

BRAZOSPORT COLLEGE DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
YEARS ENDED AUGUST 31, 2009 AND 2008

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, 2009

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BRAZOSPORT COLLEGE DISTRICT

Annual Financial and Compliance Report Year Ended August 31, 2009

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INTRODUCTORY SECTION

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BRAZOSPORT COLLEGE DISTRICT

ORGANIZATIONAL DATA

Fiscal Year 2008-2009

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

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 & Payroll

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FINANCIAL SECTION

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KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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

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

Independent Auditor's Report

Unqualified Opinion on Basic Financial Statements

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

November 17, 2009

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, 2009 and 2008, 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, 2009 and 2008, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2009, 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.

Kerremers, Masters & Kingford, LLC

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

This section of Brazosport College District's annual financial report presents a discussion and analysis of the financial performance of the District during the fiscal year ended August 31, 2009. 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 56% 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, 2009 and 2008
(in thousands of dollars)

	2009	2008
Assets:		
Current assets	\$ 3,798	\$ 4,652
Capital assets, net	43,578	38,331
Other assets	29,985	35,434
 Total assets	 77,361	 78,417

(continued)

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

The Statement of Net Assets - Continued

	2009	2008
Liabilities:		
Current liabilities	\$ 3,926	\$ 3,494
Noncurrent liabilities	37,136	38,437
Total liabilities	41,062	41,931
Total net assets	\$ 36,299	\$ 36,486
Net Assets Consists Of:		
Invested in capital assets, net of debt	\$ 28,236	\$ 27,462
Restricted – nonexpendable	2,461	2,460
Restricted – expendable	532	784
Unrestricted	5,070	5,780
Total net assets	\$ 36,299	\$ 36,486

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 present 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, 2009 and 2008
(in thousands of dollars)

	2009	2008
Operating Revenues:		
Net tuition and fees	\$ 5,685	\$ 6,075
Auxiliary enterprises	130	118
Grants and contracts	1,272	931
Other	730	711
Total operating revenues	7,817	7,835

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BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

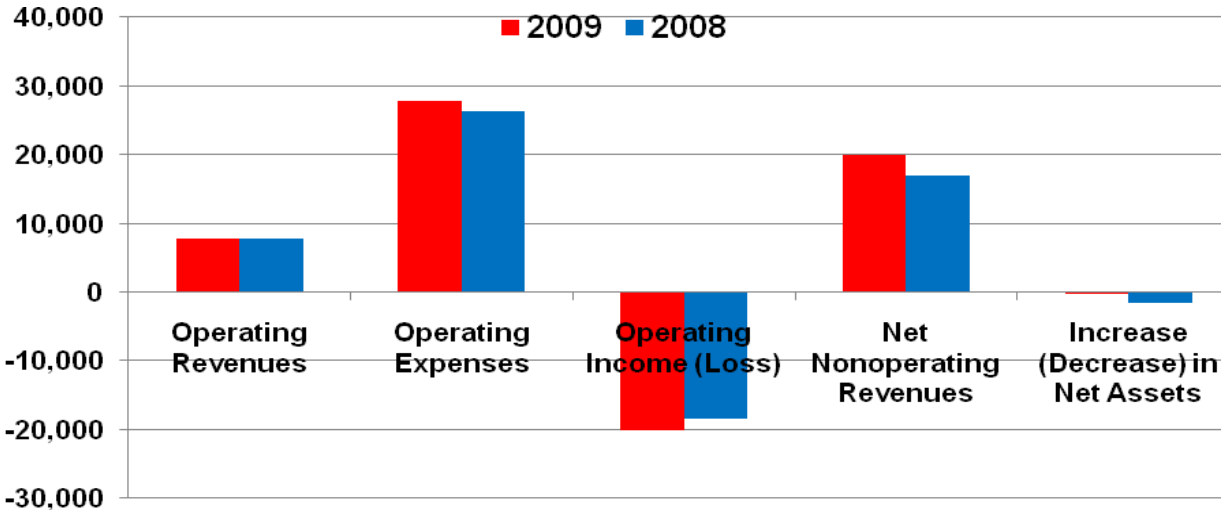
The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

	<u>2009</u>	<u>2008</u>
Operating Expenses:		
Instruction	\$ 12,795	\$ 12,132
Public service	177	178
Academic support	1,840	1,651
Student services	2,154	1,945
Institutional support	4,191	4,404
Operation and maintenance of plant	2,841	2,572
Scholarships and fellowships	1,924	1,506
Auxillary enterprises	293	289
Depreciation	<u>1,667</u>	<u>1,596</u>
Total operating expenses	<u>27,882</u>	<u>26,273</u>
Operating loss	<u>(20,065)</u>	<u>(18,438)</u>
Nonoperating Revenues and Expenses:		
State appropriations	8,053	8,018
Title IV federal grants	1,849	1,192
Taxes of maintenance and operations	9,229	8,146
Taxes of debt service	1,947	
Investment income	568	211
Gifts, grants, and contracts		6
Debt service expenses	<u>(1,769)</u>	<u>(708)</u>
Total nonoperating revenues and expenses	<u>19,877</u>	<u>16,865</u>
Income (loss) before other revenues, expenses, gains or losses	<u>(188)</u>	<u>(1,573)</u>
Other Revenues, Expenses, Gains or Losses:		
Additions to permanent and term endowments	<u>1</u>	<u>22</u>
Increase (decrease) in net assets	<u>(187)</u>	<u>(1551)</u>
Net asset at beginning of period	<u>36,486</u>	<u>38,037</u>
Net asset at end of year	<u>\$ 36,299</u>	<u>\$ 36,486</u>

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

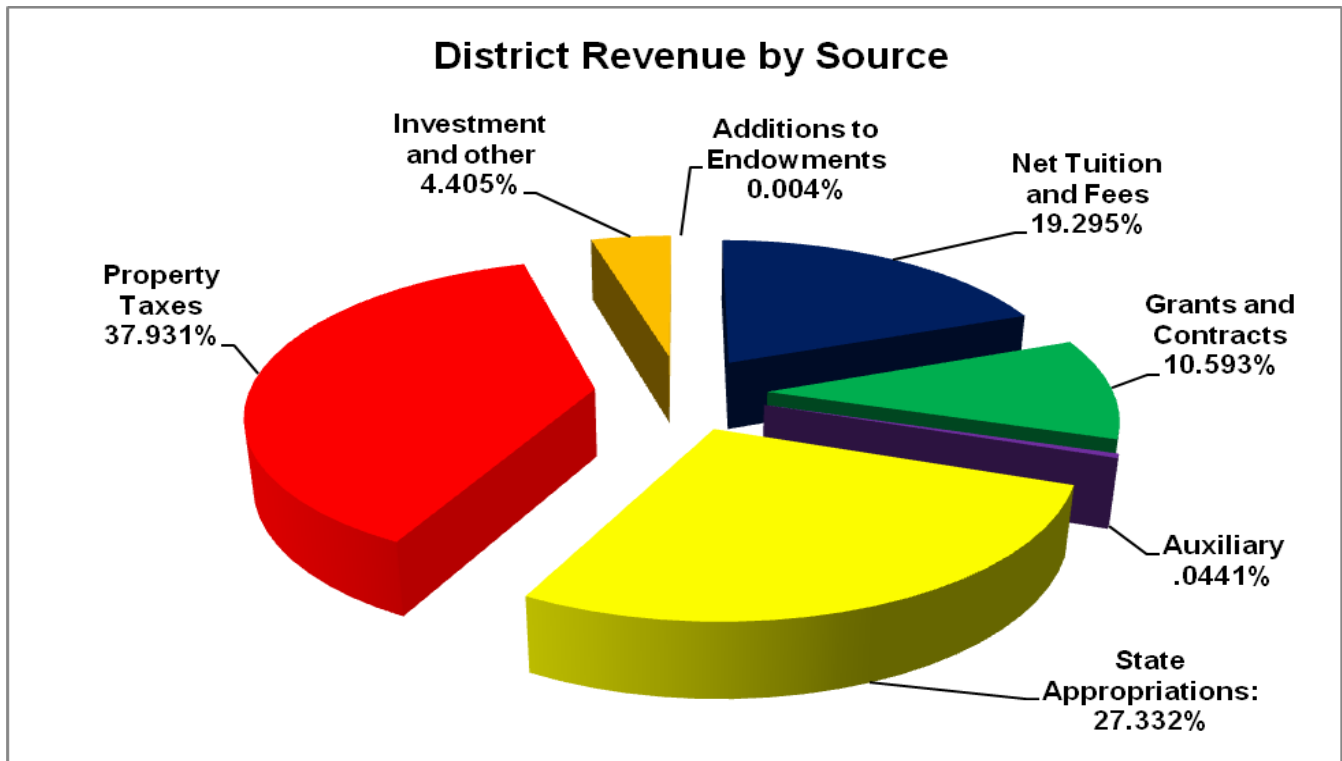
The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

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, 2009 and 2008.



Revenues

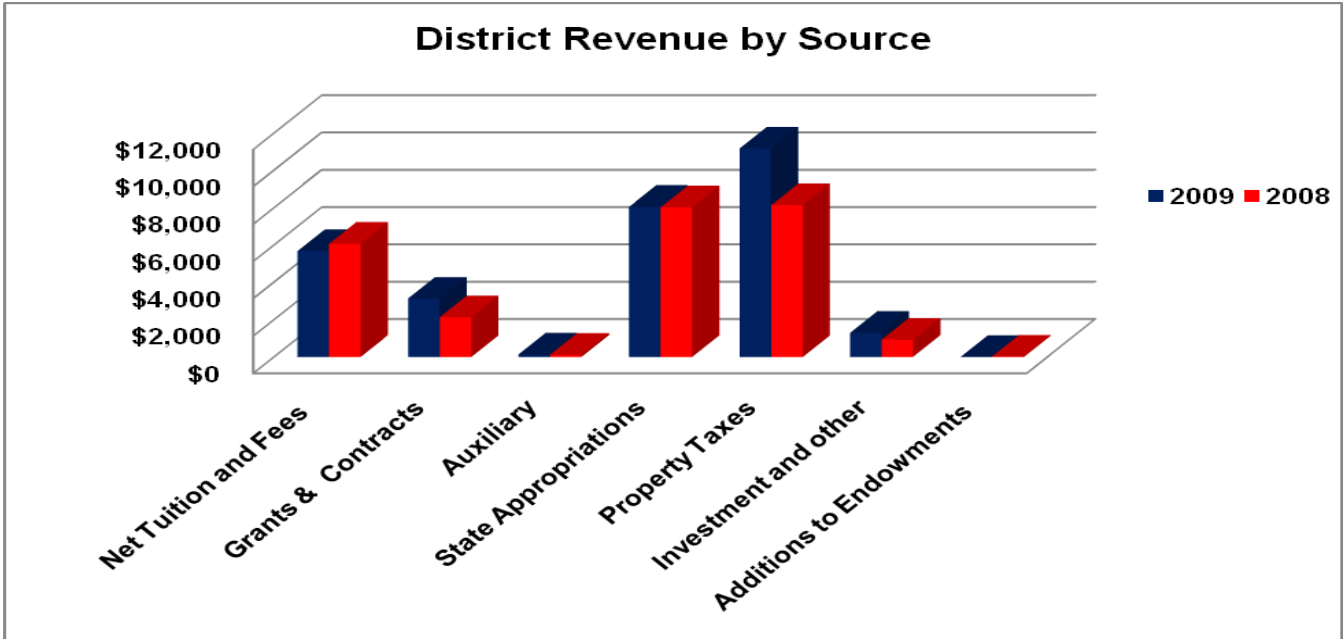
The following is a graphic illustration of revenues by source (both operating and non-operating), which were used to fund the District's operating activities for the year ended August 31, 2009.



BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

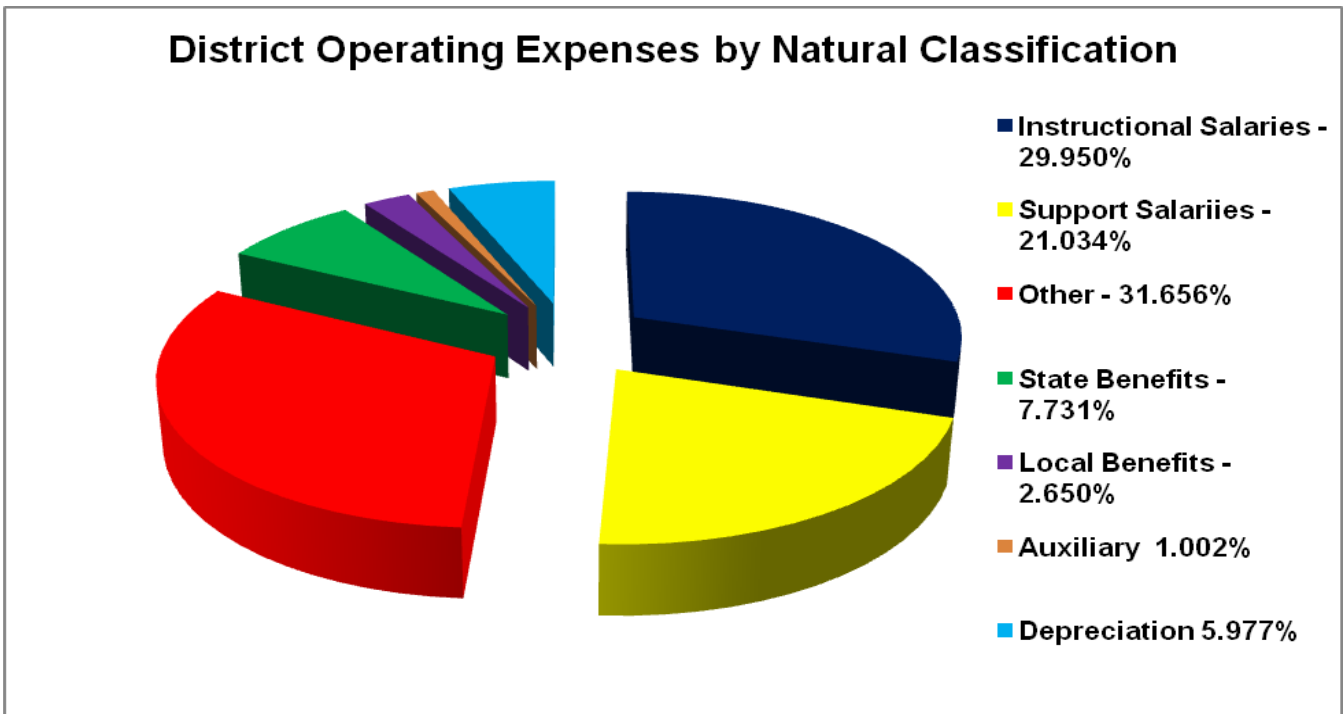
The Statement of Revenues, Expenses, and Changes in Net Assets - Continued

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, 2009 and 2008.



Expenses

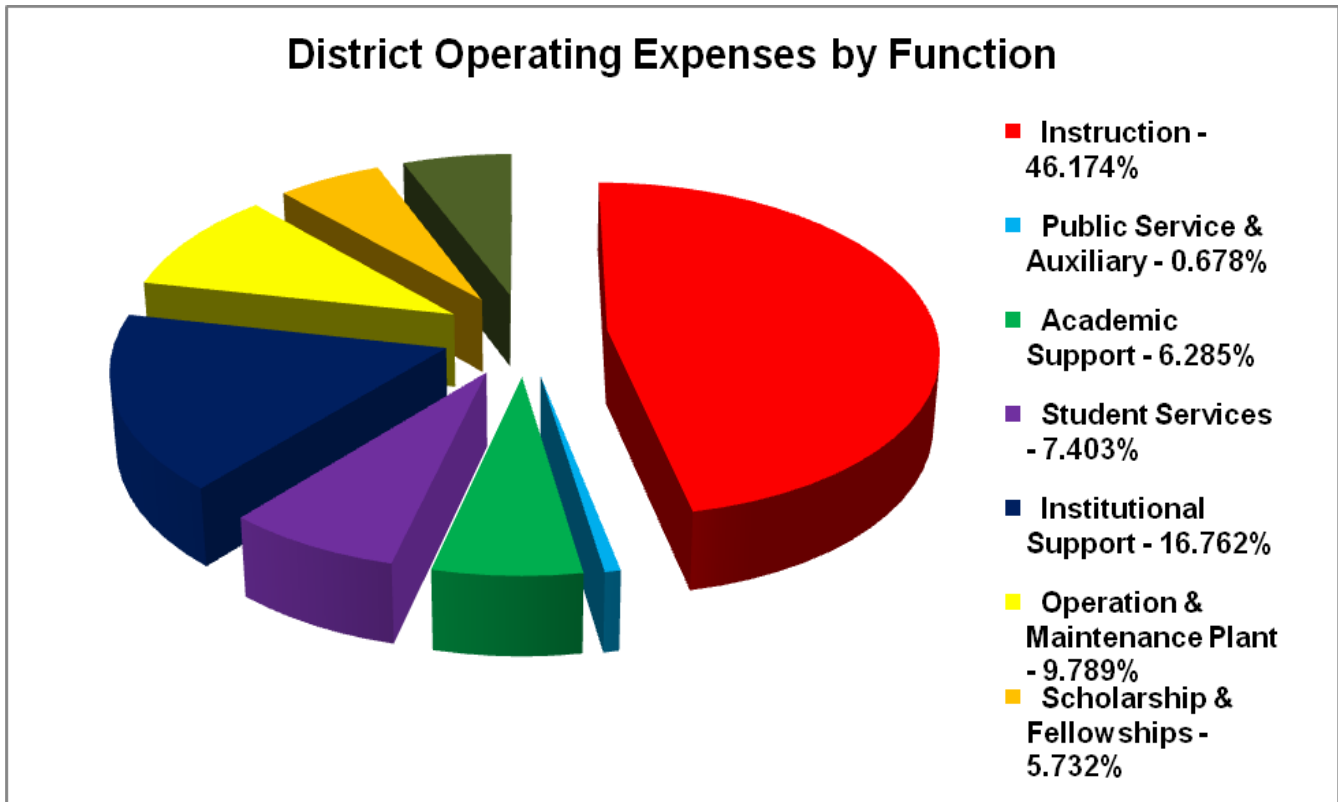
Operating expenses can be displayed in two formats, natural classification and functional classification. Both formats are displayed below (as a percentage of total operating expenses), for the year ended August 31, 2009.



BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

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

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



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.

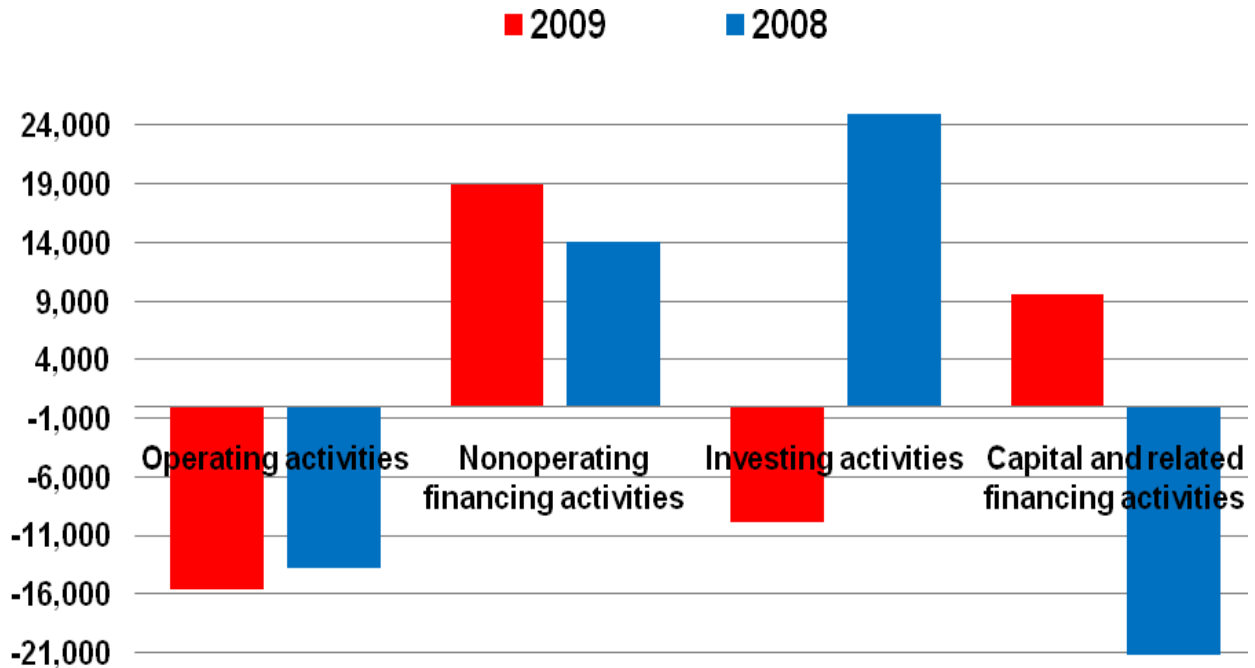
The Statement of Cash Flows

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, 2009 and 2008.

BRAZOSPORT COLLEGE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 YEAR ENDED AUGUST 31, 2009

The Statement of Cash Flows – Continued



Brazosport College District
Statement of Cash Flows
For the Fiscal Years Ended August 31, 2009 and 2008
(in thousands of dollars)

	2009	2008
Cash Provided (Used) By:		
Operating activities	\$(15,620)	\$(13,776)
Nonoperating financing activities	18,904	14,065
Capital and related financing activities	(9,859)	25,667
Investing activities	9,622	(21,231)
Net increase (decrease) in cash	3,047	4,725
Cash, beginning of year	6,547	1,822
Cash, end of year	\$ 9,594	\$ 6,547

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, 2009

Capital Asset and Debt Administration

Capital Assets

At August 31, 2009, Brazosport College District had \$ 43,577,772 invested in capital assets, net of accumulated depreciation. Depreciation charges totaled \$ 1,666,517 for the current fiscal year. Details of these assets are shown below.

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

	2009	2008
Land	\$ 296	\$ 296
Land improvements	2,968	771
Buildings	33,797	34,875
Equipment	1,245	1,274
Library holdings	701	636
Projects in progress	4,571	479
Total	\$ 43,578	\$ 38,331

Projects in progress for Brazosport College District during 2008-2009 included construction of the BASF Center for Process Technology, design costs for the Dow Academic Center, and the Byron & Sandra Health Professions/Science Complex.

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

Debt

At August 31, 2009, the District had \$ 38,290,287 in debt outstanding. The table below summarizes these amounts by type of debt instrument.

Outstanding Debt Schedule
(in thousands of dollars)

	2009	2008
Bonds	\$ 38,290	\$ 39,224
Total debt	\$ 38,290	\$ 39,224

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's and as AA- by Standard & Poor's. 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, 2009

Economic Factors That Will Effect the Future

For fiscal year 2009-2010, the District Board of Regents approved an increase in property tax in September, 2009 of \$ 0.0160 per \$ 100 of valuation. This sets the rate at \$ 0.145 per \$ 100 of valuation for the 2009 assessment. This increase applied to a decrease in the tax base will generate approximately \$ 143,000 more tax revenue for the 2009-2010 fiscal year. The Board of Regents also approved a tax rate of 0.030754 per \$ 100 valuation to pay the debt service on the General Obligation Bonds. Therefore, the total tax rate for the District is \$.187835 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 2013. 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, 2009 AND 2008

EXHIBIT 1
Page 1 of 2

	<u>2009</u>	<u>2008</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 3,008,362	\$ 2,956,945
Short-term investments		639,530
Accounts and notes receivable (net of allowance for doubtful accounts)	327,534	601,272
Inventories	32,489	50,716
Other assets	<u>429,443</u>	<u>403,789</u>
Total current assets	<u>3,797,828</u>	<u>4,652,252</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	6,585,835	3,589,834
Short-term investments		5,008,777
Accounts receivable (net of allowance for doubtful accounts)	419,007	421,293
Investments	17,624,050	21,933,421
Bond issuance costs (net of accumulated amortization)	1,069,792	1,136,548
Other assets	6,815	26,719
Investments	4,280,070	3,317,450
Capital assets, (net of accumulated depreciation)	<u>43,577,772</u>	<u>38,330,761</u>
Total noncurrent assets	<u>73,563,341</u>	<u>73,764,803</u>
Total assets	<u>77,361,169</u>	<u>78,417,055</u>
Liabilities:		
Current Liabilities:		
Accounts and accrued liabilities	907,653	305,426
Funds held for others	117,459	137,597
Deferred revenues	1,352,578	1,555,490
Accrued compensated absences	48,500	45,000
Liabilities Payable from Restricted Assets:		
Accounts and accrued liabilities	66,355	375,111
Deferred revenue	109,843	141,859
Bonds payable	<u>1,323,845</u>	<u>933,845</u>
Total current liabilities	<u>3,926,233</u>	<u>3,494,328</u>
Noncurrent liabilities:		
Bonds payable	36,966,442	38,290,288
Accrued compensated absences	<u>169,898</u>	<u>146,499</u>
Total noncurrent liabilities	<u>37,136,340</u>	<u>38,436,787</u>
Total liabilities	<u>41,062,573</u>	<u>41,931,115</u>

(continued)

BRAZOSPORT COLLEGE DISTRICT
STATEMENTS OF NET ASSETS – Continued
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008

EXHIBIT 1
 Page 2 of 2

	<u>2009</u>	<u>2008</u>
Net Assets:		
Invested capital assets, net of related debt	\$ 28,236,231	\$ 27,461,866
Restricted:		
Nonexpendable:		
Endowments	2,461,245	2,460,108
Expendable:		
Endowments		288,467
Student aid	182,647	140,504
Instructional programs	17,111	22,717
Debt service	332,588	332,588
Unrestricted	<u>5,068,774</u>	<u>5,779,690</u>
Total net assets	<u>\$ 36,298,596</u>	<u>\$ 36,485,940</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, 2009 AND 2008

EXHIBIT 1A
PAGE 1 OF 1

	<u>2009</u>	<u>2008</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 1,408,979	\$ 603,015
Short-term investments	163,000	
Accounts receivable	12,697	8,583
Pledges receivable (net of allowance for doubtful accounts)	201,915	238,603
Land held for sale		<u>610,000</u>
Total current assets	<u>1,786,591</u>	<u>1,460,201</u>
Noncurrent Assets:		
Pledges receivable (net of allowance for doubtful accounts and discounts)	1,425,541	1,182,489
Investments	<u>1,873,089</u>	<u>2,262,928</u>
Total noncurrent assets	<u>3,298,630</u>	<u>3,445,417</u>
Total assets	<u>5,085,221</u>	<u>4,905,618</u>
Liabilities:		
Current Liabilities:		
Accounts payable	<u>3,235</u>	<u>6,393</u>
Total current liabilities	3,235	6,393
Noncurrent liabilities:		
Total noncurrent liabilities	<u> </u>	<u> </u>
Total liabilities	<u>3,235</u>	<u>6,393</u>
Net Assets:		
Restricted:		
Permanently restricted	451,659	330,770
Temporarily restricted	3,532,253	3,526,431
Unrestricted	<u>1,098,074</u>	<u>1,042,024</u>
Total net assets	<u>\$ 5,081,986</u>	<u>\$ 4,899,225</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, 2009 AND 2008**EXHIBIT 2
Page 1 of 1

Revenues:	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Tuition and fees (net of discounts of \$ 560,864 and \$ 429,209, respectively)	\$ 5,684,861	\$ 6,075,383
Federal grants and contracts	717,781	446,851
State grants and contracts	312,781	270,159
Local grants and contracts	149,341	116,119
Non-governmental grants and contracts	92,406	98,097
Sales and services of educational activities	155,627	215,389
Auxiliary enterprises	130,481	117,961
Other operating revenues	<u>573,650</u>	<u>495,127</u>
Total operating revenues	<u>7,816,928</u>	<u>7,835,086</u>
Expenses:		
Operating Expenses:		
Instruction	12,794,537	12,131,461
Public service	177,066	178,072
Academic support	1,840,150	1,651,370
Student services	2,153,533	1,944,983
Institutional support	4,191,477	4,403,825
Operation and maintenance of plant	2,841,069	2,571,784
Scholarships and fellowships	1,924,297	1,506,012
Auxiliary enterprises	292,849	289,387
Depreciation	<u>1,666,517</u>	<u>1,596,414</u>
Total operating expense	<u>27,881,495</u>	<u>26,273,308</u>
Operating income (loss)	<u>(20,064,567)</u>	<u>(18,438,222)</u>
Non-Operating Revenues (Expenses):		
State appropriations	8,052,628	8,018,292
Title IV federal programs	1,849,473	1,192,127
Taxes for maintenance and operations	9,228,774	8,145,443
Taxes for debt service	1,946,633	
Investment income (loss) net of investment expenses	567,812	211,423
Interest on capital related debt	<u>(1,769,234)</u>	<u>(708,345)</u>
Other non-operating revenues	<u>5,675</u>	<u>5,675</u>
Net operating revenues (expenses)	<u>19,876,086</u>	<u>16,864,615</u>
Income before other revenues, (expenses), gains, (losses)	<u>(188,481)</u>	<u>(1,573,607)</u>
Other Revenues, (Expenses), Gains, (Losses)		
Additions to permanent and term endowments	<u>1,137</u>	<u>22,211</u>
Total other revenues, (expenses), gains, (losses)	<u>1,137</u>	<u>22,211</u>
Increase (decrease) in net assets	<u>(187,344)</u>	<u>(1,551,396)</u>
Net Assets:		
Net assets – beginning of year	<u>36,485,940</u>	<u>38,037,336</u>
Net assets – end of year	<u>\$ 36,298,596</u>	<u>\$ 36,485,940</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, 2009 AND 2008

EXHIBIT 2A
PAGE 1 OF 1

	<u>2009</u>	<u>2008</u>
Revenue:		
Gifts (net of discounts)	\$ 601,944	\$ 2,351,760
Fundraising	45,953	90,750
Interest and dividend income	57,869	48,899
Gain (loss) on investments	(308,558)	(18,920)
Unrealized investment income (loss)	(53,406)	(82,035)
Total revenue	<u>343,802</u>	<u>2,390,454</u>
Expenses:		
Fundraising expenses	40,494	39,915
Investment expenses	24,457	23,015
Administrative	7,200	7,200
Student aid scholarships	52,706	50,065
Grants to Brazosport College District	<u>36,184</u>	<u>25,876</u>
Total operating expenses	<u>161,041</u>	<u>146,071</u>
Increase (decrease) in net assets	182,761	2,244,383
Net Assets:		
Net assets - beginning of year	<u>4,899,225</u>	<u>2,654,842</u>
Net assets - end of year	<u>\$ 5,081,986</u>	<u>\$ 4,899,225</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, 2009 AND 2008

EXHIBIT 3
Page 1 of 2

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Receipts from students and other customers	\$ 6,809,942	\$ 6,644,779
Receipts of grants and contracts	1,050,131	1,362,963
Collection of loans to students and employees	36,656	29,746
Receipts from student organizations	39,277	30,576
Other receipts	573,650	495,127
Payments to or on behalf of employees	(15,012,936)	(14,599,017)
Payments to suppliers of goods and service	(6,507,265)	(7,336,690)
Payments of scholarships	(2,515,161)	(1,529,305)
Loans to students and employees	(34,624)	(27,838)
Payment on behalf of student organizations	(59,415)	(38,739)
Net cash provided (used) by operating activities	<u>(15,619,745)</u>	<u>(14,968,398)</u>
Cash Flows from Noncapital Financing Activities:		
State appropriations	5,897,144	5,897,143
Ad valorem tax revenues	11,155,944	8,145,443
Title IV federal programs	1,849,473	1,192,127
Gifts and grants (other than capital)	<u>1,137</u>	<u>22,211</u>
Net cash provided (used) by non-capital and related financing activities	<u>18,903,698</u>	<u>15,256,924</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from sale of bonds		29,236,594
Gifts and grants for capital construction		5,675
Bond issuance costs		(595,720)
Principal payments on bonded debt	(905,000)	(525,000)
Interest and fees paid on bonded debt	(2,040,741)	(455,505)
Purchases of capital assets	<u>(6,913,528)</u>	<u>(1,998,888)</u>
Net cash provided (used) by capital and related financing activities	<u>(9,859,269)</u>	<u>25,667,156</u>
Cash Flows from Investing Activities		
Proceeds from sale and maturity of investments	14,232,877	8,623,057
Investment earnings	610,593	502,076
Purchases of investments	<u>(5,220,736)</u>	<u>(30,356,091)</u>
Net cash provided (used) by investing activities	<u>9,622,734</u>	<u>(21,230,958)</u>
Increase (decrease) in cash and cash equivalents	3,047,418	4,724,724
Cash and cash equivalents – September 1,	<u>6,546,779</u>	<u>1,822,055</u>
Cash and cash equivalents – August 31,	<u>\$ 9,594,197</u>	<u>\$ 6,546,779</u>

(continued)

BRAZOSPORT COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS - Continued
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008

EXHIBIT 3
Page 2 of 2

	<u>2009</u>	<u>2008</u>
Noncash Transactions Affecting Financial Position:		
Change in value of investments – from cost to fair value increase (decrease)	\$ <u>17,083</u>	\$(<u>290,653</u>)
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating income (loss)	\$(20,064,567)	\$(17,246,095)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,666,517	1,596,414
State on-behalf benefits	2,155,484	2,121,149
Changes in Assets and Liabilities:		
Receivables, net	235,623	(322,335)
Inventories	18,227	(15,223)
Other assets	(5,750)	41,398
Accounts payable	602,888	(117,326)
Deferred revenue	(234,928)	135,511
Funds held for others	(20,138)	4,325
Compensated absences	<u>26,899</u>	<u>25,911</u>
Net cash provided (used) by operating activities	\$(<u>15,619,745</u>)	\$(<u>13,776,271</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, 2009 AND 2008

EXHIBIT 3A
Page 1 of 1

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Receipts from gifts	\$ 384,266	\$ 961,868
Receipts from fundraising	45,953	90,750
Receipt of interest and dividend earnings	57,869	48,899
Proceeds from sale and maturity of investments	2,135,811	1,706,424
Payments to suppliers of goods and services	(68,109)	(62,930)
Payments of investments	(1,660,936)	(2,555,662)
Payments of scholarships and grants	<u>(88,890)</u>	<u>(81,179)</u>
Net cash provided (used) by operating activities	<u>805,964</u>	<u>108,170</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	805,964	108,170
Cash and cash equivalents – September 1,	<u>603,015</u>	<u>494,845</u>
Cash and cash equivalents – August 31,	<u>\$ 1,408,979</u>	<u>\$ 603,015</u>
Noncash Transactions Affecting Financial Position:		
Contributions of land held for resale	\$	\$ 610,000
Contribution on in-kind services	7,200	7,200
Change in value of investments - from cost to fair value increase (decrease)	<u>(53,406)</u>	<u>(82,035)</u>
Net noncash transactions affecting financial position	<u>\$(46,206)</u>	<u>\$ 535,165</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
By Operating Activities:		
Operating income (loss)	\$ 182,761	\$ 2,244,383
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)		
By Operating Activities:		
Change in Assets and Liabilities:		
Receivables	(4,114)	(8,583)
Pledges receivable, net	(206,364)	(772,692)
Land held for resale	610,000	(610,000)
Investments	226,839	(748,283)
Accounts payable	<u>(3,158)</u>	<u>3,345</u>
Net cash provided (used) by operating activities	<u>\$ 805,964</u>	<u>\$ 108,170</u>

The accompanying notes are an integral part of this statement.

BRAZOSPORT COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED AUGUST 31, 2009 AND 2008

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BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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, 2009 and 2008.

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, 2009 AND 2008

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 non operating 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, 2009 AND 2008

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, 2009 AND 2008

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, 2009 and 2008, no interest was capitalized. During the year ended August 31, 2009, a capitalized interest was calculated, however the related earnings reduced the amount to an insignificant amount.

2.J. Deferred Revenues

Tuition and fees of \$ 1,352,578 and \$ 1,555,490 and federal, state and local grants of \$ 109,843 and \$ 141,859 have been reported as deferred revenues at August 31, 2009 and 2008 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)

Effective January 1, 2008, the District adopted the provisions of FASB Staff Position No. 117-1, "Endowment of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted and board-designated endowment funds.

The District's endowment consists of approximately 40 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the District has interpreted the Uniform Prudent management of Institutional Funds Act of 2007 (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the District classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets until those amounts are appropriated for expenditure by the District in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the District considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the District and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the District.
7. The investment policy of the District.

Endowment net assets consist of the following at August 31, 2009 and 2008:

<u>August 31, 2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$	\$	\$ 2,461,245	\$ 2,461,245
Board-designated endowment funds	<u>1,550,318</u>	<u> </u>	<u> </u>	<u>1,550,318</u>
Total endowed net assets	<u>\$ 1,550,318</u>	<u>\$ -0-</u>	<u>\$ 2,461,245</u>	<u>\$ 4,011,563</u>

<u>August 31, 2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$	\$ 288,467	\$ 2,460,108	\$ 2,478,575
Board-designated endowment funds	<u>1,606,811</u>	<u> </u>	<u> </u>	<u>1,606,811</u>
Total endowed net assets	<u>\$ 1,606,811</u>	<u>\$ 288,467</u>	<u>\$ 2,460,108</u>	<u>\$ 4,355,386</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Changes in endowment net assets for the years ended August 31, 2009 and 2008:

<u>August 31, 2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, September 1, 2008	\$ <u>1,606,811</u>	\$ <u>288,467</u>	\$ <u>2,460,108</u>	\$ <u>4,355,386</u>
Investment Return:				
Investment income	2,326	80,034		82,360
Realized gains (losses)	(12,200)	(419,839)		(432,039)
Unrealized gains (losses)	(4,225)	(145,408)		(149,633)
Investment income	<u>(701)</u>	<u>(24,120)</u>		<u>(24,821)</u>
Total investment return	(14,800)	(509,333)	-0-	(524,133)
Contributions		220,866	1,137	222,003
Appropriations of endowment assets for expenditures	(41,693)			(41,693)
Transfer to create board designated funds				-0-
Total endowed net assets, August 31, 2009	\$ <u>1,550,318</u>	\$ <u>-0-</u>	\$ <u>2,461,245</u>	\$ <u>4,011,563</u>
<u>August 31, 2008</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, September 1, 2007	\$ <u>1,850,409</u>	\$ <u>569,353</u>	\$ <u>2,455,062</u>	\$ <u>4,874,824</u>
Investment Return:				
Investment income	51,962	57,753	14,188	123,903
Realized gains (losses)	(14,101)	(15,672)	(3,850)	(33,623)
Unrealized gains (losses)	(86,392)	(96,020)	(23,589)	(206,001)
Investment fees	<u>(14,335)</u>	<u>(15,933)</u>	<u>(3,914)</u>	<u>(34,182)</u>
Total investment return	(62,866)	(69,872)	(17,165)	(149,903)
Contributions			22,211	22,211
Appropriations of endowment assets for expenditures	(180,732)	(211,014)		(391,746)
Transfer to create board designated funds				-0-
Total endowed net assets, August 31, 2008	\$ <u>1,606,811</u>	\$ <u>288,467</u>	\$ <u>2,460,108</u>	\$ <u>4,355,386</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.L. Endowments (Donor Restricted) - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the District to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets. There were no such deficiencies as of August 31, 2009 and 2008.

Return Objectives and Risk Parameters

The District has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor specified period as well as board-designated funds.

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.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, 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 (See Note 4.B for details).

Spending policy and How the Investment Objectives Relate to Spending Policy

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, approximately 3-5 percent of the sum of the original corpus plus realized gains. The annual spending shall not reduce the original corpus value. The remaining endowment earnings, if any, is retained and classified as expendable for future years. The Board may spend income from the endowment fund for scholarships or operations of the college. At August 31, 2009 and 2008, \$ -0- and \$ 288,497 net appreciation was available to be spent.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (Federal Supplemental Education Opportunity Grants, Student Loan Program, Federal Work Study Program, Pell Grant, and Academic Competitiveness Program) is now characterized as non operating revenue as opposed to operating revenue. 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.

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, 2009 and 2008 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2009</u>			
Cash and Cash Equivalents:			
Cash (cashier and petty cash accounts)	\$ 21,940	\$	\$ 21,940
Financial Institution Deposits:			
Demand deposits	978,911	2,950,998	3,929,909
Pooled Deposits:			
TexPool, Lone Star, LOGIC & TEXSTAR	1,594,476	4,047,872	5,642,348
Total cash and cash equivalents	2,595,327	6,998,870	9,594,197

(continued)

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2009</u>			
Investments:			
Investments Held by Broker-Dealers:			
Certificates of deposit		300,000	300,000
U.S. agencies	4,280,070	15,613,109	19,893,179
Mutual funds (stock)		10,928	10,928
Equity securities		<u>1,700,013</u>	<u>1,700,013</u>
Total investments	<u>4,280,070</u>	<u>17,624,050</u>	<u>21,904,120</u>
	<u>\$ 6,875,397</u>	<u>\$ 24,622,920</u>	<u>\$ 31,498,317</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>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

4.A. Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District'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, 2009 and 2008, the carrying amounts of the District's deposits of the primary government were \$ 4,229,909 and \$ 2,635,314 and total financial institution balances equaled \$ 4,670,931 and \$ 3,117,302, respectively. At August 31, 2009 and 2008, financial institutions balances of \$ 550,000 and \$ 294,000 were covered by federal depository insurance, \$ 500,000 and \$ 500,000 were covered by the Securities Investor Protection Corporation Insurance, \$ 840,699 and \$ 1,158,622 were covered by collateral pledged in District's name, and \$ 2,780,232 and \$ 1,164,680 were covered by private insurance, 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.

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.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

4.B. Investments (Continued)

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 ten million dollars. Public funds investment pools may also be used to deposit bond sale proceeds up to the limit of the bonds issued. As long-term investments are purchased, the funds are transferred out of the public funds investment pool account.
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.

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.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

4.B. Investments (Continued)

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.
 - 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:

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

4.B. Investments (Continued)

<u>Asset Class/Investment Style</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Large/Medium/Small Cap Stocks	0%	40-50%	60%
International Stocks	0%	5-10%	15%
Total equities	0%	45-60%	75%
Investment grade fixed income *	0%	35-50%	100%
Real estate funds, convertible funds, and Closed-end funds	0%	5-10%	15%
State sponsored pools	0%	**	100%**
Cash and cash equivalents	0%	**	100%**

In order to assure preservation of original corpus, managers may be required to hold cash, cash equivalents, and investment grade fixed income securities when appropriate.

* Investment grade is securities with a minimum BBB rating by Standard & Poors.

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

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, 2009 TexPool, Lone Star, TexSTAR, and LOGIC had a weighted average maturity of 48 days, 52 days, 49 days, and 56 days, respectively. Although TexPool, Lone Star, TexSTAR, and LOGIC portfolios had a weighted

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

4.B. Investments (Continued)

average maturity of 48 days, 52 days, 49 days, and 56 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, 2009 and 2008.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>August 31, 2009</u>			
Local government investment pools	\$ 1,594,476	\$ 4,047,872	\$ 5,642,348
Certificates of deposit		300,000	300,000
U.S. Agency	4,280,070	15,613,109	19,893,179
Mutual funds (stock)		10,928	10,928
Equity securities		<u>1,700,013</u>	<u>1,700,013</u>
	<u>\$ 5,874,546</u>	<u>\$ 21,671,922</u>	<u>\$ 27,546,468</u>
	<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>

Unrestricted Funds

As of August 31, 2009 and 2008, 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, 2009</u>		
Local government investment pools (LGIP)	\$ 1,594,476	1
U.S. Agency	<u>4,280,070</u>	<u>1,476</u>
	<u>\$ 5,874,546</u>	<u>1,076</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>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS AND INVESTMENTS (Continued)

4.B. Investments (Continued)

Credit Risk – As of August 31, 2009 and 2008, the LGIPs (which represent approximately 24% and 24% of the unrestricted portfolio) are rated AAAM by Standard and Poor's. The money market cash accounts and certificates of deposit (which represent approximately 12% and 22% of the unrestricted portfolio) are covered 100% by federal deposit insurance SIPC. The U.S. agencies (which represent approximately 64% and 54% of the unrestricted portfolio) are rated AAA and Aaa by Standard and Poor's, and Moody's.

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, such as investments required to support student scholarships. 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)	\$ 4,047,872	1
U.S. Agency	<u>15,339,163</u>	<u>221</u>
	<u>\$ 19,387,035</u>	<u>175</u>
<u>August 31, 2007</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>

Credit Risk - As of August 31, 2009 and 2008, the LGIP's (which represent 19% and 9% of the restricted non-endowment portfolio) are rated AAAM by Standard and Poor's. The money market cash accounts (which represent approximately 11% and 1% of the restricted non-endowment portfolio) are covered 100% by SIPC. The U.S. Agencies (which represent 70% and 90% of the restricted non-endowment portfolio) are rated AAA and Aaa by Standard and Poor's and Moody's.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy allows investment of these funds for periods matched to the specific purpose of such funds.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

4.B. Investments (Continued)

Restricted (Endowment) Funds

As of August 31, 2009 and 2008, 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, 2009</u>		
U.S. Agency Certificates of deposit	\$ 273,946 <u>300,000</u>	1,925 <u>571</u>
	573,946	<u>1,217</u>
Mutual funds	10,928	
Equity securities	<u>1,700,013</u>	
	<u>\$ 2,284,887</u>	
<u>August 31, 2008</u>		
U.S. Agency Corporate bonds	\$ 163,286 <u>50,103</u>	1,477 <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>	

Credit Risk - As of August 31, 2009 and 2008, the money market cash accounts and certificates of deposit (which represent approximately 17% and 6% of the restricted portfolio) are covered 100% by SIPC. The corporate bonds (which represent approximately -0-% and 2% of the restricted portfolio) are rated A+ by Moody's. The U.S. Agencies (which represent approximately 12% and 6% 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 71% and 86% 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.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

4.B. Investments (Continued)

Foreign Currency Risk - As of August 31, 2009 and 2008, 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, 2009</u>		
Australia	Australian dollar	\$ 8,037
Brazil	Real	4,204
Canada	Canadian dollar	3,847
Finland	Euro	6,038
France	Euro	30,867
Germany	Euro	16,275
Hong Kong	Hong Kong dollar	6,293
Indonesia	Indonesian rupiah	3,741
Italy	Euro	5,884
Japan	Japanese yen	67,285
Mexico	Mexican peso	1,753
Netherlands	Euro	42,873
Norway	Euro	3,866
Russia	Ruble	1,643
South Korea	Won	3,384
Spain	Euro	3,900
Sweden	Euro	5,853
Switzerland	Swiss franc	29,285
Taiwan	New Taiwan dollar	2,307
United Kingdom	British pound	<u>52,154</u>
Total foreign investments		299,489
United States		<u>1,400,524</u>
Total equity securities		<u>\$ 1,700,013</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
Japan	Japanese yen	66,501
Mexico	Mexican peso	2,546

(continued)

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

4. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

4.B. Investments (Continued)

<u>Country</u>	<u>Currency</u>	<u>Fair Value</u>
<u>August 31, 2008</u>		
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>

The District's investment policy permits it to invest up to 15 percent of total investments in foreign investments. At August 31, 2009 and 2008, the District's current position is approximately 12.58 percent and 13.01 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, 2009 and 2008, and held no direct investments in derivatives at August 31, 2009 and 2008.

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, 2009 and 2008:

<u>August 31, 2009</u>	<u>Balance</u> <u>September 1,</u> <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31,</u> <u>2009</u>
Non-Depreciated Capital Assets:				
Land	\$ 296,189	\$	\$	\$ 296,189
Art	91,209			91,209
Construction in progress	<u>479,265</u>	<u>6,493,939</u>	<u>2,402,121</u>	<u>4,571,083</u>
Total non-depreciated	<u>866,663</u>	<u>6,493,939</u>	<u>2,402,121</u>	<u>4,958,481</u> (continued)

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

6. CAPITAL ASSETS (Continued)

6.A. Changes in Capital Assets (Continued)

<u>August 31, 2009</u>	<u>Balance September 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2009</u>
Depreciated Capital Assets:				
Land improvements	3,393,120	2,266,766		5,659,886
Buildings	48,283,644	54,003		48,337,647
Furniture, machinery, vehicles, and other equipment	3,246,868	162,899		3,409,767
Library books	1,921,724	175,784	39,283	2,058,225
Telecommunication and peripheral equipment	<u>1,977,904</u>	<u>162,258</u>		<u>2,140,162</u>
Total depreciated	<u>58,823,260</u>	<u>2,821,710</u>	<u>39,283</u>	<u>61,605,687</u>
Total assets	<u>59,689,923</u>	9,315,649	2,441,404	<u>66,564,168</u>
Construction in progress		<u>2,402,121</u>	<u>2,402,121</u>	
Total additions/retirements		<u>\$ 6,913,528</u>	<u>\$ 39,283</u>	
<u>August 31, 2009</u>	<u>Balance September 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2009</u>
Accumulated Depreciated:				
Land improvements	\$ 2,621,580	\$ 70,074	\$	\$ 2,691,654
Buildings	13,408,952	1,131,774		14,540,726
Furniture, machinery, vehicles and other equipment	2,502,306	84,136	5,490	2,580,952
Library books	1,286,159	110,335	39,283	1,357,211
Telecommunications and peripheral equipment	<u>1,540,165</u>	<u>270,198</u>	<u>(5,490)</u>	<u>1,815,853</u>
Total accumulated depreciation	<u>21,359,162</u>	<u>\$ 1,666,517</u>	<u>\$ 39,283</u>	<u>22,986,396</u>
Net depreciated capital assets	<u>37,464,098</u>			<u>38,619,291</u>
Net capital assets	<u>\$ 38,330,761</u>			<u>\$ 43,577,772</u>

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

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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>
Non-Depreciated Capital Assets:				
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>
Depreciated Capital Assets:				
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>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 assets	<u>57,997,234</u>	4,833,525	3,140,836	<u>59,689,923</u>
Construction in progress		<u>3,116,266</u>	<u>3,116,226</u>	
Total additions/retirements		<u>\$ 1,717,259</u>	<u>\$ 24,610</u>	
<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>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

6. CAPITAL ASSETS (Continued)

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, 2009 and 2008 as follows:

<u>August 31, 2009</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>	<u>Required Further Financing</u>
Master Plan Projects:				
Architecture	\$ 1,753,751	\$ 591,428	\$ 1,162,323	\$
Contractor-New Buildings and Infrastructure	2,885,769	2,520,115	365,654	
Improvements	680,177	672,603	7,574	
Engineering	134,794	96,256	38,538	
Project Manager	<u>977,460</u>	<u>285,868</u>	<u>691,592</u>	
 Total non-depreciated Capital assets	 <u>\$ 6,431,951</u>	 <u>\$ 4,166,270</u>	 <u>\$ 2,265,681</u>	 <u>\$ -0-</u>
<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></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
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt for the years ended August 31, 2009 and 2008:

	Balance September 1, 2008	Additions	Reductions	Balance August 31, 2009	Current Portion
Revenue bonds	\$ 10,085,000	\$	\$ 560,000	\$ 9,525,000	\$ 585,000
Limited tax bonds	28,470,000		345,000	28,125,000	710,000
Components of Long-Term Debt:					
Premium on revenue bonds	48,419		3,469	44,950	3,469
Premium on limited tax bonds	620,714		25,377	595,337	25,376
Compensated absences	<u>191,499</u>	<u>47,639</u>	<u>20,740</u>	<u>218,398</u>	<u>48,500</u>
Total long-term liabilities	<u>\$ 39,415,632</u>	<u>\$ 47,639</u>	<u>\$ 954,586</u>	<u>\$ 38,508,685</u>	<u>\$ 1,372,345</u>
	Balance September 1, 2007	Additions	Reductions	Balance August 31, 2008	Current Portion
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
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

7. LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity for bonded debt as of August 31, 2009 are as follows:

For the Year Ended August 31,	Series 2001		Series 2002	
	Principal	Interest	Principal	Interest
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			260,000	23,590
2015-2018			270,000	12,150
Total	<u>\$ 1,185,000</u>	<u>\$ 117,675</u>	<u>\$ 1,455,000</u>	<u>\$ 236,340</u>

For the Year Ended August 31,	Series 2006		Total Revenue Bonds	
	Principal	Interest	Principal	Interest
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	510,000	253,200	770,000	276,790
2015-2019	4,090,000	873,600	4,360,000	885,750
2020-2023	1,730,000	114,400	1,730,000	114,400
Total	<u>\$ 6,885,000</u>	<u>\$ 2,339,200</u>	<u>\$ 9,525,000</u>	<u>\$ 2,693,215</u>

For the Year Ended August 31,	General Obligation Bond Series 2008		Total Bonds	
	Principal	Interest	Principal	Interest
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	815,000	1,169,381	1,585,000	1,446,171
2015-2019	4,570,000	5,352,206	8,930,000	6,237,956
2020-2024	5,605,000	4,316,016	7,335,000	4,430,416
2025-2029	7,020,000	2,900,750	7,020,000	2,900,750
2030-2033	7,125,000	810,838	7,125,000	810,838
Total	<u>\$ 28,125,000</u>	<u>\$ 19,497,441</u>	<u>\$ 37,650,000</u>	<u>\$ 22,190,656</u>

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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, 2009 and 2008 was \$ 1,185,000 and \$ 1,540,000
- 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 2009 and 2008 was \$ 1,455,000 and \$ 1,660,000
- 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, 2009 and 2008 was \$ 6,885,000 and \$ 6,885,000
- 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, 2009 and 2008 was \$ 28,125,000 and \$ 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.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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, 2009 and 2008 was \$ 6,510,000 and \$ 6,510,000 and the balance held in escrow was \$ 6,782,138 and \$ 6,807,785.

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, 2009 and 2008.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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

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 lease includes a maintenance agreement requiring monthly payments of \$ 2,665 per month during the term of the lease.

The District paid \$ 139,321 and \$ 133,446 as rent expense for the years ended August 31, 2009 and 2008.

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 \$ 43,800 and \$ 33,993 as rent expense for the years ended August 31, 2009 and 2008.

The District also leased storage facilities on a month-to-month basis. The District paid \$ -0- and \$ 5,180 as rent expense for the years ended August 31, 2009 and 2008. The lease was terminated in May 2008.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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

11.B. Lease Commitments (Continued)

Operating Lease Obligations (Continued)

Future, minimum lease rental payments under non cancellable operating leases having an initial term in excess of one year as of August 31, 2009 and 2008 were as follows:

<u>Year Ended August 31,</u>	<u>Minimum Future Lease Payments</u>	
	<u>2009</u>	<u>2008</u>
2009	\$	\$ 182,303
2010	183,221	182,923
2011	183,221	182,923
2012	55,418	55,394
2013	<u>32,850</u>	<u>29,200</u>
Total	<u>\$ 454,710</u>	<u>\$ 632,743</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 6.58% 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, 2009 and 2008 was \$ 421,294 and \$ 411,107, respectively. The District's total payroll for the years ended August 31, 2009 and 2008 was \$ 14,338,422 and \$ 13,526,260 of which \$ 7,266,955 and \$ 6,968,462 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
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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 6.58% respectively. The District contributes 0.73% 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 6.58% and 6.58% for fiscal years 2007-2008 and 2008-2009 with a 0.73% and 0.73% supplement for those participating on August 31, 1995 or before which is paid by the District. Member contribution rate was 6.58% and 6.58% for fiscal years 2007-2008 and 2008-2009. These rates are set by state statutes. The contribution requirement of the fiscal years ended August 31, 2009 and 2008 for the District was \$ 748,836 and \$ 690,843, which consisted of \$ 360,540 and \$ 331,897 from the state, \$ 23,920 and \$ 23,518 from the District, and \$ 364,376 and \$ 335,428 from the employees, respectively. The District's total payroll for the years ended August 31, 2009 and 2008 was \$ 14,338,422 and \$ 13,526,268 of which \$ 5,479,337 and \$ 5,044,029 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 2007-2008, and 2008-2009. The District's contribution rate was 1.5% for the same period. The contribution requirement of the fiscal years ended August 31, 2009 and 2008 was \$ 19,256 and \$ 20,095 from the District and \$ 77,021 and \$ 80,376 from the employees, respectively. The District's total payroll for the years ended August 31, 2009 and 2008 was \$ 14,338,422 and \$ 13,526,260 of which \$ 1,283,655 and \$ 1,339,572 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
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

13. DEFERRED COMPENSATION PROGRAM (Continued)

As of August 31, 2009 and 2008, the District has 63 and 63 employees participating in the program, 61 and 63 employees were vested as of August 31, 2009 and 2008. A total of \$ 288,712 and \$ 303,343 in contributions were deferred by employees during the fiscal year ended August 31, 2009 and 2008 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, 2009 and 2008 the accrued liability for unpaid leave totaled \$ 218,398 and \$ 191,499, of which \$ 48,500 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, 2009 and 2008.

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, 2009 and 2008.

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, 2009 and 2008.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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, 2009 and 2008 were as follows:

	2009	2008
Current Assets:		
Student notes receivable	\$ 14,804	\$ 18,904
Taxes receivable	88,300	148,206
Accounts receivable	343,312	530,254
Interest receivable	20,292	38,918
Subtotal	466,708	736,282
Allowance for doubtful accounts	139,174	135,010
Total current assets	327,534	601,272
Restricted Assets:		
Federal receivable	228,353	124,673
State receivable	86,417	50,220
Accounts receivable		73,684
Interest receivable	104,237	172,716
Total restricted assets	419,007	421,293
Total receivables	\$ 746,541	\$ 1,022,565

16.B. Accounts and Accrued Liabilities

Payables at August 31, 2009 and 2008 were as follows:

	2009	2008
Current Liabilities:		
Vendors payable	\$ 208,277	\$ 204,568
Due to other governments	29,018	8,583
Salaries and benefits payable	670,328	92,275
Total current liabilities	907,623	305,426
Liabilities Payable from Restricted Assets:		
Accrued interest	65,322	374,739
Due to other governments	1,033	372
Total from restricted assets	66,355	375,111
Total payables	\$ 974,008	\$ 680,537

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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, 2009 and 2008 was \$ 86,145 and \$ 79,369, 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, 2009 and 2008 was \$ 53,029 and \$ 55,641, 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, 2009 and 2008; 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, 2009 and 2008, no allowance was established. During the years ended August 31, 2009 and 2008, 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, 2009 and 2008. Of these amounts only the tuition and fees, clarion tickets, and childcare fees were collected prior to August 31, 2009 and 2008. These amounts are as follows:

	2009	2008
Current Liabilities:		
Tuition and fees	\$ 1,352,578	\$ 1,555,490
Liabilities Payable from Restricted Assets:		
State and local grants	109,843	141,859
Totals	\$ 1,462,421	\$ 1,697,349

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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 \$ 130,480 and \$ 117,691 in lease income for the years ended August 31, 2009 and 2008.
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, April 19, 2004 and June 1, 2008 and is effective until August 31, 2014. The District received \$ 11,495 and \$ 15,769 of lease income on this contract for the years ended August 31, 2009 and 2008.

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 as federal grants and contracts (operating revenue) and Title IV federal grants (non-operating revenues). 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, 2009 and 2008 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, 2009 was \$ 360.54 for "Employee Only" coverage, \$ 566.57 for "Employee and Spouse"

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

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 66 retirees was \$ 351,499 and for 258 active employees was \$ 1,022,151. For the year ended August 31, 2009 the state contribution was limited to \$ 1,373,650. Monthly contributions for the year ended August 31, 2008 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 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.

20. ON-BEHALF PAYMENTS

The State of Texas provided on-behalf payments for the following benefits for the years ended August 31, 2009 and 2008:

	2009	2008
Teacher Retirement System	\$ 421,294	\$ 411,107
Optional Retirement Program (ORP)	360,540	331,897
Post retirement health care and life insurance benefits	1,373,650	1,378,145
Total	\$ 2,155,484	\$ 2,121,149

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.

	2009	2008
Assessed Valuation of the District:	\$ 9,666,578,420	\$ 8,809,456,484
Less: Abatements	977,139,240	606,912,385
Less: Exemptions	1,568,912,443	1,452,675,095
Net assessed valuation of the district	\$ 7,120,526,737	\$ 6,749,869,004

	Current Operations	Debt Service	Total
Tax rate authorized per \$ 100 valuation	\$ <u>0.129000</u>	\$ <u>0.027488</u>	\$ <u>0.156488</u>
Tax rate assessed per \$ 100 valuation	\$ <u>0.121000</u>	\$ <u>0.000000</u>	\$ <u>0.121000</u>

Taxes levied for the years ended August 31, 2009 and 2008 were \$ 11,142,500 and \$ 8,168,368 (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, 2009 AND 2008

21. PROPERTY TAXES (Continued)

The following is a summary of tax collections for the years ended August 31, 2009 and 2008:

August 31, 2009

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 9,111,559	\$ 1,941,541	\$ 11,053,100
Delinquent taxes collected	73,920		73,920
Penalties and interest collected	<u>43,295</u>	<u>5,092</u>	<u>48,387</u>
Total collections	\$ <u>9,228,774</u>	\$ <u>1,946,633</u>	\$ <u>11,175,407</u>

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></u>	<u>35,006</u>
Total collections	\$ <u>8,145,443</u>	\$ <u>-0-</u>	\$ <u>8,145,443</u>

Tax collections for the years ended August 31, 2009 and 2008 were 99.20% and 99.18% 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, 2009 and 2008.

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, 2009 AND 2008

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 management of the College met on November 17, 2009 and determined that no subsequent events had transpired that would require disclosure under generally accepted accounting principles.

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, 2009, 2008 and 2007 were \$ 34,560, \$ 42,209, and \$ 42,029, respectively, which equaled the required contributions for each year.

BRAZOSPORT COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2009 AND 2008

27. RECLASSIFICATIONS

In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (Federal Supplemental Education Opportunity Grants, Student Loan Program, Federal Work Study Program, Pell Grant, and Academic Competitiveness Program) is now characterized as non operating revenue as opposed to operating revenue. Prior year data has been restated for comparability purposes.

Further, other equity balances have been adjusted for the reclassification of net bond issuance costs from restricted debt service to invested capital assets, net of related debt.

SUPPLEMENTAL SCHEDULES

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 2009
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2008)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total Year Ended August 31, 2009</u>	<u>Total Year Ended August 31, 2008</u>
TUITION AND FEES:						
Tuition:						
State Funded Courses:						
In-district resident tuition	\$ 1,548,266	\$	\$ 1,548,266	\$	\$ 1,548,266	\$ 1,285,378
Out-of-district resident tuition	1,471,476		1,471,476		1,471,476	1,351,507
TPEG (set aside)*		156,372	156,372		156,372	132,886
Non-resident tuition	63,042		63,042		63,042	53,986
Non-state funded continuing education	<u>1,468,268</u>		<u>1,468,268</u>		<u>1,468,268</u>	<u>2,177,933</u>
Total tuition	<u>4,551,052</u>	<u>156,372</u>	<u>4,707,424</u>	<u>-0-</u>	<u>4,707,424</u>	<u>5,001,690</u>
Fees:						
General fee	408,106		408,106	62,119	470,225	474,986
Student service fee			-0-	161,330	161,330	90,397
Laboratory fee	240,214		240,214		240,214	228,243
Building use fee	<u>696,532</u>		<u>696,532</u>		<u>696,532</u>	<u>709,276</u>
Total fees	<u>1,344,852</u>	<u>-0-</u>	<u>1,344,852</u>	<u>223,449</u>	<u>1,568,301</u>	<u>1,502,902</u>
Scholarship Allowances and Discounts:						
Scholarship allowances	(136,295)		(136,295)		(136,295)	(109,075)
Remissions and exemptions	(35,398)		(35,398)		(35,398)	(18,123)
TPEG allowances	(105,020)		(105,020)		(105,020)	(136,916)
Federal grants to students	(299,736)		(299,736)		(299,736)	(151,271)
Other	<u>(14,415)</u>		<u>(14,415)</u>		<u>(14,415)</u>	<u>(13,824)</u>
Total scholarship allowances and discounts	<u>(590,864)</u>	<u>-0-</u>	<u>(590,864)</u>	<u>-0-</u>	<u>(590,864)</u>	<u>(429,209)</u>
Net tuition and fees	<u>5,305,040</u>	<u>156,372</u>	<u>5,461,412</u>	<u>223,449</u>	<u>5,684,861</u>	<u>6,075,383</u>

BRAZOSPORT COLLEGE DISTRICT**SCHEDULE OF OPERATING REVENUES - Continued****FOR THE YEAR ENDED AUGUST 31, 2009****(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2008)**

SCHEDULE A

Page 2 of 2

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total Year Ended August 31, 2009</u>	<u>Total Year Ended August 31, 2008</u>
ADDITIONAL OPERATING REVENUES:						
Federal grants and contracts	\$	\$ 717,781	\$ 717,781	\$	\$ 717,781	\$ 446,851
State grants and contracts		312,781	312,781		312,781	270,159
Local grants and contracts		149,341	149,341		149,341	116,119
Nongovernmental grants and contracts	86,906	5,500	92,406		92,406	98,097
Sales and services of educational activities	129,084	2,865	131,949	23,678	155,627	215,389
Other operating revenues	<u>573,650</u>		<u>573,650</u>		<u>573,650</u>	<u>495,127</u>
Total other operating revenues	<u>789,640</u>	<u>1,188,268</u>	<u>1,977,908</u>	<u>23,678</u>	<u>2,001,586</u>	<u>1,641,742</u>
AUXILIARY ENTERPRISES:						
Bookstore			-0-	130,481	130,481	117,961
Total auxiliary enterprises	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>130,481</u>	<u>130,481</u>	<u>117,961</u>
Total operating revenues	<u>\$ 6,094,680</u>	<u>\$ 1,344,640</u>	<u>\$ 7,439,320</u>	<u>\$ 377,608</u>	<u>\$ 7,816,928</u> (Exhibit 2)	<u>\$ 7,835,086</u> (Exhibit 2)

* In accordance with Education Code 56.033, \$ 156,372 and \$ 132,886 for years ended August 31, 2009 and 2008, 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, 2009
(WITH MEMORANDUM TOTAL FOR THE YEAR ENDED AUGUST 31, 2008)

SCHEDULE B
Page 1 of 1

	Operating Expenses				August 31, 2009	August 31, 2008
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted Educational Activities:						
Instruction	\$ 8,122,317	\$	\$ 314,147	\$ 2,471,944	\$ 10,908,408	\$ 10,441,629
Public services	6,668		265	2,644	9,577	68,871
Academic support	937,982		36,301	579,201	1,553,484	1,403,734
Student services	1,490,933		57,657	275,860	1,824,450	1,693,889
Institutional support	2,710,757		104,875	935,264	3,750,896	3,972,595
Operation and maintenance of plant	432,134		162,111	2,246,824	2,841,069	2,571,784
Scholarship and fellowships				268,621	268,621	267,054
Total unrestricted educational activities	13,700,791	-0-	675,356	6,780,358	21,156,505	20,419,556
Restricted Educational Activities:						
Instruction	\$ 228,289	\$ 1,320,234	\$ 14,740	\$ 322,866	\$ 1,886,129	\$ 1,689,832
Public services	125,887		18,420	23,182	167,489	109,201
Academic support	96,261	152,393	16,671	21,341	286,666	247,636
Student services	63,971	242,276	39	22,797	329,083	251,094
Institutional support		440,581			440,581	431,230
Operation and maintenance of plant					-0-	-0-
Scholarship and fellowships				1,655,676	1,655,676	1,238,958
Total restricted educational activities	514,408	2,155,484	49,870	2,045,862	4,765,624	3,967,951
Total educational activities	14,215,199	2,155,484	725,226	8,826,220	25,922,129	24,387,507
Auxiliary enterprises	79,535		13,497	199,817	292,849	289,387
Depreciation Expense:						
Buildings and other real estate				1,201,848	1,201,848	1,246,182
Equipment and furniture				354,334	354,334	261,268
Library books				110,335	110,335	88,964
Total operating expenses	\$ 14,294,734	\$ 2,155,484	\$ 738,723	\$ 10,692,554	\$ 27,881,495 (Exhibit 2)	\$ 26,273,308 (Exhibit 2)

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

FOR THE YEAR ENDED AUGUST 31, 2009

(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2008)

SCHEDULE C

Page 1 of 1

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>August 31, 2009</u>	<u>August 31, 2008</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 5,897,144	\$	\$	\$ 5,897,144	\$ 5,897,143
State group insurance		1,373,650		1,373,650	1,378,145
State retirement matching		<u>781,834</u>		<u>781,834</u>	<u>743,004</u>
Total state appropriations	5,897,144	2,155,484	-0-	8,052,628	8,018,292
Title IV federal programs		1,849,473		1,849,473	1,192,127
Maintenance ad valorem taxes	9,228,774			9,228,774	8,145,443
Debt service ad valorem taxes		1,946,633		1,946,633	
Investment income (net of fees)	116,823	984,666	30	1,101,519	497,255
Increase (decrease) in value of investments	6,836	10,247		17,083	(290,653)
Gain (loss) on sale of investments	4,531	(555,321)		(550,790)	4,821
Contributions in aid of construction				<u>-0-</u>	<u>5,675</u>
Total non-operating revenue	<u>15,254,108</u>	<u>6,391,182</u>	<u>30</u>	<u>21,645,320</u>	<u>17,572,960</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	<u>427,638</u>	<u>1,341,596</u>		<u>1,769,234</u>	<u>708,345</u>
Total non-operating expenses	<u>427,638</u>	<u>1,341,596</u>	<u>-0-</u>	<u>1,769,234</u>	<u>708,345</u>
Net non-operating revenues (expenses)	<u>\$ 14,826,470</u>	<u>\$ 5,049,586</u>	<u>\$ 30</u>	<u>\$ 19,876,086</u> (Exhibit 2)	<u>\$ 16,864,615</u> (Exhibit 2)

BRAZOSPORT COLLEGE DISTRICT

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY

FOR THE YEAR ENDED AUGUST 31, 2009

(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2008)

SCHEDULE D

Page 1 of 1

	Detail by Source				
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Capital Assets Net of Depreciation & Related Debt</u>	<u>Total</u>
		<u>Expendable</u>	<u>Non- Expendable</u>		
Current:					
Unrestricted	\$ 2,498,300	\$	\$	\$	\$ 2,498,300
Board designated	15,000				15,000
Restricted		199,758			199,758
Auxiliary enterprises	962,458				962,458
Loan	57,698				57,698
Endowment:					
Quasi:					
Unrestricted	1,535,318				1,535,318
Endowment:					
True			2,461,245		2,461,245
Plant:					
Debt service		332,588			332,588
Investment in plant				28,236,231	28,236,231
Total net assets, August 31, 2009	5,068,774	532,346	2,461,245	28,236,231	36,298,596 (Exhibit 1)
Total net assets, August 31, 2008	<u>5,779,690</u>	<u>784,276</u>	<u>2,460,108</u>	<u>27,461,866</u>	<u>36,485,940</u> (Exhibit 1)
Net increase (decrease) in net assets	<u>\$ (710,916)</u>	<u>\$ (251,930)</u>	<u>\$ 1,137</u>	<u>\$ 774,365</u>	<u>\$ (187,344)</u> (Exhibit 2)

Available for
Current Operations

<u>Yes</u>	<u>No</u>
\$ 2,498,300	\$ 15,000
199,758	57,698
962,458	1,535,318
3,660,516	2,461,245
<u>2,691,158</u>	332,588
<u>969,358</u>	<u>28,236,231</u>
<u>\$ 969,358</u>	32,638,080
	<u>33,794,782</u>
	<u>\$(1,156,702)</u>

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FEDERAL AND STATE AWARD SECTION

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KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

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Independent Auditor's Report

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

November 17, 2009

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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2009. 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.

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, 2009, no instances of noncompliance were found.

We noted certain matters that we reported to management of the District, in a separate letter dated November 17, 2009.

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.

Kennemer, Masters & Hungford, LLC

KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

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

November 17, 2009

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, 2009. 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, 2009.

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.

Kennemer, Masters & Hunford, LLC

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2009

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# 84.007 Federal Supplemental Education Opportunity Grants (FSEOG)
 - CFDA# 84.032 Federal Family Education Loan Program.
 - CFDA# 84.033 Federal Work Study Program (FWS)
 - CFDA# 84.063 Pell Grant 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, 2009

None.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2009

None.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT E
Page 1 of 3

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:			
Federal Supplemental Education Opportunity Grants (FSEOGG)	84.007	P007A088372	\$ <u>171,513</u>
Student loan program – FFELP	84.032	007287	<u>220,575</u>
Federal Work Study Program (FWS)	84.033	P033A088372	81,401
Federal Work Study Program (FWS)	84.033	P033A098372	<u>11,956</u>
			<u>93,357</u>
Pell Grant program	84.063	P063P082911	<u>1,337,078</u>
Academic Competitiveness Program	84.375	P375A082911	<u>26,950</u>
Passed Through From:			
Texas Education Agency:			
Adult Basic Education Programs:			
El Civics	84.002	094100087110273	91,171
El Civics	84.002	104100087110334	<u>9,981</u>
			<u>101,152</u>
Region IV Education Service Center:			
ABE-COOP ESL	84.002	084100017110206	63,413
ABE-COOP ESL	84.002	104100017110286	6,794
TANFF	84.002	983625017110211	<u>14,421</u>
Subtotal Adult Basic Education			<u>84,628</u>
Texas Higher Education Coordinating Board:			
Vocational Education - Basic Grants	84.048	94207	<u>90,006</u>
Student Leveraging Education Assistance Partnership	84.069	007287	<u>3,232</u>
Leveraging Education Assistance Partnership	84.069	007287	<u>2,513</u>
Stephen F. Austin State University:			
Articulated Internet Teacher Education Program	84.116	P116B060283	<u>4,208</u>
Total U.S. Department of Education			<u>2,135,212</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through From Brazoria County:			
Community Development Block Grant	14.218	007287	<u>18,423</u>
<u>U.S. Department of Labor</u>			
Direct Programs:			
DOL Nuclear Power Training	17.239	CB181970960A48	127,116
Passed Through From Lee College:			
DOL Nuclear Power Training	17.239	CB182260960A48	<u>66,653</u>
Total U.S. Department of Labor			<u>193,769</u>

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT E
Page 2 of 3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Small Business Administration</u>			
Passed Through From:			
University of Houston Small Business Development Center:			
Brazos SBDC Programs (Note 3)	59.037	8-603001-Z-0047-24	\$ 10,889
Brazos SBDC Programs (Note 3)	59.037	9-603001-Z-0047-25	<u>88,850</u>
Total U.S. Small Business Administration			<u>99,739</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through the Texas higher Education Coordinating Board:			
Public Assistance Grants (Hurricane Ike)	97.036	007287	<u>120,111</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,567,254</u>

NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION

Federal Revenues – per Exhibit 2:		
Federal grants and contracts (operating revenues)		\$ 717,781
Title IV federal grants (non-operating revenues)		1,849,473
Reconciling Items:		
None		<u>-0-</u>
Total pass-through and expenditures per federal schedule		<u>\$ 2,567,254</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, 2009 and 2008. 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 general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

BRAZOSPORT COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

NOTE 3 - MATCHING EXPENDITURES

The Small Business Development (SBDC) program requires local matching expenditures. The District accounts for these expenditures within the Current Unrestricted Funds. Matching expenditures for the years ended August 31, 2009 and 2008 were as follows:

	Federal CFDA Number	Pass -Through Grantor's Number	Program Matching Required	Direct Matching Expenditures		
				Years Ended August 31,		
				2009	2008	Total
SBDC Program (10-01-07/09-30-08)	59.037	8-603001-Z-0047-24	\$ 62,360	\$ 5,403	\$ 59,074	\$ 64,477
SBDC Program (10-01-08/09-30-09)	59.037	9-603001-Z-0047-25	64,272	<u>58,799</u>		<u>58,799</u>
				<u>\$ 64,202</u>	<u>\$ 59,074</u>	<u>\$ 123,276</u>

NOTE 4 - INDIRECT COST

The District did not receive reimbursement for indirect costs during the year ended August 31, 2009. 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, 2009

EXHIBIT F
Page 1 of 1

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
Texas Higher Education Coordination Board Direct:		
Work Study Program	007287	\$ 7,977
College Readiness	007287	15,000
Texas Grant Program	007287	125,425
Texas Education Opportunity Grant Program	007287	23,355
Professing Nursing Scholarship Grant	007287	2,801
Vocational Nursing Scholarship Grant	007287	<u>149</u>
Total Texas Higher Education Coordinating Board		<u>174,707</u>
Texas Education Agency:		
Passed Through Region IV Education Service Center:		
Adult Basic Education	100100017110286	<u>17,566</u>
Total Region IV Education Service Center		<u>17,566</u>
Texas Workforce Commission:		
Direct:		
Skills Development Program	2807SDF004	1,710
Passed Through Texas A&M University:		
Nuclear Grant	2909WSW003	37,746
Passed Through Lee College:		
GCP Network Grant	2808WSW010	78,280
Passed Through San Jacinto College:		
Energy Venture Grant	2809WSW005	<u>2,772</u>
Total Texas Workforce Commission		<u>120,508</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 312,781</u>

NOTE 1 - STATE ASSISTANCE RECONCILIATION

State Revenues – per Exhibit 2:		
State grants and contracts		\$ 312,781
Reconciling Items:		
None		<u>-0-</u>
Expenditures per state schedule		<u>\$ 312,781</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.

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STATISTICAL SUPPLEMENTARY INFORMATION

BRAZOSPORT COLLEGE DISTRICT
STATISTICAL SUPPLEMENT 1 -
NET ASSETS BY COMPONENT
 Fiscal Years 2002 to 2009
UNAUDITED
 (Amounts expressed in thousands)

	For the Fiscal Year Ended			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Invested in capital assets, net of related debt	\$ 28,236	\$ 27,462	\$ 27,547	\$ 25,830
Restricted - expendable	2,461	2,460	1,357	1,165
Restricted - nonexpendable	532	784	2,455	2,221
Unrestricted	<u>5,070</u>	<u>5,780</u>	<u>6,678</u>	<u>7,752</u>
Total primary government net assets	<u>\$ 36,299</u>	<u>\$ 36,486</u>	<u>\$ 38,037</u>	<u>\$ 36,968</u>

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

August 31,

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 25,553	\$ 20,926	\$ 16,752	\$ 13,126
968	886	736	3,044
2,144	1,974	3,099	2,856
<u>7,175</u>	<u>10,902</u>	<u>10,177</u>	<u>13,716</u>
<u>\$ 35,840</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 2009

UNAUDITED

(Amounts expressed in thousands)

	For the Fiscal Year Ended			
	2009	2008	2007	2006
Tuition and fees (net of discounts)	\$ 5,685	\$ 6,075	\$ 6,039	\$ 6,039
Governmental Grants and Contracts:				
Federal grants and contracts	718	447	613	774
State grants and contracts	313	270	112	340
Local grants and contracts	149	116	96	13
Non-governmental grants and contracts	92	98	114	90
Sales and service of education activities	153	215	336	410
Auxiliary enterprises	130	118	120	124
Other operating revenues	<u>574</u>	<u>496</u>	<u>474</u>	<u>455</u>
Total operating revenues	<u>7,817</u>	<u>7,835</u>	<u>7,904</u>	<u>8,245</u>
State appropriations	8,053	8,018	7,981	7,865
Title IV Federal Programs	1,849	1,192	1,580	1,953
Ad Valorem taxes	11,175	8,145	7,868	7,145
Gifts		6	599	1,034
Investment income	568	211	444	469
Other non-operating revenues	<u>(1,769)</u>	<u>(708)</u>	<u>451</u>	<u>154</u>
Total non-operating revenues	<u>19,876</u>	<u>16,864</u>	<u>18,923</u>	<u>18,620</u>
Total revenues	<u>\$ 27,693</u>	<u>\$ 24,699</u>	<u>\$ 26,827</u>	<u>\$ 26,865</u>

	For the Fiscal Year Ended			
	2009	2008	2007	2006
Tuition and fees (net of discounts)	20.53%	24.60%	22.51%	22.48%
Governmental Grants and Contracts:				
Federal grants and contracts	2.59%	1.81%	2.29%	2.88%
State grants and contracts	1.13%	1.09%	0.42%	1.27%
Local grants and contracts	0.54%	0.47%	0.36%	0.05%
Non-governmental grants and contracts	0.33%	0.40%	0.42%	0.34%
Sales and service of education activities	0.55%	0.87%	1.25%	1.53%
Auxiliary enterprises	0.47%	0.48%	0.45%	0.46%
Other operating revenues	<u>2.07%</u>	<u>2.01 %</u>	<u>1.77 %</u>	<u>1.69%</u>
Total operating revenues	<u>28.23%</u>	<u>31.72%</u>	<u>29.46%</u>	<u>30.69%</u>
State appropriations	29.08%	32.46%	29.75%	29.28%
Title IV Federal Programs	6.68%	4.83%	5.89%	7.27%
Ad Valorem taxes	40.35%	32.98%	29.33%	26.60%
Gifts		0.02%	2.23%	3.85%
Investment income	2.05%	0.85%	1.66%	1.75%
Other non-operating revenues	<u>(6.39%)</u>	<u>(2.87%)</u>	<u>1.68%</u>	<u>0.57%</u>
Total non-operating revenues	<u>71.77%</u>	<u>68.28%</u>	<u>70.54%</u>	<u>69.31%</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 2002-2009 are available.

August 31,			
2005	2004	2003	2002
\$ 5,247	\$ 5,515	\$ 4,412	\$ 5,067
889	1,053	950	584
301	501	376	305
14	4	15	
75	98	73	55
527	480	112	110
119	115	133	84
<u>505</u>	<u>419</u>	<u>349</u>	<u>28</u>
<u>7,677</u>	<u>8,185</u>	<u>6,420</u>	<u>6,233</u>
7,041	7,118	7,264	7,605
2,016	1,607	1,410	1,175
6,380	5,773	4,602	4,506
2,026	2,000		
409	376	386	281
<u>216</u>	<u>167</u>	<u>186</u>	<u>31</u>
<u>18,088</u>	<u>17,041</u>	<u>13,848</u>	<u>13,598</u>
\$ <u>25,765</u>	\$ <u>25,226</u>	\$ <u>20,268</u>	\$ <u>19,831</u>

August 31,			
2005	2004	2003	2002
20.36%	21.86%	21.77%	25.55%
3.45%	4.17%	4.69%	2.94%
1.17%	1.99%	1.86%	1.54%
0.05%	0.02%	0.07%	0.00%
0.29%	0.39%	0.36%	0.28%
2.05%	1.90%	0.55%	0.55%
0.46%	0.46%	0.66%	0.42%
<u>1.96%</u>	<u>1.66%</u>	<u>1.72%</u>	<u>0.14%</u>
<u>29.80%</u>	<u>32.45%</u>	<u>31.68%</u>	<u>31.43%</u>
27.33%	28.22%	35.84%	38.35%
7.82%	6.37%	6.96%	5.93%
24.76%	22.89%	22.71%	22.72%
7.86%	7.93%	0.00%	0.00%
1.59%	1.49%	1.90%	1.42%
<u>0.84%</u>	<u>0.66%</u>	<u>0.92%</u>	<u>0.16%</u>
<u>70.20%</u>	<u>67.55%</u>	<u>68.32%</u>	<u>68.58%</u>
<u>100.00%</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 2009
UNAUDITED
(Amounts expressed in thousands)

	For the Fiscal Year Ended			
	2009	2008	2007	2006
Instruction	\$ 12,795	\$ 12,132	\$ 11,770	\$ 12,136
Public service	177	178	162	162
Academic support	1,840	1,651	1,443	1,287
Student services	2,154	1,945	1,647	1,623
Institutional support	4,191	4,404	4,423	4,046
Operation and maintenance of plant	2,841	2,572	2,376	2,072
Scholarships and fellowships	1,924	1,506	1,814	2,163
Auxiliary enterprises	293	289	288	257
Depreciation	<u>1,667</u>	<u>1,596</u>	<u>1,504</u>	<u>1,518</u>
Total operating revenues	<u>27,882</u>	<u>26,273</u>	<u>25,427</u>	<u>25,264</u>
Interest on capital related debt	1,769	708	429	569
Loss on disposal of fixed assets	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total non-operating expenses	<u>1,769</u>	<u>708</u>	<u>429</u>	<u>569</u>
Total expenses	<u>\$ 29,651</u>	<u>\$ 26,981</u>	<u>\$ 25,856</u>	<u>\$ 25,833</u>

	For the Fiscal Year Ended			
	2009	2008	2007	2006
Instruction	43.15%	44.96%	45.52%	46.98%
Public support	0.60%	0.66%	0.63%	0.63%
Academic support	6.21%	6.12%	5.58%	4.98%
Student services	7.26%	7.21%	6.37%	6.28%
Institutional support	14.13%	16.32%	17.11%	15.66%
Operation and maintenance of plant	9.58%	9.53%	9.19%	8.02%
Scholarships and fellowships	6.49%	5.58%	7.02%	8.37%
Auxiliary enterprises	0.99%	1.07%	1.11%	0.99%
Depreciation	<u>5.62%</u>	<u>5.92%</u>	<u>5.82%</u>	<u>5.88%</u>
Total operating expenses	<u>94.03%</u>	<u>97.38%</u>	<u>98.34%</u>	<u>97.80%</u>
Interest on capital related debt	5.97%	2.62%	1.66%	2.20%
Loss on disposal of fixed assets	<u>0.00%</u>	<u>0.00%</u>	<u>0.00 %</u>	<u>0.00 %</u>
Total non-operating expenses	<u>5.97%</u>	<u>2.62%</u>	<u>1.66%</u>	<u>2.20%</u>
Total expenses	<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 2002-2009 are available.

August 31,			
2005	2004	2003	2002
\$ 11,237	\$ 10,221	\$ 11,179	\$ 9,328
165	163	200	399
1,037	893	858	814
1,729	1,732	1,612	1,527
3,647	3,480	3,249	3,150
1,774	1,562	1,624	1,529
2,204	1,925	1,761	1,332
72	60	134	52
<u>1,207</u>	<u>1,025</u>	<u>972</u>	<u>740</u>
<u>23,072</u>	<u>21,061</u>	<u>21,589</u>	<u>18,871</u>
597	623	644	4
<u>597</u>	<u>623</u>	<u>644</u>	<u>4</u>
<u>\$ 23,669</u>	<u>\$ 21,684</u>	<u>\$ 22,233</u>	<u>\$ 18,875</u>

August 31,			
2005	2004	2003	2002
47.48%	47.14%	50.28%	49.42%
0.70%	0.75%	0.90%	2.11%
4.38%	4.12%	3.86%	4.31%
7.30%	7.99%	7.25%	8.09%
15.41%	16.05%	14.61%	16.69%
7.50%	7.20%	7.30%	8.10%
9.31%	8.88%	7.92%	7.06%
0.30%	0.28%	0.60%	0.28%
<u>5.10%</u>	<u>4.73%</u>	<u>4.37%</u>	<u>3.92%</u>
<u>97.48%</u>	<u>97.13%</u>	<u>97.10%</u>	<u>99.98%</u>
2.52%	2.87%	2.90%	0.02%
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<u>2.52%</u>	<u>2.87%</u>	<u>2.90%</u>	<u>0.02%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

Resident											Increase	Increase
Academic Year (Fall)	Registration Fee	In-District Tuition	Out-of-District Tuition	Building Fees	Student Service Fees	Technology Fee	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		
2009	\$ 25	\$ 36	\$ 57	\$ 9	\$ 21	\$ 5	\$ 621	\$ 873	10.70%	7.38%		
2008	25	31	52	9	15	5	561	813	8.09%	5.45%		
2007	--	28	49	9	8	5	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%		

Non-Resident											Increase	Increase
Academic Year (Fall)	Registration Fee	In-District Tuition	Out-of-District Tuition	Building Fees	Student Service Fees	Technology Fee	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		
2009	\$	\$	\$	\$	\$	\$ 5	\$ 1,437	\$ 1,437	4.36%	4.36%		
2008	25	99	99	9	15	5	1,377	1,377	3.15%	3.15%		
2007	--	96	96	9	8	5	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%		

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)
2008-09	\$ 9,667	\$ 2,546	\$ 7,121	73.66%	0.129000	0.027488	0.156488
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

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				State Appropriation 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)	
2008-09	\$ 8,053	5,689	1,415	514	934	15	1,463	\$ 5.50
2007-08	8,018	5,569	1,440	859	574	18	1,451	5.53
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

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)			
		2009	2008	2007	2006
Dow Chemical Company	Chemical	\$ 2,536,465	\$ 2,945,805	\$ 2,743,452	\$ 3,463,027
BASF Corp Chemical Division	Chemical	511,393	766,664	741,770	831,464
Shintech, Inc.	Chemical	162,051	166,748	175,269	166,170
SI Group Inc. Schenectady Int'l	Chemical	90,178	110,404	107,474	93,351
Oyster Creek Ltd./Delta Power	Power	83,317	84,553	87,517	119,138
Shin-Etsu Silicones of America	Silicones	48,025	15,594		60,471
Air Liquide Energy Inc.	Energy	43,798	47,022	45,354	46,454
American Rice Inc.	Agriculture	43,387	34,535		
Centerpoint Energy Inc.	Utility	37,981	39,395	39,081	42,250
Huntsman Ethyleneamines LTD	Chemical	32,091	34,896	31,326	
Totals		<u>\$ 3,588,686</u>	<u>\$ 4,245,616</u>	<u>\$ 3,971,243</u>	<u>\$ 4,822,325</u>
Total taxable assessed value		<u>\$ 7,120,527</u>	<u>\$ 6,750,116</u>	<u>\$ 6,423,220</u>	<u>\$ 6,005,693</u>

Taxpayer	Type of Business	% Taxable Assessed Value (TAV) by Tax Year			
		2009	2008	2007	2006
Dow Chemical Company	Chemical	70.68%	69.38%	69.08%	71.81%
BASF Corp Chemical Division	Chemical	14.25%	18.06%	18.68%	17.24%
Shintech, Inc.	Chemical	4.52%	3.93%	4.41%	3.45%
SI Group Inc. Schenectady Int'l	Chemical	2.51%	2.60%	2.71%	1.94%
Oyster Creek Ltd./Delta Power	Power	2.32%	1.99%	2.20%	2.47%
Shin-Etsu Silicones of America	Silicones	1.34%	0.37%		1.25%
Air Liquide Energy Inc.	Energy	1.22%	1.11%	1.14%	0.96%
American Rice Inc.	Agriculture	1.21%	0.81%		
Centerpoint Energy Inc.	Utility	1.06%	0.93%	0.98%	0.88%
Huntsman Ethyleneamines LTD	Chemical	0.89%	0.82%	0.79%	
Totals		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
% of Total Assessed Taxable Value		<u>50.40%</u>	<u>62.90%</u>	<u>61.83%</u>	<u>80.30%</u>

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

	2005	2004	2003	2002	2001	2000
\$	3,274,446	\$ 2,971,965	\$ 3,113,632	\$ 2,968,858	\$ 2,340,550	\$ 2,515,232
	837,731	836,575	906,643	925,909	496,765	887,800
	137,292	132,887	167,027	160,390	157,226	164,780
	93,656	85,159	84,012	84,135	62,539	57,988
	133,736	132,834	136,766	151,294	160,710	172,508
	46,339	47,849	40,613			
	47,165	62,691	64,069		79,597	68,049
	44,151	41,879	40,393			
	37,013	33,804				
\$	<u>4,651,529</u>	<u>4,345,643</u>	<u>4,553,155</u>	<u>4,290,586</u>	<u>3,297,387</u>	<u>3,866,357</u>
\$	<u>5,636,859</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>

% Taxable Assessed Value (TAV) by Tax Year

	2005	2004	2003	2002	2001	2000
	70.40%	68.39%	68.38%	69.19%	70.98%	65.05%
	18.01%	19.25%	19.91%	21.58%	15.07%	22.96%
	2.95%	3.06%	3.67%	3.74%	4.77%	4.26%
	2.01%	1.96%	1.85%	1.96%	1.90%	1.50%
	2.88%	3.06%	3.00%	3.53%	4.87%	4.46%
	1.00%	1.10%	0.89%			
	1.01%	1.44%	1.41%		2.41%	1.76%
	0.95%	0.96%	0.89%			
	0.80%	0.78%				
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>82.52%</u>	<u>79.43%</u>	<u>84.36%</u>	<u>81.22%</u>	<u>61.32%</u>	<u>75.36%</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
2009	\$ 11,142	\$ 34	\$ 11,108	\$ 11,053	99.20%	\$	\$ 54	\$ 11,108	99.69%
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%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

Total collections = c + d + e

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)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Bonded Debt										
General obligation bonds	\$ 28,720	\$ 29,091	\$	\$	\$	\$	\$	\$	\$	\$
Notes										
Less: Funds restricted for debt service	<u>41</u>	<u>141</u>								
Net general bonded debt	28,761	29,232	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other Debt										
Revenue Bonds	9,570	10,085	10,662	10,730	11,200	11,640	12,055	12,415	7,635	205
Notes										
Capital lease obligations										
Total outstanding debt	<u>\$ 38,331</u>	<u>\$ 39,317</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>
General Bonded Debt Ratio										
Per Capita	\$ N/A	\$ 97.10	\$	\$	\$	\$	\$	\$	\$	\$
Per FTSE	5,055	5,249								
As a percentage of Taxable Assessed Value	0.40%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios										
Per Capita	\$ N/A	\$ 130.60	\$ 35.42	\$ 37.27	\$ 40.22	\$ 42.93	\$ 45.73	\$ 48.32	\$ 30.64	\$ 0.84
Per FTSE	6,738	7,060	1,834	1,924	2,055	2,063	2,073	2,123	1,383	38
As a percentage of Taxable Assessed Value	0.54%	0.58%	0.17%	0.18%	0.20%	0.21%	0.22%	0.24%	0.14%	0.00%

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 <u>(amounts expressed in thousands)</u>	
	<u>2009</u>	<u>2008</u>
Taxable Assessed Value	\$ <u>7,105,190</u>	\$ <u>6,749,869</u>
General Obligation Bonds		
Statutory Tax Levy for Debt Service	\$ 35,526	\$ 33,749
Less: Funds Restricted for Repayment of General Obligation Bonds	<u> </u>	<u> </u>
Total Net General Obligation Debt	35,526	33,749
Current Year Debt Service Requirements	<u> </u>	<u> </u>
Excess of Statutory Limit for Debt Service over Current Requirements	\$ <u>35,526</u>	\$ <u>33,749</u>
Net Current Requirements as a % of Statutory Limits	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.

There was no general obligation debt service levy for years 2000-2007.

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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
2009	\$ 770	\$ 697	\$	\$	\$ 1,370	\$	\$	\$	\$ 2,837
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

<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage Ratio</u>
\$ 560	\$ 454	\$ 1,014	6.25
525	454	979	7.91
495	553	1,048	6.57
470	583	1,053	5.73
440	611	1,051	5.33
415	637	1,052	5.53
360	690	1,050	3.77
360	690	1,050	4.61
360	690	1,050	4.08
205	13	218	212.15

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>
2009	N/A	N/A	N/A	8.9
2008	301,044	N/A	N/A	5.5
2007	294,233	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

Sources:

Population from U.S. Census Bureau (Data only available from 2000-2008)

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

Personal income from Bureau of Economic Analysis (Data only available from 2000-2006).

<http://www.bea.gov/regional/reis/default.cfm?catable=CA1-3§ion=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	5.32%
Texas Department of Criminal Justice	2,440	2.84%
Infinity Group	2,413	2.81%
Brazosport I.S.D.	2,015	2.35%
Walmart	1,880	2.19%
Brazoria County Government	1,313	1.53%
Industrial Specialists	1,069	1.25%
Conoco Phillips	900	1.05%
Total	16,600	19.34%

Source:
Brazosport Chamber of Commerce
Texas Workforce Commission

This institution previously did not present this schedule and chose to implement prospectively.

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Faculty										
Full-Time	88	80	74	73	75	68	61	61	47	50
Part-Time	100	187	167	80	100	111	135	141	131	131
Total	188	267	241	153	175	179	196	202	178	181
Percentage										
Full-Time	46.8%	30.0%	30.7%	47.7%	42.9%	38.0%	31.1%	30.2%	26.4%	27.6%
Part-Time	53.2%	70.0%	69.3%	52.3%	57.1%	62.0%	68.9%	69.8%	73.6%	72.4%
Staff and Administrators										
Full-Time	166	156	155	161	141	131	116	97	87	67
Part-Time	63	47	76	250	248	218	178	166	165	154
Total	229	203	231	411	389	349	294	263	252	221
Percentage										
Full-Time	72.5%	76.8%	67.1%	39.2%	36.2%	37.5%	39.5%	36.9%	34.5%	30.3%
Part-Time	27.5%	23.2%	32.9%	60.8%	63.8%	62.5%	60.5%	63.1%	65.5%	69.7%
FTSE Per Full-time Faculty *	63.3	69.6	75.3	76.3	74.3	81.9	91.3	91.3	118.5	111.4
FTSE Per Full-time Staff Member*	33.5	35.7	35.9	34.6	39.5	42.5	48.0	57.4	64.0	83.1
Average Annual Faculty Salary	\$ 44,426	\$ 66,461	\$ 55,857	\$ 44,200	\$ 40,600	\$ 36,900	\$ 32,200	\$ 28,600	\$ 29,900	\$ 27,600

* Restated

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

<u>Student Classification</u>	<u>Fall 2008</u>		<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</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	2,649	68.15%	2,434	64.89%	2,748	72.16%	2,513	69.69%	2,381	67.97%
30-60 hours	930	23.93%	962	25.65%	633	16.62%	633	17.55%	656	18.73%
>60 hours	<u>308</u>	<u>7.92%</u>	<u>355</u>	<u>9.46%</u>	<u>427</u>	<u>11.21%</u>	<u>460</u>	<u>12.76%</u>	<u>466</u>	<u>13.30%</u>
Total	<u>3,887</u>	<u>100.00%</u>	<u>3,751</u>	<u>100.00%</u>	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>

<u>Semester Hour Load</u>	<u>Fall 2008</u>		<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</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	15	0.39%	13	0.35%	19	0.50%	11	0.31%	22	0.63%
3-5 semester hours	1,240	31.90%	1,203	32.07%	1,165	30.59%	984	27.29%	937	26.75%
6-8 semester hours	962	24.75%	949	25.30%	1,063	27.91%	984	27.29%	869	24.81%
9-11 semester hours	582	14.97%	567	15.12%	516	13.55%	573	15.89%	505	14.42%
12-14 semester hours	854	21.97%	793	21.14%	796	20.90%	838	23.24%	926	26.43%
15-17 semester hours	191	4.91%	191	5.09%	208	5.46%	158	4.38%	202	5.77%
18 & over	<u>43</u>	<u>1.11%</u>	<u>35</u>	<u>0.93%</u>	<u>41</u>	<u>1.08%</u>	<u>58</u>	<u>1.61%</u>	<u>42</u>	<u>1.20%</u>
Total	<u>3,887</u>	<u>100.00%</u>	<u>3,751</u>	<u>100.00%</u>	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>

<u>Tuition Status</u>	<u>Fall 2008</u>		<u>Fall 2007</u>		<u>Fall 2006</u>		<u>Fall 2005</u>		<u>Fall 2004</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)	2,232	57.42%	2,130	56.78%	2,254	59.19%	2,084	57.79%	2,045	58.38%
Texas Resident (out-of-district)	1,621	41.70%	1,547	41.24%	1,494	39.23%	1,501	41.63%	1,429	40.79%
Non-resident tuition	<u>34</u>	<u>0.87%</u>	<u>74</u>	<u>1.97%</u>	<u>60</u>	<u>1.58%</u>	<u>21</u>	<u>0.58%</u>	<u>29</u>	<u>0.83%</u>
Total	<u>3,887</u>	<u>100.00%</u>	<u>3,751</u>	<u>100.00%</u>	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>

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

<u>Gender</u>	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	<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	1,983	51.02%	1,895	50.52%	1,975	51.86%	1,732	48.03%	1,917	54.72%
Male	1,904	48.98%	1,856	49.48%	1,833	48.14%	1,874	51.97%	1,586	45.28%
Total	<u>3,887</u>	<u>100.00%</u>	<u>3,751</u>	<u>100.00%</u>	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>

<u>Ethnic Origin</u>	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	<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	2,450	63.03%	2,367	63.10%	2,499	65.63%	2,401	66.58%	2,355	67.23%
Hispanic	1,081	27.81%	1,030	27.46%	984	25.84%	876	24.29%	856	24.44%
African American	283	7.28%	273	7.28%	242	6.36%	272	7.54%	220	6.28%
Asian	45	1.16%	49	1.31%	47	1.23%	34	0.94%	40	1.14%
Foreign	-0-	0.00%	-0-	0.00%	-0-	0.00%	-0-	0.00%	-0-	0.00%
Native American	11	0.28%	16	0.43%	16	0.42%	11	0.31%	14	0.40%
Other	17	0.44%	16	0.43%	20	0.53%	12	0.33%	18	0.51%
Total	<u>3,887</u>	<u>100.00%</u>	<u>3,751</u>	<u>100.00%</u>	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>

<u>Age</u>	Fall 2008		Fall 2007		Fall 2006		Fall 2005		Fall 2004	
	<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	738	19.00%	677	18.05%	825	21.66%	1,475	40.90%	534	15.24%
18-21	1,463	37.67%	1,375	36.66%	1,345	35.32%	449	12.45%	1,298	37.05%
22-25	577	14.86%	571	15.22%	536	14.08%	571	15.83%	566	16.16%
26-29	315	8.11%	326	8.69%	328	8.61%	330	9.15%	325	9.28%
30-37	367	9.45%	378	10.08%	377	9.90%	410	11.37%	379	10.82%
38 & above	424	10.92%	424	11.30%	397	10.43%	371	10.29%	401	11.45%
Total	<u>3,884</u>	<u>100.00%</u>	<u>3,751</u>	<u>100.00%</u>	<u>3,808</u>	<u>100.00%</u>	<u>3,606</u>	<u>100.00%</u>	<u>3,503</u>	<u>100.00%</u>
Average Age	24		24		24		24		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					0.00%
Lamar University	11			11	1.87%
Midwestern State University					0.00%
Prairie View A&M University	5	1		6	1.02%
Sam Houston State University	61	1	2	64	10.90%
Stephen F. Austin State University	25	1		26	4.43%
Tarleton State University	2			2	0.34%
Texas A&M University	87			87	14.82%
Texas A&M University at Commerce					0.00%
Texas A&M University at Corpus Christi	10		1	11	1.87%
Texas A&M University at Galveston	5			5	0.85%
Texas A&M University at Kingsville	10			10	1.70%
Texas Southern University	3	1	1	5	0.85%
Texas State University	67	1	1	69	11.75%
Texas Tech University	18			18	3.07%
Texas Woman's University	4			4	0.68%
The University of Texas at Arlington	4			4	0.68%
The University of Texas at Austin	51			51	8.69%
The University of Texas at Dallas	1			1	0.17%
The University of Texas at Pan American	1			1	0.17%
The University of Texas at San Antonio	18			18	3.07%
The University of Texas at Tyler	3			3	0.51%
The University of Texas of the Permian Basin					0.00%
The University of Houston	65	1	2	68	11.58%
The University of Houston - Downtown	6		1	7	1.19%
The University of Houston at Clear Lake	68	6	4	78	13.29%
The University of Houston at Victoria	4			4	0.68%
The University of North Texas	23	1		24	4.09%
West Texas A&M University	1			1	0.17%
Texas Tech University Health Science Center	1			1	0.17%
The University of Texas Health Sciences Center at Houston	2			2	0.34%
The University of Texas Health Sciences Center at San Antonio	1			1	0.17%
The University of Texas Medical Branch at Galveston	5			5	0.85%
Totals	562	13	12	587	100.00%

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 2005-2009

	Fiscal Year				
	2009	2008	2007	2006	2005
Academic Buildings					
Square footage (in thousands)	369	359	359	355	355
Libraries					
Square footage (in thousands)	16	16	16	15	15
Number of volumes (in thousands)					
Administrative and support buildings					
Square footage (in thousands)	26	26	26	26	26
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	3
Plant Facilities					
Square Footage (in thousands)	13	13	13	13	13
Transportation					
Cars					
Light Truck/Vans	7	7	5	5	5
Buses					