

BLINN COLLEGE

Annual Financial Report

**Fiscal Year Ended
August 31, 2002**

BLINN COLLEGE

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BLINN COLLEGE

Organizational Data
Year Ended August 31, 2002

Board of Trustees

Officers

L. J. Lacina, Jr., President
Steve M. Westbrook, Vice-President
Leon B. Toubin, Secretary

Members

Term Expires
May 31,

Henry J. Boehm, Jr., M.D.	Brenham, Texas	May, 2004
Sudie Schaer Stark	Brenham, Texas	May, 2004
L. J. Lacina, Jr.	Brenham, Texas	May, 2006
Atwood C. Kenjura	Brenham, Texas	May, 2006
Steve M. Westbrook	Brenham, Texas	May, 2006
Norwood Lange	Brenham, Texas	May, 2008
Leon B. Toubin	Brenham, Texas	May, 2008

Key Officers

Donald E. Voelter, Ph.D., President
John D. Barkman, Executive Vice President
John M. Robertson, III, VP Business Services
Ronald L. Johnston, Ed.D., VP Academic Affairs
John Harris, Ed.D., VP Student Services
Barbara Pearson, Ph.D., VP Brazos County

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Blinn College:

We have audited the accompanying basic financial statements of Blinn College (the College) as of and for the year ended August 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2002, and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

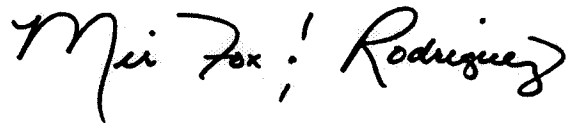
As described in note 2 to the financial statements, the College adopted the provisions of Governmental Accounting Standard Board Statement No.'s 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* as of September 1, 2001. This results in a change in format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2002 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

The Management's Discussion and Analysis on pages 4 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the College, taken as a whole. The accompanying additional information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of Federal awards (Schedule 3 - D) and expenditures of State of Texas awards (Schedule 4 - D) are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *State of Texas Single Audit Circular*, respectively. Such information has been subjected to the auditing procedures applied in our 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 statistical section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the College. The information is unaudited and we do not express an opinion on such information.

A handwritten signature in black ink that reads "Mei Fox ; Rodriguez". The signature is written in a cursive style with a semicolon between "Fox" and "Rodriguez".

November 15, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis

New Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Blinn College (the College) adopted these new standards in fiscal year 2002.

The following discussion and analysis provides an overview of the College's financial activities. Since this is a transition year for the new format, only the current year of information is presented in the audited financial statements and for the management's discussion and analysis. Since management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read in conjunction with the College's basic financial statements and additional information.

The new accounting standards resulted in a prior period adjustment of \$(14,865,825) to the beginning fund balance. The components of this adjustment are included in the notes to the financial statements and primarily include write-offs of fixed assets due to change in capitalization policy and addition of accumulated depreciation.

As required by the newly adopted accounting principles, the annual report consists of three basic financial statements that provide information on the College as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Each one of these statements is discussed in detail.

General

The Washington County Junior College District (the District), also known as Blinn College (the College), was established in 1883 and in 1937 became the first county owned junior college in Texas. The College operated the Brenham Campus only until academic facilities were leased and opened in Bryan, Texas in 1970 and College Station, Texas in 1982 and in Schulenburg, Texas in 1997. The District boundaries include only the territory within Washington County. The City of Brenham is the largest city in Washington County with an estimated 1999 population of 14,000.

The District is governed by an elected Board of Trustees (the Board) comprised of seven members serving six-year staggered terms. The Board is charged with policy-making and supervisory functions and delegates administrative responsibilities to the President and staff. Consultants and advisors supply certain support services. The District is a two-year comprehensive community college supported by local ad valorem taxes, state appropriations, federal grants and student tuition and fees.

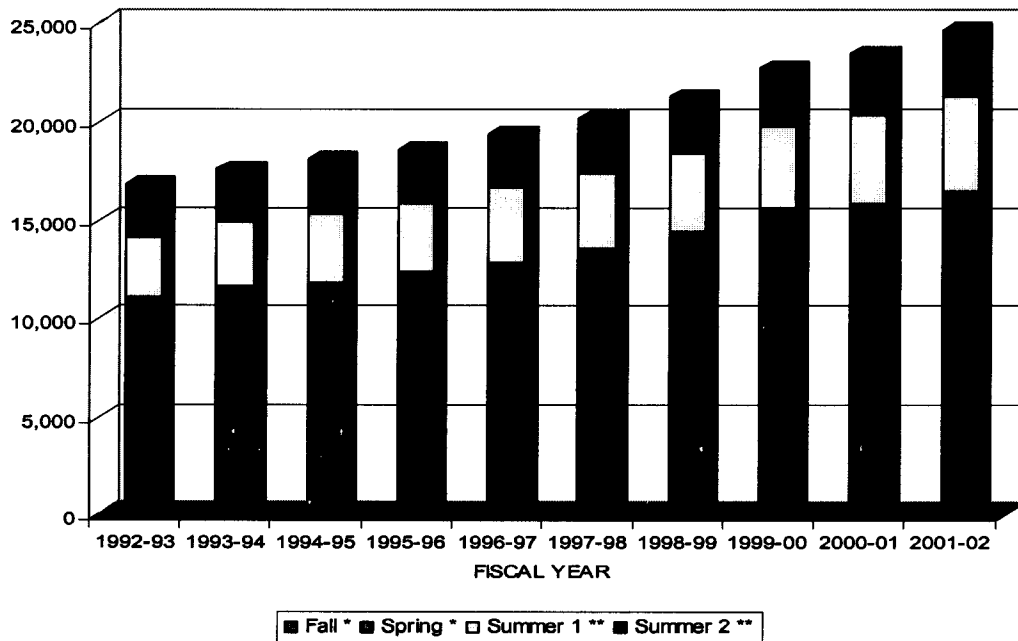
The current Brazos County campus in Bryan is an extension campus of the District. In the 1995 Texas Legislature Session, S.B. 397 was enacted with generally ratified the junior college district service areas previously designated by the Texas Higher Education Coordinating Board. The District's service area includes Washington, Burleson, Brazos, Madison, Grimes, Waller, Lee and Fayette counties and part of Austin, Milam, Walker and Montgomery counties.

The District considers North Harris Montgomery Community College District's Tomball, Texas facility (located approximately 45 miles east of Brenham) and the Wharton, Texas campus of the Wharton County Junior College (located approximately 45 miles south of the Brenham campus) to be the primary competitors among community college districts. While the District also competes with public and private four year institutions of higher education, including the Texas A&M University in College Station, Texas, the District has developed both formal and informal relationships with Texas A&M, resulting in the District becoming a "feeder" college for Texas A&M. The relationships include a rental of classroom space to the District, which enables the District to offer approximately 10-15 sections of courses each semester on the A&M campus. Approximately 15% of the District's Brazos county students each semester are "co-enrollees" with Texas A&M, taking courses at both institutions. The District has recently formalized this arrangement with Texas A&M University with the TEAM program. This program allows students to take one course at Texas A&M and four courses with the District and have the benefits of both institutions. By maintaining a "B" average, the student can transfer to Texas A&M after completion of the second year in the program.

On average, some 25% of the District's students transfer and graduate from a four year college (the State average is approximately 12% for junior colleges), and of the District students that attend a four year college, approximately 80% go to Texas A&M.

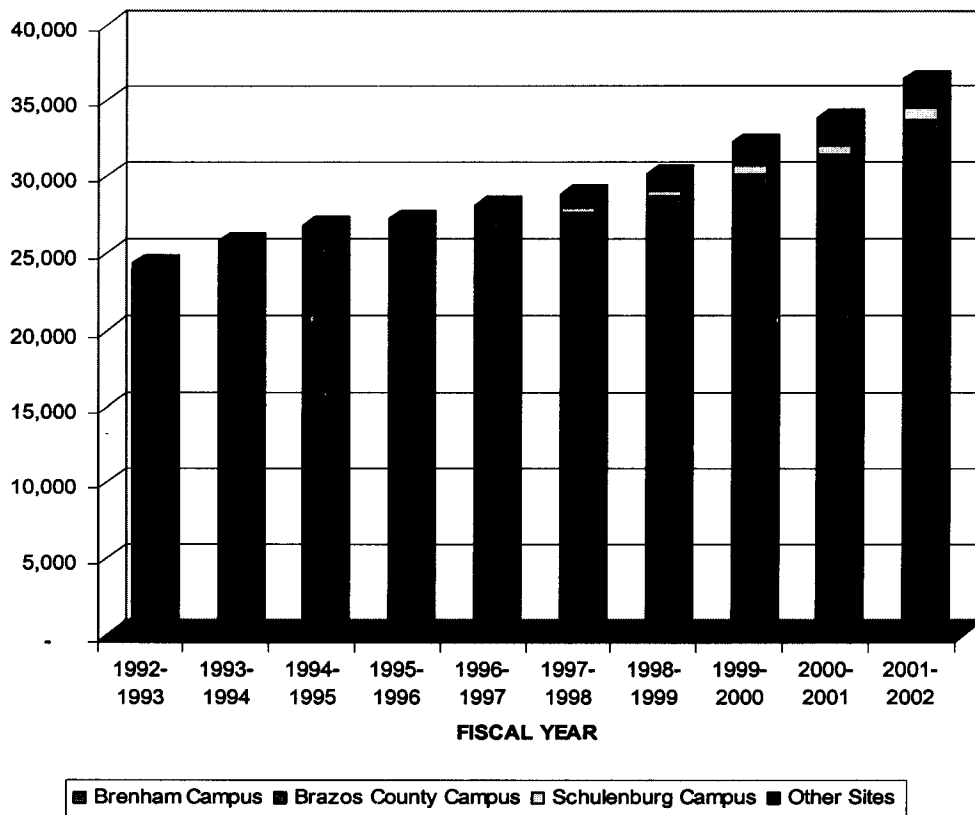
The District presently operates three campuses: the original campus in Brenham which averages over 2,500 students in the fall semester; the Bryan Campus which consists of three locations and services over 10,000 students and the Schulenburg Campus which opened fall semester 1997 and serves the District's southernmost region, serving over 360 students. The College also offers classes at numerous high schools and correctional facilities within its service district.

Below you can see a ten-year trend of full time equivalent (FTE) enrollment by each term by fiscal year.



1 FTE = 15 semester hours for fall and spring semesters
 1 FTE = 6 semester hours for summer terms

A ten-year trend for student enrollment by location.



Financial Highlights

There were a number of items which had a positive impact on the 2002 fiscal year.

- In May 2002, the College issued \$15.355 million of revenue bonds (Series 2002 bonds) for capital projects.
- The new student services building on the Brenham campus was completed in July 2002 at the cost of approximately \$4.5 million from available net asset reserves. This building houses all the student services department including the new enrollment services which was created as a “one stop shop” concept to better serve the students.
- In August 2002, the College completed a student apartment complex with 200 student beds on the Brenham campus. The apartment project utilized approximately \$5.15 million in funds provided from the Series 2002 bond issue.
- The College purchased the ten-acre tract and facilities of the Schulenburg, Texas campus for approximately \$200,000.
- A new voice telephone and voice mail system for all three campuses was installed in January 2002. In addition, new cabling and installing new phone and Internet service in the resident halls and apartments was also completed. Approximately \$2.3 million was spent on these projects from available net asset reserves.
- In March 2002, the College subcontracted the bookstore operation on the Brenham campus to Barnes and Noble College Bookstores. The resulting sale reduced inventories approximately \$500,000.

- The MRW Studio Theatre was constructed as an addition to the O'Donnell Performing Arts Theatre on the Brenham campus for approximately \$1.25 million from available net assets reserves and a donation. With this new addition the College can offer a technical theatre arts program where students will receive specific training in the field of lighting design, set design and construction, sound design and basic costume and make up design. It also serves as a second theatrical production area with its "blackbox" design.

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting by most private-sector institutions. Net Assets – the difference between assets and liabilities – is one way to measure the financial health of the District.

<u>Assets</u>	
Current assets	\$ 29,455,000
Capital assets, net of depreciation	77,008,000
Noncurrent assets	<u>7,700,000</u>
Total assets	<u>114,163,000</u>
 <u>Liabilities</u>	
Current liabilities	16,226,000
Noncurrent liabilities	<u>46,471,000</u>
Total liabilities	<u>62,697,000</u>
 <u>Net Assets</u>	
Investment in capital assets, net of related debt	38,334,000
Restricted	8,673,000
Unrestricted	<u>4,459,000</u>
	<u>\$ 51,466,000</u>

Current assets include \$24.7 million of cash and cash equivalents which includes approximately \$10 million of unspent bond proceeds, and \$3.9 million of student receivables related to the fiscal year 2003 fall semester. Capital assets include \$13 million of new additions and are shown net of accumulated depreciation of \$14.4 million. Noncurrent assets include approximately \$5.9 million of restricted endowment cash and cash equivalents and investments.

Current liabilities includes approximately \$2.7 million of accounts payable, \$10.6 million of deferred revenues which relates to fall 2002 student enrollment, and the current portion of bond and lease payments which is approximately \$2.3 million. Noncurrent liabilities consist of future bond and lease payments.

The College has an unrestricted net asset balance of approximately \$4.5 million which the College maintains as a contingency reserve. Restricted net assets include endowment funds and required debt service reserves of approximately \$5.9 million and \$1.8 million, respectively.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Change in Net Assets presents the operating results of the College, as well as the non-operating revenues and expenses. Operating revenues are primarily those that result directly from the conduct of instruction, the operation of the College auxiliary services (student housing, cafeteria, athletics, bookstore, etc), and Federal, State of Texas and local grants. Property tax receipts, while budgeted for operations, are considered non-operating revenues and depreciation is shown in operating expenses according to accounting principles generally accepted in the United States of America.

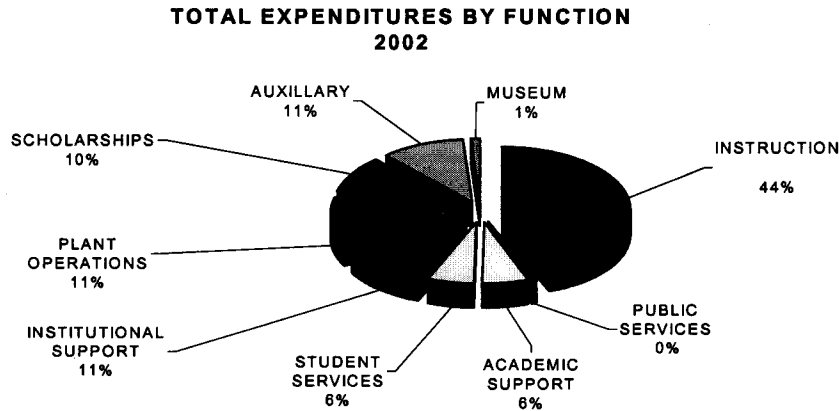
Total operating revenues	\$ 53,432,000
Total operating expenses	<u>51,890,000</u>
Net operating revenue	<u>1,542,000</u>
Total nonoperating revenues	1,360,000
Total nonoperating expenses	<u>(1,894,000)</u>
Net nonoperating expense	<u>(534,000)</u>
Income before other revenues	1,008,000
Capital appropriations and gifts	<u>613,000</u>
Total increase in net assets	<u>1,621,000</u>
Net assets, beginning of year	<u>49,845,000</u>
Net assets, end of year	<u>\$ 51,466,000</u>

Operating revenues include approximately \$23.7 million in state appropriations, \$16.5 million in tuition and fees, net of discounts, \$7.8 million in Federal and State of Texas grants and contracts and \$4.9 million from auxiliary enterprises. The revenue from auxiliary enterprises consists of revenues from student housing, food service and bookstore and vending leases. The most significant sources of operating revenues for the College are tuition and fees and state appropriations representing 31% and 45% of total operating revenue, respectively.

Operating expenses consist mainly of personnel costs which were approximately \$31.9 million or 61.5% of total operating expenses. Other expenses were approximately \$19.9 million, including \$1.6 million in depreciation expense. The College experienced large increases in its property and casualty insurance premiums during the year due to the terrorists activities of September 11, 2001, but the College remains a relatively low risk and continues to secure the same levels of coverage.

Voters of the Washington County Community College District have authorized the District to levy and collect a maintenance tax of \$0.0544 per \$100 valuation for the 2002 fiscal year. The District's 2001 taxable assessed valuation is \$1,634,788,506 and net revenues from the maintenance tax were approximately \$880,000 which are included in non-operating revenues.

The following is a graphic illustration of operating expenses by function:



Statement of Cash Flows

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

Cash provided by (used in):	
Operating activities	\$ 5,557,000
Non-capital financing activities	1,493,000
Capital and related financing activities	(1,804,000)
Investing activities	<u>(578,000)</u>
Net increase in cash and cash equivalents	<u>4,668,000</u>
Cash and cash equivalents - beginning of year	<u>26,720,000</u>
Cash and cash equivalents - end of year	<u>\$ 31,388,000</u>

The College provided positive cash flow from operating activities of approximately \$5.5 million which primarily consists of cash receipts from state appropriations and tuition and fees and cash outlay for wages, benefits, supplies and scholarships. An additional \$1.5 million of non-capital financing activities came from property tax revenues and gifts. While the 2002 bond issue provided \$15.4 million in proceeds, capital spending totaled \$13.6 million and debt service payments totaled \$3.3 million reducing cash flows by \$1.8 million from capital and related financing activities.

Capital Asset and Debt Administration

The College had several significant capital asset additions in fiscal year 2002. A new student services building on the Brenham campus was completed in July 2002 and new student apartments on the Brenham campus were completed in August 2002. The apartments were available for the fiscal year 2003 fall semester. A new voice telephone and voice mail system for all campuses was installed in January 2002 and the MRW Studio Theatre was constructed as an addition to the O'Donnell Performing Arts Theatre. Land and facilities of approximately \$200,000 was purchased from the City of Schulenburg for the Schulenburg campus.

The College issued an additional \$15.355 million of revenue bonds in May 2002, of which approximately \$5.15 million were used to fund the construction of the new student apartments. While the District has increased its bonded indebtedness during 2002, Moody's Investor Service raised their rating of the District to A2 from A3 with a stable outlook for the medium term. The College reduced its debt obligations related to the Series 1993, 1998, and 1999 revenue bonds by \$1,080,000 and \$710,415 related to its capital leases for the Bryan campus through scheduled debt service payments.

Future Financial Considerations

In recent years, State appropriated funds have provided approximately 45% of the District's operating revenue. The revenues from the State are derived from Legislative Appropriations, which are determined biennially at each session of the Texas State Legislature. The State is not obligated to provide a specific appropriation each year. During the 1999 Texas Legislative Session, the Texas Legislature increased funding for Community Colleges for the 2000 and 2001 fiscal years, by approximately 14% compared to the prior biennium. The State funding, which is based upon legislatively established funding levels for each hour generated by the District's students, increased in 2000, due to growing enrollment and to the funding increase. While the outlook for funding from the next Legislative biennium looks to be stable, the State of Texas has projected a budget deficit which could adversely affect the amount of State funds that the District receives. Also, a decline in enrollment would adversely affect the District's revenues for both tuition and fee revenue and revenue from State funding.

In September of 2002, the College embarked upon Phase III of the Bryan campus. Utilizing \$10 million of the \$15 million bond issue of May 2002, the College will construct a sixth building on the Bryan Campus. This 50,000 square foot, two-story building will house additional classrooms, new science laboratories, a modern copy center, and a larger campus bookstore. Furthermore, the existing library will be expanded. The bond money will also be utilized to renovate the old Schulman theatre complex, turning screening rooms into large theatre-style multi-purpose classrooms. Additional parking lots will be built to handle parking demands of the new buildings.

BLINN COLLEGE
Statement of Net Assets
August 31, 2002

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 24,699,402
Accounts receivables, net	4,715,329
Interest receivable	12,169
Inventories	6,506
Other assets	<u>21,230</u>
Total current assets	<u>29,454,636</u>
Noncurrent assets:	
Restricted endowment cash and cash equivalents	4,861,071
Restricted debt service cash and cash equivalents	1,827,397
Restricted endowment investments	1,011,880
Capital assets, net	<u>77,008,286</u>
Total noncurrent assets	<u>84,708,634</u>
Total assets	<u>114,163,270</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payables	2,689,901
Funds held for others	379,195
Deferred revenues	10,618,101
Deposits	272,105
Bonds payables-current portion	1,575,000
Capital lease-current portion	<u>691,666</u>
Total current liabilities	<u>16,225,968</u>
Noncurrent liabilities:	
Bonds payables	33,595,000
Capital lease payables	<u>12,876,668</u>
Total noncurrent liabilities	<u>46,471,668</u>
Total liabilities	<u>62,697,636</u>
Net assets:	
Invested in capital assets, net of related debt	38,333,835
Restricted for:	
Nonexpendable -	
Endowments	4,548,486
Expendable:	
Endowments	1,336,685
Student aid	421,223
Debt service	1,827,397
Star of the Republic Museum	539,026
Unrestricted (note 10)	<u>4,458,982</u>
Total net assets	<u>\$ 51,465,634</u>

See accompanying notes to basic financial statements.

BLINN COLLEGE

Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended August 31, 2002

Revenues:

Operating revenues:

State appropriations	\$ 23,694,536
Tuition and fees, net of discounts of \$2,175,864	16,509,293
Federal grants and contracts	6,707,673
State grants and contracts	1,064,801
Sales and services of educational activities	364,950
Auxiliary enterprises, net of discounts of \$378,861	4,894,402
Other operating revenues	196,344
Total operating revenues (Schedule 2-A)	<u>53,431,999</u>

Expenses:

Operating expenses:

Instruction	22,812,980
Public service	211,808
Academic support	3,036,365
Student services	3,016,312
Institutional support	5,896,383
Operation and maintenance of plant	4,284,287
Star of the Republic Museum	571,841
Scholarships and fellowships	4,931,416
Auxiliary enterprises	5,511,879
Depreciation	1,616,685
Total operating expenses (Schedule 2-B)	<u>51,889,956</u>

Operating income

1,542,043

Nonoperating revenues (expenses):

Property tax revenue	880,533
Interest on capital related debt	(1,589,380)
Bond issuance costs	(265,844)
Federal grant related to capital debt	33,574
Investment income	446,032
Loss on sale of capital assets	(38,885)
Total net nonoperating expense	<u>(533,970)</u>

Income before other revenues

1,008,073

Other revenues:

Capital contributions	262,261
Additions to permanent endowments	349,963
Total net other revenues	<u>612,224</u>

Increase in net assets

1,620,297

Net assets - beginning of year

49,845,337

Net assets - end of year

\$ 51,465,634

See accompanying notes to basic financial statements.

BLINN COLLEGE

Statement of Cash Flows
Year Ended August 31, 2002

Cash flows from operating activities:	
Receipts from students and other customers	\$ 22,560,868
Receipts of appropriations, grants and contracts	28,917,374
Payments to or on behalf of employees	(29,320,350)
Payments to suppliers for goods or services	(11,865,579)
Payments of scholarships	(4,931,416)
Other cash receipts	196,344
Net cash provided by operating activities	<u>5,557,241</u>
Cash flows from noncapital financing activities:	
Property tax revenues	880,536
Gifts and grants for other than capital purposes	262,261
Additions to permanent endowments	349,963
Net cash provided by noncapital financing activities	<u>1,492,760</u>
Cash flows from capital and related financing activities:	
Proceeds from issuance of capital debt	15,355,000
Purchases of capital assets	(13,642,056)
Payments on capital debt and leases	(3,308,786)
Bond issue costs paid on new debt issue	(265,844)
Other	57,132
Net cash used by capital and related financing activities	<u>(1,804,554)</u>
Cash flows from investing activities:	
Purchase of investments	(1,011,880)
Investment income	433,863
Net cash used by investing activities	<u>(578,017)</u>
Increase in cash and cash equivalents	4,667,430
Cash and cash equivalents - beginning of year	<u>26,720,440</u>
Cash and cash equivalents - end of year	<u>\$ 31,387,870</u>

Continued

BLINN COLLEGE

Statement of Cash Flows (Continued)

Reconciliation of operating income to net cash provided	
by operating activities:	
Operating income	\$ 1,542,043
Adjustments to reconcile operating income to net cash provided	
by operating activities:	
Depreciation expense	1,616,685
Changes in assets and liabilities:	
Receivables, net	(639,467)
Inventories	455,810
Other assets	139,933
Accounts payable	941,412
Deferred revenues - tuition and fees	1,153,376
Deferred revenues - grants and contracts	77,206
Deposits	183,045
Funds held for others	87,198
Net cash provided by operating activities	<u>\$ 5,557,241</u>

See accompanying notes to basic financial statements.

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2002

1. Reporting Entity

Blinn College (the College) was established in 1883, in accordance with the laws of the State of Texas, to serve the educational needs of public and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity*. While the College receives funding from local, State of Texas, and Federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

The basic financial statements of the College include the funds of all organizational entities for which the College has oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In evaluating how to define the College for financial reporting purposes, management has considered all potential component units, including the Blinn College Foundation (the Foundation). The Foundation is a legally separate not-for-profit organization which provides benefits such as scholarships to the College's students and assists in the development and growth of the College. The Foundation does not provide a financial benefit or impose a financial burden on the College. The College does not appoint any of the Foundation's Board members. As a result, the financial position and results of operations of the Foundation are not combined with the financial position and changes in net assets of the College.

2. Summary of Significant Accounting Policies

Reporting guidelines

The significant accounting policies followed by the College in preparing these basic 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 College 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. Under GASB Statement No. 35 *Basic Financial Statements – Management's Discussion and Analysis for Public Colleges and Universities*, the College is reported as a special-purpose government engaged in business-type activities.

Basis of accounting

The basic financial statements of the College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

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. Encumbrances outstanding at year end that are provided for in subsequent year's budget are reported as designations of net assets since they do not constitute expenditures or liabilities.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Net assets: *The Colleges' net assets are classified as follows:*

Invested in capital assets, net of related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Restricted nonexpendable net assets are subject to externally imposed provisions that they be maintained permanently by the College. The corpus of the College's endowments are included in nonexpendable net assets.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources the College's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Classification of revenues: The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) state appropriations (2) student tuition and fees, net of scholarship discounts and allowances, (3) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (4) most Federal, State of Texas and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34 such as property taxes and investment income.

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 College's Board of Trustees 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.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Cash and cash equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The governing board has designated public funds investment pools to be cash equivalents.

Investments

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 value of United States Treasury securities and United States agencies are based on quoted market value. The fair value of Lone Star Investment Pool, TexPool and LOGIC are based on quoted market values of the underlying investments of the pool and/or fund. 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.

Capital assets

Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is not allocated to the functional expenses categories. The following lives are used:

Buildings	50 years
Land improvements	20 years
Furniture, equipment and vehicles	10-5 years
Computer systems	5 years

Library books

Library books are capitalized but not depreciated. Library books will be written off as the books are removed from service.

Collections

Collections located at the Star of the Republic Museum are held for public exhibition and are capitalized but not depreciated.

Deferred revenues

Revenues consisting of tuition, fees and housing charges, related to academic terms after August 31, 2002 are recorded as deferred revenues.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

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 §56.033). 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.

Student Financial Aid Programs (Title IV) - Certain Title IV funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount.

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.

Estimates

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

Income taxes

Blinn College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the year ended August 31, 2002.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Prior year restatement

In June 1999, GASB approved Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis- for State and Local Governments*. This was followed by GASB Statement No. 35, *Basic Financial Statements – Management’s Discussion and Analysis for Public Colleges and Universities*, which extends the guidance of GASB 34 to public colleges and universities. The College implemented these changes for the year ended August 31, 2002, resulting in an entirely new financial statement presentation format.

The College is reported as a special-purpose government engaged in business-type activities. In connection with the implementation of the GASB statements the following adjustments have been made to reflect the accumulated effect of this accounting change:

Accumulated depreciation	\$ 13,385,825
Change in capitalization policy, net	<u>1,479,760</u>
Total adjustment	14,865,585
Fund balance reported August 31, 2001	<u>64,710,922</u>
Net asset balance at September 1, 2001	\$ <u>49,845,337</u>

3. Authorized Investments

The Board of Trustees of Blinn College has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act (Chapter 2256.001 Texas Government Code). The investments of the College are in compliance with the Board of Trustees’ investment policy and the Public Funds Investment Act. The College is authorized to invest in obligations and instruments as follows: (1) obligations of the United States and its agencies, (2) directed 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 deposits and (5) other instruments and obligations authorized by statute.

4. Investments

At August 31, 2002, the carrying amount of the College’s deposits was \$6,117,914 and total bank balances equaled \$6,480,027. Bank balances of \$300,000 are covered by federal depository insurance. Bank balances totaling \$6,180,027 were collateralized with securities held by the pledging financial institution’s agent in the College’s name (category 2). Cash and cash equivalents reported on the statement of net assets consist of the items reported below:

Cash and cash equivalents:	
Bank deposits -	
Demand deposits	\$ 6,117,914
Investment pools:	
Lone Star Investment Pool	5,280,552
TexPool	19,936,279
LOGIC	44,166
Petty cash	<u>8,959</u>
Cash and cash equivalents	\$ <u>31,387,870</u>

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Lone Star Investment Pool (Lone Star)

The Lone Star Investment Pool (Lone Star) is a public funds investment pool established in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 225, Texas Government Code. Lone Star is governed by an eleven member board of trustees made up of active participants in Lone Star. The board of trustees for Lone Star has the responsibility of adopting and monitoring compliance with investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. Lone Star's Liquidity Plus Fund is rated AAAM by Standard & Poor and rated monthly. The fair value of Lone Star's Liquidity Plus Fund is valued at market.

TexPool

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Pools. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Pools, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the portion in TexPool is the same as the value of TexPool shares.

Local Government Investment Cooperative (LOGIC)

LOGIC may invest in any of the securities authorized by statute. LOGIC must demonstrate compliance with Chapter 2256, Sections .016, .017, .018 and .019.

The investments in Lone Star Investment Pool, TexPool and LOGIC and any accrued interest may be redeemed at the College's discretion.

Investments

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

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

The following categories of credit risk are included:

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

Type of Security	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Carrying Amount	Fair Value
Federal Home Loan Mortgage Discount Notes	\$ 501,565			501,565	501,565
FNMA Unsecured Discount note	<u>510,315</u>			<u>510,315</u>	<u>510,315</u>
Total	<u>\$ 1,011,880</u>	<u>-</u>	<u>-</u>	<u>1,011,880</u>	<u>1,011,880</u>

5. Accounts Receivable

Accounts receivable at August 31, 2002 were as follows:

Student receivables	\$ 3,957,371
Taxes receivable	76,812
Federal receivables	425,981
State receivables	189,339
Other receivables	<u>65,826</u>
Total	<u>\$ 4,715,329</u>

6. Noncurrent Liabilities

Noncurrent liabilities activities for the year ended August 31, 2002 were as follows:

	Balance September 1, 2001	Additions	Payments	Balance August 31, 2002	Current Portion
Bonds payable	\$ 20,895,000	15,355,000	(1,080,000)	35,170,000	1,575,000
Capital leases	<u>14,278,749</u>		<u>(710,415)</u>	<u>13,568,334</u>	<u>691,666</u>
Total	<u>\$ 35,173,749</u>	<u>15,355,000</u>	<u>(1,790,415)</u>	<u>48,738,334</u>	<u>2,266,666</u>

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

7. Capital Assets

Capital assets activities for the year ended August 31, 2002 were as follows:

	<u>Balance</u> <u>September 1,</u> <u>2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>August 31,</u> <u>2002</u>
Not depreciated:				
Land	\$ 4,227,080	329,345		4,556,425
Library books	2,671,376	180,958	(21,564)	2,830,770
Collections	<u>609,186</u>			<u>609,186</u>
Subtotal	<u>7,507,642</u>	<u>510,303</u>	<u>(21,564)</u>	<u>7,996,381</u>
Other capital assets:				
Buildings	64,335,779	10,651,727	(230,376)	74,757,130
Land improvements	3,195,733	61,237		3,256,970
Furniture, equipment and vehicles	1,313,771	2,266,684	(84,036)	3,496,419
Computer equipment	<u>2,078,345</u>	<u>152,105</u>	<u>(243,005)</u>	<u>1,987,445</u>
	<u>78,431,270</u>	<u>13,642,056</u>	<u>(578,981)</u>	<u>91,494,345</u>
Less accumulated depreciation:				
Buildings	9,382,080	1,144,437	(230,378)	10,296,139
Land improvements	2,515,390	28,202		2,543,592
Furniture, equipment and vehicles	364,442	175,411	(43,068)	496,785
Computer equipment	<u>1,123,913</u>	<u>268,635</u>	<u>(243,005)</u>	<u>1,149,543</u>
Total accumulated depreciation	<u>13,385,825</u>	<u>1,616,685</u>	<u>(516,451)</u>	<u>14,486,059</u>
Net capital assets	<u>\$ 65,045,445</u>			<u>77,008,286</u>

8. Bonds Payable

Bonds payable as of August 31, 2002 consist of Combined Fee Revenue and Refunding Bonds. General information related to bonds payable is summarized below:

Combined Fee and Revenue System Refunding Bonds, Series 1993

- Washington County Junior College District Combined Fee and Revenue System Refunding Bonds, Series 1993
- To refund all previously issued outstanding bonds and \$1 million used for dormitory construction
- Issued March 1, 1993
- \$8,220,000, all authorized bonds have been issued
- Interest rate range from 2.5% to 5.45%
- Source of revenue for debt service – designated portion of tuition and registration charges, building use fees, other fee charges and designated auxiliary revenues
- Outstanding bonds payable \$4,770,000

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Combined Fee Revenue Bonds, Series 1998

- Washington County Junior College District Combined Fee Revenue Bonds, Series 1998
- To construct new academic and student service facilities and student apartment housing
- Issued November 15, 1998
- \$9,870,000, all authorized bonds have been issued
- Interest rates range from 4% to 4.75%
- Source of revenue for debt service – designated portion of tuition and registration charges, building use fees, other fee charges and designated auxiliary revenues
- Outstanding bonds payable \$9,545,000

Combined Fee Revenue Bonds, Series 1999

- Washington County Junior College District Combined Fee Revenue Bonds, Series 1999
- To construct new academic and student service facilities and student apartment housing
- Issued December 1, 1998
- \$6,110,000, all authorized bonds have been issued
- Interest rates range from 4.2% to 4.85%
- Source of revenue for debt service – designated portion of tuition and registration charges, building use fees, other fee charges and designated auxiliary revenues
- Outstanding bonds payable \$5,500,000

Combined Fee Revenue Bonds, Series 2002

- Washington County Junior College District Combined Fee Revenue Bonds, Series 2002
- To construct and equip student apartment housing and construct, renovate and equip academic buildings and parking lots
- Issued May 1, 2002
- \$15,355,000, all authorized bonds have been issued
- Interest rates range from 2.5% to 5.125%
- Source of revenue for debt service – designated portion of tuition and registration charges, other fee charges and designated revenues
- Outstanding bonds payable \$15,355,000
- Approximately \$10,063,000 of bonds proceeds remain to be spent

Under each bond issue, the College is to maintain a reserve account equal to the maximum annual principal and interest requirements on all bonds. The College has 60 months to establish this reserve fund. The reserve account balance at August 31, 2002, is \$1,827,397, which meets the full reserve requirement. The Series 2002 bonds require the College to maintain adequate insurance coverage. All premiums have been paid.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Combined bond debt service requirements

The College has complied with all bond requirements. Combined debt service requirements of the bonds for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 1,575,000	1,479,072	3,054,072
2004	1,885,000	1,469,159	3,354,159
2005	1,950,000	1,396,644	3,346,644
2006	2,040,000	1,317,372	3,357,372
2007	2,120,000	1,233,814	3,353,814
2008-2012	10,695,000	4,790,913	15,485,913
2013-2017	7,210,000	2,790,402	10,000,402
2018-2022	6,915,000	966,289	7,881,289
2023	<u>780,000</u>	<u>19,988</u>	<u>799,988</u>
Total	<u>\$ 35,170,000</u>	<u>15,463,653</u>	<u>50,633,653</u>

9. Capital Leases

The College leases a campus located in Bryan, Texas from the City of Bryan under a lease agreement dated December 14, 1995. The agreement obligates the College to pay rent equal to the debt service requirements on the bonds issued by the City of Bryan, the proceeds of which were used to construct the new campus. The payment of these obligations are secured by a pledge of substantially all registration fees, tuition fees and building use fees of all enrolled students and the net revenues and other pledged fees as defined in the lease agreement. The pledge of these revenues is on parity with the pledged security of the outstanding Series 1993 bonds.

The original capitalized cost of all property capitalized under this lease was \$15,225,000. This amount was based on the present value of future minimum lease payments using a discount rate of 5%. The first payment was due on December 14, 1995, with the final payment being due on October 1, 2016.

The College may purchase the buildings at any time for an amount sufficient to relate all outstanding bonds, the original balance of which was \$15,225,000. If no bonds are outstanding, the College may purchase the buildings for \$1.00.

In addition to the \$15,225,000 payment, additional amounts are due under the lease designated as "land rent" under the lease stated May 1, 1994. The first of these payments became due on July 1, 2002. The land is being capitalized by discounting all future land rent payments using a discount rate of approximately 6%. This results in a value of \$1,593,749 classified as an addition to land. The final payment is due on July 1, 2014.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

Combined debt service requirements of the capital leases for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 691,666	706,079	1,397,745
2004	728,336	671,850	1,400,186
2005	766,667	634,972	1,401,639
2006	808,333	595,374	1,403,707
2007	850,000	552,783	1,402,783
2008-2012	4,993,332	2,011,862	7,005,194
2013-2017	<u>4,730,000</u>	<u>513,763</u>	<u>5,243,763</u>
Total	\$ <u>13,568,334</u>	<u>5,686,683</u>	<u>19,255,017</u>

10. Unrestricted Net Assets

The College designates a portion of unrestricted net assets to indicate management's tentative plans for future use of financial resources. At August 31, 2002, \$30,532 of unrestricted net assets was designated for future capital projects.

11. Teacher Retirement System of Texas

The State of Texas (the State) has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College 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 6.0% and 6.4%, respectively, of annual compensation.

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

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in TRS. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the State and each participant are 6.0% and 6.65%, respectively. For employees who were employed as of September 1, 1995, the College contributes 2.5% and the State contributes 6.0% for a total matching employer contribution of 8.5%. Since these are individual contracts, the State has no additional or unfunded liability for this program.

12. 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 was \$285 per month depending on the coverage elected for the year ended August 31, 2002 and totaled \$2,038,706 for the year. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

13. Compensated Absences

Non-faculty employees are entitled to compensated vacation days. The amount of days is determined annually, based on their length of employment, as stipulated with official policy adopted by the College. The current policy states the rights to receive these compensated absences expire at the end of each year. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for these non-vesting non-accumulating rights.

Sick leave can be accumulated subject to certain limitations. It is paid to an employee who misses work because of illness. The College does not allow conversion of unpaid sick leave for terminated employees. The College's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

14. Deferred Compensation Program

The College's 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.

15. Property Tax

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, business/land personal property located in the tax area of the College. Property taxes are recorded on an accrual basis of accounting.

At August 31, 2002:

Assessed valuation of the College	\$ 1,674,212,144
Less exemptions	<u>39,423,638</u>
Net assessed valuation of the College	<u>\$ 1,634,788,506</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$ 0.05444	-	0.05444
Tax rate per \$100 valuation assessed	0.05444	-	0.05444

Tax levied for the year ended August 31, 2002 is \$884,864 (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.

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
<u>Taxes collected</u>			
Current taxes collected	\$ 864,584		864,584
Delinquent taxes collected	<u>15,949</u>	<u> </u>	<u>15,949</u>
Total collections	<u>\$ 880,533</u>	<u> </u>	<u>880,533</u>

Tax collections for the year ended August 31, 2002 were 98% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

Continued

BLINN COLLEGE

Notes to Basic Financial Statements, Continued

16. Operating Leases

The College leases two facilities related to the Bryan Campus under non-cancellable leases. Rent expense was approximately \$60,000 for the year ended August 31, 2002. The future minimum payments under the agreements are approximately \$60,000 per year for each of the next four years.

17. Pending Lawsuits and Claims

As of August 31, 2002, the College was involved in one lawsuit. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, College management believes that this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

18. Related Parties

During the year, the College furnished certain services to the Foundation (see note 1) such as staff assistance, office space and supplies amounting to \$223,294.

INDEPENDENT AUDITORS'
REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Blinn College:

We have audited the basic financial statements of Blinn College (the College) as of and for the year ended August 31, 2002, and have issued our report thereon dated November 15, 2002. 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.

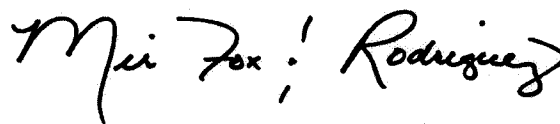
Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the College in a separate letter dated November 15, 2002.

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



November 15, 2002

**INDEPENDENT AUDITORS'
REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND
STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Trustees
Blinn College:

Compliance

We have audited the compliance of Blinn College (the College), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular*, that are applicable to each of its major Federal and State of Texas programs for the year ended August 31, 2002. The College's major Federal and major State of Texas programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal and major State of Texas programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Texas Single Audit Circular*. Those standards, OMB Circular A-133, and the *State of Texas Single Audit Circular*, 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 or major State of Texas program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

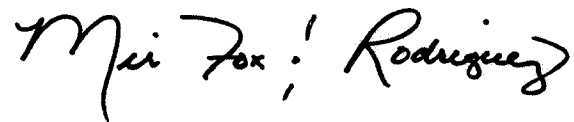
In our opinion, Blinn College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal or major State of Texas programs for the year ended August 31, 2002.

Internal Control over Compliance

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

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

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

A handwritten signature in black ink that reads "Mei Fox Rodriguez". The signature is written in a cursive style with a colon and an exclamation point after "Fox".

November 15, 2002

BLINN COLLEGE

Schedule of Detailed Operating Revenues
Year Ended August 31, 2002

	Educational Activities	Auxiliary Enterprises	Total
State appropriations:			
Education and general state support	\$ 20,145,138		20,145,138
State group insurance	2,038,706		2,038,706
State retirement matching	1,165,643		1,165,643
Other	345,049		345,049
Total state appropriations	<u>23,694,536</u>	<u>-</u>	<u>23,694,536</u>
Tuition:			
State funded courses:			
In-district resident tuition	238,192		238,192
Out-of-district resident tuition	4,864,845		4,864,845
TPEG (set aside) *	636,065		636,065
Non-resident tuition	808,334		808,334
Non-state funded continuing education	294,281		294,281
Total tuition	<u>6,841,717</u>	<u>-</u>	<u>6,841,717</u>
Fees:			
General fee	5,077,012	771,588	5,848,600
Registration fees	1,882,327		1,882,327
Out-of-district fees	3,325,927		3,325,927
Laboratory fee	285,825		285,825
Other fees	500,761		500,761
Total fees	<u>11,071,852</u>	<u>771,588</u>	<u>11,843,440</u>
Scholarships allowances and discounts:			
Scholarship allowances	(536,368)		(536,368)
Remissions and exemptions	(239,858)		(239,858)
TPEG allowances	(709,987)		(709,987)
Federal grants to students	(576,731)		(576,731)
Other	(112,920)		(112,920)
Total scholarships allowance and discounts	<u>(2,175,864)</u>	<u>-</u>	<u>(2,175,864)</u>
Total net tuition and fees	<u>15,737,705</u>	<u>771,588</u>	<u>16,509,293</u>
Other operating revenues:			
Federal grants and contracts	6,707,673		6,707,673
State grants and contracts	1,064,801		1,064,801
Sales and services of educational activities	364,950		364,950
Other operating revenues	196,344		196,344
Total other operating revenues	<u>8,333,768</u>	<u>-</u>	<u>8,333,768</u>
Auxiliary enterprises:			
Residential life		1,507,213	1,507,213
Scholarships allowances and discounts		(149,026)	(149,026)
Net residential life	<u>-</u>	<u>1,358,187</u>	<u>1,358,187</u>
Cafeteria		2,007,511	2,007,511
Scholarship allowances and discounts		(205,222)	(205,222)
Net cafeteria	<u>-</u>	<u>1,802,289</u>	<u>1,802,289</u>
Bookstore		679,309	679,309
Scholarship allowances and discounts		(24,613)	(24,613)
Net bookstore	<u>-</u>	<u>654,696</u>	<u>654,696</u>
Other auxiliary		1,079,230	1,079,230
Total net auxiliary enterprises	<u>-</u>	<u>4,894,402</u>	<u>4,894,402</u>
Total operating revenues (Exhibit 2)	<u>\$ 47,766,009</u>	<u>5,665,990</u>	<u>53,431,999</u>

* In accordance with Education Code 56.033, \$636,065 of tuition was set aside for Texas Public Education Grants.

BLINN COLLEGE

Schedule of Operating Expenses and Capital Outlay By Functional and Natural Classifications
Year Ended August 31, 2002

	Operating Expenses					Memorandum Only			Total Operating Expenses and Capital Outlay
	Faculty Salaries	Staff Salaries/Wages	Benefits		Other Expenses	Total (Exh 2)	Capital Outlay		
			State Benefits	Local Benefits			Equipment	Facilities	
Educational activities:									
Instruction	\$ 14,753,981	1,489,500	1,887,097	1,511,935	3,170,467	22,812,980	37,105		22,850,085
Public service		90,877		23,579	97,352	211,808			211,808
Academic support		1,531,279	211,144	133,228	1,160,714	3,036,365	255,586		3,291,951
Student services		2,006,698	352,310	159,634	497,670	3,016,312			3,016,312
Institutional support		3,050,110	715,493	597,815	1,532,965	5,896,383	5,000		5,901,383
Operation and maintenance of plant		957,359		299,444	3,027,484	4,284,287	124,640	13,191,769	17,600,696
Star of the Republic Museum operations		245,280	38,305	21,224	267,032	571,841			571,841
Scholarship and fellowships					4,931,416	4,931,416			4,931,416
Total educational activities	14,753,981	9,371,103	3,204,349	2,746,859	14,685,100	44,761,392	422,331	13,191,769	58,375,492
Auxiliary enterprises		1,294,191		568,638	3,649,050	5,511,879	27,956		5,539,835
Depreciation					1,616,685	1,616,685			1,616,685
	\$ 14,753,981	10,665,294	3,204,349	3,315,497	19,950,835	51,889,956	450,287	13,191,769	65,532,012

BLINN COLLEGE

Schedule of Tuition Discounting
Year Ended August 31, 2002

	<u>Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>	<u>Discount Amount</u>	<u>Net Tuition and Fees</u>
Tuition	\$ 6,841,717		6,841,717	761,552	6,080,165
Fees	<u>11,843,440</u>		<u>11,843,440</u>	<u>1,414,312</u>	<u>10,429,128</u>
Total tuition and fees	<u>\$ 18,685,157</u>	<u>-</u>	<u>18,685,157</u>	<u>2,175,864</u>	<u>16,509,293</u>
 Auxiliary enterprises	<u>\$ -</u>	<u>378,861</u>	<u>378,861</u>	<u>378,861</u>	<u>-</u>

BLINN COLLEGE

Schedule of Bonds Payable and Debt Service Requirements
Year Ended August 31, 2002

Bonds Payable

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding September 1, 2001	Bonds Issued After September 1, 2001	Bonds Matured or Retired	Bonds Outstanding August 31, 2002	Maturities		First Call Date
							First Year	Last Year	
Combined Fee and Revenue System Refunding Bonds, Series 1983	\$ 8,220,000	2.5% - 5.45%	5,215,000	445,000	4,770,000	1994	2018	4/1/2003	
Combined Fee Revenue Bonds, Series 1988	9,870,000	4.0% - 4.75%	9,870,000	325,000	9,545,000	2001	2020	10/1/2008	
Combined Fee Revenue Bonds, Series 1989	6,110,000	4.2% - 4.85%	5,810,000	310,000	5,500,000	2000	2019	10/1/2008	
Combined Fee Revenue Bonds, Series 2002	15,355,000	2.5% - 5.125%	15,355,000	1,080,000	15,355,000	2003	2023	10/1/2011	
Total	\$ 39,555,000		20,895,000	15,355,000	35,170,000				

Debt Service Requirements

Description	Year Ending August 31,							Total	
	2003	2004	2005	2006	2007	2008-2012	2013-2017		
Combined Fee and Revenue System Refunding Bonds, Series 1983	\$ 714,355	642,735	632,785	642,145	634,605	1,904,910	1,115,200	205,725	6,492,460
Combined Fee Revenue Bonds, Series 1988	743,843	745,143	745,843	745,943	745,443	3,726,542	3,727,403	2,985,424	14,165,584
Combined Fee Revenue Bonds, Series 1989	555,590	556,625	552,135	557,015	556,160	2,778,141	1,156,974	691,643	7,404,283
Combined Fee Revenue Bonds, Series 2002	1,040,284	1,409,656	1,415,881	1,412,269	1,417,606	7,076,320	4,000,825	3,998,497	22,571,326
Total	\$ 3,054,072	3,354,159	3,346,644	3,357,372	3,353,614	15,485,913	10,000,402	7,881,289	50,633,653

BLINN COLLEGE

Schedule of Insurance Coverage
Year Ended August 31, 2002

<u>Carrier</u>	<u>Type of Coverage</u>	<u>Amount</u>
Hanover Insurance Company	Commercial Property	\$ 100,000,000
	Contractor Equipment	141,240
	Builder's Risk	250,000
CNA Insurance	Boiler and Machinery	20,000,000
Crum & Foster Insurance	Auto Liability and Physical Damage	1,000,000
	Worker's Compensation	1,000,000
Mr. Hawley Insurance Company	Flood and Earthquake	2,500,000
Traveler's Insurance	Crime Policy	200,000
United Educators Risk Retention Group	General Liability/Employee Benefit	1,000,000
	Excess Liability	4,000,000
	Public Officials E&O/Employment	
	Practice Liability/School Policy Liability	5,000,000

BLINN COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2002

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Education Opportunity Grant	84.007	P007A023969	\$ 140,625
Federal Pell Grant	84.063	P063P011620	5,190,033
Pass-Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education	84.048	24206	342,998
Carl Perkins Tech-Prep Program	84.243	21705	223,810
Pass-Through From:			
Texas Workforce Commission			
School-To-Careers	84.278	160STC0245	47,636
School-To-Careers	84.278	1602STC001	62,642
Total U.S. Department of Education			<u>6,007,744</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs -			
Federal Interest Subsidy	14.864		<u>33,574</u>
Total U.S. Department of Housing and Urban Development			<u>33,574</u>
<u>U.S. Department of Labor</u>			
Pass-Through from:			
Texas Workforce Commission			
School-To-Careers Supplement	17.249	161STC1012	49,619
Workforce Investment Act	17.250		100,624
Workforce Investment Act	17.250		27,575
Welfare-To-Work	17.255		70,177
Total U.S. Department of Labor			<u>247,995</u>
<u>U.S. Small Business Administration</u>			
Pass-Through from:			
University of Houston			
Small Business Development Center	59.037		4,324
Small Business Development Center	59.037		70,748
Total U.S. Small Business Administration			<u>75,072</u>

Continued

BIINN COLLEGE

Schedule of Expenditures of Federal Awards, Continued

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. Department of Health and Human Services			
Pass-Through from:			
Texas Workforce Commission			
Job Opportunities/Choices	93.558		25,351
Job Opportunities/Choices	93.558		165,101
Home Visits	93.558		36,993
Home Visits	93.558		28,478
Self-Sufficiency Workers			
Achievement Training	93.558		120,939
Total U.S. Department of Health and Human Services			376,862
Total expenditures of Federal awards			\$ 6,741,247

See accompanying notes to schedule of expenditures of Federal awards.

BLINN COLLEGE

Notes to Schedule of Expenditures of Federal Awards Year Ended August 31, 2002

1. Federal Assistance Reconciliation

Federal revenues:	
Federal grants and contracts - per Schedule 2 - A	\$ 6,707,673
Federal interest subsidy	<u>33,574</u>
Total per Schedule of Expenditures of Federal Awards	\$ <u>6,741,247</u>

2. Significant Accounting Policies Used in Preparing the Schedule

The expenditures used in preparing the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the 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 recorded in the schedule may differ from the amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

3. Student Loans Processed and Administrative Costs Recovered

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>New Loans Processed</u>	<u>Administrative Costs Recovered</u>	<u>Total Loans Processed/ Administrative Costs Recovered</u>
<u>U.S. Department of Education</u>				
Federal Family Education				
Loan Program				
Stafford – AUSB	84.032	\$ 630,350		630,530
Stafford – SUBL		4,023,452		4,023,452
Stafford – UNSB		1,924,547		1,924,547
Stafford – PLUS		<u>1,080,055</u>		<u>1,080,055</u>
Total		<u>\$ 7,658,404</u>		<u>7,658,404</u>

Continued

BLINN COLLEGE

**Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2002**

4. Amounts Passed-Through by the College

The following amounts were passed-through to the listed subrecipients by the College. These amounts were from the Tech-Prep program, CFDA 84.243, from the U.S. Department of Education through the Texas Higher Education Coordinating Board.

Anderson-Shiro ISD	\$ 423
Blinn ISD	1,890
Bremond ISD	2,500
Brenham ISD	8,992
Bryan ISD	25,088
Buffalo ISD	2,500
Burton ISD	6,299
Caldwell ISD	9,973
Centerville ISD	2,500
College Station ISD	12,853
Franklin ISD	2,500
Iola ISD	2,500
Madisonville ISD	3,392
Mumford ISD	2,500
Navasota ISD	8,112
Normangee ISD	1,765
North Zulch ISD	2,312
Snook ISD	2,254
Somerville ISD	<u>281</u>
Total amount passed through	\$ <u>98,634</u>

The following were passed through to the listed subrecipients by the College. These amounts were from the School-to-Career program, CFDA 84.278, from the U.S. Department of Education through the Texas Workforce Commission.

Brenham ISD	\$ 15,783
Franklin ISD	15,580
Mumford ISD	<u>10,000</u>
Total amount passed through	\$ <u>41,363</u>

BLINN COLLEGE

Schedule of Expenditures of State of Texas Awards
Year Ended August 31, 2002

<u>Grantor Agency/Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass-Through Disbursements</u>
Texas Workforce Commission:		
Skills Development Fund	1602SDF002	\$ 7,910
Skills Development Fund	161SDF1184	99,688
Texas Higher Education Coordinating Board:		
Library TIF Grant	QE-2001-LTA6S	251,251
Higher ED 3 TIF Grant	QE-2001-HTA2S-5466	294,506
Texas Grant Program		356,870
Public State Incentive Grant		14,339
Leveraging Educational Assistance Partnership (LEAP)		8,179
Special Educational Assistance Partnership (SLEAP)		3,155
Nursing Innovation Grant Program		<u>28,903</u>
Total expenditures of State of Texas Awards		<u>\$ 1,064,801</u>

Notes to Schedule of State of Texas Awards**1. State Assistance Reconciliation**

State revenues:	
State grants and contracts - per Schedule 2 - A	\$ 1,064,801
Indirect costs	<u> </u>
Total per Schedule of Expenditures of State of Texas Awards	<u>\$ 1,064,801</u>

2. Significant Accounting Policies Used in Preparing the Schedule

The expenditures used in preparing the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for the 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 recorded in the schedule may differ from the amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

BLINN COLLEGE

**Schedule of Findings and Questioned Costs
Year Ended August 31, 2002**

Section 1	Summary of Auditors' Results
<u>Financial Statements</u>	
1. Type of auditors' report issued	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Reportable conditions identified not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No
<u>Federal and State Awards</u>	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Reportable conditions identified not considered to be material weaknesses?	None reported
2. Type of auditors' report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	No
4. Identification of major programs:	
<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
Cluster of Programs - Student Financial Aid	
84.007	Federal Supplemental Education Opportunity Grant
84.032	Federal Family Education Loan Program
84.063	Federal Pell Grant Program
93.558	Temporary Assistance for Needy Families
<u>State – Contractor Number</u>	<u>Name of State Program</u>
N/A	Texas Grant Program
QE-2001-LTA6S-5322/HTA2S-5466	Telecommunications Infrastructure Board
5. Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$ 300,000
State	\$ 300,000
6. Auditee qualified as a low-risk auditee:	
Federal	Yes
State	No
Section 2	
<u>Financial Statement Findings</u>	
(None reported)	
Section 3	
<u>Federal and State Award Findings and Questioned Costs</u>	
(None reported)	

BLINN COLLEGE

**Schedule of Prior Year Findings
Year Ended August 31, 2002**

There were no reported findings for the year ended August 31, 2001.

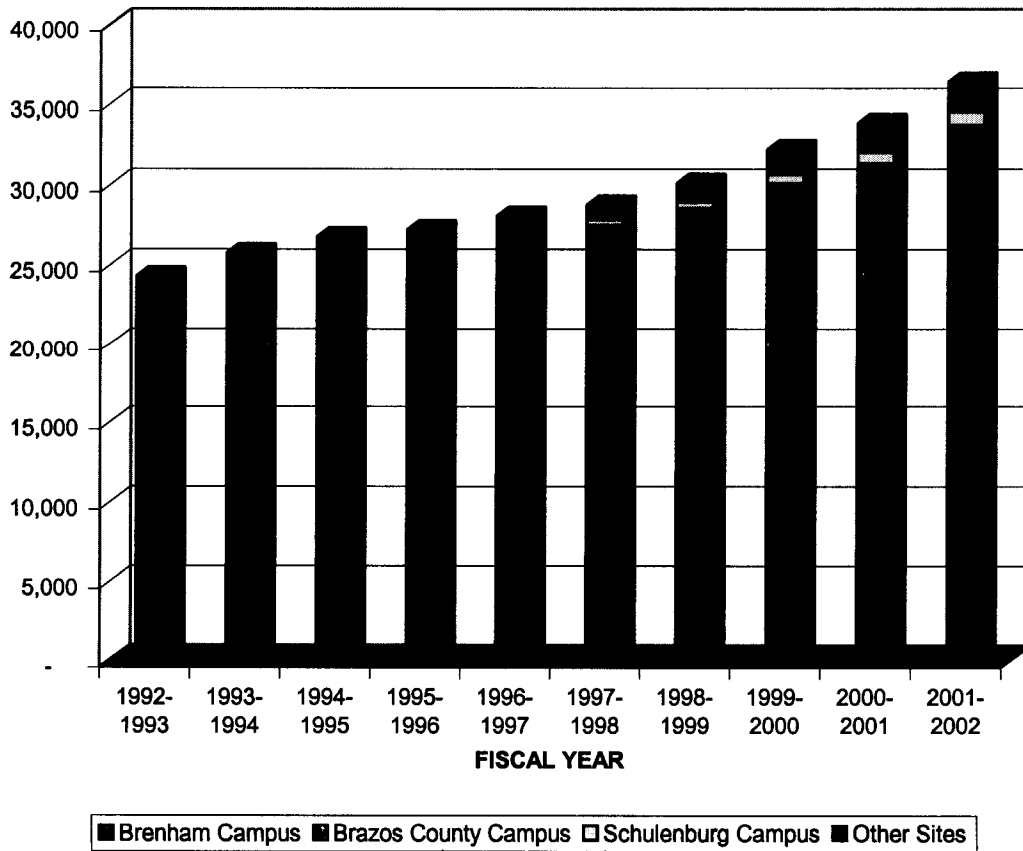
STATISTICAL SECTION
(Unaudited)

**BLINN COLLEGE
HEADCOUNT ENROLLMENT SUMMARY
LAST TEN FISCAL YEARS BY CAMPUS
(Unaudited)**

FISCAL YEAR	Brenham Campus	Brazos County Campus	Schulenburg Campus	Other Sites	Total
1992-1993	5,131	19,018	-	186	24,335
1993-1994	5,165	19,812	-	803	25,780
1994-1995	5,137	20,555	-	1,098	26,790
1995-1996	5,403	20,987	-	831	27,221
1996-1997	5,525	21,556	-	1,031	28,112
1997-1998	5,370	22,162	360	918	28,810
1998-1999	5,512	23,102	392	1,139	30,145
1999-2000	5,666	24,471	572	1,513	32,222
2000-2001	5,458	25,923	680	1,762	33,823
2001-2002	5,511	28,227	813	1,848	36,399

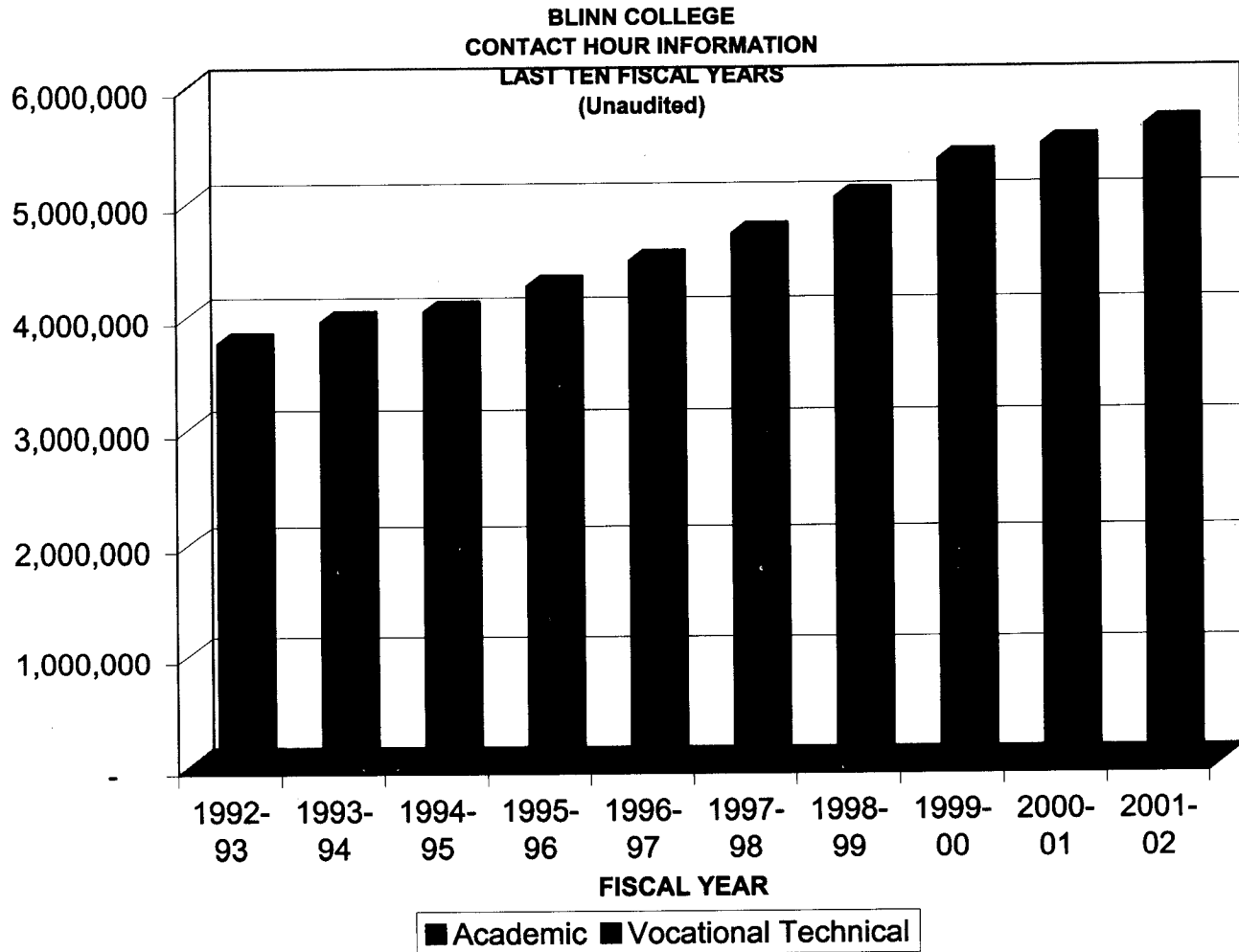
Source: THECB certified data

**BLINN COLLEGE
HEADCOUNT ENROLLMENT SUMMARY
LAST TEN FISCAL YEARS BY CAMPUS
(Unaudited)**



**BLINN COLLEGE
CONTACT HOUR INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR			
1992-93	3,501,141	255,710	3,756,851
1993-94	3,643,310	305,839	3,949,149
1994-95	3,690,564	346,110	4,036,674
1995-96	3,867,677	396,377	4,264,054
1996-97	4,084,871	399,752	4,484,623
1997-98	4,252,535	469,493	4,722,028
1998-99	4,500,466	530,096	5,030,562
1999-00	4,780,497	574,804	5,355,301
2000-01	4,950,487	532,224	5,482,711
2001-02	5,083,209	556,076	5,639,285

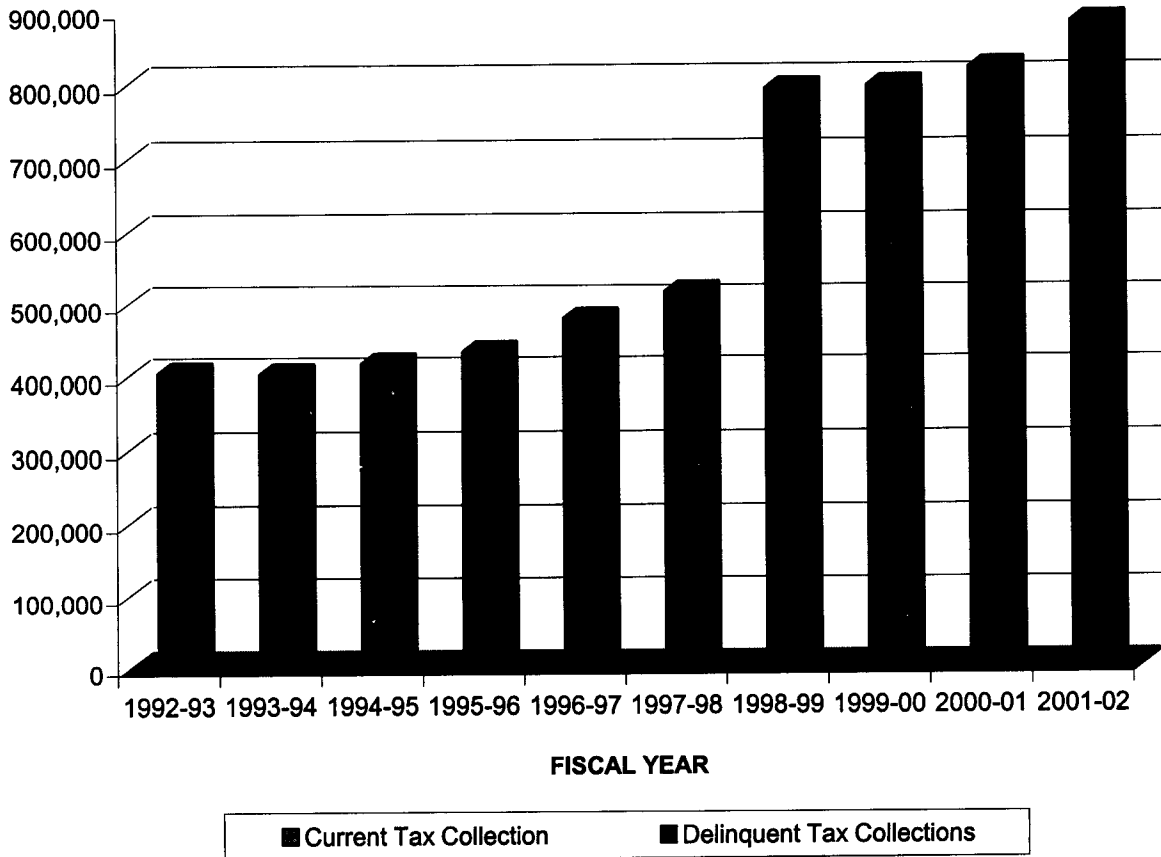


**BLINN COLLEGE
PROPERTY TAXES COLLECTED
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR			
1992-93	\$	352,713	50,730
1993-94	\$	377,878	23,880
1994-95	\$	397,143	18,522
1995-96	\$	412,940	19,002
1996-97	\$	460,510	18,268
1997-98	\$	499,620	15,936
1998-99	\$	773,402	18,801
1999-00	\$	775,919	19,855
2000-01	\$	816,998	1,995
2001-02	\$	878,067	2,466

Source: Washington County Appraisal District

**BLINN COLLEGE
PROPERTY TAXES COLLECTED
LAST TEN FISCAL YEARS
(Unaudited)**



**BLINN COLLEGE
NET ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR			
1992-93	\$ 886,170,706	-	886,170,706
1993-94	\$ 871,797,806	-	871,797,806
1994-95	\$ 933,974,187	-	933,974,187
1995-96	\$ 963,676,337	-	963,676,337
1996-97	\$ 1,131,073,724	(20,592,416)	1,110,481,308
1997-98	\$ 1,306,712,891	(37,742,184)	1,268,970,707
1998-99	\$ 1,341,157,048	(36,709,913)	1,304,447,135
1999-00	\$ 1,368,646,512	(36,267,332)	1,332,379,180
2000-01	\$ 1,497,359,679	(39,169,325)	1,458,190,354
2001-02	\$ 1,674,212,144	(39,423,638)	1,634,788,506

Source: Washington County Appraisal District

**BLINN COLLEGE
FULL TIME STUDENT EQUIVALENTS (FTE'S)
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	FALL	SPRING	SUMMER 1	SUMMER 2	TOTAL
1992-93	5,670	5,428	3,052	2,716	16,866
1993-94	5,985	5,633	3,288	2,723	17,629
1994-95	6,102	5,685	3,560	2,772	18,119
1995-96	6,331	5,998	3,544	2,762	18,635
1996-97	6,632	6,181	3,838	2,800	19,451
1997-98	7,061	6,527	3,828	2,827	20,243
1998-99	7,384	7,052	4,021	2,846	21,303
1999-00	8,001	7,651	4,137	2,949	22,738
2000-01	8,289	7,611	4,451	3,110	23,461
2001-02	8,549	8,011	4,781	3,289	24,630

* 1 FTE = 15 Semester Hours

** 1 FTE = 6 Semester Hours

***Duplicated FTE Count

**BLINN COLLEGE
FTE'S
LAST TEN FISCAL YEARS
(Unaudited)**

