$ 2,366,685</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
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>



**BRAZOSPORT COLLEGE DISTRICT**  
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**4. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)**

**4.B. Investments (Continued)**

The District's investment policy permits it to invest up to 15 percent of total investments in foreign investments. At August 31, 2008 and 2007, the District's current position is approximately 13.01 percent and 21.14 percent. Amounts over 15 percent require periodic rebalancing.

**5. 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, 2008 and 2007, and held no direct investments in derivatives at August 31, 2008 and 2007.

**6. CAPITAL ASSETS**

**6.A. Changes in Capital Assets**

The following provides a summary of changes in capital assets and accumulated depreciation for the years ended August 31, 2008 and 2007:

<u>August 31, 2008</u>	<u>Balance September 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2008</u>
<b>Non-Depreciated Capital Assets:</b>				
Land	\$ 296,189	\$	\$	\$ 296,189
Art	91,209			91,209
Construction in progress	<u>2,363,556</u>	<u>1,231,935</u>	<u>3,116,226</u>	<u>479,265</u>
Total non-depreciated	<u>2,750,954</u>	<u>1,231,935</u>	<u>3,116,226</u>	<u>866,663</u>
<b>Depreciated Capital Assets:</b>				
Land improvements	3,393,120			3,393,120
Buildings	45,180,889	3,102,755		48,283,644
Furniture, machinery, vehicles, and other equipment	3,150,767	96,101		3,246,868
Library books	1,779,981	166,353	24,610	1,921,724
Telecommunication and peripheral equipment	<u>1,741,523</u>	<u>236,381</u>	<u>                    </u>	<u>1,977,904</u>
Total depreciated	<u>55,246,280</u>	<u>3,601,590</u>	<u>24,610</u>	<u>58,823,260</u>
Total additions/retirements		<u>\$ 4,833,525</u>	<u>\$ 3,140,836</u>	

(continued)

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
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**6. CAPITAL ASSETS (Continued)**

**6.A. Changes in Capital Assets (Continued)**

<u>August 31, 2008</u>	<u>Balance September 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2008</u>
Accumulated Depreciated:				
Land improvements	2,551,506	\$ 70,074	\$	2,621,580
Buildings	12,293,417	1,115,535		13,408,952
Furniture, machinery, vehicles and other equipment	2,441,231	61,075		2,502,306
Library books	1,209,905	100,864	24,610	1,286,159
Telecommunications and peripheral equipment	<u>1,291,299</u>	<u>248,866</u>		<u>1,540,165</u>
Total accumulated depreciation	<u>19,787,358</u>	<u>\$ 1,596,414</u>	<u>\$ 24,610</u>	<u>21,359,162</u>
Net depreciated capital assets	<u>35,458,922</u>			<u>37,464,098</u>
Net capital assets	<u>\$ 38,209,876</u>			<u>\$ 38,330,761</u>

See Note 2.H. for additional information regarding capital assets.

<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>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>	

**BRAZOSPORT COLLEGE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. CAPITAL ASSETS (Continued)**

**6.A. Changes in Capital Assets (Continued)**

<u>August 31, 2007</u>	<u>Balance September 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2007</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>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>

**6.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.

**6.C. Unexpended Plant Construction Commitments**

The District has entered into contracts for construction as of August 31, 2008 and 2007 as follows:

<u>August 31, 2008</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>	<u>Required Further Financing</u>
Master Plan Projects:				
Architecture	\$ 414,000	\$ 325,209	\$ 88,791	\$
Contractor-Road & Parking Lots	1,243,936		1,243,936	
Contractor-New Buildings	2,814,315		2,814,315	
Contractor-Infrastructure Improvements	680,177		680,177	
Engineering	170,285	69,923	100,362	
Project Manager	<u>977,460</u>		<u>977,460</u>	
Totals	<u>\$ 6,300,173</u>	<u>\$ 395,132</u>	<u>\$ 5,905,041</u>	<u>\$ -0-</u>

**BRAZOSPORT COLLEGE DISTRICT**  
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**6. CAPITAL ASSETS (Continued)**

**6.C. Unexpended Plant Construction Commitments (Continued)**

<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>

**7. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term debt for the years ended August 31, 2008 and 2007:

	<u>Balance September 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2008</u>	<u>Current Portion</u>
Revenue bonds	\$ 10,610,000	\$	\$ 525,000	\$ 10,085,000	\$ 560,000
Limited tax bonds		28,470,000		28,470,000	345,000
Components of Long- Term Debt:					
Premium on revenue bonds	51,888		3,469	48,419	3,469
Premium on limited tax bonds		625,720	5,006	620,714	25,376
Compensated absences	<u>165,588</u>	<u>43,345</u>	<u>17,434</u>	<u>191,499</u>	<u>45,000</u>
Total long-term liabilities	<u>\$ 10,827,476</u>	<u>\$ 29,139,065</u>	<u>\$ 550,909</u>	<u>\$ 39,415,632</u>	<u>\$ 978,845</u>

**BRAZOSPORT COLLEGE DISTRICT**  
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**7. LONG-TERM LIABILITIES (Continued)**

	Balance September 1, 2006	Additions	Reductions	Balance August 31, 2007	Current Portion
Revenue bonds	\$ 10,730,000	\$ 6,885,000	\$ 7,005,000	\$ 10,610,000	\$ 525,000
Components of Long-Term Debt:					
Premium on revenue bonds		54,312	2,424	51,888	3,469
Compensated absences	<u>151,237</u>	<u>39,026</u>	<u>24,675</u>	<u>165,588</u>	<u>45,000</u>
Total long-term liabilities	<u>\$ 10,881,237</u>	<u>\$ 6,978,338</u>	<u>\$ 7,032,099</u>	<u>\$ 10,827,476</u>	<u>\$ 573,469</u>

The annual debt service requirements to maturity for bonded debt as of August 31, 2008 are as follows:

For the Year Ended August 31,	Series 2001		Series 2002	
	Principal	Interest	Principal	Interest
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			250,000	34,340
2014-2018			<u>530,000</u>	<u>35,740</u>
Total	<u>\$ 1,540,000</u>	<u>\$ 193,470</u>	<u>\$ 1,660,000</u>	<u>\$ 312,760</u>

For the Year Ended August 31,	Series 2006		Total Revenue Bonds	
	Principal	Interest	Principal	Interest
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	485,000	272,600	735,000	306,940
2014-2018	3,650,000	1,019,600	4,180,000	1,055,340
2019-2023	<u>2,680,000</u>	<u>221,600</u>	<u>2,680,000</u>	<u>221,600</u>
Total	<u>\$ 6,885,000</u>	<u>\$ 2,614,600</u>	<u>\$ 10,085,000</u>	<u>\$ 3,120,830</u>

**BRAZOSPORT COLLEGE DISTRICT**  
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**7. LONG-TERM LIABILITIES (Continued)**

For the Year Ended August 31,	General Obligation Bond Series 2008		Total Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 345,000	\$ 1,619,432	\$ 905,000	\$ 2,047,047
2010	710,000	1,275,869	1,295,000	1,675,484
2011	735,000	1,250,581	1,375,000	1,620,946
2012	760,000	1,224,419	1,465,000	1,563,774
2013	785,000	1,197,381	1,520,000	1,504,321
2014-2018	4,395,000	5,525,244	8,575,000	6,580,584
2019-2023	5,375,000	4,547,747	8,055,000	4,769,347
2024-2028	6,690,000	3,230,863	6,690,000	3,230,863
2029-2033	<u>8,675,000</u>	<u>1,245,338</u>	<u>8,675,000</u>	<u>1,245,338</u>
Total	<u>\$ 28,470,000</u>	<u>\$ 21,116,874</u>	<u>\$ 38,555,000</u>	<u>\$ 24,237,704</u>

**8. BONDS PAYABLE**

General information related to bonds payable is summarized below:

**8.A. Combined Fee Revenue Bonds, Series 2001**

- To construct Corporate Learning Center and Child Care Development Center
- Issue date was January 1, 2001
- Original amount of issued; amount authorized \$ 8,000,000
- The sources of revenue for debt service are building fee, corporate learning fee, pledged tuition fee, and registration fee.
- Balance as of August 31, 2008 and 2007 was \$ 1,540,000 and \$ 1,870,000

**8.B. Combined Fee Revenue Bonds, Series 2002**

- To construct new buildings on campus
- Issue date was July 24, 2002
- Original amount of issue; amount authorized \$ 5,000,000
- The sources of revenue for debt service are the registration fee, pledged tuition fee, building fee, and corporate learning fee.
- Balance as of August 31 2008 and 2007 was \$ 1,660,000 and \$ 1,855,000

**8.C. Combined Fee Revenue Refunding Bonds, Series 2006**

- To refund part of Series 2001 (\$ 4,190,000) and Series 2002 (\$ 2,320,000)
- Issue date was November 28, 2006
- Original amount of issue; amount authorized \$ 6,885,000
- The source for debt service are the registration fee, pledged tuition fee, building fee, and corporate learning fee.
- Balance as of August 31, 2008 and 2007 was \$ 6,885,000

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**8. BONDS PAYABLE (Continued)**

**8.D. Limited Tax Bonds, Series 2008**

- To construct the Master Plan which adds several buildings and renovates and improves the campus
- Issue date was May 23, 2008
- Original amount of issue; amount authorized \$ 28,470,000
- General Obligation Bond Issue was approved by the voters of the Brazosport College District for \$ 70,000,000. Property taxes will pay the debt.
- Balance as of August 31, 2008 was \$ 28,470,000

Bonds payable are due in annual installments varying from \$ 1,981,784 to \$ 3,355,366 with interest rates from 3.50% to 7.00% with the final installment due in 2033.

**9. ADVANCE REFUNDING BONDS**

- Refunded \$ 4,190,000 of Combined Fee Bonds, Series 2001 and \$ 2,320,000 of Combined Fee Bonds, Series 2002
- Issued refunding bonds on November 29, 2006
- \$ 6,885,000 all authorized bond have been issued
- Combined Fee Revenue Refunding Bonds, Series 2006
- Average interest rate of bonds refunded was 5.75%
- Net proceeds from Refunding Series \$ 6,869,638; after payment of \$ 207,836 in underwriting fees, insurance, and other issuance costs.
- Additional \$ 6,832,346 of 2006 Series sinking fund monies was used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2001 and 2002 Series bonds.
- The 2001 Series debt was reduced to \$ 2,180,000 and will be fully paid in 2012. The 2002 Series debt has been reduced to \$ 2,040,000 and will be fully paid in 2015.
- Advance refunding of the 2006 Series bonds reduced the District's debt service payments over the next 16 years by approximately \$ 231,800.
- Economic Gain - \$ 205,753 difference between the net present value of the old and new debt service payments.
- Accounting Loss - \$ 383,644 accounting loss was resulted from the advanced refunding. This loss will be amortized over the life of the new bonds.

**10. DEFEASED BONDS OUTSTANDING**

Bond Issue	Year Refunded	Par Value Outstanding
Revenue Bonds Series 2001	2006	\$ 4,190,000
Revenue Bonds Series 2002	2006	2,320,000
Total		\$ 6,510,000

The outstanding balance of these defeased bonds at August 31, 2008 was \$ 6,510,000 and the balance held in escrow was \$ 6,807,785.

**BRAZOSPORT COLLEGE DISTRICT**  
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**11. SHORT-TERM DEBT AND LEASE COMMITMENTS**

**11.A. Short-Term Debt**

The District had and incurred no short-term debt at and for the years ended August 31, 2008 and 2007.

**11.B. Lease Commitments**

Operating Lease Obligations

Beginning October 1, 2000 the District entered into a lease agreement with Westco Property Management Company, 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. On September 29, 2008, the District exercised the third option, in writing, extending the lease through September 30, 2011.

The District paid \$ 133,446 and \$ 126,975 as rent expense for the years ended August 31, 2008 and 2007.

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.

On May 1, 2008 the District signed a new lease agreement with Beacroft, Bass and Beacroft Et Al, to continue leasing the space located in Freeport, Texas for an extended period of five years ending on April 30, 2013. The District agrees to pay rent expense of \$ 3,650 a month.

The District paid \$ 33,993 and \$ 21,732 as rent expense for the years ended August 31, 2008 and 2007.

The District also leased storage facilities on a month-to-month basis. The District paid \$ 5,180 and \$ 6,000 as rent expense for the years ended August 31, 2008 and 2007. The lease was terminated in May 2008.



**BRAZOSPORT COLLEGE DISTRICT**  
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**11. SHORT-TERM DEBT AND LEASE COMMITMENTS (Continued)**

**11.B. Lease Commitments (Continued)**

Operating Lease Obligations (Continued)

Future, minimum lease rental payments under noncancellable operating leases having an initial term in excess of one year as of August 31, 2008 and 2007 were as follows:

<u>Year Ended August 31,</u>	<u>Minimum Future Lease Payments</u>	
	<u>2008</u>	<u>2007</u>
2008	\$	\$ 109,056
2009	182,303	8,333
2010	182,923	
2011	182,923	
2012	55,394	
2013	29,200	
Total	<u>\$ 632,743</u>	<u>\$ 117,389</u>

**12. EMPLOYEE RETIREMENT PLANS**

**12.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 6.58% 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 unfounded 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, 2008 and 2007 was \$ 411,107 and \$ 355,951, respectively. The District's total payroll for the years ended August 31, 2008 and 2007 was \$ 13,526,260 and \$ 12,821,813 of which \$ 6,968,462 and \$ 6,793,691 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.

**BRAZOSPORT COLLEGE DISTRICT**  
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**12. EMPLOYEE RETIREMENT PLANS (Continued)**

**12.A. Teacher Retirement System (Continued)**

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 6.58% and 6.65% respectively. The District contributes .73% for employees who were participating the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

**12.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% and 6.58% for fiscal years 2006-2007 and 2007-2008 with a 1.31% and .73% 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 2006-2007 and 2007-2008. These rates are set by state statutes. The contribution requirement of the fiscal years ended August 31, 2008 and 2007 for the District was \$ 690,843 and \$ 654,817, which consisted of \$ 331,897 and \$ 284,000 from the state, \$ 23,518 and \$ 42,851 from the District, and \$ 335,428 and \$ 327,159 from the employees, respectively. The District's total payroll for the years ended August 31, 2008 and 2007 was \$ 13,526,268 and \$ 12,821,813 of which \$ 5,044,029 and \$ 4,738,469 was covered payroll for this plan, respectively.

**12.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 2006-2007, and 2007-2008. The District's contribution rate was 1.5% for the same period. The contribution requirement of the fiscal years ended August 31, 2008 and 2007 was \$ 20,095 and \$ 17,300 from the District and \$ 80,376 and \$ 69,200 from the employees, respectively. The District's total payroll for the years ended August 31, 2008 and 2007 was \$ 13,526,260 and \$ 12,821,813 of which \$ 1,339,572 and \$ 1,153,263 was covered payroll for this plan, respectively.

**13. 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. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

**BRAZOSPORT COLLEGE DISTRICT**  
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**13. DEFERRED COMPENSATION PROGRAM (Continued)**

As of August 31, 2008 and 2007, the District has 63 and 71 employees participating in the program, 63 and 71 employees were vested as of August 31, 2008 and 2007. A total of \$ 303,343 and \$ 328,699 in contributions were deferred by employees during the fiscal year ended August 31, 2008 and 2007 creating a payable to the vested employees of zero. The District is not custodian for this plan and therefore does not administrate any type of plan where it would have any records on employee contributions. The District withholds the amount requested by the various employees and then immediately remits it to the broker selected by each employee. Since these are individual annuity contracts, the District has no additional or unfunded liability for this program and has no contractual liability.

**14. 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, 2008 and 2007 the accrued liability for unpaid leave totaled \$ 191,499 and \$ 165,588, of which \$ 45,000 and \$ 45,000, 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, 2008 and 2007.

**15. PENDING LAWSUITS AND CLAIMS**

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, 2008 and 2007.

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, 2008 and 2007.

**BRAZOSPORT COLLEGE DISTRICT**  
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**16. DISSAGREGATION OF ACCOUNTS AND NOTES RECEIVABLE, UNCOLLECTIBLE ACCOUNTS, ACCOUNTS AND ACCRUED LIABILITIES, AND DEFERRED REVENUES**

**16.A. Accounts and Notes Receivables**

Receivables at August 31, 2008 and 2007 were as follows:

	2008	2007
Current Assets:		
Student notes receivable	\$ 18,904	\$ 30,505
Taxes receivable	148,206	142,113
Accounts receivable	530,254	552,474
Interest receivable	38,918	66,576
Subtotal	736,282	791,668
Allowance for doubtful accounts	135,010	108,585
Total current assets	601,272	683,083
Restricted Assets:		
Federal receivable	\$ 124,673	\$ 22,481
State receivable	50,220	
Accounts receivable	73,684	11,123
Interest receivable	172,716	2,406
Total restricted assets	421,293	36,010
Total receivables	\$ 1,022,565	\$ 719,093

**16.B. Accounts and Accrued Liabilities**

Payables at August 31, 2008 and 2007 were as follows:

	2008	2007
Current Liabilities:		
Vendors payable	\$ 204,568	\$ 685,533
Due to other governments	8,583	21,527
Salaries and benefits payable	92,275	92,417
Total current liabilities	305,426	799,477
Liabilities Payable from Restricted Assets:		
Accrued interest	374,739	19,913
Due to other governments	372	
Total from restricted assets	375,111	19,913
Total payables	\$ 680,537	\$ 819,390

**BRAZOSPORT COLLEGE DISTRICT**  
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**16. DISSAGREGATION OF ACCOUNTS AND NOTES RECEIVABLE, UNCOLLECTIBLE ACCOUNTS, ACCOUNTS AND ACCRUED LIABILITIES, AND DEFERRED REVENUES (Continued)**

**16.C. 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, 2008 and 2007 was \$ 79,369 and \$ 73,276, respectively.

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, 2008 and 2007 was \$ 55,641 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, 2008 and 2007; 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, 2008 and 2007, no allowance was established. During the years ended August 31, 2008 and 2007, there were no write-offs of student loans.

**16.D. 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, 2008 and 2007. Of these amounts only the tuition and fees, clarion tickets, and childcare fees were collected prior to August 31, 2008 and 2007. These amounts are as follows:

	2008	2007
Current Liabilities:		
Tuition and fees	\$ 1,555,490	\$ 1,463,289
Liabilities Payable from Restricted Assets:		
State and local grants	141,859	
Totals	\$ 1,697,349	\$ 1,463,289

**BRAZOSPORT COLLEGE DISTRICT**  
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**17. 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, 2009.
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 \$ 117,961 and \$ 120,302 in lease income for the years ended August 31, 2008 and 2007.
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 \$ 15,524 and \$ 15,769 of lease income on this contract for the years ended August 31, 2008 and 2007.

**18. CONTRACTS AND GRANTS**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal 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 institution has not yet performed services are not included in the financial statements. Contract and grant awards already committed, e.g., multi-year awards, or funds awarded during fiscal years ending August 31, 2008 and 2007 for which monies have not been received nor funds totaled zero.

**19. 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, 2008 was \$ 360.54 for "Employee Only" coverage, \$ 566.57 for "Employee and Spouse"

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**19. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)**

coverage, \$ 498.49 for "Employee and Children" coverage, and \$ 704.52 for "Employee and Family" coverage. The cost of providing those benefits for 56 retirees was \$ 294,540 and for 225 active employees was \$ 1,083,605. For the year ended August 31, 2008 the state contribution was limited to \$ 1,378,145. 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 \$ 319,759 and for 228 active employees was \$ 932,317. For the year ended August 31, 2007 the state contribution was limited to \$ 1,252,076.

**20. ON-BEHALF PAYMENTS**

The State of Texas provided on-behalf payments for the following benefits for the years ended August 31, 2008 and 2007:

	2008	2007
Teacher Retirement System	\$ 411,107	\$ 355,951
Optional Retirement Program (ORP)	331,897	284,000
Post retirement health care and life insurance benefits	1,378,145	1,252,076
Total	\$ 2,121,149	\$ 1,892,027

**21. 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.

	2008	2007
Assessed Valuation of the District:	\$ 8,809,456,484	\$ 8,385,488,033
Less: Abatements	606,912,385	606,664,970
Less: Exemptions	1,452,675,095	1,353,419,137
Net assessed valuation of the district	\$ 6,749,869,004	\$ 6,425,403,926

	Current Operations	Debt Service	Total
Tax rate authorized per \$ 100 valuation	\$ 0.12100	\$ 0.00000	\$ 0.12100
Tax rate assessed per \$ 100 valuation	\$ 0.12200	\$ 0.00000	\$ 0.12200

Taxes levied for the years ended August 31, 2008 and 2007 were \$ 8,168,368 and \$ 7,875,603 (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.

**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

**21. PROPERTY TAXES (Continued)**

The following is a summary of tax collections for the years ended August 31, 2008 and 2007:

August 31, 2008

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 8,101,074	\$	\$ 8,101,074
Delinquent taxes collected	9,363		9,363
Penalties and interest collected	<u>35,006</u>		<u>35,006</u>
Total collections	<u>\$ 8,145,443</u>	<u>\$ -0-</u>	<u>\$ 8,145,443</u>

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>

Tax collections for the years ended August 31, 2008 and 2007 were 99.18% and 99.17% 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.

**22. 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, 2008 and 2007.

**23. COMPONENT UNITS**

Brazosport College Foundation - Discrete Component Unit

Brazosport College Foundation (the Foundation) was established as a separate nonprofit organization on November 22, 1995, to raise funds to provide student scholarships, building projects and support other projects of the District. The Governmental Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of government unit.

Accordingly, the Foundation financial statements are included in the District's annual report as a discrete component unit (see table of contents). Complete financial statements of the Brazosport College Foundation can be obtained from the Dean, Administrative & Business Services, Brazosport College District, 500 College Drive, Lake Jackson, Texas 77566.



**BRAZOSPORT COLLEGE DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEARS ENDED AUGUST 31, 2008 AND 2007*

**24. RELATED PARTIES**

The District has no related parties except the Brazosport College Foundation which is mentioned as a Component Unit in Footnote 23.

**25. SUBSEQUENT EVENTS**

The stock market decline has caused the long-term investments of the District to decline in value. The nature of these investments is in the market for the long-term so realized loss will be recognized. The investment portfolios, excluding money market funds, have declined by \$ 730,750 or 2.36% from August 31, 2008 to October 31, 2008. Of this decline, equity securities (within the restricted (endowment) portfolio) decreased by \$ 639,220 or 27.01%.

**26. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description

Brazosport College District contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issued a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy

Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan member or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (of funding excess) of the plan over a period not to exceed thirty years.

The District's contributions to SRHP for the years ended August 31, 2008, 2007 and 2006 were \$ 42,209, \$ 42,029, and \$ 40,038, respectively, which equaled the required contributions for each year.

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**SUPPLEMENTAL SCHEDULES**

**BRAZOSPORT COLLEGE DISTRICT**  
**SCHEDULE OF OPERATING REVENUES**  
**FOR THE YEAR ENDED AUGUST 31, 2008**  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

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, 2008</u>	<u>Total Year Ended August 31, 2007</u>
<b>TUITION AND FEES:</b>						
<b>Tuition:</b>						
State Funded Courses:						
In-district resident tuition	\$ 1,285,378	\$	\$ 1,285,378	\$	\$ 1,285,378	\$ 1,261,083
Out-of-district resident tuition	1,351,507		1,351,507		1,351,507	1,325,639
TPEG (set aside)*		132,886	132,886		132,886	127,249
Non-resident tuition	53,986		53,986		53,986	51,265
Non-state funded continuing education	<u>2,177,933</u>		<u>2,177,933</u>		<u>2,177,933</u>	<u>2,266,059</u>
Total tuition	<u>4,868,804</u>	<u>132,886</u>	<u>5,001,690</u>	<u>-0-</u>	<u>5,001,690</u>	<u>5,031,295</u>
<b>Fees:</b>						
General fee	412,359		412,359	62,627	474,986	457,355
Student service fee			-0-	90,397	90,397	91,802
Laboratory fee	228,243		228,243		228,243	197,490
Building use fee	<u>709,276</u>		<u>709,276</u>		<u>709,276</u>	<u>676,507</u>
Total fees	<u>1,349,878</u>	<u>-0-</u>	<u>1,349,878</u>	<u>153,024</u>	<u>1,502,902</u>	<u>1,423,154</u>
<b>Scholarship Allowances and Discounts:</b>						
Scholarship allowances	( 109,075)		( 109,075)		( 109,075)	( 102,082)
Remissions and exemptions	( 18,123)		( 18,123)		( 18,123)	( 17,086)
TPEG allowances	( 136,916)		( 136,916)		( 136,916)	( 83,021)
Federal grants to students	( 151,271)		( 151,271)		( 151,271)	( 192,835)
Other	<u>( 13,824)</u>		<u>( 13,824)</u>		<u>( 13,824)</u>	<u>( 20,487)</u>
Total scholarship allowances and discounts	<u>( 429,209)</u>	<u>-0-</u>	<u>( 429,209)</u>	<u>-0-</u>	<u>( 429,209)</u>	<u>( 415,511)</u>
Net tuition and fees	<u>5,789,473</u>	<u>132,886</u>	<u>5,922,359</u>	<u>153,024</u>	<u>6,075,383</u>	<u>6,038,938</u>

**BRAZOSPORT COLLEGE DISTRICT***SCHEDULE OF OPERATING REVENUES - Continued*

FOR THE YEAR ENDED AUGUST 31, 2008

(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

SCHEDULE A

Page 2 of 2

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total Year Ended August 31, 2008	Total Year Ended August 31, 2007
ADDITIONAL OPERATING REVENUES:						
Federal grants and contracts	\$ 559	\$ 1,638,419	\$ 1,638,978	\$	\$ 1,638,978	\$ 2,192,701
State grants and contracts		270,159	270,159		270,159	112,198
Local grants and contracts		116,119	116,119		116,119	96,084
Nongovernmental grants and contracts	89,397	8,700	98,097		98,097	114,003
Sales and services of educational activities	186,610	2,865	189,475	25,914	215,389	336,217
Other operating revenues	<u>495,127</u>		<u>495,127</u>		<u>495,127</u>	<u>473,422</u>
Total other operating revenues	<u>771,693</u>	<u>2,036,262</u>	<u>2,807,955</u>	<u>25,914</u>	<u>2,833,869</u>	<u>3,324,625</u>
AUXILIARY ENTERPRISES:						
Bookstore			-0-	117,961	117,961	120,302
Total auxiliary enterprises	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>117,961</u>	<u>117,961</u>	<u>120,302</u>
Total operating revenues	<u>\$ 6,561,166</u>	<u>\$ 2,169,148</u>	<u>\$ 8,730,314</u>	<u>\$ 296,899</u>	<u>\$ 9,027,213</u> (Exhibit 2)	<u>\$ 9,483,865</u> (Exhibit 2)

\* In accordance with Education Code 56.033, \$ 132,886 and \$ 127,249 for years ended August 31, 2008 and 2007, 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, 2008****(WITH MEMORANDUM TOTAL FOR THE YEAR ENDED AUGUST 31, 2007)****SCHEDULE B****Page 1 of 1**

	Operating Expenses					August 31, 2008	August 31, 2007
	Salaries and Wages	Benefits		Other Expenses			
		State	Local				
<b>Unrestricted Educational Activities:</b>							
Instruction	\$ 7,873,136	\$	\$ 281,309	\$ 2,287,184	\$ 10,441,629	\$ 10,213,707	
Public services	56,351		8,833	3,687	68,871	75,634	
Academic support	881,785		31,711	490,238	1,403,734	1,242,412	
Student services	1,388,455		49,919	255,515	1,693,889	1,436,442	
Institutional support	2,556,098		101,640	1,314,857	3,972,595	3,919,702	
Operation and maintenance of plant	408,650		152,006	2,011,128	2,571,784	2,376,106	
Scholarship and fellowships				267,054	267,054	204,730	
Total unrestricted educational activities	<u>13,164,475</u>	<u>-0-</u>	<u>625,418</u>	<u>6,629,663</u>	<u>20,419,556</u>	<u>19,468,733</u>	
<b>Restricted Educational Activities:</b>							
Instruction	\$ 174,886	\$ 1,309,809	\$ 13,054	\$ 192,083	\$ 1,689,832	\$ 1,556,724	
Public services	77,935		9,658	21,608	109,201	85,912	
Academic support	68,175	147,844	9,114	22,503	247,636	200,334	
Student services	10,997	232,266		7,831	251,094	210,616	
Institutional support		431,230			431,230	503,544	
Operation and maintenance of plant					-0-	-0-	
Scholarship and fellowships				1,238,958	1,238,958	1,608,983	
Total restricted educational activities	<u>331,993</u>	<u>2,121,149</u>	<u>31,826</u>	<u>1,482,983</u>	<u>3,967,951</u>	<u>4,166,113</u>	
Total educational activities	13,496,468	2,121,149	657,244	8,112,646	24,387,507	23,634,846	
Auxiliary enterprises	57,431		8,540	223,416	289,387	287,486	
<b>Depreciation Expense:</b>							
Buildings and other real estate				1,246,182	1,246,182	1,070,209	
Equipment and furniture				261,268	261,268	345,275	
Library books				88,964	88,964	88,964	
Total operating expenses	<u>\$ 13,553,899</u>	<u>\$ 2,121,149</u>	<u>\$ 665,784</u>	<u>\$ 9,932,476</u>	<u>\$ 26,273,308</u> (Exhibit 2)	<u>\$ 25,426,780</u> (Exhibit 2)	

**BRAZOSPORT COLLEGE DISTRICT****SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES****FOR THE YEAR ENDED AUGUST 31, 2008****(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)**

SCHEDULE C

Page 1 of 1

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>August 31, 2008</u>	<u>August 31, 2007</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 5,897,143	\$	\$	\$ 5,897,143	\$ 6,088,991
State group insurance		1,378,145		1,378,145	1,252,076
State retirement matching		743,004		743,004	639,951
Total state appropriations	5,897,143	2,121,149	-0-	8,018,292	7,981,018
Maintenance ad valorem taxes	8,145,443			8,145,443	7,868,247
Investment income (net of fees)	214,068	283,019	168	497,255	444,217
Increase (decrease) in value of investments	( 2,621)	( 288,032)		( 290,653)	155,318
Gain on sale of investments	38,444	( 33,623)		4,821	295,442
Contributions in aid of construction	5,675			5,675	599,200
Total non-operating revenue	<u>14,298,152</u>	<u>2,082,513</u>	<u>168</u>	<u>16,380,833</u>	<u>17,343,442</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	<u>708,345</u>			<u>708,345</u>	<u>428,647</u>
Total non-operating expenses	<u>708,345</u>	<u>-0-</u>	<u>-0-</u>	<u>708,345</u>	<u>428,647</u>
Net non-operating revenues (expenses)	<u>\$ 13,589,807</u>	<u>\$ 2,082,513</u>	<u>\$ 168</u>	<u>\$ 15,672,488</u> (Exhibit 2)	<u>\$ 16,914,795</u> (Exhibit 2)

**BRAZOSPORT COLLEGE DISTRICT**

**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**

**FOR THE YEAR ENDED AUGUST 31, 2008**

**(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)**

**SCHEDULE D**

**Page 1 of 1**

	Detail by Source				Total
	Unrestricted	Restricted Expendable	Non- Expendable	Capital Assets Net of Depreciation & Related Debt	
Current:					
Unrestricted	\$ 1,966,908	\$	\$	\$	\$ 1,966,908
Board designated	71,494				71,494
Restricted		163,221			163,221
Auxiliary enterprises	647,301				647,301
Loan	7,851				7,851
Endowment:					
Quasi:					
Unrestricted	3,460,875				3,460,875
Endowment:					
True		288,467	2,460,108		2,748,575
Plant:					
Debt service		1,094,397			1,094,397
Investment in plant				26,325,318	26,325,318
Total net assets, August 31, 2008	6,154,429	1,546,085	2,460,108	26,325,318	36,485,940 (Exhibit 1)
Total net assets, August 31, 2007	<u>6,677,467</u>	<u>1,356,819</u>	<u>2,455,062</u>	<u>27,547,988</u>	<u>38,037,336</u> (Exhibit 1)
Net increase (decrease) in net assets	<u>\$ ( 523,038 )</u>	<u>\$ 189,266</u>	<u>\$ 5,046</u>	<u>\$ ( 1,222,670 )</u>	<u>\$ ( 1,551,396 )</u> (Exhibit 2)



Available for  
Current Operations

<u>Yes</u>	<u>No</u>
\$ 1,966,908	\$
163,221	71,494
647,301	7,851
	3,460,875
288,467	2,460,108
	1,094,397
	<u>26,325,318</u>
3,065,897	33,420,043
<u>3,923,187</u>	<u>34,114,149</u>
<u>\$( 857,290)</u>	<u>\$( 694,106)</u>

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**FEDERAL AND STATE AWARD 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

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*

December 1, 2008

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2008. 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.

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.

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.

[www.kmkwllc.com](http://www.kmkwllc.com) – Email: [kmkw@kmkwllc.com](mailto:kmkw@kmkwllc.com)

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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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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 have performed tests designed to verify the District's compliance with the requirements of the Public Funds investment Act. During the year ended August 31, 2008, no instances of noncompliance were found.

We noted certain matters that we reported to management of the District, in a separate letter dated December 1, 2008.

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

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

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

December 1, 2008

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, 2008. 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, 2008.

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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 noncompliance 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 & Hunford, LLC*



**BRAZOSPORT COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
2. No significant internal control deficiency, 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.

None.

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, 2008*

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 developed a corrective action plan to prevent future problems and improve the process. The bank reconciliation in question was temporarily 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 were also developed for recording information to communicate monthly to the Dean of Administrative and Business Services the current status of all bank reconciliations.

**BRAZOSPORT COLLEGE DISTRICT**  
*SCHEDULE OF CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2008*

None.

**BRAZOSPORT COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

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:			
Student loan program – FFELP	84.032	007287	\$ <u>213,737</u>
Pell Grant program	84.063	P063P072911	<u>958,990</u>
Academic Competitiveness Program	84.375	P375A072911	<u>19,400</u>
Passed Through From:			
Texas Education Agency:			
Adult Basic Education Programs:			
El Civics	84.002	084100087110238	105,161
El Civics	84.002	094100087110273	<u>9,012</u>
			<u>114,173</u>
Region IV Education Service Center:			
ABE-COOP ESL	84.002	084100017110208	68,294
ABE-COOP ESL	84.002	084100017110206	7,665
TANFF	84.002	073625017110117	400
TANFF	84.002	083625017110191	<u>9,985</u>
Subtotal Adult Basic Education			<u>86,344</u>
Passed Through From:			
Texas Higher Education Coordinating Board:			
Vocational Education - Basic Grants	84.048	54207	<u>112,408</u>
Student Leveraging Education Assistance Partnership	84.069	007287	<u>4,780</u>
Leveraging Education Assistance Partnership	84.069	007287	<u>3,600</u>
Total U.S. Department of Education			<u>1,513,432</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through From Brazoria County:			
Community Development Block Grant	14.218	007287	<u>18,726</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	7-603001-Z-0047-23	19,434
Brazos SBDC Programs (Note 3)	59.037	8-603001-Z-0047-24	<u>86,827</u>
Total U.S. Small Business Administration			<u>106,261</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ <u>1,638,419</u></b>

**BRAZOSPORT COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

EXHIBIT E  
 Page 2 of 2

**NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION**

Federal Revenues – per Exhibit 2:		
Federal grants and contracts	\$	1,638,978
Reconciling Items:		
In lieu of property tax on federal land	(	<u>559)</u>
Total pass-through and expenditures per federal schedule	\$	<u><u>1,638,419</u></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, 2008 and 2007. 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, 2008 and 2007 were as follows:

	Federal CFDA Number	Pass -Through Grantor's Number	Program Matching Required	Direct Matching Expenditures Years Ended August 31,		
				2008	2007	Total
SBDC Program (10-01-07/09-30-08)	59.037	8-603001-Z-0047-24	\$ 99,516	\$ 94,090	\$	\$ 94,090
SBDC Program (10-01-06/09-30-07)	59.037	7-603001-Z-0047-23	96,198	<u>5,917</u>	<u>91,544</u>	<u>97,461</u>
				<u>\$ 100,007</u>	<u>\$ 91,544</u>	<u>\$ 191,551</u>

**NOTE 4 - INDIRECT COST**

The District did not receive reimbursement for indirect costs during the year ended August 31, 2008. 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, 2008**

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	\$ 10,997
College Readiness	007287	15,000
Texas Grant Program	007287	93,328
Texas Education Opportunity Grant Program	007287	<u>22,490</u>
Total Texas Higher Education Coordinating Board		<u>141,815</u>
Texas Education Agency:		
Passed Through Region IV Education Service Center:		
Adult Basic Education	080100017110208	21,611
TANF	080110017110191	<u>5,750</u>
Total Region IV Education Service Center		<u>27,361</u>
Texas Workforce Commission:		
Direct:		
Skills Development Program	2807SDF004	<u>100,983</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b><u>\$ 270,159</u></b>

**NOTE 1 - STATE ASSISTANCE RECONCILIATION**

State Revenues – per Exhibit 2:		
State grants and contracts		\$ 270,159
Reconciling Items:		
None		<u>-0-</u>
Expenditures per state schedule		<u>\$ 270,159</u>

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING SCHEDULE**

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 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.

**STATISTICAL SUPPLEMENTARY INFORMATION**

**BRAZOSPORT COLLEGE DISTRICT**

*STATISTICAL SUPPLEMENT 1 -*

*NET ASSETS BY COMPONENT*

Fiscal Years 2002 to 2008

**UNAUDITED**

(Amounts expressed in thousands)

	<u>For the Fiscal Year Ended</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Invested in capital assets, net of related debt	\$ 26,325	\$ 27,547	\$ 25,830	\$ 25,553
Restricted - expendable	1,546	1,357	1,165	968
Restricted - nonexpendable	2,460	2,455	2,221	2,144
Unrestricted	<u>6,155</u>	<u>6,678</u>	<u>7,752</u>	<u>7,175</u>
Total primary government net assets	<u>\$ 36,486</u>	<u>\$ 38,037</u>	<u>\$ 36,968</u>	<u>\$ 35,840</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.



August 31,

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 20,926	\$ 16,752	\$ 13,126
886	736	3,044
1,974	3,099	2,856
<u>10,902</u>	<u>10,177</u>	<u>13,716</u>
<u>\$ 34,688</u>	<u>\$ 30,764</u>	<u>\$ 32,742</u>

**BRAZOSPORT COLLEGE DISTRICT****STATISTICAL SUPPLEMENT 2 -****REVENUES BY SOURCE**

Fiscal Years 2002 to 2008

**UNAUDITED**

(Amounts expressed in thousands)

	For the Fiscal Year Ended			
	2008	2007	2006	2005
Tuition and fees (net of discounts)	\$ 6,075	\$ 6,039	\$ 6,039	\$ 5,247
Governmental Grants and Contracts:				
Federal grants and contracts	1,639	2,193	2,727	2,905
State grants and contracts	270	112	340	301
Local grants and contracts	116	96	13	14
Non-governmental grants and contracts	98	114	90	75
Sales and service of education activities	215	336	410	527
Auxiliary enterprises	118	120	124	119
Other operating revenues	496	474	455	505
Total operating revenues	<u>9,027</u>	<u>9,484</u>	<u>10,198</u>	<u>9,693</u>
State appropriations	8,018	7,981	7,865	7,041
Ad Valorem taxes	8,145	7,868	7,145	6,380
Gifts	6	599	1,034	2,026
Investment income	497	444	469	409
Other non-operating revenues	(285)	451	154	216
Total non-operating revenues	<u>16,381</u>	<u>17,343</u>	<u>16,667</u>	<u>16,072</u>
Total revenues	<u>\$ 25,408</u>	<u>\$ 26,827</u>	<u>\$ 26,865</u>	<u>\$ 25,765</u>

	For the Fiscal Year Ended			
	2008	2007	2006	2005
Tuition and fees (net of discounts)	23.91%	22.51%	22.47%	20.36%
Governmental Grants and Contracts:				
Federal grants and contracts	6.45%	8.17%	10.15%	11.27%
State grants and contracts	1.06%	0.42%	1.27%	1.17%
Local grants and contracts	0.46%	0.36%	0.05%	0.05%
Non-governmental grants and contracts	0.39%	0.42%	0.33%	0.29%
Sales and service of education activities	0.85%	1.25%	1.52%	2.05%
Auxiliary enterprises	0.46%	0.45%	0.46%	0.46%
Other operating revenues	1.95%	1.77%	1.69%	1.96%
Total operating revenues	<u>35.53%</u>	<u>35.35%</u>	<u>37.96%</u>	<u>37.62%</u>
State appropriations	31.56%	29.75%	29.28%	27.33%
Ad Valorem taxes	32.06%	29.33%	26.60%	24.76%
Gifts	0.02%	2.23%	3.85%	7.86%
Investment income	1.96%	1.66%	1.75%	1.59%
Other non-operating revenues	(1.12%)	1.68%	0.57%	0.84%
Total non-operating revenues	<u>64.47%</u>	<u>64.65%</u>	<u>62.04%</u>	<u>62.38%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

August 31,		
<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 5,515	\$ 4,412	\$ 5,067
2,660	2,360	1,759
501	376	305
4	15	
98	73	55
480	112	110
115	133	84
<u>419</u>	<u>349</u>	<u>28</u>
<u>9,792</u>	<u>7,830</u>	<u>7,408</u>
7,118	7,264	7,605
5,773	4,602	4,506
2,000		
376	386	281
<u>167</u>	<u>186</u>	<u>31</u>
<u>15,434</u>	<u>12,438</u>	<u>12,423</u>
<u>\$ 25,226</u>	<u>\$ 20,268</u>	<u>\$ 19,831</u>

August 31,		
<u>2004</u>	<u>2003</u>	<u>2002</u>
21.86%	21.77%	25.55%
10.54%	11.64%	8.87%
1.99%	1.86%	1.54%
0.02%	0.07%	0.00%
0.39%	0.36%	0.28%
1.90%	0.55%	0.55%
0.46%	0.66%	0.42%
<u>1.66%</u>	<u>1.72%</u>	<u>0.14%</u>
<u>38.82%</u>	<u>38.63%</u>	<u>37.35%</u>
28.22%	35.84%	38.35%
22.89%	22.71%	22.72%
7.93%	0.00%	0.00%
1.49%	1.90%	1.42%
<u>0.66%</u>	<u>0.92%</u>	<u>0.16%</u>
<u>61.18%</u>	<u>61.37%</u>	<u>62.65%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**BRAZOSPORT COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 3 -**  
**PROGRAM EXPENSES BY FUNCTION**  
Fiscal Years 2002 to 2008  
**UNAUDITED**  
(Amounts expressed in thousands)

	For the Fiscal Year Ended			
	2008	2007	2006	2005
Instruction	\$ 12,132	\$ 11,770	\$ 12,136	\$ 11,237
Public service	178	162	162	165
Academic support	1,651	1,443	1,287	1,037
Student services	1,945	1,647	1,623	1,729
Institutional support	4,404	4,423	4,046	3,647
Operation and maintenance of plant	2,572	2,376	2,072	1,774
Scholarships and fellowships	1,506	1,814	2,163	2,204
Auxiliary enterprises	289	288	257	72
Depreciation	1,596	1,504	1,518	1,207
<b>Total operating revenues</b>	<b>26,273</b>	<b>25,427</b>	<b>25,264</b>	<b>23,072</b>
Interest on capital related debt	708	429	569	597
Loss on disposal of fixed assets				
<b>Total non-operating expenses</b>	<b>708</b>	<b>429</b>	<b>569</b>	<b>597</b>
<b>Total expenses</b>	<b>\$ 26,981</b>	<b>\$ 25,856</b>	<b>\$ 25,833</b>	<b>\$ 23,669</b>

	For the Fiscal Year Ended			
	2008	2007	2006	2005
Instruction	44.96%	45.52%	46.98%	47.48%
Public support	0.66%	0.63%	0.63%	0.70%
Academic support	6.12%	5.58%	4.98%	4.38%
Student services	7.21%	6.37%	6.28%	7.30%
Institutional support	16.32%	17.11%	15.66%	15.41%
Operation and maintenance of plant	9.53%	9.19%	8.02%	7.50%
Scholarships and fellowships	5.58%	7.02%	8.37%	9.31%
Auxiliary enterprises	1.07%	1.11%	0.99%	0.30%
Depreciation	5.92%	5.82%	5.88%	5.10%
<b>Total operating expenses</b>	<b>97.38%</b>	<b>98.34%</b>	<b>97.80%</b>	<b>97.48%</b>
Interest on capital related debt	2.62%	1.66%	2.20%	2.52%
Loss on disposal of fixed assets	0.00%	0.00%	0.00 %	0.00 %
<b>Total non-operating expenses</b>	<b>2.62%</b>	<b>1.66%</b>	<b>2.20%</b>	<b>2.52%</b>
<b>Total expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

August 31,

	2004	2003	2002
\$	10,221	\$ 11,179	\$ 9,328
	163	200	399
	893	858	814
	1,732	1,612	1,527
	3,480	3,249	3,150
	1,562	1,624	1,529
	1,925	1,761	1,332
	60	134	52
	<u>1,025</u>	<u>972</u>	<u>740</u>
	<u>21,061</u>	<u>21,589</u>	<u>18,871</u>
	623	644	4
	<u>623</u>	<u>644</u>	<u>4</u>
\$	<u><u>21,684</u></u>	<u><u>22,233</u></u>	<u><u>18,875</u></u>

August 31,

	2004	2003	2002
	47.14%	50.28%	49.42%
	0.75%	0.90%	2.11%
	4.12%	3.86%	4.31%
	7.99%	7.25%	8.09%
	16.05%	14.61%	16.69%
	7.20%	7.30%	8.10%
	8.88%	7.92%	7.06%
	0.28%	0.60%	0.28%
	<u>4.73%</u>	<u>4.37%</u>	<u>3.92%</u>
	<u>97.13%</u>	<u>97.10%</u>	<u>99.98%</u>
	2.87%	2.90%	0.02%
	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<u>2.87%</u>	<u>2.90%</u>	<u>0.02%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></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		
2008	\$ 25	\$ 31	\$ 52	\$ 9	\$ 15	\$ 561	\$ 813	8.09%	5.45%		
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%		

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		
2008	\$ 25	\$ 99	\$ 99	\$ 9	\$ 15	\$ 1,377	\$ 1,377	3.15%	3.15%		
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%		

Notes: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees. Students taking junior and senior level courses as part of the Bachelor of Technology Program are charged an additional course fee of \$ 35 per credit hour.

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

Fiscal Year	(amounts expressed in millions)			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)
2007-08	\$ 8,809	\$ 2,059	\$ 6,750	76.63%	0.121000	0.000000	0.121000
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

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 (thousands)	Appropriations per FTSE		Appropriations per Contact Hour				
		FTSE	State Appropriation per FTSE	Academic Contact Hours (thousands)	Voc/Tech Contact Hours (thousands)	BAT Contact Hours (thousands)	Total Contact Hours (thousands)	State Appropriation per Contact Hour
2007-08	\$ 7,985	5,569	1,434	859	574	18	1,451	\$ 5.50
2006-07	7,981	5,815	1,372	939	595		1,534	5.20
2005-06	7,865	5,576	1,411	933	495		1,428	5.51
2004-05	7,041	5,451	1,292	915	469		1,384	5.09
2003-04	7,118	5,641	1,262	899	573		1,472	4.84
2002-03	7,264	5,816	1,249	897	660		1,557	4.67
2001-02	7,605	5,849	1,300	842	783		1,625	4.68
2000-01	6,680	5,520	1,210	782	756		1,538	4.34
1999-00	6,334	5,386	1,176	743	751		1,494	4.24
1998-99	6,098	5,685	1,073	728	686		1,414	4.31

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



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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)			
		2008	2007	2006	2005
Dow Chemical Company	Chemical	\$ 2,945,805	\$ 2,743,452	\$ 3,463,027	\$ 3,274,446
BASF Corp Chemical Division	Chemical	766,664	741,770	831,464	837,731
Shintech, Inc.	Chemical	166,748	175,269	166,170	137,292
Schenectady International	Chemical	110,404	107,474	93,351	93,656
Oyster Creek Ltd./Delta Power	Power	84,553	87,517	119,138	133,736
Air Liquide Energy Inc.	Energy	47,022	45,354	46,454	47,165
Exxon Mobil Pipeline Co.	Petroleum	44,497	39,468	37,604	29,153
Centerpoint Energy Inc.	Utility	39,395	39,081	42,250	44,151
Huntsman Ethyleneamines LTD	Chemical	34,896	31,326		37,013
American Rice Inc.	Agriculture	34,535			
DSM Nutritional Products Inc	Chemical	28,650	25,323		
Nalco Energy Services LP	Chemical	26,787			
Brazos Outlets Center LLC	Retail	24,075			
Air Liquide Large	Pipeline	21,277			
Seaway Crude Pipeline LP	Pipeline	19,963			
Gulf Chemical	Chemical	18,852			
Rhodia Inc.	Chemical	17,142			
Chevron Phillips Chem Co LP	Chemical	16,440			
Shin-Etsu Silicones of America	Silicones	15,594		60,471	46,339
Southwestern Bell Tele Co.	Communication	14,685			
Totals		<u>\$ 4,477,984</u>	<u>\$ 4,036,034</u>	<u>\$ 4,859,929</u>	<u>\$ 4,680,682</u>
Total taxable assessed value		<u>\$ 6,750,116</u>	<u>\$ 6,423,220</u>	<u>\$ 6,005,693</u>	<u>\$ 5,636,859</u>

Taxpayer	Type of Business	% Taxable Assessed Value (TAV) by Tax Year			
		2008	2007	2006	2005
Dow Chemical Company	Chemical	65.78%	67.97%	70.05%	69.96%
BASF Corp Chemical Division	Chemical	17.12%	18.38%	16.82%	17.90%
Shintech, Inc.	Chemical	3.72%	4.34%	3.42%	2.93%
Schenectady International	Chemical	2.47%	2.66%	1.92%	2.00%
Oyster Creek Ltd.	Power	1.89%	2.17%	2.45%	2.86%
Air Liquide Energy Inc.	Energy	1.05%	1.12%	0.96%	1.01%
Exxon Mobil Pipeline Co.	Petroleum	0.99%	0.98%	0.76%	0.62%
Centerpoint Energy Inc.	Utility	0.88%	0.97%	0.87%	0.94%
Huntsman Ethyleneamines LTD	Chemical	0.78%	0.78%		0.79%
American Rice Inc.	Agriculture	0.77%			
DSM Nutritional Products Inc.	Chemical	0.64%	0.63%		
Nalco Energy Services LP	Chemical	0.60%			
Brazos Outlets Center	Retail	0.54%			
Air Liquide Large	Pipeline	0.48%			
Seaway Crude Pipeline LP	Pipeline	0.45%			
Gulf Chemical	Chemical	0.42%			
Rhodia Inc.	Chemical	0.38%			
Chevron Phillips Chem Co LP	Chemical	0.37%			
Shin-Etsu Silicones of America	Silicones	0.35%		1.24%	0.99%
Southwestern Bell Tele Co	Communication	0.33%			
Totals		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

2004	2003	2002	2001	2000	1999
\$ 2,971,965	\$ 3,113,632	\$ 2,968,858	\$ 2,340,550	\$ 2,515,232	\$ 2,515,952
836,575	906,643	925,909	496,765	887,800	591,269
132,887	167,027	160,390	157,226	164,780	142,657
85,159	84,012	84,135	62,539	57,988	59,249
132,834	136,766	151,294	160,710	172,508	
62,691	64,069		79,597	68,049	68,086
41,879	40,393				
33,804					
33,784					
			26,626		
		31,093	28,333	19,057	38,337
				25,049	
47,849	40,613				
<u>\$ 4,379,427</u>	<u>\$ 4,553,155</u>	<u>\$ 4,321,679</u>	<u>\$ 3,352,346</u>	<u>\$ 3,910,463</u>	<u>\$ 3,415,550</u>
<u>\$ 5,470,974</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>

% Taxable Assessed Value (TAV) by Tax Year

2004	2003	2002	2001	2000	1999
67.86%	68.38%	68.70%	69.82%	64.32%	73.66%
19.10%	19.91%	21.42%	14.82%	22.70%	17.31%
3.03%	3.67%	3.71%	4.69%	4.21%	4.18%
1.94%	1.85%	1.95%	1.87%	1.48%	1.73%
3.03%	3.00%	3.50%	4.79%	4.41%	
1.43%	1.41%		2.37%	1.74%	1.99%
0.96%	0.89%				
0.77%					
0.77%					
			0.79%		
		0.72%	0.85%	0.49%	1.12%
				0.64%	
1.09%	0.89%				
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</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
2008	\$ 8,168	\$ 58	\$ 8,110	\$ 8,101	99.18%	\$	\$ 9	\$ 8,110	99.29%
2007	7,839	10	7,829	7,774	99.17%		55	7,829	99.87%
2006	7,128	18	7,110	7,078	99.30%		32	7,110	99.75%
2005	6,345	3	6,342	6,296	99.23%		46	6,342	99.95%
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 31<sup>st</sup> 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

**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)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Bonded Debt</b>										
General obligation bonds	\$ 29,091	\$	\$	\$	\$	\$	\$	\$	\$	\$
Notes										
Less: Funds restricted for debt service	141									
Net general bonded debt	29,232	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Other Debt</b>										
Revenue Bonds	10,133	10,662	10,730	11,200	11,640	12,055	12,415	7,635	205	395
Notes										
Capital lease obligations										
Total outstanding debt	<u>\$ 39,365</u>	<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>
<b>General Bonded Debt Ratio</b>										
Per Capita	\$ N/A	\$	\$	\$	\$	\$	\$	\$	\$	\$
Per FTSE	5,249									
As a percentage of Taxable Assessed Value	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ N/A	\$ N/A	\$ 330.02	\$ 374.97	\$ 409.25	\$ 430.64	\$ 442.84	\$ 275.07	\$ 7.59	\$ 15.78
Per FTSE	7,069	1,834	1,924	2,055	2,063	2,073	2,123	1,383	38	69
As a percentage of Taxable Assessed Value	0.58%	0.17%	0.18%	0.20%	0.21%	0.22%	0.24%	0.14%	0.00%	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>2008</u>	<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>
Taxable Assessed Value	\$6,749,869	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
<b>General Obligation Bonds</b>										
Statutory Tax Levy for Debt Service	\$ 33,749	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Funds Restricted for Repayment of General Obligation Bonds	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Net General Obligation Debt	33,749	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Current Year Debt Service Requirements	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 33,749	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
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
2008	\$ 706	\$ 709			\$ 2,178				\$ 3,593
2007	691	677			2,266				3,634
2006	663	670			2,005				3,338
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



<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
\$ 10,610	\$ 3,575	\$ 14,185	1.01
10,610	3,575	14,185	1.02
10,730	5,645	16,375	0.59
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

**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>
2008	N/A	N/A	N/A	5.5
2007	N/A	N/A	N/A	4.3
2006	287,898	9,241	32,513	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

**Sources:**

Population from U.S. Census Bureau (Data only available from 1999-2006)

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

Personal income from Bureau of Economic Analysis (Data only available from 1999-2006).

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

Unemployment rate from Texas Workforce Commission (Data only available from 2000-2008)

<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</u>
Dow Chemical	4,570	27.53%
Texas Department of Criminal Justice	2,440	14.70%
Infinity Group	2,413	14.54%
Brazosport I.S.D.	2,015	12.14%
Walmart	1,880	11.33%
Brazoria County Government	1,313	7.91%
Industrial Specialists	1,069	6.44%
Conoco Phillips	900	5.42%
Total	16,600	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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Faculty</b>										
Full-Time	80	74	73	75	68	61	61	47	50	47
Part-Time	<u>187</u>	<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>
Total	<u>267</u>	<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>
<b>Percentage</b>										
Full-Time	30.0%	30.7%	47.7%	42.9%	38.0%	31.1%	30.2%	26.4%	27.6%	25.3%
Part-Time	70.0%	69.3%	52.3%	57.1%	62.0%	68.9%	69.8%	73.6%	72.4%	74.7%
<b>Staff and Administrators</b>										
Full-Time	156	155	161	141	131	116	97	87	67	62
Part-Time	<u>47</u>	<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>
Total	<u>203</u>	<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>
<b>Percentage</b>										
Full-Time	76.8%	67.1%	39.2%	36.2%	37.5%	39.5%	36.9%	34.5%	30.3%	27.6%
Part-Time	23.2%	32.9%	60.8%	63.8%	62.5%	60.5%	63.1%	65.5%	69.7%	72.4%
FTSE Per Full-time Faculty *	20.9	24.1	36.4	31.1	31.5	29.7	29.0	31.0	29.8	30.6
FTSE Per Full-time Staff Member*	27.4	25.2	13.6	14.0	16.2	19.8	22.2	21.9	24.4	25.3
Average Annual Faculty Salary	\$ 66,461	\$ 55,857	\$ 44,200	\$ 40,600	\$ 36,900	\$ 32,200	\$ 28,600	\$ 29,900	\$ 27,600	\$ 23,400

\* Restated

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

<u>Student Classification</u>	<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</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>
00-29 hours	2,434	64.89%	2,748	72.16%	2,513	69.69%	2,381	67.97%	2,527	68.69%
30-60 hours	962	25.65%	633	16.62%	633	17.55%	656	18.73%	632	17.18%
>60 hours	355	9.46%	427	11.21%	460	12.76%	466	13.30%	520	14.13%
<b>Total</b>	<b>3,751</b>	<b>100.00%</b>	<b>3,808</b>	<b>100.00%</b>	<b>3,606</b>	<b>100.00%</b>	<b>3,503</b>	<b>100.00%</b>	<b>3,679</b>	<b>100.00%</b>

<u>Semester Hour Load</u>	<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</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	13	0.35%	19	0.50%	11	0.31%	22	0.63%	16	0.43%
3-5 semester hours	1,203	32.07%	1,165	30.59%	984	27.29%	937	26.75%	1,150	31.26%
6-8 semester hours	949	25.30%	1,063	27.91%	984	27.29%	869	24.81%	929	25.25%
9-11 semester hours	567	15.12%	516	13.55%	573	15.89%	505	14.42%	525	14.27%
12-14 semester hours	793	21.14%	796	20.90%	838	23.24%	926	26.43%	847	23.02%
15-17 semester hours	191	5.09%	208	5.46%	158	4.38%	202	5.77%	171	4.65%
18 & over	35	0.93%	41	1.08%	58	1.61%	42	1.20%	41	1.11%
<b>Total</b>	<b>3,751</b>	<b>100.00%</b>	<b>3,808</b>	<b>100.00%</b>	<b>3,606</b>	<b>100.00%</b>	<b>3,503</b>	<b>100.00%</b>	<b>3,679</b>	<b>100.00%</b>

<u>Tuition Status</u>	<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</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)	2,130	56.78%	2,254	59.19%	2,084	57.79%	2,045	58.38%	2,120	57.62%
Texas Resident (out-of-district)	1,547	41.24%	1,494	39.23%	1,501	41.63%	1,429	40.79%	1,524	41.42%
Non-resident tuition	74	1.97%	60	1.58%	21	0.58%	29	0.83%	35	0.95%
<b>Total</b>	<b>3,751</b>	<b>100.00%</b>	<b>3,808</b>	<b>100.00%</b>	<b>3,606</b>	<b>100.00%</b>	<b>3,503</b>	<b>100.00%</b>	<b>3,679</b>	<b>100.00%</b>

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

<u>Gender</u>	<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</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	1,895	50.52%	1,975	51.86%	1,732	48.03%	1,917	54.72%	1,912	51.97%
Male	<u>1,856</u>	<u>49.48%</u>	<u>1,833</u>	<u>48.14%</u>	<u>1,874</u>	<u>51.97%</u>	<u>1,586</u>	<u>45.28%</u>	<u>1,767</u>	<u>48.03%</u>
Total	<u><u>3,751</u></u>	<u><u>100.00%</u></u>	<u><u>3,808</u></u>	<u><u>100.00%</u></u>	<u><u>3,606</u></u>	<u><u>100.00%</u></u>	<u><u>3,503</u></u>	<u><u>100.00%</u></u>	<u><u>3,679</u></u>	<u><u>100.00%</u></u>

<u>Ethnic Origin</u>	<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</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	2,367	63.10%	2,499	65.63%	2,401	66.58%	2,355	67.23%	2,451	66.62%
Hispanic	1,030	27.46%	984	25.84%	876	24.29%	856	24.44%	857	23.29%
African American	273	7.28%	242	6.36%	272	7.54%	220	6.28%	280	7.61%
Asian	49	1.31%	47	1.23%	34	0.94%	40	1.14%	45	1.22%
Foreign	-0-	0.00%	-0-	0.00%	-0-	0.00%	-0-	0.00%	-0-	0.00%
Native American	16	0.43%	16	0.42%	11	0.31%	14	0.40%	19	0.52%
Other	<u>16</u>	<u>0.43%</u>	<u>20</u>	<u>0.53%</u>	<u>12</u>	<u>0.33%</u>	<u>18</u>	<u>0.51%</u>	<u>27</u>	<u>0.73%</u>
Total	<u><u>3,751</u></u>	<u><u>100.00%</u></u>	<u><u>3,808</u></u>	<u><u>100.00%</u></u>	<u><u>3,606</u></u>	<u><u>100.00%</u></u>	<u><u>3,503</u></u>	<u><u>100.00%</u></u>	<u><u>3,679</u></u>	<u><u>100.00%</u></u>

<u>Age</u>	<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</u>		<u>Fall 2003</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	677	18.05%	825	21.66%	1,475	40.90%	534	15.24%	568	15.44%
18-21	1,375	36.66%	1,345	35.32%	449	12.45%	1,298	37.05%	1,311	35.63%
22-25	571	15.22%	536	14.08%	571	15.83%	566	16.16%	618	16.80%
26-29	326	8.69%	328	8.61%	330	9.15%	325	9.28%	324	8.81%
30-37	378	10.08%	377	9.90%	410	11.37%	379	10.82%	410	11.14%
38 & above	<u>424</u>	<u>11.30%</u>	<u>397</u>	<u>10.43%</u>	<u>371</u>	<u>10.29%</u>	<u>401</u>	<u>11.45%</u>	<u>448</u>	<u>12.18%</u>
Total	<u><u>3,751</u></u>	<u><u>100.00%</u></u>	<u><u>3,808</u></u>	<u><u>100.00%</u></u>	<u><u>3,606</u></u>	<u><u>100.00%</u></u>	<u><u>3,503</u></u>	<u><u>100.00%</u></u>	<u><u>3,679</u></u>	<u><u>100.00%</u></u>
Average Age	24		24		24		25		25	

**BRAZOSPORT COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 17 -**  
**TRANSFERS TO SENIOR INSTITUTIONS**  
2005 Fall Students as of Fall 2006  
(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 Transfer Students	% of Transfer Students
Angelo State University	2			2	0.31%
Lamar University	11			11	1.73%
Midwestern State University	3			3	0.47%
Prairie View A&M University	6			6	0.94%
Sam Houston State University	62	4	4	70	10.99%
Stephen F. Austin State University	25			25	3.92%
Tarleton State University	4			4	0.63%
Texas A&M University	88	2	1	91	14.29%
Texas A&M University at Commerce	1			1	0.16%
Texas A&M University at Corpus Christi	13			13	2.04%
Texas A&M University at Galveston	6	1		7	1.10%
Texas A&M University at Kingsville	8			8	1.26%
Texas Southern University	6			6	0.94%
Texas State University	64	1	5	70	10.99%
Texas Tech University	27	3	1	31	4.87%
Texas Woman's University	2			2	0.31%
The University of Texas at Arlington	5		1	6	0.94%
The University of Texas at Austin	62			62	9.73%
The University of Texas at Dallas	2			2	0.31%
The University of Texas at Pan American	1			1	0.16%
The University of Texas at San Antonio	17			17	2.67%
The University of Texas at Tyler	2			2	0.31%
The University of Texas of the Permian Basin					0.00%
The University of Houston	73	7	2	82	12.87%
The University of Houston - Downtown	7		1	8	1.26%
The University of Houston at Clear Lake	68	4	3	75	11.77%
The University of Houston at Victoria	1		1	2	0.31%
The University of North Texas	15			15	2.35%
The University of Texas Health Sciences Center at Houston	6			6	0.94%
The University of Texas Health Sciences Center at San Antonio	2			2	0.31%
The University of Texas Medical Branch at Galveston	6	1		7	1.10%
<b>Totals</b>	<u>595</u>	<u>23</u>	<u>19</u>	<u>637</u>	<u>100.00%</u>

Information is provided by the Texas Higher Education Data.  
<http://www.txhighereddata.org/reports/performance/ctcasalf/ctcaddl/>

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

Fiscal Years 2004-2008

	Fiscal Year				
	2008	2007	2006	2005	2004
Academic Buildings					
Square footage (in thousands)	359	359	355	355	323
Libraries					
Square footage (in thousands)	16	16	15	15	15
Number of volumes (in thousands)					
Administrative and support buildings					
Square footage (in thousands)	26	26	26	26	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	3	1
Plant Facilities					
Square Footage (in thousands)	13	13	13	13	13
Transportation					
Cars					
Light Truck/Vans	7	5	5	5	4
Buses					