



BLINN COLLEGE

**ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended

August 31, 2007

BLINN COLLEGE

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BLINN COLLEGE

Organizational Data
Year Ended August 31, 2007

Board of Trustees

Officers

Steve M. Westbrook, President
Atwood C. Kenjura, Vice-President
Norwood Lange, Secretary

Members

Term Expires
May31,

Norwood Lange	Brenham, Texas	2008
Leon B. Toubin	Brenham, Texas	2008
Henry J. Boehm, Jr., M.D.	Brenham, Texas	2010
Don Jones	Brenham, Texas	2010
Atwood C. Kenjura	Brenham, Texas	2012
L.J. Lacina, Jr.	Brenham, Texas	2012
Steve M. Westbrook	Brenham, Texas	2012

Key Administrators

Donald E. Voelter, Ph.D., President
John D. Barkman, Executive Vice President
Daniel J. Holt, Ph.D., VP Business Services
Debra R. LaCour, Ph.D., VP Academic Affairs
John Harris, Ed.D., VP Student Services
Barbara Pearson, Ph.D., VP Brazos County Campuses



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Member of
American Institute & Texas Society of
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION**

Board of Trustees
Blinn College
Brenham, Texas

We have audited the accompanying financial statements of Blinn College, as of and for the year ended August 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion 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, and the State of Texas Single Audit Circular. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blinn College as of August 31, 2007, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2007, on our consideration of the College'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 accompanying management's discussion and analysis on pages 4 through 11 is not a required part of the financial statements but is supplementary information required by accounting principles

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION (CONTINUED)**

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 performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying statistical supplements, as described in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of 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 State of Texas Single Audit Circular, and are also not a required part of the financial statements. Such information, except for that portion marked "unaudited" (the statistical supplements) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Lott, Vernon & Co., P.C.

Temple, Texas
December 6, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following discussion and analysis of Blinn College's (the College) annual financial statements provide an overview of the College's financial performance for the fiscal years ended August 31, 2007 and 2006. Management's discussion and analysis is based on management's knowledge of current activities, resultant changes and known facts; therefore, it should be read in conjunction with the accompanying basic financial statements and associated notes. The basic financial statements, notes and this discussion are the responsibility of management.

Financial Highlights and Significant Activities for 2007

- Net assets increased by \$4.7 million
- Tuition and fee revenue (net of discounts) increased by \$2.2 million

The College's overall net assets increased approximately \$4.7 million, or 8%, which reflects the continued commitment of the Board of Trustees to invest in capital improvements. To counter the effects of the minimal increases in State funding and to maintain the quality of education for the students that the College serves, the College's Board of Trustees raised tuition and fees accordingly. Students who are legal residents of Washington County (in-district) saw a \$2 per semester credit hour increase in their tuition rates. Students who live outside of Washington County (out-of-district) saw a \$5 per semester credit hour increase on their tuition rates. These actions led to an increase in total tuition and fee revenue of approximately \$2.2 million, or 9%.

Total operating revenues increased approximately \$2.1 million, or 5%. This increase is primarily attributable to the increase in tuition and fees as discussed above. Operating expenses increased by \$715,000, or 1%, as a result of increases in salary and benefit costs.

Financial Highlights and Significant Activities for 2006

The following significant financial events and activities occurred during the fiscal year ended August 31, 2006:

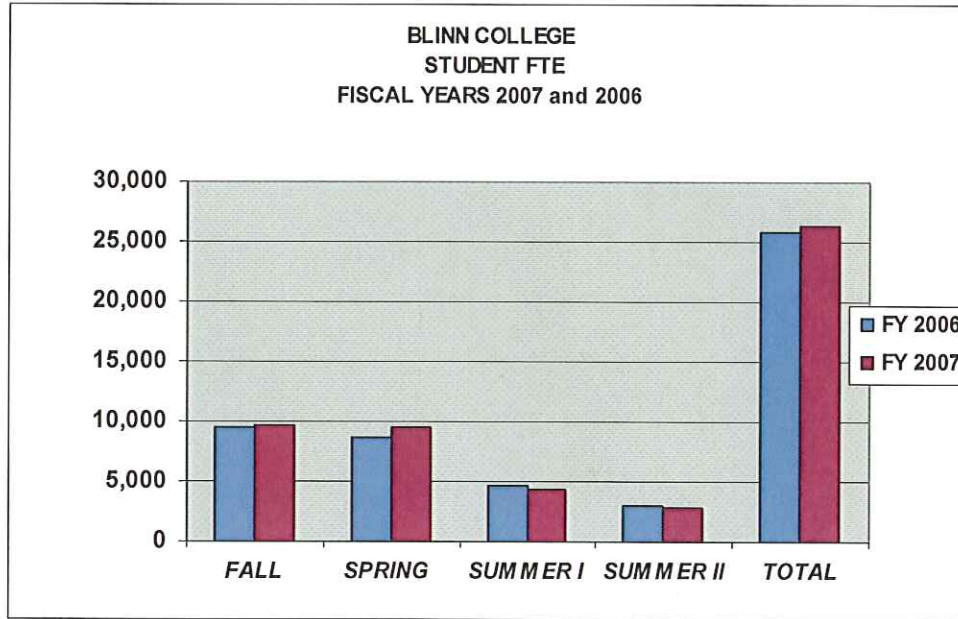
- Net assets increased by \$3.7 million
- Tuition and fee revenue (net of discounts) increased by \$2.7 million

The College's overall net assets increased approximately \$3.7 million, or 6%, which reflects the continued commitment of the Board of Trustees to invest in capital improvements. To counter the effects of the minimal increases in State funding and to maintain the quality of education for the students that the College serves, the College's Board of Trustees raised tuition and fees accordingly. Students who are legal residents of Washington County (in-district) saw a \$5 per semester credit hour increase in their tuition rates. Students who live outside of Washington County (out-of-district) saw a \$10 per semester credit hour increase on their tuition rates. These actions led to an increase in total tuition and fee revenue of approximately \$2.7 million, or 11%.

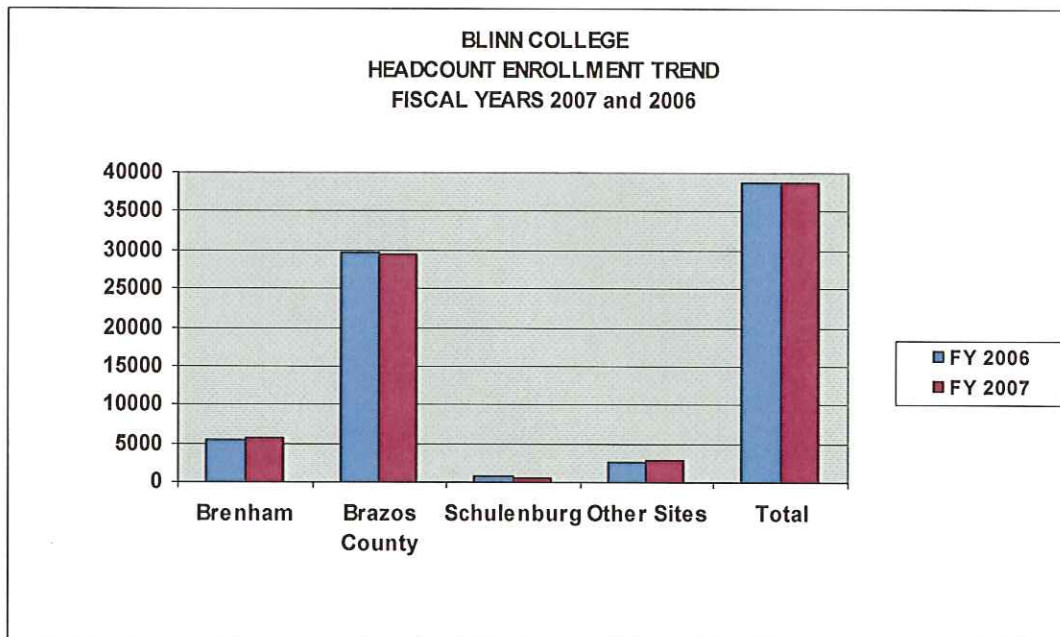
Total operating revenues increased approximately \$2.5 million, or 6%. This increase is primarily attributable to the increase in tuition and fees as discussed above. Operating expenses increased by \$3 million, or 5%, as a result of increases in salary and benefit costs.

Based on the recommendation of the Texas Higher Education Coordinating Board, the College began depreciating its library books effective September 1, 2005. The result was an increase to accumulated depreciation for prior years by \$2.2 million.

Below is a breakdown of the College's full time equivalency (FTE) enrollment by term for fiscal years 2007 and 2006:



Below is a two-year comparison for student enrollment by campus:



Overview of the basic Financial Statements

The College qualifies as a special purpose government entity, which is engaged in business-type activities. The basic financial statements are prepared on that basis and their form mirrors the statements utilized by organizations in the private sector of the economy. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, statement of cash flows and notes to the basic financial statements.

The statement of net assets' focus is to report the total net resources available to finance future services. The statement presents all assets and liabilities of the College, and the change in net assets as of the end of the fiscal year. The statement is prepared under the accrual basis of accounting, in which revenues and assets are recognized when earned, and expenses and liabilities are recognized when incurred regardless of when cash is received or paid. The difference between total assets and total liabilities is net assets, which is one indicator of the financial condition of the College when considered with other factors such as changes in enrollment, contact hours, student retention and other non-financial information. The statement of net assets is useful in determining the assets available to continue operations, as well as how much the College owes vendors, bondholders and other entities at the end of the year.

The statement of revenues, expenses and changes in net assets denotes the results of business activities as revenues earned and expenses incurred over the course of the fiscal year. The statement also provides information regarding how the net assets of the College changed during the year. The statement is divided into the operating results of the College as well as the non-operating revenues and expenses. Operating revenues are primarily those that result from instruction, the operation of the College's auxiliary services (student housing, cafeteria, athletics, etc.) and Federal and State grants. State appropriations, property tax receipts and interest income, while budgeted for operations, are considered to be non-operating revenues. Depreciation is shown as an operating expense in accordance with generally accepted accounting principles.

The statement of cash flows presents the information related to cash inflows and cash outflows summarized by operating, financing and investing activities. This statement presents cash receipt and cash disbursement information without consideration of the earning event. This information is crucial to determining the College's fiscal viability and its ability to meet financial obligations as they mature and helps user 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.

The notes to the basic financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes also present information about the College's accounting policies, significant account balances and activities, and contingencies.

Statement of Net Assets

The following is prepared from the College's Statements of Net Assets and provides a summary of its assets, liabilities and net assets for the years ended August 31:

Statements of Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>	<u>2005 Restated</u>	<u>Increase (Decrease) 2006-2005</u>
Assets:					
Current assets	\$ 27,011,000	\$ 22,168,000	\$ 4,843,000	\$ 21,910,000	\$ 258,000
Capital assets, net of depreciation	79,436,000	80,616,000	(1,180,000)	81,707,000	(1,091,000)
Noncurrent assets	<u>15,058,000</u>	<u>13,700,000</u>	<u>1,358,000</u>	<u>12,093,000</u>	<u>1,607,000</u>
Total Assets	<u>121,505,000</u>	<u>116,484,000</u>	<u>5,021,000</u>	<u>115,710,000</u>	<u>774,000</u>
Liabilities:					
Current liabilities	23,706,000	20,229,000	3,477,000	20,168,000	61,000
Noncurrent liabilities	<u>32,834,000</u>	<u>35,947,000</u>	<u>(3,113,000)</u>	<u>38,949,000</u>	<u>(3,002,000)</u>
Total liabilities	<u>56,540,000</u>	<u>56,176,000</u>	<u>364,000</u>	<u>59,117,000</u>	<u>(2,941,000)</u>
Net Assets:					
Investments in capital assets net of related debt	43,489,000	41,668,000	1,821,000	39,725,000	1,943,000
Restricted	15,225,000	14,475,000	750,000	12,712,000	1,763,000
Unrestricted	<u>6,251,000</u>	<u>4,165,000</u>	<u>2,086,000</u>	<u>4,156,000</u>	<u>9,000</u>
Total net assets	<u>\$ 64,965,000</u>	<u>\$ 60,308,000</u>	<u>\$ 4,657,000</u>	<u>\$ 56,593,000</u>	<u>\$ 3,715,000</u>

At August 31, 2007, current assets included \$17.8 million of cash and cash equivalents and \$8.6 million in student receivables related primarily to the fall 2007 semester. The net increase in current assets in 2007 and 2006 is due primarily to the increased tuition charges discussed in the financial highlights.

Capital assets decreased \$1.2 million from 2006 due primarily to the write off of furniture and equipment of \$699,000, based on a physical inventory of assets and normal disposals of computer equipment. Offsetting this was \$1 million spent on major renovation and repairs on the Brenham and Bryan Campus. In 2006, \$1.25 million was spent on the Schulenburg Campus classroom construction and \$1 million was spent on Bryan Campus improvements. Capital assets for 2006 have been restated by approximately \$2.2 million to reflect the change in accounting for the depreciation of library books. Overall, net capital assets have decreased each year due to increasing annual depreciation on completed projects.

The College's noncurrent assets include funds restricted for endowments and debt service. Noncurrent assets increased \$1.4 and \$1.6 million in 2007 and 2006, respectively, due to the receipt of approximately \$499,000 and \$951,000 in permanent endowment contributions and increased earnings on invested funds. Noncurrent assets will typically increase each year from contributions to permanent endowments and earnings on invested funds.

Current liabilities increased \$3.4 million from 2006 due to an increase in deferred tuition and fees of \$2.5 million (due to increases in tuition rates) and increased accounts payable. Current liabilities for 2006 remained consistent to 2005. An increase in deferred tuition and fees was offset by a decrease in accounts payable. Noncurrent liabilities consist of future bond payments, which decreased \$3.1 million and \$3 million in fiscal year 2007 and 2006, respectively, due to scheduled debt repayments.

At August 31, 2007 and 2006, total net assets were \$65 million and \$60 million, respectively. Net assets have increased over the three-year period. The College has an unrestricted net asset balance of approximately \$6.2 million at August 31, 2007, which is maintained as a contingency reserve. Restricted net assets include endowment funds of approximately \$9.5 million and required debt service reserves of \$4.7 million. The College's financial position remains strong with adequate liquid assets and a reasonable level of unrestricted net assets.

Statement of Revenues, Expenses and Changes in Net Assets:

The following summary is prepared from the College's Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended August 31:

Statements of Revenues, Expenses and Changes in Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>	<u>2005 Restated</u>	<u>Increase (Decrease) 2006-2005</u>
Operating revenues:					
Student tuition and fees, net	\$ 26,440,000	\$ 24,227,000	\$ 2,213,000	21,565,000	\$ 2,662,000
Federal grants and contracts	8,377,000	8,872,000	(495,000)	8,984,000	(112,000)
State grants and contracts	532,000	500,000	32,000	612,000	(112,000)
Auxiliary enterprises, net of discour	5,591,000	5,104,000	487,000	5,395,000	(291,000)
Other	402,000	587,000	(185,000)	227,000	360,000
Total operating revenues	41,342,000	39,290,000	2,052,000	36,783,000	2,507,000
Less operating expenses	61,625,000	60,910,000	715,000	57,620,000	3,290,000
Operating loss	(20,283,000)	(21,620,000)	1,337,000	(20,837,000)	(783,000)
Nonoperating revenues (expenses):					
State appropriations	24,041,000	23,689,000	352,000	22,348,000	1,341,000
Property taxes	1,138,000	1,026,000	112,000	1,029,000	(3,000)
Investment income	1,451,000	1,039,000	412,000	566,000	473,000
Interest on capital related debt	(1,572,000)	(1,548,000)	(24,000)	(2,083,000)	535,000
Contribution in aid of construction	-	-	-	1,340,000	(1,340,000)
Termination of lease	-	-	-	1,379,000	(1,379,000)
Other	(617,000)	215,000	(832,000)	(117,000)	332,000
Total nonoperating revenues, net	24,441,000	24,421,000	20,000	24,462,000	(41,000)
Income before other revenue	4,158,000	2,801,000	1,357,000	3,625,000	(824,000)
Additions to endowments	499,000	914,000	(415,000)	1,276,000	(362,000)
Total increase in net assets	4,657,000	3,715,000	942,000	4,901,000	(1,186,000)
Net assets, beginning of year	60,308,000	56,593,000	3,715,000	51,692,000	4,901,000
Net assets, end of year	<u>\$ 64,965,000</u>	<u>\$ 60,308,000</u>	<u>\$ 4,657,000</u>	<u>\$ 56,593,000</u>	<u>\$ 3,715,000</u>

For the fiscal year 2007, operating revenues include approximately \$26.4 million in net tuition and fees, \$8.9 million in Federal and State grants and contracts, and \$5.6 million in auxiliary enterprises. The most significant source of operating revenues for the College are tuition and fees, representing 64% and 62% of total operating revenues in 2007 and 2006, respectively. Increases in tuition rates have occurred over the past three years to offset reductions in State funding levels. These rate increases have contributed to the increase in tuition and fees of \$1.7 million and \$3.2 million in 2007 and 2006, respectively. Federal financial aid grants were \$7.2 million and \$7.6 million in 2007 and 2006, respectively, or 86% of Federal grants received during the periods. The revenue from auxiliary enterprises consists of revenues from college-operated student housing and food services, leases on bookstore facilities, commissions on bookstore sales and vending machines, and rental of retail storefronts.

Operating expenses consist mainly of personnel costs, which average 64% of total operating expenses annually. Below is a table of operating expenses for the fiscal years ended August 31 (rounded to the nearest thousand):

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>	<u>2005 Restated</u>	<u>Increase (Decrease) 2006-2005</u>
Instruction and general	\$ 35,666,000	\$35,206,000	\$ 460,000	\$ 33,181,000	\$ 2,025,000
Institutional support	6,442,000	6,079,000	363,000	5,351,000	728,000
Operation and maintenance of plant	5,238,000	4,615,000	623,000	4,815,000	(200,000)
Auxiliary enterprises	6,070,000	6,528,000	(458,000)	6,035,000	493,000
Depreciation	2,381,000	2,499,000	(118,000)	2,432,000	67,000
Scholarships and fellowships	5,827,000	5,983,000	(156,000)	5,806,000	177,000
Total Assets	<u>\$ 61,624,000</u>	<u>\$60,910,000</u>	<u>\$ 714,000</u>	<u>\$ 57,620,000</u>	<u>\$ 3,290,000</u>

Total operating expenses increased \$714,000 from 2006 due primarily to increased payroll of \$458,000 and other miscellaneous expense increases. Total operating expenses increased \$3.3 million from 2005 due primarily to increased payroll of \$2.2 million, increased utilities expenses of \$339,000 and other miscellaneous expense increases.

Operation and maintenance of plant increased in 2007 from 2006 due to refurbishment projects on certain Brenham Campus buildings and the student center. Operation and maintenance of plant slightly decreased from 2005 to 2006 due to a decrease in repairs and maintenance performed. Auxiliary enterprises expenses decreased \$458,000 from 2006 due to miscellaneous decreases in spending for student activities and operation of campus housing. Auxiliary enterprises expenses increased in 2006 from 2005 by \$493,000 due to continued increasing costs of operating and maintaining campus housing of approximately \$393,000.

Total non-operating revenues (expenses) have remained fairly consistent during the periods presented. Fiscal year 2007 State appropriations increased from 2006 due to additional State appropriations for a new nursing program on the Schulenburg Campus and additional appropriations for the new Sealy Campus. Fiscal year 2006 State appropriations increased due to additional appropriations for the Sealy Campus and prior year reallocation of employee insurance appropriations. Property tax revenues increased \$112,000 in 2007 due to an increase in the College's assessed tax rate. During fiscal 2007, a tax rollback election was held and the original authorized tax rate of \$0.082 was reduced to the \$0.0513 assessed tax rate. Investment earnings increased each year due to higher interest rates and increased investable funds. Interest on capital related debt decreased in 2006 as the College refunded their capital lease obligations in 2005 resulting in annual interest savings. Fiscal year 2005 non-operating revenues included \$1.4 million in proceeds from the termination of the City of Bryan, Texas capital lease and \$1.3 million in contributions received from the Schulenburg Economic Development Corporation for construction of the classroom building on the Schulenburg Campus. Other expenses for 2007 include the write off of furniture and equipment and normal disposals of computer equipment, as discussed above.

Statement of Cash Flow

The following chart summarizes the statements of cash flows (rounded to the nearest thousand) for the fiscal years ended August 31:

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease) 2007-2006</u>	<u>2005 Restated</u>	<u>Increase (Decrease) 2006-2005</u>
Cash provided by (used in):					
Operating activities	\$ (11,824,000)	\$ (15,572,000)	\$ 3,748,000	\$ (14,755,000)	\$ (817,000)
Non-capital financing activities	21,906,000	21,932,000	(26,000)	21,626,000	306,000
Capital and related financing activities	(6,458,000)	(5,720,000)	(738,000)	(4,489,000)	(1,231,000)
Investing activities	(717,000)	476,000	(1,193,000)	516,000	(40,000)
Net increase (decrease) in cash and cash equivalents	2,907,000	1,116,000	1,791,000	2,898,000	(1,782,000)
Cash and cash equivalents - beginning of year	<u>21,458,000</u>	<u>20,342,000</u>	<u>1,116,000</u>	<u>17,444,000</u>	<u>2,898,000</u>
Cash and cash equivalents - ending of year	<u>\$ 24,365,000</u>	<u>\$ 21,458,000</u>	<u>\$ 2,907,000</u>	<u>\$ 20,342,000</u>	<u>\$ 1,116,000</u>

The College's cash flow from operations will normally reflect a decrease as the College relies heavily on State appropriations to fund operating activities. State appropriations are shown as non-capital financing activities in accordance with generally accepted accounting principles. Cash inflows consist primarily of cash receipts from tuition and fees while cash outflows primarily consist of cash disbursements for wages, benefits, supplies and scholarships.

The decrease in cash used in operations in 2007 is primarily due to increased tuition and fees paid by students and decreased payments to suppliers for goods and services. The increase in cash used in operations in 2006 is primarily due to an increase in salaries and benefits paid to employees and payments to suppliers offset by increased tuition and fees paid by students.

In addition to State appropriations, non-capital financing activities include property tax receipts and additions to permanent endowments. Additions to endowments will vary between periods based on donor contributions. In fiscal 2007, additions to endowments were \$320,000 less than fiscal 2006.

Variations in cash used for capital and related financing activities are dependent on the College's issuance and payment of long-term debt and capital acquisitions. In 2007 and 2006, the College spent \$1.8 million and \$1.1 million in capital acquisitions and \$4.6 million on scheduled debt service payments, respectively. Additionally, in 2005, the College received \$2.6 million in proceeds related to a capital lease termination and contributions in aid of construction.

Capital Assets and Debt Administration

During fiscal year 2007, the College purchased \$1.8 million in capital assets, including \$736,000 for repairs to the Brenham Campus Classroom building roof, \$293,000 for computer equipment, \$211,000 for improvements to the Bryan Campus parking lot and \$137,000 for land adjoining the Brenham Campus.

During fiscal year 2006, the College purchased \$1.1 million in capital assets, including \$334,000 for land adjoining the Brenham Campus, \$190,000 for the expansion of a classroom on the Schulenburg Campus and \$113,000 for various vehicles.

Future Considerations

The College increased tuition and fees again for FY 2007 to generate revenue for the modest increase in expenditures. This fiscal year is the second year of the biennium and includes no increase in State appropriations. An effort to increase local tax revenues by increasing the tax rate from 5.13¢ to 8.2¢ for FY 2007 failed as a result of a rollback petition and election. The Board of Trustees is committed to providing high levels of quality education services either by increasing local funds or by containing expenses, or through a combination of both methods. The State legislature and the Legislative Budget Board continue to review the method and process of appropriating employee health benefits to community colleges. Reductions in current appropriation levels would have a negative impact on revenue and operations.

It is now known that State appropriations will increase by approximately 8.9% for the 2008-09 biennium, a welcomed increase.

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, students, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Business Services Office at 902 College Avenue, Brenham, Texas 77833.

BLINN COLLEGE

Statements of Net Assets
August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$17,785,903	\$14,167,601
Accounts receivable	9,064,278	7,872,537
Interest and dividends receivable	136,830	104,281
Inventories	8,927	13,702
Other assets	15,757	9,979
Total current assets	<u>27,011,695</u>	<u>22,168,100</u>
Noncurrent assets:		
Restricted endowment and other cash and cash equivalents	1,972,613	2,545,339
Restricted debt service cash and cash equivalents	4,606,748	4,745,175
Restricted endowment investments	8,478,567	6,408,534
Capital assets, net:		
Not subjected to depreciation	5,960,813	5,823,579
Subjected to depreciation	73,475,209	74,793,347
Total noncurrent assets	<u>94,493,960</u>	<u>94,315,974</u>
Total assets	<u>121,505,645</u>	<u>116,484,074</u>
Liabilities		
Current liabilities:		
Accounts payable	2,019,248	1,123,358
Funds held for others - agency	566,008	553,472
Deferred revenues	17,602,235	15,145,553
Deposits	406,125	404,525
Bonds payable - current portion	3,112,604	3,002,604
Total current liabilities	<u>23,706,220</u>	<u>20,229,512</u>
Noncurrent liabilities:		
Bonds payable	32,833,964	35,946,567
Total liabilities	<u>56,540,184</u>	<u>56,176,079</u>
Net assets		
Invested in capital assets, net of related debt	43,489,455	41,667,755
Restricted for:		
Nonexpendable - endowments	8,254,291	7,810,035
Expendable:		
Endowments	1,276,888	1,090,720
Student aid	693,775	530,099
Debt service	4,745,175	4,745,175
Star of the Republic Museum	255,215	299,157
Unrestricted	6,250,662	4,165,054
Total net assets (Schedule D)	<u>\$64,965,461</u>	<u>\$60,307,995</u>

The accompanying notes are an integral part of the financial statements.

BLINN COLLEGE

**Statements of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2007 and August 31, 2006**

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Student tuition and fees (net of discounts of \$3,924,468 and \$4,440,371, respectively)	\$ 26,440,167	\$ 24,226,886
Federal grants and contracts	8,377,393	8,872,495
State grants and contracts	532,132	500,447
Sales and services of educational activities	190,443	341,769
Auxiliary enterprises (net of discounts of \$742,456 and \$565,535, respectively)	5,590,573	5,104,338
Other operating revenues	<u>211,094</u>	<u>243,542</u>
Total operating revenues (Schedule A)	<u>41,341,802</u>	<u>39,289,477</u>
Operating expenses:		
Instruction	27,083,453	26,589,042
Public service	1,340,835	1,212,102
Academic support	3,197,718	3,381,799
Student services	4,043,651	4,022,522
Institutional support	6,442,441	6,079,205
Operation and maintenance of plant	5,237,968	4,615,001
Scholarships and fellowships	5,827,330	5,983,280
Auxiliary enterprises	6,069,773	6,528,044
Depreciation	<u>2,381,327</u>	<u>2,498,790</u>
Total operating expenses (Schedule B)	<u>61,624,496</u>	<u>60,909,785</u>
Operating loss	<u>(20,282,694)</u>	<u>(21,620,308)</u>
Nonoperating revenue (expenses):		
State appropriations	24,040,703	23,689,411
Property taxes	1,138,159	1,026,406
Federal grant related to capital debt	16,094	16,094
Unrealized gain (loss) on investments	65,609	(55,370)
Investment income	1,451,431	1,039,257
Gain (loss) on disposal of capital assets	(699,159)	253,603
Interest on capital related debt	<u>(1,572,118)</u>	<u>(1,548,188)</u>
Total nonoperating revenues, net (Schedule C)	<u>24,440,719</u>	<u>24,421,213</u>
Income before other revenue	4,158,025	2,800,905
Other revenue - additions to permanent endowments	<u>499,441</u>	<u>914,201</u>
Increase in net assets	4,657,466	3,715,106
Net assets, beginning of year	<u>60,307,995</u>	<u>56,592,889</u>
Net assets, end of year	<u>\$ 64,965,461</u>	<u>\$ 60,307,995</u>

The accompanying notes are an integral part of the financial statements.

BLINN COLLEGE

Statements of Cash Flows
Years Ended August 31, 2007 and August 31, 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from students and other customers	\$ 33,310,295	\$ 29,846,892
Receipts from grants and contracts	9,093,640	9,560,527
Payments to or on behalf of employees	(35,540,154)	(35,265,895)
Payments to suppliers for goods and services	(13,071,233)	(13,973,409)
Payments for scholarships	(5,827,330)	(5,983,280)
Other cash receipts	211,093	243,542
Net cash used by operating activities	<u>(11,823,689)</u>	<u>(15,571,623)</u>
Cash flows from non-capital financing activities:		
Receipts from State appropriations	20,131,140	19,961,205
Receipts from property taxes	1,144,008	1,020,542
Additions to permanent endowments	630,424	950,642
Net cash provided by non-capital financing activities	<u>21,905,572</u>	<u>21,932,389</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,883,487)	(1,139,343)
Payments on capital debt - principal	(3,002,603)	(3,032,604)
Payments on capital debt - interest	(1,572,118)	(1,548,188)
Net cash used by capital and related financing activities	<u>(6,458,208)</u>	<u>(5,720,135)</u>
Cash flows from investing activities:		
Purchases of investments	(4,070,033)	(1,505,636)
Proceeds from sales and maturities of investments	2,065,609	1,000,000
Interest on investments	1,287,898	980,713
Net cash provided (used) by investing activities	<u>(716,526)</u>	<u>475,077</u>
Increase (decrease) in cash and cash equivalents	2,907,149	1,115,708
Cash and cash equivalents, beginning of year	<u>21,458,115</u>	<u>20,342,407</u>
Cash and cash equivalents, end of year	<u>\$ 24,365,264</u>	<u>\$ 21,458,115</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$(20,282,694)	\$(21,620,308)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	2,381,327	2,498,790
Noncash State appropriations for employee benefits	3,909,563	3,728,206
Changes in assets and liabilities:		
Receivables, net	(1,197,591)	(270,991)
Inventories	4,775	(2,791)
Other assets	(5,779)	3,882
Accounts payable	895,892	(540,886)
Funds held for others - agency	12,536	46,856
Deferred revenues	2,456,682	527,994
Deposits	1,600	57,625
Net cash used by operating activities	<u>\$(11,823,689)</u>	<u>\$(15,571,623)</u>

The accompanying notes are an integral part of the financial statements.

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2007 and 2006

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 Washington County and the thirteen counties in the service area. The College operates campuses in the cities of Brenham, Bryan, Schulenburg and Sealy, Texas. 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 (the State), 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.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, gives guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. It requires reporting as a component unit if the organization raises and holds economic resources for the direct benefit of the governmental unit and the component unit is significant compared to the primary government. GASB Statement No. 39 has been applied as required in the preparation of these financial statements and no component unit information is required to be included.

The Blinn College Foundation (the Foundation) is a legally separate not-for-profit organization with the sole purpose of supporting the educational and other activities of the College. The College does not appoint any of the Foundation's Board members nor does it fund or is it obligated to pay debt related to the Foundation. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The College furnished certain services, such as office space, supplies and staff assistance to the Foundation amounting to approximately \$264,000 and \$280,000 for the years ended August 31, 2007 and 2006, respectively. The costs of these services were not significant to the College. The financial position of the Foundation is not significant to the College; therefore, it is not included in the College's basic financial statement.

2. Summary of Significant Accounting Policies

Reporting guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's (THECB) Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standards 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.

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

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2007 and 2006

tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act (HEA) Program Funds - Certain Title IV HEA Program 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 amount is 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 amount is 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.

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.

Budgetary data

Each community college 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 by December 1.

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 Board of Trustees has designated public funds investment pools to be cash equivalents as the investments are redeemable on demand.

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 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.

Inventories

Inventories consist of consumable office and physical plant supplies and bookstore stock. Inventories are valued at cost under the first-in first-out method and are charged to expense as consumed.

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2007 and 2006

Capital assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The College's capitalization policies include real or business personal property with a value equal to or greater than \$5,000 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 cost 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. The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings	50 years
Land improvements	20 years
Library books	15 years
Furniture, equipment and vehicles	5-10 years
Computer systems	5 years

Museum Collections

In accordance with guidance issued by the Texas Comptroller of Public Accounts, collections located at the Star of the Republic Museum held for public exhibition are capitalized but not depreciated. Collections are valued at their historical cost or estimated fair value at date of donation.

Deferred revenues

Tuition, fees and housing charges of \$16,866,431 and \$15,025,354 and federal, state and local grants of \$163,621 and \$36,801 have been reported as deferred revenues at August 31, 2007 and 2006, respectively.

Operating and non-operating revenue and expense policy

The college distinguishes operating revenues and expenses from non-operating items. The college reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the college's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of the bookstores is not performed by the college.

Management 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.

BLINN COLLEGE

Notes to Basic Financial Statements
August 31, 2007 and 2006

Income taxes

The 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, 2007 and 2006.

Reclassifications

Certain 2006 amounts have been reclassified to conform to current year presentation.

3. Authorized Investments

The Board of Trustees of the 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) 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 deposits and (5) other instruments and obligations authorized by statute.

4. Deposits and Investments

Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of Federal Depository Insurance Corporation (FDIC) limits at a minimum of 102% of market value. As of August 31, 2007, all of the College's bank balances of \$5,398,625 were insured and collateralized and not exposed to custodial credit risk.

The following table presents cash and cash equivalents included in Exhibit 1, Statements of Net Assets, as of August 31:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents:		
Petty cash	\$ 8,909	\$ 9,441
Demand deposits	5,398,625	6,330,524
Investments pools:		
Lone Star Investment Pool	7,810,087	5,649,699
TexPool	5,060,558	7,328,183
TexSTAR	<u>6,087,085</u>	<u>2,140,268</u>
	<u>\$24,365,264</u>	<u>\$21,458,115</u>
Cash and cash equivalents	<u>\$24,365,264</u>	<u>\$21,458,115</u>
Cash and cash equivalents per Exhibit 1	<u>\$24,365,264</u>	<u>\$21,458,115</u>

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

Investments

The College had the following investments as of August 31:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>	
		<u>2007</u>	<u>2006</u>
Federal Home Loan Bank	9/28/2007- 9/23/2009	\$7,973,067	\$5,903,034
Equities		505,500	505,500
Total Investments		<u>\$8,478,567</u>	<u>\$6,408,534</u>
Total Investments per Exhibit 1		<u>\$8,478,567</u>	<u>\$6,408,534</u>

Interest risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods can be subjected to increased risk of adverse interest rate changes. In accordance with its investment policy, the College limits its exposure to interest rate risk by structuring its portfolio to provide liquidity for operating funds and maximizing yields for funds not immediately needed. The investment policy limits the maximum maturity on any security to seven years. To the extent possible, the College shall attempt to match its investments with anticipated future cash flow. Unless matched to a specific cash flow, the College shall not directly invest in securities maturing more than three years from the date of purchase.

Credit risks are the risk that the insurer of the debt security will not pay its par value upon maturity. The College's investment policy limits credit risk based on meeting requirements of State law.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College places no limit on the amount the College may invest in any one issuer. At August 31, 2007 and 2006, the College had approximately \$8 and \$6 million of its investment portfolio in Federal Home Loan Bank obligations, which mature through September 2009.

During fiscal year 2006, a donor remitted shares in a Company to the College to establish an endowment scholarship. The shares had a fair market value of \$505,000 at August 31, 2006. Securities donated to an investing entity for a particular purpose or under terms of use specified by the donor, are not subject to the requirements of the Public Funds Investment Act. The College amended its investment policy to allow, at the Board of Trustees discretion, the College to hold donated equities for endowed scholarships.

5. Disaggregation of Receivables and Payables Balances

Receivables consist of the following at August 31:

	<u>2007</u>	<u>2006</u>
Student tuition and fees	\$8,603,601	\$7,221,895
Ad valorem taxes	76,917	82,767
Federal grants	250,966	497,085
State grants	11,363	8,909
Other receivables	<u>121,431</u>	<u>61,881</u>
Total	<u>\$9,064,278</u>	<u>\$7,872,537</u>

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

The College uses the direct write-off method for uncollectible student tuition and fees and accordingly, no allowance has been established as of August 31, 2007 and 2006.

Payables consist of the following at August 31:

	<u>2007</u>	<u>2006</u>
Vendors payable	\$1,322,058	\$ 773,652
Other payables	697,190	349,706
Total	<u>\$2,019,248</u>	<u>\$1,123,358</u>

6. Capital Assets

Capital assets' activities for the years ended August 31:

	Balance September 1, <u>2006</u>	<u>2007</u>		Balance August 31, <u>2007</u>
		<u>Increase</u>	<u>Decrease</u>	
Capital assets not subject to depreciation:				
Land	\$ 5,192,346	\$ 137,194	\$ -	\$ 5,329,540
Collections	631,233	40	-	631,273
Total not depreciated	<u>5,823,579</u>	<u>137,234</u>	<u>-</u>	<u>5,960,813</u>
Capital assets subject to depreciation:				
Buildings	86,384,604	845,414	-	87,230,018
Land improvements	3,834,915	211,683	-	4,046,598
Furniture, equipment and vehicles	3,916,046	287,456	(869,183)	3,334,319
Computer equipment	2,867,086	293,002	(400,907)	2,759,181
Library books	<u>3,338,335</u>	<u>147,826</u>	<u>(71,322)</u>	<u>3,414,839</u>
Total depreciated	<u>100,340,986</u>	<u>1,785,381</u>	<u>(1,341,412)</u>	<u>100,784,955</u>
Less accumulated depreciation:				
Buildings	16,128,635	1,551,356	(129,219)	17,550,772
Land improvements	2,727,356	57,506	-	2,784,862
Furniture, equipment and vehicles	2,141,611	374,205	(201,433)	2,314,383
Computer equipment	2,266,165	270,687	(288,569)	2,248,283
Library books	<u>2,283,872</u>	<u>127,574</u>	<u>-</u>	<u>2,411,446</u>
Total accumulated depreciation	<u>25,547,639</u>	<u>2,381,328</u>	<u>(619,221)</u>	<u>27,309,746</u>
Net capital assets	<u>\$ 80,616,926</u>	<u>\$(458,713)</u>	<u>\$(722,191)</u>	<u>\$79,436,022</u>

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

	Balance September 1, <u>2005, as restated</u>	<u>2006</u>		Balance August 31, <u>2006</u>
		<u>Increase</u>	<u>Decrease</u>	
Capital assets not subject to depreciation:				
Land	\$ 4,857,896	\$ 334,450	\$ -	\$ 5,192,346
Collections	<u>621,903</u>	<u>9,330</u>	<u>-</u>	<u>631,233</u>
Total not depreciated	<u>5,479,799</u>	<u>343,780</u>	<u>-</u>	<u>5,823,579</u>
Capital assets subject to depreciation:				
Buildings	86,300,144	84,460	-	86,384,604
Land improvements	3,729,019	105,896	-	3,834,915
Furniture, equipment and vehicles	3,593,291	394,805	(72,050)	3,916,046
Computer equipment	2,629,030	356,365	(118,309)	2,867,086
Library books	<u>3,246,074</u>	<u>92,261</u>	<u>-</u>	<u>3,338,335</u>
Total depreciated	<u>99,497,558</u>	<u>1,033,787</u>	<u>(190,359)</u>	<u>100,340,986</u>
Less accumulated depreciation:				
Buildings	14,605,281	1,523,354	-	16,128,635
Land improvements	2,648,836	78,520	-	2,727,356
Furniture, equipment and vehicles	1,764,178	387,497	(10,064)	2,141,611
Computer equipment	2,097,004	380,929	(211,768)	2,266,165
Library books	<u>2,155,382</u>	<u>128,490</u>	<u>-</u>	<u>2,283,872</u>
Total accumulated depreciation	<u>23,270,681</u>	<u>2,498,790</u>	<u>(221,832)</u>	<u>25,547,639</u>
Net capital assets	<u>\$ 81,706,676</u>	<u>\$(1,121,223)</u>	<u>\$ 31,473</u>	<u>\$80,616,926</u>

7. Noncurrent Liabilities

Noncurrent liabilities activities for the years ended August 31:

	Balance September 1, <u>2006</u>	<u>2007</u>		Balance August 31, <u>2007</u>	Current Portion
		<u>Additions</u>	<u>Payments</u>		
Bonds payable	\$38,570,000	\$ -	\$(2,965,000)	\$35,605,000	\$3,075,000
Unamortized bond premium	<u>379,171</u>	<u>-</u>	<u>(37,603)</u>	<u>341,568</u>	<u>37,604</u>
Total	<u>\$38,949,171</u>	<u>\$ -</u>	<u>\$(3,002,603)</u>	<u>\$35,946,568</u>	<u>\$3,112,604</u>
	Balance September 1, <u>2005</u>	<u>2006</u>		Balance August 31, <u>2006</u>	Current Portion
		<u>Additions</u>	<u>Payments</u>		
Bonds payable	\$41,565,000	\$ -	\$(2,995,000)	\$38,570,000	\$2,965,000
Unamortized bond premium	<u>416,775</u>	<u>-</u>	<u>(37,604)</u>	<u>379,171</u>	<u>37,604</u>
Total	<u>\$41,981,775</u>	<u>\$ -</u>	<u>\$(3,032,604)</u>	<u>\$38,949,171</u>	<u>\$3,002,604</u>

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2007 and 2006

8. Bonds Payable

Bonds payable consist of Combined Fee Revenue and Refunding Bonds. General information related to bonds payable is summarized below:

Combined Fee Revenue Refunding Bonds, Series 2005

- Washington County Junior College District Combined Fee Revenue Bonds, Series 2005
- To pay the costs of acquisition, construction, improvement and equipment of College facilities and the acquisition of sites therefore, including payment of the College's obligation created by the College's exercise of its purchase option under the lease agreement between the College and the City of Bryan, Texas in connection with the City of Bryan Lease Revenue Bonds Series 1995; to fund the reserve funds: and to pay the related costs of issuance
- Issued July 6, 2005
- \$11,815,000, all authorized bonds have been issued
- Interest rates range from 3.5% to 5.125%
- Source of revenue for debt service - designated portion of tuition and fees
- Outstanding bonds payable at August 31, 2007 and 2006 of \$10,080,000 and \$10,895,000, respectively
- A premium of \$416,775 is being amortized over the life of the bonds
- The College received \$1,268,465 from the City of Bryan, Texas. These funds represent the difference between the monthly capital lease payments made by College for the lease of the Bryan Campus and the debt service payments made by the City of Bryan, Texas.

The Series 2005 Bonds were issued in order for the College to exercise the purchase option on the lease agreements with the City of Bryan, Texas which were previously recorded on the College's books as capital leases. The Series 2005 Bonds fully repaid the City of Bryan, Texas outstanding 1995 revenue bonds and purchased the related land. Issuance of the Series 2005 Bonds reduced the College's payments over the next 11 years by approximately \$1.48 million.

Combined Fee Revenue Refunding Bonds, Series 2003

- Washington County Junior College District Combined Fee Revenue Refunding Bonds, Series 2003
- To refund \$4,300,000 of Combined Fee and Revenue Bonds, Series 1993
- Issued January 1, 2003
- \$4,475,000, all authorized bonds have been issued
- Interest rates range from 3% to 4.3%
- Source of revenue for debt service - designated portion of tuition and registration charges, other fee charges and designated revenues
- Outstanding bonds payable at August 31, 2007 and 2006 of \$2,440,000 and \$2,945,000, respectively
- Net proceeds from refunding bonds \$4,406,739; after payment of \$94,344 in underwriting fees, insurance, and other issuance costs
- The 1993 Series bond are considered fully defeased and the liability for those bonds has been removed from the financial statements
- Advanced refunding of the 1993 Series bonds reduced the Colleges debt service payments over the next 15 years by approximately \$230,000
- Economic gain of approximately \$170,000 is difference between the net present value of the old and new debt service payments

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2007 and 2006

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%
- Sources of revenue for debt service - designated portion of tuition and registration charges, other fee charges and designated revenues
- Outstanding bonds payable at August 31, 2007 and 2006 of \$11,635,000 and \$12,500,000, respectively

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%
- Sources 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 at August 31, 2007 and 2006 of \$3,730,000 and \$4,115,000, respectively

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%
- Sources 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 at August 31, 2007 and 2006 of \$7,720,000 and \$8,115,000, respectively

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, 2007 is \$4,745,175, which meets the full reserve requirement. The Series 2002 and 2003 bonds require the College to maintain adequate insurance coverage. All premiums have been paid.

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

Combined bond debt service requirements

Combined bond 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>
2008	\$ 3,075,000	\$ 1,502,724	\$ 4,577,724
2009	2,890,000	1,390,311	4,280,311
2010	2,990,000	1,282,272	4,272,272
2011	3,060,000	1,164,549	4,224,549
2012	3,200,000	1,030,771	4,230,771
2013-2017	12,720,000	3,374,885	16,094,885
2018-2022	6,890,000	1,420,519	8,310,519
2023	<u>780,000</u>	<u>19,988</u>	<u>799,988</u>
Total	<u>\$35,605,000</u>	<u>\$11,186,019</u>	<u>\$46,791,019</u>

9. 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, 2007 and 2006, \$1,033,504 and \$33,504 of unrestricted net assets were designated for future capital projects, respectively.

10. Employees' Retirement Plans

The State has joint contributory retirement plans for almost all of its employees. One of the primary plans in which the College participates is administrated 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 State Legislature. Further information regarding actual assumptions and conclusions, together with audited financial statements are included in the TRS's annual financial report.

The State has also established an optional retirement program (ORP) 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. The College contributes 2.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Since these are individual contracts, the State has no additional or unfunded liability for this program.

The retirement expense to the State for the College employees was \$1,439,301 and \$1,415,425 for years ended August 31, 2007 and 2006, respectively. This amount represents the portion of extended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$31,089,382 and \$30,793,902 for the fiscal years ended August 31, 2007 and 2006, respectively. The total payroll of employees covered by the TRS was \$15,854,647 and \$14,164,079, and the total payroll of employees

BLINN COLLEGE

Notes to Basic Financial Statements August 31, 2007 and 2006

covered by ORP was \$10,765,296 and \$10,824,704 for the fiscal years ended August 31, 2007 and 2006, respectively.

11. 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. This plan is essentially an unfunded promise to pay by the employer to each of the plan participants. At August 31, 2007 and 2006, the College had no employees electing to defer compensation.

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 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 \$352 to \$704 per month for the year ended August 31, 2007 and \$305 to \$671 per month for the year ended August 31, 2006, depending on the coverage elected. The State's contribution totaled \$3,112,894 and \$2,958,131, for the years ended August 31, 2007 and 2006, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

13. Compensated Absences

Non-faculty employees are entitled to compensation 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 allows a maximum of six accrued unused vacation days to be carried over; however, the carry over days are not payable upon termination. Any accrued unused days in excess of the carry over days 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 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. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. 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 college has not yet performed services are not included in the financial statements.

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

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:

	<u>2007</u>	<u>2006</u>
Assessed valuation of the College	\$2,255,900,548	\$2,060,334,424
Less exemptions	<u>(312,982,654)</u>	<u>(279,516,616)</u>
Net assessed valuation of the College	<u>\$1,942,917,894</u>	<u>\$1,780,817,808</u>

	<u>Current</u>	<u>2007</u> <u>Debt</u>	<u>Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$0.0548	\$	-	\$0.0548
Tax rate per \$100 valuation assessed	0.0548	-	-	0.0548

	<u>Current</u>	<u>2006</u> <u>Debt</u>	<u>Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized	\$0.0513	\$	-	\$0.0513
Tax rate per \$100 valuation assessed	0.0513	-	-	0.0513

Tax levied for the years ended August 31, 2007 and 2006 is \$1,729,811 and \$1,028,213, respectively (which includes any penalty and interest assessed if applicable). During fiscal 2007, a tax rollback election was held and the original authorized tax rate of \$0.082 was reduced to the \$0.0513 assessed tax rate. 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.

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Asset from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the assets or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. The College has recognized all assessed taxes in the current year and recorded a receivable for uncollected taxes.

<u>Taxes collected at August 31</u>	<u>2007</u>	<u>2006</u>
Current	\$1,088,752	\$ 987,526
Delinquent	28,850	19,054
Penalties and interest	<u>17,025</u>	<u>13,962</u>
Total collections	<u>\$1,134,627</u>	<u>\$1,020,542</u>

Tax collections for the year ended August 31, 2007 and 2006 were 96% 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 fund expenditures.

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

16. Operating Leases

The College leases two facilities related to the Bryan Campus and one facility related to the Sealy Campus under non-cancelable leases expiring through May 2008, with future minimum payments as of August 31, 2007 as follows:

<u>Fiscal Year</u>	
2008	\$78,800

Rental expense was approximately \$161,000 and \$154,000 for the years ended August 31, 2007 and 2006, respectively.

The College leases retail space to various tenants expiring through November 2008, for property near the Bryan Campus. These leases were assumed by the College with the purchase of the property. Future minimum rental income as of August 31, 2007, under the agreements are as follows:

<u>Fiscal Year</u>	
2008	\$ 9,450

Rental income was approximately \$61,000 and \$119,000 for the years ended August 31, 2007 and 2006, respectively.

17. Contingent Liabilities

The College participates in a number of State and Federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the College's compliance with applicable grant requirements will be finally determined at some future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

18. Self Insurance

Effective September 1, 2003, the College began participating in a public entity risk pool for workers compensation. The participants of the pool include several other public junior and community colleges. The plan provides coverage to each participant with the College's individual loss fund maximum of \$405,142 and \$387,824 at August 31, 2007 and 2006, respectively, which is based on estimated payroll.

The liability for claims incurred but not reported under the self-insured plan is \$138,594 and \$146,689 as of August 31, 2007 and 2006, respectively, and is included in the accompanying statements of net assets. Future payments for the claims will be paid from the accrued liability.

Self-insurance activity for the years ended August 31, 2007 and 2006 was as follows:

<u>Accrued Liability for the Year ended August 31</u>	<u>Balance of Liability at Beginning of Fiscal Year</u>	<u>Additions</u>	<u>Reductions for Claims Paid</u>	<u>Cumulative Balance of Liability at End of Fiscal Year</u>
2006	\$280,936	\$240,276	\$(106,693)	\$414,519
2007	414,519	46,619	(55,944)	405,194

BLINN COLLEGE

**Notes to Basic Financial Statements
August 31, 2007 and 2006**

19. Recent Accounting Pronouncements

In June 2004, GASB issued Statement No. 56, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of State and local governmental employers. This statement is effective for periods beginning after December 15, 2006. College management has not yet determined the impact that implementation of GASB Statement No. 45 will have on the College's basic financial statements.

BLINN COLLEGE

Schedule of Operating Revenues
Year Ended August 31, 2007
 (With Memorandum Totals for the Year Ended August 31, 2006)

	Educational Activities		Total	Auxiliary	2007	2006
	Unrestricted	Restricted	Educational			
			Activities	Enterprises	Total	Total
Tuition:						
In-district resident tuition	\$ 448,230	\$ -	\$ 448,230	\$ -	\$ 448,230	\$ 439,975
Out-of-district resident tuition	16,431,104	-	16,431,104	-	16,431,104	15,122,858
TPEG (set aside) *	1,064,982	-	1,064,982	-	1,064,982	991,896
Non-resident tuition	1,358,154	-	1,358,154	-	1,358,154	1,277,791
State funded continuing education	400,596	-	400,596	-	400,596	242,680
Non-State funded continuing education	261,190	-	261,190	-	261,190	378,732
Total tuition	19,964,256	-	19,964,256	-	19,964,256	18,453,932
Fees:						
General fee	7,428,334	-	7,428,334	1,310,883	8,739,217	8,684,511
Laboratory and course fees	586,381	-	586,381	-	586,381	597,020
Vehicle registration fees	601,885	-	601,885	-	601,885	485,294
Incidental fees	317,458	-	317,458	-	317,458	333,683
Other fees	-	-	-	155,438	155,438	112,817
Total fees	8,934,058	-	8,934,058	1,466,321	10,400,379	10,213,325
Scholarship allowances and discounts:						
Scholarship allowances	(304,417)	-	(304,417)	-	(304,417)	(417,827)
Remissions and exemptions	(378,545)	-	(378,545)	-	(378,545)	(391,576)
TPEG allowances	(391,831)	-	(391,831)	-	(391,831)	(375,781)
Federal and State grants to students	(2,542,066)	-	(2,542,066)	-	(2,542,066)	(2,910,669)
Other	(307,609)	-	(307,609)	-	(307,609)	(344,518)
Total scholarship allowances and discounts	(3,924,468)	-	(3,924,468)	-	(3,924,468)	(4,440,371)
Total net tuition and fees	24,973,846	-	24,973,846	1,466,321	26,440,167	24,226,886
Additional operating revenues:						
Federal grants and contracts	-	8,377,393	8,377,393	-	8,377,393	8,872,495
State grants and contracts	-	532,132	532,132	-	532,132	500,447
Sales and services of educational activities	190,443	-	190,443	-	190,443	341,769
Other operating revenues	211,094	-	211,094	-	211,094	243,542
Total additional operating revenues	401,537	8,909,525	9,311,062	-	9,311,062	9,958,253
Auxiliary enterprises:						
Residential life	-	-	-	2,765,088	2,765,088	2,528,728
Scholarships allowances and discounts	-	-	-	(244,379)	(244,379)	(196,324)
Net residential life	-	-	-	2,520,709	2,520,709	2,332,404
Cafeteria	-	-	-	1,985,540	1,985,540	1,947,982
Scholarship allowances and discounts	-	-	-	(282,983)	(282,983)	(232,243)
Net cafeteria	-	-	-	1,702,557	1,702,557	1,715,739
Bookstore	-	-	-	1,118,487	1,118,487	714,890
Scholarship allowances and discounts	-	-	-	(215,094)	(215,094)	(136,968)
Net bookstore	-	-	-	903,393	903,393	577,922
Other auxiliary	-	-	-	463,914	463,914	478,273
Total net auxiliary enterprises	-	-	-	5,590,573	5,590,573	5,104,338
Total operating revenues	\$ 25,375,383	\$ 8,909,525	\$ 34,284,908	\$ 7,056,894	\$ 41,341,802	\$ 39,289,477

(Exhibit 2)

(Exhibit 2)

* In accordance with Education Code §56.033, \$1,064,982 and \$991,896 for the years ended August 31, 2007 and 2006, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

BLINN COLLEGE

Schedule of Operating Expenses By Object
Year Ended August 31, 2007
 (With Memorandum Totals for the Year Ended August 31, 2006)

	Operating Expenses			Other Expenses	2007 Total	2006 Total
	Salaries and Wages	Benefits				
		State	Local			
Unrestricted - educational activities:						
Instruction	\$ 19,333,066	\$ -	\$ 1,750,585	\$ 2,744,781	\$ 23,828,432	\$ 23,374,610
Public service	255,031	-	26,106	147,595	428,732	458,324
Academic support	2,302,970	-	205,550	311,093	2,819,613	3,018,099
Student services	2,648,782	-	231,826	629,238	3,509,846	3,497,228
Institutional support	3,048,097	-	216,042	2,072,320	5,336,459	5,025,433
Operation and maintenance of plant	1,155,364	-	433,218	3,649,386	5,237,968	4,615,001
Scholarships and fellowships	-	-	-	357,360	357,360	499,981
Total unrestricted - educational activities	<u>28,743,310</u>	<u>-</u>	<u>2,863,327</u>	<u>9,911,773</u>	<u>41,518,410</u>	<u>40,488,676</u>
Restricted - educational activities:						
Instruction	269,869	2,501,299	100,634	383,220	3,255,022	3,214,432
Public service	351,605	44,248	95,113	421,136	912,102	753,778
Academic support	-	378,105	-	-	378,105	363,700
Student services	-	533,804	-	-	533,804	525,294
Institutional support	8,150	1,094,740	721	2,372	1,105,983	1,053,772
Scholarships and fellowships	-	-	-	5,469,970	5,469,970	5,483,299
Total restricted - educational activities	<u>629,624</u>	<u>4,552,196</u>	<u>196,468</u>	<u>6,276,698</u>	<u>11,654,986</u>	<u>11,394,275</u>
Total educational activities	<u>29,372,934</u>	<u>4,552,196</u>	<u>3,059,795</u>	<u>16,188,471</u>	<u>53,173,396</u>	<u>51,882,951</u>
Auxiliary enterprises	1,716,448	-	748,345	3,604,980	6,069,773	6,528,044
Depreciation expense - buildings and other real estate improvements	-	-	-	1,608,861	1,608,861	1,601,874
Depreciation expense - equipment, furniture and library books	-	-	-	772,466	772,466	896,916
Total operating expenses	<u>\$ 31,089,382</u>	<u>\$ 4,552,196</u>	<u>\$ 3,808,140</u>	<u>\$ 22,174,778</u>	<u>\$ 61,624,496</u>	<u>\$ 60,909,785</u>
				(Exhibit 2)	(Exhibit 2)	

BLINN COLLEGE

Schedule of Nonoperating Revenues and Expenses
Year Ended August 31, 2007
(With Memorandum Totals for the Year Ended August 31, 2006)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
Nonoperating revenues:				
State appropriations:				
Education and general State support	\$ 19,488,508	\$ -	\$ 19,488,508	\$ 19,315,855
State group insurance	-	3,112,894	3,112,894	2,958,131
State retirement match	-	1,439,301	1,439,301	1,415,425
Total State appropriations	<u>19,488,508</u>	<u>4,552,195</u>	<u>24,040,703</u>	<u>23,689,411</u>
Property taxes	1,138,159	-	1,138,159	1,026,406
Investment income	1,451,431	-	1,451,431	1,039,257
Federal grant related to capital debt	16,094	-	16,094	16,094
Gain on disposal of capital assets	-	-	-	253,603
Unrealized gain on investments	65,609	-	65,609	-
Total nonoperating revenues	<u>22,159,801</u>	<u>4,552,195</u>	<u>26,711,996</u>	<u>26,024,771</u>
Nonoperating expenses:				
Interest on capital related debt	1,572,118	-	1,572,118	1,548,188
Loss on disposal of capital assets	699,159	-	699,159	-
Unrealized loss on investments	-	-	-	55,370
Total nonoperating expenses	<u>2,271,277</u>	<u>-</u>	<u>2,271,277</u>	<u>1,603,558</u>
Net nonoperating revenues	<u>\$ 19,888,524</u>	<u>\$ 4,552,195</u>	<u>\$ 24,440,719</u>	<u>\$ 24,421,213</u>
			(Exhibit 2)	(Exhibit 2)

BLINN COLLEGE

Schedule of Net Assets by Source and Availability
 Year Ended August 31, 2007
 (With Memorandum Totals for the Year Ended August 31, 2006)

	Detail by Source				Capital Assets		Available for Current Operations	
	Unrestricted	Restricted		Net of Depreciation and Related Debt	Total	Yes	No	
		Expendable	Non-Expendable					
Current:								
Unrestricted	\$ 3,940,988	\$ -	\$ -	\$ -	\$ 3,940,988	\$ 3,940,988	\$ -	
Board designated	1,033,504	-	-	-	1,033,504	1,033,504	-	
Student aid	-	693,775	-	-	693,775	-	693,775	
Star of Republic Museum	-	255,215	-	-	255,215	-	255,215	
Auxiliary enterprises	1,276,170	-	-	-	1,276,170	1,276,170	-	
Endowment:								
Expendable	-	1,276,888	-	-	1,276,888	-	1,276,888	
Non-expendable	-	-	8,254,291	-	8,254,291	-	8,254,291	
Plant:								
Debt service	-	4,745,175	-	-	4,745,175	-	4,745,175	
Investment in plant	-	-	-	43,489,455	43,489,455	-	43,489,455	
Total net assets, August 31, 2007	6,250,662	6,971,053	8,254,291	43,489,455	64,965,461	6,250,662	58,714,799	
					(Exhibit 1)			
Total net assets, August 31, 2006	4,165,054	6,665,151	7,810,035	41,667,755	60,307,995	4,131,550	56,176,445	
					(Exhibit 1)			
Net increase in net assets	\$ 2,085,608	\$ 305,902	\$ 444,256	\$ 1,821,700	\$ 4,657,466	\$ 2,119,112	\$ 2,538,354	
					(Exhibit 2)			

BLINN COLLEGE

**Schedule of Expenditures of Federal Awards
For The Year Ended August 31, 2007**

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
<u>U.S. Department of Education</u>			
Direct Programs:			
Federal Supplemental Education Opportunity Grant	84.007	P007A053969	\$ 179,785
Federal Family Education Loans	84.032		12,754,551
Federal Pell Grant	84.063	P063P062262	6,760,559
Federal Academic Competitive Grant	84.375A	P375A062262	211,775
Pass-Through From:			
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education	84.048	74206	328,775
Leveraging Educational Assistance (LEAP)	84.069A		11,861
Special Leveraging Educational Assistance (SLEAP)	84.069B		20,014
Byrd Scholarship	84.185		1,500
Carl Perkins Tech-Prep Education	84.243	71705	232,043
Pass-Through From:			
Texas A&M Research Foundation			
Texas 2+2 Project	84.000	S030042	17,879
Total U.S. Department of Education			<u>20,518,742</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program -			
Federal Interest Subsidy	14.864		<u>16,094</u>
<u>U.S. Department of Labor</u>			
Pass-Through from:			
Brazos Valley Development Council:			
Workforce Investment Act - Adult	17.258		7,103
Workforce Investment Act - Youth	17.259		214,967
Workforce Investment Act - Dislocated Worker	17.260		<u>1,361</u>
Total U.S. Department of Labor			<u>223,431</u>

See accompanying notes to schedules of expenditures of Federal and State Awards.

BLINN COLLEGE

**Schedule of Expenditures of Federal Awards (continued)
For The Year Ended August 31, 2007**

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
<u>U.S. Small Business Administration</u>			
Pass-Through from:			
University of Houston:			
Small Business Development Center	59.037	6-603001-Z-0047-19	1,373
Small Business Development Center	59.037	7-603001-Z-0047-19	73,132
			<u>74,505</u>
Total U.S. Small Business Administration			
<u>U.S. Department of Health and Human Services</u>			
Pass-Through from:			
Brazos Valley Development Council:			
Temporary Assistance for Needy Families- Opportunities/Choices	93.558		26,528
Temporary Assistance for Needy Families- Food Stamp Employment and Training	93.558		5,895
			<u>32,423</u>
Total U.S. Department of Health and Human Services			
Total Expenditures of Federal Awards			<u>\$ 20,865,195</u>
<u>* Federal Family Education Loans, CFDA 84.032, includes the following:</u>			
Subsidized Loans			\$ 6,423,553
Unsubsidized Loans			2,343,360
PLUS Loans			1,809,217
Additional Unsubsidized Loans			2,178,421
			<u>\$ 12,754,551</u>

See accompanying notes to schedules of expenditures of Federal and State Awards.

BLINN COLLEGE

**Schedule of Expenditures of State Awards
For the Year Ended August 31, 2007**

Grantor Agency Program Title	Grant Contract Number	Expenditures and Pass Through Disbursements
Texas Comptroller of Public Accounts - Law Enforcement Officer Standards & Education (LEOSE)	9P050538	\$ 1,933
Texas Higher Education Coordinating Board:		
Texas Grant Program		298,410
Summer Bridge Program - Brenham		36,969
Summer Bridge Program - Bryan		36,969
State Wide Vertical Team		690
Texas Higher Education Coordinating Board:		
Pass Through: Austin Community College VCT Grant		9,655
Texas Workforce Commission		
Skills Development - Genetics Resources International	1606SDF000	43,620
Skills Development-Bluebonnet Cooperative	1606SDF001	58,053
Skills Development-Sealy Mattress	1606SDF002	25,832
Skills Development-Centara	1607SDF000	10,754
Skills Development-Tarlton/TFE	1607SDF001	8,645
Skills Development-Power Plant Project	1607SDF002	602
		\$ 532,132
Total Expenditures of State Awards		\$ 532,132

See accompanying notes to schedules of expenditures of Federal and State Awards.

BLINN COLLEGE

**Notes to Schedules of Expenditures of Federal and State Awards
Year Ended August 31, 2007**

1. Relationship to Financial Statements

	<u>Federal</u>	<u>State</u>
Total Revenue – Per Schedule A	\$ 8,377,393	\$ 532,132
Loans	12,754,551	-
Federal Interest Subsidy	16,094	-
Procurement Contracts (Fee Based Contracts)	<u>(282,843)</u>	<u>-</u>
 Total per Schedules of Expenditures of Federal and State Awards	 <u>\$20,865,195</u>	 <u>\$ 532,132</u>

2. Significant Accounting Policies Used in Preparing the Schedules

The schedules present the activity of all Federal and State programs of the College for the year ended August 31, 2007. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the College for 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. 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 schedules.

3. Relationship to Federal and State Financial Reports

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the schedules of expenditures of Federal and State awards are due to different program year ends and accruals that will be reflected in the next report filed with the agencies.

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 Carl Perkins Tech-Prep Education program, CFDA 84.243, from the U.S. Department of Education through the Texas Higher Education Coordinating Board.

Anderson-Shiro ISD	\$ 2,005
Bremond ISD	2,086
Brenham ISD	8,691
Bryan ISD	22,923
Buffalo ISD	2,105
Burton ISD	2,033
Caldwell ISD	3,686
Calvert ISD	1,941
Centerville ISD	2,105
College Station ISD	12,326
Franklin ISD	2,105
Hearne ISD	2,105
Iola ISD	2,105
Leon ISD	2,024
Madisonville ISD	3,585
Mumford ISD	2,105
Navasota ISD	5,462
Normangee ISD	2,105
North Zulch ISD	2,105
Oakwood ISD	2,095

BLINN COLLEGE

**Notes to Schedules of Expenditures of Federal and State Awards (continued)
Year Ended August 31, 2007**

Schulenburg ISD	2,105
Snook ISD	1,954
Somerville ISD	2,084
Other	<u>10,286</u>
	<u>\$102,126</u>

BLINN COLLEGE

Schedule of Bonds Payable and Debt Service Requirements
Year Ended August 31, 2007

Bonds Payable

Description	Bonds Issued to Date	Range of Interest Rates	Bonds Outstanding September 1, 2006	Bonds Issued After September 1, 2006	Bonds Matured or Retired	Bonds Outstanding August 31, 2007	Maturities		First Call Date
							First Year	Last Year	
Combined Fee Revenue Bonds, Series 1998	\$ 9,870,000	4.05% - 4.75%	\$ 8,115,000	\$ -	\$ (395,000)	\$ 7,720,000	2001	2020	10/1/2008
Combined Fee Revenue Bonds, Series 1999	6,110,000	4.20% - 4.75%	4,115,000	-	(385,000)	3,730,000	2000	2019	10/1/2008
Combined Fee Revenue Bonds, Series 2002	15,355,000	3.50% - 5.125%	12,500,000	-	(665,000)	11,835,000	2003	2023	10/1/2011
Combined Fee Revenue Refunding Bonds, Series 2003	4,475,000	3.00% - 4.30%	2,945,000	-	(505,000)	2,440,000	2003	2018	4/1/2013
Combined Fee Revenue Bonds, Series 2005	11,815,000	2.80% - 5.00%	10,895,000	-	(815,000)	10,080,000	2005	2016	4/1/2013
Total	\$ 47,625,000		\$ 38,570,000	\$ -	\$ (2,965,000)	\$ 35,605,000			

Debt Service Requirements

Description	2009		2010		2011		2012		2013-2017		2018-2022		Total
Combined Fee Revenue Bonds, Series 1998	\$ 744,240	\$ 747,122	\$ 744,186	\$ 745,414	\$ 745,580	\$ 3,727,401	\$ -	\$ 2,985,423	\$ -	\$ 10,439,366		\$ -	
Combined Fee Revenue Bonds, Series 1999	554,675	557,455	554,500	555,696	555,815	1,156,974	-	691,643	-	4,626,758		-	
Combined Fee Revenue Bonds, Series 2002	1,414,569	1,417,969	1,414,869	1,412,744	1,416,169	4,000,825	-	3,998,497	799,987	15,875,628		-	
Combined Fee Revenue Refunding Bonds, Series 2003	616,840	310,940	308,740	260,778	263,603	969,576	-	177,310	-	2,907,786		-	
Combined Fee Revenue Bonds, Series 2005	1,247,400	1,246,825	1,249,977	1,249,917	1,249,605	6,240,110	-	-	-	12,483,834		-	
Total	\$ 4,577,724	\$ 4,280,311	\$ 4,272,272	\$ 4,224,549	\$ 4,230,771	\$ 16,094,885	\$ 7,852,873	\$ 799,987	\$ 46,333,372				



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**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***

Board of Trustees
Blinn College
Brenham, Texas

We have audited the financial statements of Blinn College, as of and for the year ended August 31, 2007, and have issued our report thereon dated December 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College'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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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 College'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 College's financial statements that is more than inconsequential will not be prevented or detected by the College'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 College'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,

**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* (CONTINUED)**

as defined above. However, we noted other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated December 6, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Public Funds Investment Act (Chapter 2256, Texas Government Code), 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*, and the State of Texas Single Audit Circular.

This report is intended solely for the information of the Audit Committee, Board of Trustees, management 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.

Latt, Vernon & Co., P.C.

Temple, Texas
December 6, 2007



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

Board of Trustees
Blinn College
Brenham, Texas

Compliance

We have audited the compliance of Blinn College 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 and the State of Texas Single Audit Circular that are applicable to each of its major state programs for the year ended August 31, 2007. The College's major federal and state 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 and state 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; and 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 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 state 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 and state programs for the year ended August 31, 2007.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR (CONTINUED)**

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 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 state 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 College'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 or state 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 or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state 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 or state 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 of the Audit Committee, Board of Trustees, management, 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.

Temple, Texas
December 6, 2007

Lott, Vernon & Co., P.C.

BLINN COLLEGE

**Schedule of Findings and Questioned Costs
August 31, 2007**

I. Summary of Audit Results

Financial Statements

1. Type of auditor's report issued: *unqualified*

2. Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant deficiencies identified
 that are not considered to be material
 weakness(es)? _____ yes X none reported

3. Noncompliance material to financial
 statements noted? _____ yes X no

Federal Awards

4. Internal control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiencies identified
 that are not considered to be material
 weakness(es)? _____ yes X none reported

5. Type of auditor's report issued on
 compliance for major programs: *unqualified*

6. Any audit findings disclosed that are
 required to be reported in accordance
 with section 510(a) of Circular A-133? _____ yes X no

7. Identification of major programs:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>	<u>State Programs</u>
- Workforce Investment Act - Youth	17.259	- Texas Grant
Student Financial Aid Cluster:		
- SEOG	84.007	
- Federal Family Education Loan Program	84.032	
- Pell Program	84.063	
- Academic Competitiveness	84.375A	

BLINN COLLEGE

Schedule of Findings and Questioned Costs (Continued)
August 31, 2007

8. Dollar threshold used to distinguish
between type A and type B programs: \$300,000
9. Auditee qualified as low-risk auditee? X yes _____ no

II. Financial Statement Findings

- None.

III. Federal and State Award Findings
and Questioned Costs

- None.

Blinn College

**Net Assets by Component
Fiscal Years 2002 to 2007
(Unaudited)**

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

	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 43,489	\$ 41,668	\$ 39,725	\$ 40,318	\$ 40,513	\$ 38,334
Restricted - expendable	6,971	6,665	5,791	3,585	3,355	3,770
Restricted - nonexpendable	8,254	7,810	6,921	5,644	5,329	4,902
Unrestricted	6,251	4,165	4,156	4,181	2,891	4,459
Total primary government net assets	\$ 64,965	\$ 60,308	\$ 56,593	\$ 53,728	\$ 52,088	\$ 51,465

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

Blinn College

Revenues by Source
Fiscal Years 2002 to 2007
(Unaudited)

For the Year Ended August 31,						
(amounts expressed in thousands)						
	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 26,440	\$ 24,227	\$ 21,565	\$ 19,992	\$ 17,425	\$ 16,509
Governmental grants and contracts						
Federal Grants and Contracts	8,378	8,872	8,984	8,675	7,931	6,708
State grants and contracts	532	500	611	710	1,116	1,065
Sales and services of educational activities	190	342	199	159	309	365
Auxiliary enterprises (net of discounts)	5,591	5,104	5,395	5,346	5,175	4,894
Other operating revenues	211	244	29	144	311	196
Total Operating Revenues	41,342	39,289	36,783	35,026	32,267	29,737
State appropriations	24,041	23,689	22,348	22,097	22,544	23,695
Ad valorem taxes	1,138	1,026	1,029	990	934	881
Federal grant related to capital debt	16	16	16	16	16	34
Unrealized gain on investments	66	-	-	-	-	-
Investment income	1,451	1,039	611	376	360	446
Other non-operating revenues	-	254	2,779	5	-	-
Total Non-Operating Revenues	26,712	26,024	26,783	23,484	23,854	25,056
Total Revenues	\$ 68,054	\$ 65,313	\$ 63,566	\$ 58,510	\$ 56,121	\$ 54,793

For the Year Ended August 31,						
(amounts expressed in thousands)						
	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	38.85%	37.09%	33.93%	34.17%	31.05%	30.13%
Governmental grants and contracts						
Federal grants and contracts	12.31%	13.58%	14.13%	14.83%	14.13%	12.24%
State grants and contracts	0.78%	0.77%	0.96%	1.21%	1.99%	1.94%
Sales and services of educational activities	0.28%	0.52%	0.31%	0.27%	0.55%	0.67%
Auxiliary enterprises	8.22%	7.81%	8.49%	9.14%	9.22%	8.93%
Other operating revenues	0.31%	0.37%	0.05%	0.25%	0.55%	0.36%
Total Operating Revenues	60.75%	60.15%	57.87%	59.86%	57.50%	54.27%
State appropriations	35.33%	36.27%	35.16%	37.77%	40.17%	43.24%
Ad valorem taxes	1.67%	1.57%	1.62%	1.69%	1.66%	1.61%
Federal grant related to capital debt	0.02%	0.02%	0.03%	0.03%	0.03%	0.06%
Unrealized gain on investments	0.10%	-	-	-	-	-
Investment income	2.13%	1.59%	0.96%	0.64%	0.64%	0.81%
Other non-operating revenues	0.00%	0.39%	4.37%	0.01%	0.00%	0.00%
Total Non-Operating Revenues	39.25%	39.85%	42.13%	40.14%	42.50%	45.73%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Blinn College

Program Expenses by Function
Fiscal Years 2002 to 2007
(Unaudited)

For the Year Ended August 31,						
(amounts expressed in thousands)						
	2007	2006	2005	2004	2003	2002
Instruction	\$ 27,083	\$ 26,589	\$ 24,125	\$ 23,622	\$ 23,430	\$ 22,813
Public service	1,341	1,212	1,587	1,356	629	784
Academic support	3,198	3,382	3,824	2,930	4,098	3,036
Student services	4,044	4,023	3,645	3,412	3,320	3,016
Institutional support	6,442	6,079	5,351	5,622	4,984	5,896
Operation and maintenance of plant	5,238	4,615	4,815	4,249	3,894	4,284
Scholarships and fellowships	5,827	5,983	5,806	5,999	6,004	4,931
Auxiliary enterprises	6,070	6,528	6,035	5,358	4,956	5,512
Depreciation	2,381	2,499	2,432	2,421	2,266	1,617
Total Operating Expenses	61,624	60,910	57,620	54,969	53,581	51,889
Interest on capital related debt	1,572	1,548	2,083	2,081	2,166	1,589
Bond issuance costs	-	-	194	-	152	266
Loss on disposal of fixed assets	699	-	-	23	69	39
Unrealized loss on investments	-	55	44	-	-	-
Total Non-Operating Expenses	2,271	1,603	2,321	2,104	2,387	1,894
Total Expenses	\$ 63,895	\$ 62,513	\$ 59,941	\$ 57,073	\$ 55,968	\$ 53,783

For the Year Ended August 31,						
(amounts expressed in thousands)						
	2007	2006	2005	2004	2003	2002
Instruction	42.39%	42.53%	40.25%	41.39%	42.13%	42.91%
Public service	2.10%	1.94%	2.65%	2.38%	1.12%	1.46%
Academic support	5.01%	5.41%	6.38%	5.13%	7.32%	5.64%
Student services	6.33%	6.44%	6.08%	5.98%	5.93%	5.61%
Institutional support	10.08%	9.72%	8.93%	9.85%	8.91%	10.96%
Operation and maintenance of plant	8.20%	7.38%	8.03%	7.44%	6.96%	7.97%
Scholarships and fellowships	9.12%	9.57%	9.69%	10.51%	10.73%	9.17%
Auxiliary enterprises	9.50%	10.44%	10.07%	9.39%	8.86%	10.25%
Depreciation	3.73%	4.00%	4.06%	4.24%	4.05%	3.01%
Total Operating Expenses	96.45%	97.44%	96.13%	96.31%	96.00%	96.97%
Interest on capital related debt	2.46%	2.48%	3.48%	3.65%	3.87%	2.95%
Bond issuance costs	-	-	0.32%	-	-	-
Loss on disposal of fixed assets	1.09%	-	-	0.04%	0.12%	0.07%
Unrealized loss on investments	-	0.09%	0.07%	-	-	-
Total Non-Operating Expenses	3.55%	2.56%	3.87%	3.69%	3.99%	3.03%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Blinn College
Tuition and Fees
Last Ten Academic Years
(Unaudited)

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Activity, Bldg. Use Fees (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	General Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2007	\$ -	\$ -	\$ 30	\$ 59	\$ -	\$ 28	\$ 696	\$ 1,044	3.57%	6.10%
2006	-	-	28	54	-	28	672	984	9.80%	13.89%
2005	-	-	23	44	-	28	612	864	0.00%	0.00%
2004	-	-	23	44	-	28	612	864	8.51%	16.13%
2003	-	-	19	34	-	28	564	744	4.44%	8.77%
2002	-	-	19	31	-	26	540	684	6.30%	4.91%
2001	40	-	19	31	-	20	508	652	0.00%	0.00%
2000	40	-	19	31	-	20	508	652	25.12%	26.85%
1999	40	90	19	28	4	-	406	514	0.00%	0.00%
1998	40	90	19	28	4	-	406	514	13.41%	10.30%

Non - Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Activity, Bldg. Use Fees (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	General Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2007	\$ -	\$ -	\$ 135	\$ 135	\$ -	\$ 28	\$ 1,956	\$ 1,956	0.00%	0.00%
2006	-	-	135	135	-	28	1,956	1,956	0.00%	0.00%
2005	-	-	135	135	-	28	1,956	1,956	0.00%	0.00%
2004	-	-	135	135	-	28	1,956	1,956	6.54%	6.54%
2003	-	-	125	125	-	28	1,836	1,836	10.87%	10.87%
2002	-	-	112	112	-	26	1,656	1,656	1.97%	1.97%
2001	40	-	112	112	-	20	1,624	1,624	0.00%	0.00%
2000	40	-	112	112	-	20	1,624	1,624	17.85%	17.85%
1999	40	90	100	100	4	-	1,378	1,378	0.00%	0.00%
1998	40	90	100	100	4	-	1,378	1,378	12.77%	12.77%

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

Blinn College

**Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)**

(Amounts expressed in thousands)				Direct Rate				
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)	
2006-07	\$ 2,255,901	\$ (312,983)	\$ 1,942,918	86.13%	0.051300	-	0.051300	
2005-06	2,060,334	(279,516)	1,780,818	86.43%	0.051000	-	0.051000	
2004-05	1,919,446	(43,567)	1,875,879	97.73%	0.055200	-	0.055200	
2003-04	1,784,754	(42,102)	1,742,652	97.64%	0.056700	-	0.056700	
2002-03	1,743,971	(39,004)	1,704,967	97.76%	0.054440	-	0.054440	
2001-02	1,674,212	(39,424)	1,634,788	97.65%	0.054440	-	0.054440	
2000-01	1,497,360	(39,169)	1,458,191	97.38%	0.057600	-	0.057600	
1999-00	1,368,647	(36,618)	1,332,029	97.32%	0.059800	-	0.059800	
1998-99	1,341,157	(36,710)	1,304,447	97.26%	0.061100	-	0.061100	
1997-98	1,306,713	(37,743)	1,268,970	97.11%	0.042800	-	0.042800	

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Blinn College

**State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2006-07	\$ 24,040,703	26,204	\$ 917	5,419,803	664,496	6,084,299	\$ 3.95
2005-06	23,689,411	25,765	919	5,473,013	591,344	6,064,357	3.91
2004-05	22,347,845	25,886	863	5,396,623	557,312	5,953,935	3.75
2003-04	22,096,878	25,672	861	5,392,137	588,784	5,980,921	3.69
2002-03	22,543,586	25,795	874	5,354,443	612,816	5,967,259	3.78
2001-02	23,694,536	24,234	978	5,083,209	556,076	5,639,285	4.20
2000-01	21,592,146	23,461	920	4,950,487	532,224	5,482,711	3.94
1999-00	20,949,119	22,530	930	4,780,497	574,804	5,355,301	3.91
1998-99	18,224,543	21,235	858	4,500,466	530,096	5,030,562	3.62
1997-98	17,500,580	20,243	865	4,252,535	469,493	4,722,028	3.71

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

(a) Source CBM001

(b) Source CBM00A

Blinn College

Principal Taxpayers
Last Ten Tax Years
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2008	2005	2004	2003	2002	2001	2000	1999	1998	1997
Anadarko E&P Co., LP	Oil and Gas	\$ 115,085	\$ 96,459	\$ 63,930	\$ 51,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chesapeake Exploration, LP	Oil and Gas	45,678	41,491	37,620	11,954	-	89,330	-	16,253	-	5,592
Blue Bell Creameries, LP	Manufacturing	30,113	32,789	34,414	29,291	27,140	28,841	30,139	36,754	37,200	36,351
LCRA Transmission Services	Utilities	28,202	24,696	20,318	13,077	12,594	-	-	-	-	-
Mount Vernon Mill, Inc.	Manufacturing	17,586	16,456	19,797	26,278	29,240	32,290	32,279	27,563	26,656	27,296
Valmont/ALS	Manufacturing	12,581	13,538	27,310	18,083	15,808	15,670	13,900	11,359	11,515	9,559
ETC Texas Pipeline, LTD	Pipeline	13,874	13,410	8,277	-	-	-	-	-	-	-
SBC Telephone Company	Telephone	12,722	13,215	13,392	15,202	16,314	17,084	16,704	16,623	20,142	20,224
Chesapeake Operating Inc.	Oil and Gas	12,283	12,706	10,554	19,742	64,325	-	66,007	-	12,233	-
Wal-Mart Properties #4109	Retail	14,148	12,226	10,658	10,716	10,620	9,678	9,135	9,790	10,191	11,911
Lowe's Homecenters, Inc.	Retail	11,577	10,111	-	-	-	-	-	-	-	-
Germania Farm Mutual Aid	Insurance	9,881	9,607	9,306	9,732	9,445	8,525	8,121	8,099	7,932	7,842
Bluebonnet Electric Coop.	Utilities	10,204	9,579	10,850	10,376	10,066	9,098	9,463	9,302	10,436	8,905
Moore Wallace North America	Manufacturing	9,152	9,343	13,720	11,632	12,472	8,800	-	-	-	-
Longwood Elastomers, Inc.	Manufacturing	8,041	8,698	6,405	-	6,017	5,758	5,041	6,036	6,013	6,150
Brenham Wholesale Grocery	Groceries	7,206	7,397	9,254	9,240	9,124	9,838	10,068	9,653	10,201	7,796
Stroud Oil Properties, Inc.	Oil and Gas	8,071	7,188	7,113	6,542	-	-	-	-	-	-
PI Components Corp.	Manufacturing	7,757	7,177	9,352	8,084	6,894	7,819	-	-	-	-
Sealy Mattress	Manufacturing	7,352	6,496	6,661	6,619	7,417	7,148	6,993	6,568	6,804	6,075
Union Pacific Resources	Oil and Gas	-	-	-	-	-	-	50,407	50,093	68,851	103,361
Union Pacific Austin Chalk Co.	Oil and Gas	-	-	-	-	-	-	-	-	7,000	-
Burlington Northern Sante Fe	Transportation	6,690	-	5,778	6,008	5,998	5,507	5,137	-	-	-
Aquila Southwest	Pipeline	-	-	-	-	7,896	7,899	10,444	13,016	14,838	15,560
Ferguson Burleson City Gas	Pipeline	-	-	-	-	-	-	12,630	12,650	12,561	13,489
Phillips Natural Gas Co.	Gas	-	-	-	-	-	-	-	7,408	7,924	8,062
GPM Gas Company	Gas	-	-	-	-	-	-	7,319	-	6,409	7,519
Cleaners Hangers Co.	Manufacturing	-	-	-	10,092	11,606	12,511	10,718	10,444	11,450	7,959
Seminole Pipeline	Pipeline	-	-	-	-	6,290	6,496	7,358	7,057	7,073	6,363
Steadley Co.	Manufacturing	-	-	-	-	-	-	-	-	6,580	6,549
Marathon	Oil and Gas	-	-	-	-	-	-	-	8,813	-	-
PFL Properties, LP	Oil and Gas	-	-	-	-	-	5,279	4,926	4,697	-	-
Oasis Pipeline Co. TX LP	Oil and Gas	-	-	-	-	-	-	-	4,539	-	-
ETC Texas Pipeline, LTD	Pipeline	-	-	-	9,939	-	-	-	-	-	-
RME Petroleum Company	Oil and Gas	-	-	-	-	59,311	77,158	-	-	-	-
Leggett Partners, L.P.	Manufacturing	-	-	-	-	-	-	4,332	-	-	-
Duke Energy	Oil and Gas	-	-	-	-	-	5,782	-	-	-	-
Acaia Natural Gas Corp.	Oil and Gas	-	-	11,776	10,703	7,896	-	-	-	-	-
Exxon Corporation	Oil and Gas	-	-	-	-	-	-	-	-	-	5,437
Totals		\$ 388,201	\$ 352,582	\$ 336,905	\$ 295,196	\$ 336,473	\$ 370,521	\$ 321,121	\$ 276,717	\$ 302,219	\$ 322,100
Total Taxable Assessed Value		\$ 1,942,918	\$ 1,768,155	\$ 1,862,225	\$ 1,721,705	\$ 1,678,784	\$ 1,591,908	\$ 1,419,959	\$ 1,295,278	\$ 1,265,788	\$ 1,244,700

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2008	2005	2004	2003	2002	2001	2000	1999	1998	1997
Anadarko E&P Co., LP	Oil and Gas	6.44%	5.39%	3.43%	3.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Chesapeake Exploration, LP	Oil and Gas	2.55%	2.32%	2.02%	0.69%	0.00%	5.61%	0.00%	1.25%	0.00%	0.45%
Blue Bell Creameries, LP	Manufacturing	1.68%	1.83%	1.85%	1.70%	1.62%	1.81%	2.12%	2.84%	2.94%	2.92%
LCRA Transmission Services	Utilities	1.58%	1.38%	1.09%	0.76%	0.75%	0.00%	0.00%	0.00%	0.00%	0.00%
Mount Vernon Mill, Inc.	Manufacturing	0.98%	0.92%	1.06%	1.53%	1.74%	2.03%	2.27%	2.13%	2.12%	2.19%
Valmont/ALS	Manufacturing	0.70%	0.76%	1.47%	1.05%	0.94%	0.98%	0.98%	0.88%	0.91%	0.77%
ETC Texas Pipeline, LTD	Pipeline	0.78%	0.75%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SBC Telephone Company	Telephone	0.71%	0.74%	0.72%	0.88%	0.97%	1.07%	1.18%	1.28%	1.59%	1.62%
Chesapeake Operating Inc.	Oil and Gas	0.69%	0.71%	0.57%	1.15%	3.83%	0.00%	4.65%	0.00%	0.97%	0.00%
Wal-Mart Properties #4109	Retail	0.79%	0.68%	0.58%	0.62%	0.63%	0.61%	0.64%	0.76%	0.81%	0.96%
Lowe's Homecenters, Inc.	Retail	0.65%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Germania Farm Mutual Aid	Insurance	0.55%	0.54%	0.50%	0.57%	0.56%	0.54%	0.57%	0.63%	0.63%	0.64%
Bluebonnet Electric Coop.	Utilities	0.57%	0.54%	0.58%	0.60%	0.60%	0.57%	0.67%	0.72%	0.82%	0.72%
Moore Wallace North America	Manufacturing	0.51%	0.52%	0.74%	0.68%	0.74%	0.55%	0.00%	0.00%	0.00%	0.00%
Longwood Elastomers, Inc.	Manufacturing	0.45%	0.49%	0.34%	0.00%	0.36%	0.36%	0.36%	0.47%	0.48%	0.49%
Brenham Wholesale Grocery	Groceries	0.40%	0.41%	0.50%	0.54%	0.54%	0.62%	0.71%	0.75%	0.81%	0.63%
Stroud Oil Properties, Inc.	Oil and Gas	0.45%	0.40%	0.38%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PI Components Corp.	Manufacturing	0.43%	0.40%	0.50%	0.47%	0.41%	0.49%	0.00%	0.00%	0.00%	0.00%
Sealy Mattress	Manufacturing	0.41%	0.38%	0.37%	0.38%	0.44%	0.45%	0.49%	0.51%	0.54%	0.49%
Union Pacific Resources	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.55%	3.87%	5.44%	8.30%
Union Pacific Austin Chalk Co.	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%	0.00%
Burlington Northern Sante Fe	Transportation	0.37%	0.00%	0.31%	0.35%	0.36%	0.35%	0.36%	0.00%	0.00%	0.00%
Aquila Southwest	Pipeline	0.00%	0.00%	0.00%	0.00%	0.47%	0.50%	0.74%	1.00%	1.17%	1.25%
Ferguson Burleson City Gas	Pipeline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.89%	0.98%	0.99%	1.08%
Phillips Natural Gas Co.	Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%	0.63%	0.65%
GPM Gas Company	Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%	0.00%	0.51%	0.60%
Cleaners Hangers Co.	Manufacturing	0.00%	0.00%	0.00%	0.59%	0.69%	0.79%	0.75%	0.81%	0.90%	0.64%
Seminole Pipeline	Pipeline	0.00%	0.00%	0.00%	0.00%	0.37%	0.41%	0.52%	0.54%	0.56%	0.51%
Steadley Co.	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%	0.53%
Marathon	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.68%	0.00%	0.00%
PFL Properties, LP	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.33%	0.35%	0.36%	0.00%	0.00%
Oasis Pipeline Co. TX LP	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	0.00%	0.00%
ETC Texas Pipeline, LTD	Pipeline	0.00%	0.00%	0.00%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RME Petroleum Company	Oil and Gas	0.00%	0.00%	0.00%	0.00%	3.53%	4.85%	0.00%	0.00%	0.00%	0.00%
Leggett Partners, L.P.	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.31%	0.00%	0.00%	0.00%
Duke Energy	Oil and Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%	0.00%	0.00%	0.00%	0.00%
Acaia Natural Gas Corp.	Oil and Gas	0.00%	0.00%	0.63%	0.62%	0.47%	0.00%	0.00%	0.00%	0.00%	0.00%
Exxon Corporation	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%
Totals		21.71%	19.72%	18.09%	15.85%	20.04%	23.28%	22.61%	21.36%	23.88%	25.88%

Source: Washington County Appraisal District

Blinn College
Property Tax Levies and Collections
Last Ten Tax Years
(Unaudited)

Fiscal Year Ended August 31	Levy	Cumulative Levy Adjustments (a)	Adjusted Levy (b)	Tax Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (b) (c)	Total Collections	Cumulative Collections of Adjusted Levy
2007	\$ 1,729,811	\$ (614,882)	\$ 1,114,929	\$ 1,088,752	97.65%	\$ 28,850	\$ 1,117,602	100.24%
2006	1,028,213	(16,578)	1,011,635	1,007,352	98.79%	19,054	1,026,406	101.46%
2005	1,037,501	(18,901)	1,018,600	984,498	98.24%	44,705	1,029,203	101.04%
2004	988,552	(18,009)	970,543	939,800	98.71%	50,370	990,170	102.02%
2003	936,067	(15,343)	920,724	903,322	98.11%	33,918	937,240	101.79%
2002	884,864	(17,366)	867,498	864,584	98.10%	15,949	880,533	101.50%
2001	871,998	(19,261)	852,737	816,998	97.49%	33,039	850,037	99.68%
2000	796,608	(15,165)	781,443	772,324	96.85%	23,450	795,774	101.83%
1999	796,608	(15,674)	780,934	773,402	98.09%	18,801	792,203	101.44%
1998	533,332	(10,317)	523,015	499,620	98.48%	15,936	515,556	98.57%

Source: Washington County Tax Assessor/Collector

(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

Blinn College

**Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)**

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Other Debt										
Revenue bonds	\$35,605	\$38,570	\$41,565	\$31,745	\$33,680	\$35,170	\$21,620	\$22,030	\$6,110	\$6,430
Capital lease obligations	\$ -	\$ -	\$ -	\$12,148	\$12,877	\$13,568	\$14,279	\$13,240	\$13,770	\$14,275
Total Outstanding Debt	<u>\$35,605</u>	<u>\$38,570</u>	<u>\$41,565</u>	<u>\$43,893</u>	<u>\$46,557</u>	<u>\$48,738</u>	<u>\$35,899</u>	<u>\$35,270</u>	<u>\$19,880</u>	<u>\$20,705</u>
Total Outstanding Debt Ratios										
Per Capita	1.14	1.23	1.33	1.42	1.52	1.59	1.18	1.17	0.66	0.72
Per FTSE	1.36	1.50	1.61	1.71	1.80	2.01	1.53	1.57	0.94	1.02
As a percentage of Taxable Assessed Value	1.83%	2.17%	2.22%	2.52%	2.73%	2.98%	2.46%	2.65%	1.52%	1.63%

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

Blinn College

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	For the Year Ended August 31 (amount expressed in thousands)									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxable Assessed Value	\$ 1,942,918	\$ 1,780,818	\$ 1,875,879	\$ 1,742,652	\$ 1,704,967	\$ 1,634,788	\$ 1,458,191	\$ 1,332,380	\$ 1,304,447	\$ 1,268,970
General Obligation Bonds	\$ 9,715	\$ 8,904	\$ 9,379	\$ 8,713	\$ 8,525	\$ 8,174	\$ 7,291	\$ 6,662	\$ 6,522	\$ 6,345
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Repayment of General Obligation Bonds	\$ 9,715	\$ 8,904	\$ 9,379	\$ 8,713	\$ 8,525	\$ 8,174	\$ 7,291	\$ 6,662	\$ 6,522	\$ 6,345
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	\$ 9,715	\$ 8,904	\$ 9,379	\$ 8,713	\$ 8,525	\$ 8,174	\$ 7,291	\$ 6,662	\$ 6,522	\$ 6,345
Excess of Statutory Limit for Debt Service over Current Requirements	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Blinn College

Pledged Revenue Coverage - Revenue Bonds
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	General Fees, Activity and Building Use	Laboratory and Course Fees	Registration Fees	Housing Income	Bookstore Income	Other Auxiliary	Total	Principal	Interest	Total			
2007	\$ 4,879	\$ 8,739	\$ 586	\$ -	\$ 777	\$ 762	\$ 16	\$ 15,759	\$ 35,605	\$ 10,728	\$ 46,333	3.40%		
2006	3,348	8,684	510	-	604	337	16	13,499	38,570	12,336	50,906	2.65%		
2005	3,633	9,165	529	-	445	415	282	14,469	41,565	13,920	55,485	2.61%		
2004	2,803	8,879	538	-	487	422	199	13,328	31,745	12,078	43,823	3.04%		
2003	505	10,350	319	-	487	463	338	12,462	33,680	13,469	47,149	2.64%		
2002	447	9,175	286	1,371	134	343	130	11,886	35,170	15,464	50,634	2.35%		
2001	430	7,569	284	1,288	436	243	281	10,531	21,620	10,145	31,765	3.32%		
2000	411	1,916	290	1,167	581	365	705	5,435	22,030	11,135	33,165	1.64%		
1999	382	1,872	366	946	226	237	738	4,767	6,110	2,668	8,778	5.43%		
1998	374	1,605	238	904	175	306	363	3,965	6,430	2,882	9,312	4.26%		

Blinn College

**Demographic and Economic Statistics - Taxing District
Last 6 Fiscal Years
(Unaudited)**

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	Unemployment Rate
2005*	34,370	\$ 965,934	\$ 28,104	**
2004	31,248	869,507	27,826	4.8%
2003	30,978	886,621	28,621	5.0%
2002	30,706	878,929	28,624	4.3%
2001	30,498	873,280	28,634	4.1%
2000	30,433	909,399	29,882	3.6%

Sources:

Population from U.S. Bureau of the Census.

Personal income from U.S. bureau of Economic Analysis.

Unemployment rate from Texas Workforce Commission

Notes:

*information estimated based on prior years

**not available

Information only available for six years. Blinn College will implement prospectively.

Blinn College

Principal Employers of Washington County
Last Eight Fiscal Years
(Unaudited)

Employer	Type of Business (year established)	Number of Employees							
		2006	2005	2004	2003	2002	2001	2000	1999
Blinn College	Higher Education (est. 1883)	1,100	900	900	585	600	650	650	600
Brenham State School	Mental Health/Retardation Services (est. 1974)	880	880	880	944	965	1,062	1,062	1,062
Blue Bell Creameries	Ice Cream Manufacturer (est. 1907)	786	786	786	757	800	741	741	741
Brenham I.S.D.	Independent School District (est. 1875)	719	719	719	712	650	620	620	620
Wal-Mart Supercenter	Retail Department Store (est. 1994)	380	380	380	308	385	241	241	241
Germania Insurance	Insurance Services (est. 1896)	324	324	324	249	305	285	285	285
Mount Vernon Mills	Textile Manufacturer (est. 1902)	305	305	305	305	320	350	350	350
Trinity Medical Center	Hospital (est. 1898)	285	285	285	300	300	250	250	250
City of Brenham	Government (est. 1858)	235	235	235	250	250	0	0	0
Sealy Mattress	Mattress Manufacturer (est. 1955)	211	211	211	267	275	261	261	0
Valmont A.L.S.	Steel Lighting Standards Mfg (est. 1974)	0	0	0	0	0	240	240	240
Brenham Wholesale	Wholesale Supplier (est. 1905)	0	0	0	0	0	0	0	227
Total		5,225	5,025	5,025	4,677	4,850	4,700	4,700	4,616
Total Washington County Employment		15,488	15,563	15,174	15,205	14,834	14,828	15,450	14,540

Percentage of Total Employment for Washington County

Employer	Type of Business	Percentage of Total Employment for Washington County							
		2006	2005	2004	2003	2002	2001	2000	1999
Blinn College	Higher Education (est. 1883)	7.10%	5.78%	5.93%	3.85%	4.04%	4.38%	4.21%	4.13%
Brenham State School	Mental Health/Retardation Services (est. 1974)	5.68%	5.65%	5.80%	6.21%	6.51%	7.16%	6.87%	7.30%
Blue Bell Creameries	Ice Cream Manufacturer (est. 1907)	5.07%	5.05%	5.18%	4.98%	5.39%	5.00%	4.80%	5.10%
Brenham I.S.D.	Independent School District (est. 1875)	4.64%	4.62%	4.74%	4.68%	4.38%	4.18%	4.01%	4.26%
Wal-Mart Supercenter	Retail Department Store (est. 1994)	2.45%	2.44%	2.50%	2.03%	2.60%	1.63%	1.56%	1.66%
Germania Insurance	Insurance Services (est. 1896)	2.09%	2.08%	2.14%	1.64%	2.06%	1.92%	1.84%	1.96%
Mount Vernon Mills	Textile Manufacturer (est. 1902)	1.97%	1.96%	2.01%	2.01%	2.16%	2.36%	2.27%	2.41%
Trinity Medical Center	Hospital (est. 1989)	1.84%	1.83%	1.88%	1.97%	2.02%	1.69%	1.62%	1.72%
City of Brenham	Government (est. 1858)	1.52%	1.51%	1.55%	1.64%	1.69%	0.00%	0.00%	0.00%
Sealy Mattress	Mattress Manufacturer (est. 1955)	1.36%	1.36%	1.39%	1.76%	1.85%	1.76%	1.69%	0.00%
Valmont A.L.S.	Steel Lighting Standards Mfg (est. 1974)	0.00%	0.00%	0.00%	0.00%	0.00%	1.62%	1.55%	1.65%
Brenham Wholesale	Wholesale Supplier (est. 1905)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.56%
Total		33.74%	32.29%	33.12%	30.76%	32.70%	31.70%	30.42%	31.75%

Source:

Texas Workforce Commission
Texas Metropolitan Statistical Area Data
Economic Development Foundation of Brenham
Washington County

Note: Figures for 1998 were not available

Blinn College

Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Faculty:										
Full-Time	284	284	282	278	273	256	252	251	223	168
Part-Time	291	265	262	246	569	382	375	345	306	250
Total	<u>575</u>	<u>549</u>	<u>544</u>	<u>524</u>	<u>842</u>	<u>638</u>	<u>627</u>	<u>596</u>	<u>529</u>	<u>418</u>
Percent										
Full-Time	49.4%	51.7%	51.8%	53.1%	32.4%	40.1%	40.2%	42.1%	42.2%	40.2%
Part-Time	50.6%	48.3%	48.2%	46.9%	67.6%	59.9%	59.8%	57.9%	57.8%	59.8%
Staff and Administrators:										
Full-Time	351	350	326	351	357	350	305	250	209	175
Part-Time	32	-	-	-	-	-	-	-	-	-
Total	<u>383</u>	<u>350</u>	<u>326</u>	<u>351</u>	<u>357</u>	<u>350</u>	<u>305</u>	<u>250</u>	<u>209</u>	<u>175</u>
Percent										
Full-Time	91.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Part-Time	8.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE per Full-time Faculty	93	91	92	92	94	95	93	90	95	120
FTSE per Full-Time Staff Member	75	74	79	73	72	69	77	64	102	116
Average Annual Faculty Salary*	\$ 44,850	44,305	42,064	40,374	39,727	40,726	-	-	-	-

* Information prior to 2001 is not available.

Blinn College

**Enrollment Details
Last Five Fiscal Years
(Unaudited)**

Student Classification	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	10,459	74.62%	8,857	61.68%	11,326	80.74%	10,469	74.48%	11,227	81.32%
31-60 hours	3,341	23.84%	5,502	38.31%	2,495	17.79%	2,936	20.89%	2,577	18.67%
> 60 hours	216	1.54%	1	0.01%	206	1.47%	652	4.64%	2	0.01%
Total	14,016	100.00%	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%

Semester Hour Load	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	59	0.42%	51	0.36%	54	0.38%	26	0.18%	33	0.24%
3-5 semester hours	2,644	18.86%	2,719	18.93%	2,900	20.67%	2,739	19.48%	2,556	18.51%
6-8 Semester hours	1,941	13.85%	2,010	14.00%	1,930	13.76%	1,950	13.87%	1,901	13.77%
9-11 semester hours	1,867	13.32%	2,119	14.76%	2,032	14.49%	1,913	13.61%	1,921	13.91%
12-14 semester hours	5,985	42.70%	5,971	41.58%	5,750	40.99%	5,927	42.16%	5,924	42.91%
15-17 semester hours	1,379	9.84%	1,344	9.36%	1,203	8.58%	1,282	9.12%	1,322	9.58%
18 & over	141	1.01%	146	1.02%	158	1.13%	220	1.57%	149	1.08%
Total	14,016	100.00%	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%

Average course load	9.9	9.7	9.7	9.9	9.9
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Tuition Status	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	822	5.86%	835	5.81%	766	5.46%	789	5.61%	755	5.47%
Texas Resident (out-of-District)	12,930	92.25%	13,191	91.86%	12,926	92.15%	12,931	91.99%	12,676	91.82%
Non-Resident Tuition	264	1.88%	334	2.33%	335	2.39%	337	2.40%	375	2.72%
Total	14,016	100.00%	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%

Source: Texas Higher Education Coordinating Board
Blinn College Office of Institutional Research and Effectiveness

Blinn College

Student Profile
Last Five Fiscal Years
(Unaudited)

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	7,212	51.46%	7,483	52.11%	7,384	52.64%	7,311	52.01%	7,009	50.77%
Male	6,804	48.54%	6,877	47.89%	6,643	47.36%	6,746	47.99%	6,797	49.23%
Total	14,016	100.00%	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%
Ethnic Origin										
White	10,775	76.88%	11,137	77.56%	10,941	78.00%	10,962	77.98%	10,785	78.12%
Hispanic	1,679	11.98%	1,624	11.31%	1,563	11.14%	1,517	10.79%	1,419	10.28%
African American	1,091	7.78%	1,203	8.38%	1,105	7.88%	1,162	8.27%	1,141	8.26%
Asian	205	1.46%	195	1.36%	194	1.38%	183	1.30%	215	1.56%
Foreign	174	1.24%	133	0.93%	151	1.08%	167	1.19%	190	1.38%
Native American	92	0.66%	68	0.47%	73	0.52%	66	0.47%	56	0.41%
Total	14,016	100.00%	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%
Age										
Under 18	866	6.18%	802	5.58%	683	4.87%	605	4.30%	488	3.53%
18 - 21	9,393	67.02%	9,486	66.06%	9,240	65.87%	9,256	65.85%	9,187	66.54%
22 - 24	1,851	13.21%	2,006	13.97%	2,060	14.69%	2,182	15.52%	2,109	15.28%
25 - 35	1,279	9.13%	1,439	10.02%	1,385	9.87%	1,335	9.50%	1,329	9.63%
36 - 50	535	3.82%	538	3.75%	565	4.03%	585	4.16%	591	4.28%
51 & over	92	0.66%	89	0.62%	94	0.67%	94	0.67%	102	0.74%
Total	14,016	100.00%	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%
Average Age	22		22		22		22		22	

Source: Texas Higher Education Coordinating Board
Blinn College Office of Institutional Research and Effectiveness

Blinn College

Transfers to Senior Institutions
2003-2004 Graduates
(Includes only public senior colleges in Texas)
(Unaudited)

	Transfer Student Count <u>Academic</u>	Transfer Student Count <u>Technical</u>	Transfer Student Count <u>Tech-Prep</u>	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 Texas A&M University - College Station	5,199	25	168	5,392	75.86%
2 Sam Houston State University	480	33	19	532	7.48%
3 Southwest Texas State University	241	10	6	257	3.62%
4 University of Houston - University Park	122	0	4	126	1.77%
5 University of Texas - Austin	82	2	6	90	1.27%
6 Texas Tech University	77	3	6	86	1.21%
7 University of North Texas	64	1	1	66	0.93%
8 University of Texas - San Antonio	63	4	3	70	0.98%
9 Stephen F. Austin State University	51	1	1	53	0.75%
10 Prairie View A&M University	36	2	4	42	0.59%
11 Tarleton State University	29	1	5	35	0.49%
12 Texas A&M University - Corpus Christi	29	2	4	35	0.49%
13 Texas A&M University - Galveston	23	0	0	23	0.32%
14 Lamar University Institute of Technology	22	1	4	27	0.38%
15 University of Texas - Arlington	22	6	1	29	0.41%
16 University of Houston - Downtown	21	1	3	25	0.35%
17 Texas A&M University - Kingsville	19	1	2	22	0.31%
18 University of Houston - Victoria	18	0	0	18	0.25%
19 Texas Women's University	17	2	1	20	0.28%
20 Texas A&M University - Commerce	15	0	1	16	0.23%
21 West Texas A&M University	14	0	1	15	0.21%
22 Angelo State University	13	0	2	15	0.21%
23 University of Texas - Tyler	13	2	0	15	0.21%
24 Texas Southern University	11	2	1	14	0.20%
25 University of Texas - Dallas	11	0	0	11	0.15%
26 University of Houston - Clear Lake	10	1	2	13	0.18%
27 University of Texas - Pan American	7	0	0	7	0.10%
28 University of Texas Health Science Center - Houston	7	2	0	9	0.13%
29 Texas A&M University System Health Science Center	5	0	0	5	0.07%
30 University of Texas Health Science Center - San Antonio	5	0	0	5	0.07%
31 Midwestern State University	4	1	1	6	0.08%
32 Sul Ross State University	4	0	1	5	0.07%
33 Texas Tech University Health Science Center	4	0	0	4	0.06%
34 University of Texas - El Paso	4	0	0	4	0.06%
35 University of Texas Medical Branch Galveston	4	1	2	7	0.10%
36 University of Texas - Permian Basin	3	0	0	3	0.04%
37 Baylor College of Medicine - Academics	2	0	0	2	0.03%
38 University of North Texas Health Science Center - Forth Worth	2	0	0	2	0.03%
39 Texas A&M International University	1	0	0	1	0.01%
40 University of Texas M.D. Anderson Cancer Center	1	0	0	1	0.01%
Totals	<u>6,755</u>	<u>104</u>	<u>249</u>	<u>7,108</u>	<u>100.00%</u>

Source: Texas Higher Education Board Migration Report
Blinn College Institutional Research and Effectiveness

Blinn College

Schedule of Capital Asset Information
Fiscal Years 2002 to 2007
(Unaudited)

	Fiscal Year					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Academic buildings	17	17	17	17	16	15
Square footage	474,012	474,012	474,012	474,012	420,012	364,312
Libraries	2	2	2	2	2	2
Square footage	71,396	71,396	71,396	71,396	71,396	71,396
Number of Volumes	172,866	172,866	173,441	170,282	166,980	164,432
Administrative and support buildings	6	6	5	5	5	4
Square footage	91,415	91,415	89,658	89,658	89,658	77,733
Dormitories	12	12	12	14	14	14
Square footage	119,230	119,230	119,230	135,630	135,630	135,630
Number of Beds	674	674	674	776	776	776
Apartments	8	8	8	8	8	4
Square footage	109,909	109,909	109,909	109,909	109,909	45,027
Number of beds	338	338	338	300	300	200
Dining Facilities	1	1	1	1	1	1
Square footage	58,359	58,359	58,359	58,359	58,359	58,359
Average daily customers	900	900	900	900	900	900
Athletic Facilities	6	6	6	6	6	6
Square footage	50,440	50,440	50,440	50,440	50,440	50,440
Stadiums	2	2	2	2	2	2
Gymnasiums	2	2	2	2	2	2
Tennis Court	1	1	1	1	1	1
Plant facilities	5	5	5	5	5	5
Square footage	32,259	32,259	32,259	32,259	32,259	32,259
Transportation						
Cars	26	27	23	22	22	19
Light Trucks/Vans	26	26	26	26	26	28