

COLLEGE OF THE MAINLAND

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

FOR THE YEAR ENDED AUGUST 31, 2006



Null-Lairson

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL CORPORATION

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**COLLEGE OF THE MAINLAND
ORGANIZATIONAL DATA
FOR THE YEAR ENDED AUGUST 31, 2005**

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

			<u>Term Expires</u> <u>May 31,</u>
Richard Kirkpatrick	Chairperson	Texas City, Texas	2007
Donald Criss	Vice-Chairperson	Santa Fe, Texas	2011
Bennie Matthews	Secretary	Texas City, Texas	2007
Ralph Holm	Member	Texas City, Texas	2009
James E. Butler	Member	Dickinson, Texas	2007
Nick Stepchinski	Member	Bayou Vista, Texas	2009
Dr. Annette M. Jenkins	Member	Texas City, Texas	2011

PRINCIPAL ADMINISTRATIVE OFFICERS

Homer M. Hayes	President
James R. Templer	Vice-President for Instruction
Pamela J. Davenport	Vice President for Student Services and Institutional Effectiveness and Planning
Lisa Templer	Vice-President for College and Financial Services
David R. Rac	Associate Vice-President for Financial Services

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**COLLEGE OF THE MAINLAND
ANNUAL FINANCIAL AND COMPLIANCE REPORT**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
College of the Mainland
Texas City, Texas

Members of the Board:

We have audited the accompanying financial statements of College of the Mainland (the "College") and the discretely presented component unit as of and for the year ended August 31, 2006, as listed in the table of contents. These financial statements are the responsibility of 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the State of Texas Governor's Office of Budget and Planning Uniform Grant Management Standards. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and the discretely presented component unit as of August 31, 2006, and the respective changes in financial position and cash flows, thereof 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 January 18, 2007 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules required by the Coordinating Board are listed in the table of contents and are presented for purposes of additional analysis and are not a required part of the basic financial statements of the College. The accompanying schedules of expenditures of federal and state awards are presented for the purposes of additional analysis as required by the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information presented in schedules listed in the table of contents under the heading "Statistical Supplement" is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

NULL-LAIRSON, PC

Null-Lairson, PC

Texas City, Texas
January 18, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In June 1999, the Governmental Accounting Standard's Board ("GASB") released Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments," which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which applies the new reporting standards to public colleges and universities. College of the Mainland (the "College") is a local government entity and falls under GASB Standards for accounting and financial reporting. The College also falls under the financial reporting standards of the Texas Higher Education Coordinating Board (the "Coordinating Board"), and as directed by GASB 34, the Coordinating Board implemented the new accounting standards for fiscal year 2002.

The following analysis provides an overview of the College's financial activities for fiscal year 2006. The purpose of this overview is to present an "objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions." The analysis conforms to topics covered in GASB Statement 34, paragraph 4, and reflects transactions, events, legislation and conditions that are presented in the College's financial report.

The College is a comprehensive public community college funded primarily through state appropriations, tuition and fees, taxes, and grant income. The College district is coterminous with the boundaries of five school districts; Dickinson ISD, Hitchcock ISD, La Marque ISD, Santa Fe ISD, and Texas City ISD. It has a service area that covers the whole of mainland Galveston County, Texas. The College employs approximately 340 full time staff and several hundred part-time staff and student workers.

Three financial statements are required to be presented under the new GASB requirements and they are: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Management's discussion will address all three.

The Statement of Net Assets

The statement of net assets represents the financial position of the College and presents all assets and liabilities using the accrual basis of accounting. The College is financially sound and has recovered from the adverse ruling of a lawsuit between BP Amoco and the Galveston County Central Appraisal District in 2003. The ruling resulted in a \$2,000,000 tax refund due to BP Amoco from the College which the College has made the second of four payments in the amount of \$456,394.

Current assets increased by \$2,382,977 due to an increase in cash and cash equivalents and accounts receivable, but there was an overall decrease in total assets of \$174,125. In addition, the College was able to reduce their liabilities primarily due to payments made on bonds outstanding. During 2006 the College was able to increase net assets approximately \$1,384,403 when compared to the prior year.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Current assets	\$ 16,848,876	\$ 14,465,899	\$ 2,382,977
Capital assets	13,653,151	13,835,675	(182,524)
Other Non-Current assets	<u>245,229</u>	<u>2,271,557</u>	<u>(2,026,328)</u>
Total assets	<u>30,747,256</u>	<u>30,573,131</u>	<u>174,125</u>
Current liabilities	4,837,147	5,220,471	(383,324)
Non-current liabilities	<u>4,670,405</u>	<u>5,497,359</u>	<u>(826,954)</u>
Total liabilities	<u>9,507,552</u>	<u>10,717,830</u>	<u>(1,210,278)</u>
Invested in capital assets, net of related debt	8,444,473	7,289,156	1,155,317
Restricted net assets	1,546,439	2,237,329	(690,890)
Unrestricted net assets	<u>11,248,792</u>	<u>10,328,816</u>	<u>919,976</u>
Total net assets	<u>\$ 21,239,704</u>	<u>\$ 19,855,301</u>	<u>\$ 1,384,403</u>

Statement of Revenues, Expenses and Changes in Net Assets

This statement represents the operating activity of the College, which results from revenue, expenses, gains and losses during the year. In 2006, operating revenue increased by approximately \$944,000. This was due to an increase federal grants and contracts of approximately \$325,000, private grants and contracts of \$594,000, auxiliary enterprises of approximately \$600,000 and a decrease in tuition and fees of about \$561,000, which was caused by declining enrollment.

The College experienced a significant increase of \$2.5 million in non-operating revenue, which was due for the most part to tax revenue and state appropriations.

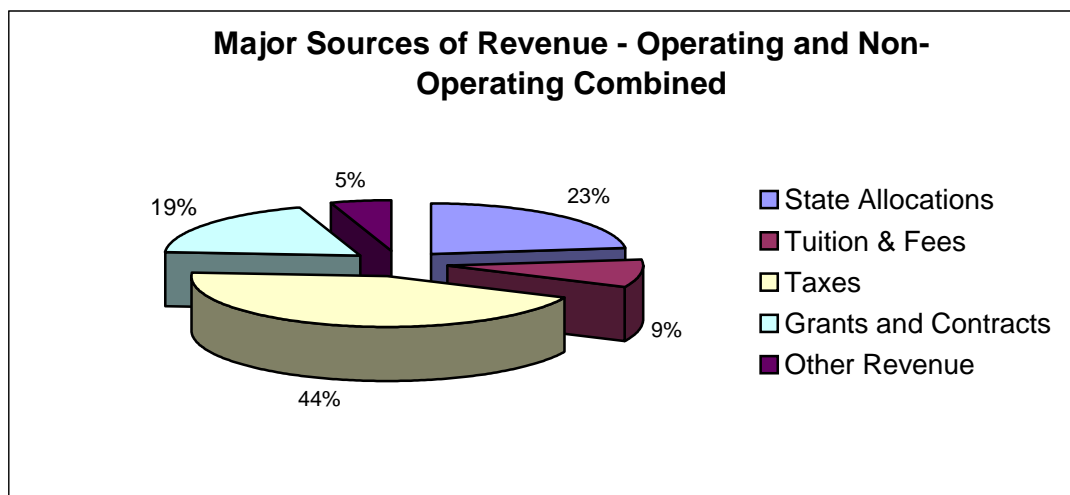
	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues	\$ 13,775,293	\$ 12,831,526	\$ 943,767
Operating expenses	<u>(40,221,906)</u>	<u>(36,108,027)</u>	<u>(4,113,879)</u>
Net Operating income (loss)	(26,446,613)	(23,276,501)	(3,170,112)
Non-operating revenues (expenses)	<u>27,831,016</u>	<u>25,242,853</u>	<u>2,588,163</u>
Total increase (decrease) in net assets	<u>\$ 1,384,403</u>	<u>\$ 1,966,352</u>	<u>\$ (581,949)</u>

The College's major sources of revenue, categorized as operating and non-operating, are as follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues:			
Tuition and fees	\$ 3,801,129	\$ 4,362,334	\$ (561,205)
Federal grants and contracts	6,454,647	6,127,362	327,285
State grants and contracts	349,330	308,083	41,247
Non-governmental grants and contracts	774,302	179,426	594,876
Sales and services of educational activities	148,783	156,466	(7,683)
Auxiliary enterprises (net of discounts)	2,104,639	1,509,242	595,397
General operating revenues	<u>142,463</u>	<u>188,613</u>	<u>(46,150)</u>
Total operating revenues	<u>13,775,293</u>	<u>12,831,526</u>	<u>943,767</u>
Non-operating revenues:			
State appropriations	9,230,622	8,445,142	785,480
Maintenance ad valorem taxes	17,977,960	16,622,799	1,355,161
Investment income	537,043	294,661	242,382
Foreign trade zone fees	364,537	246,794	117,743
Other non-operating revenue	<u>167</u>	<u>(1,439)</u>	<u>1,606</u>
Total non-operating revenues	<u>28,110,329</u>	<u>25,607,957</u>	<u>2,500,766</u>
Total revenues	<u>\$ 41,885,622</u>	<u>\$ 38,439,483</u>	<u>\$ 3,444,533</u>

The College's combined operating and non-operating revenues by major source are as follows:

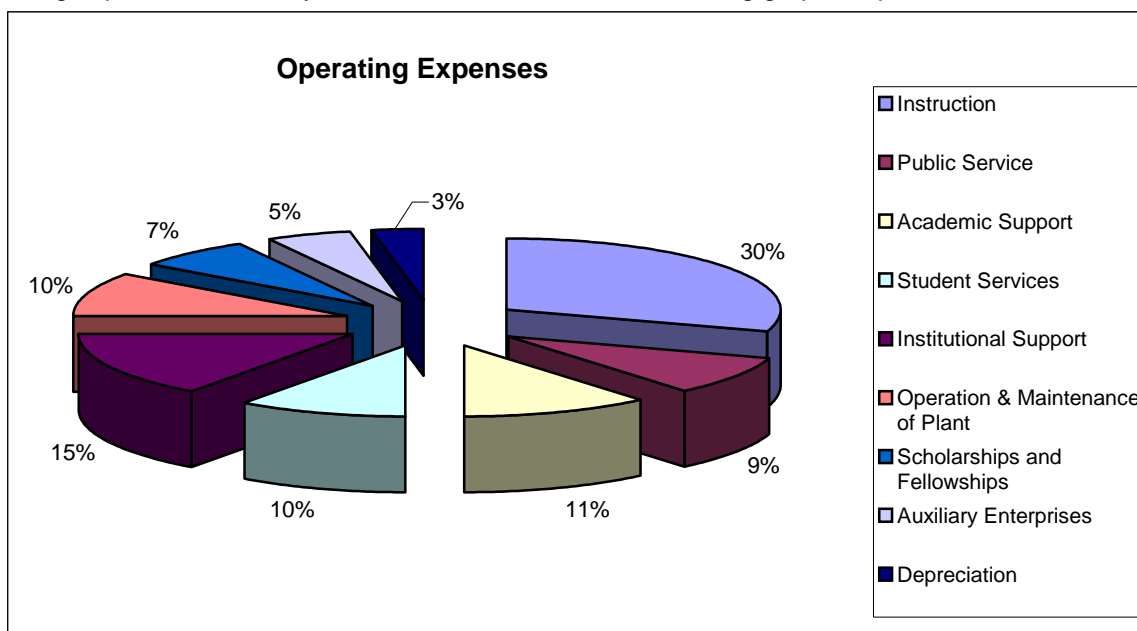
	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
State allocations	\$ 9,230,622	\$ 8,445,142	\$ 785,480
Tuition and fees	3,801,129	4,362,334	(561,205)
Grants and contracts	7,578,279	6,614,872	963,407
Taxes	17,977,960	16,622,799	1,355,161
Auxiliary enterprises	<u>2,104,639</u>	<u>1,509,242</u>	<u>595,397</u>
Total revenues	<u>\$ 40,692,629</u>	<u>\$ 37,554,389</u>	<u>\$ 3,138,240</u>



Operating expenses are reported in the Financial Statement by functional classification and are presented below for fiscal years 2006 and 2005.

	Current Year	Prior Year	Change
Instruction	\$ 12,124,532	\$ 10,877,248	\$ 1,247,284
Public service	3,785,266	2,929,881	855,385
Academic support	4,203,305	4,194,652	8,653
Student services	4,110,824	4,038,082	72,742
Institutional support	5,915,323	5,429,220	486,103
Operation and maintenance of plant	3,816,572	3,632,278	184,294
Scholarships and fellowships	2,849,808	2,080,920	768,888
Auxiliary enterprises	2,063,463	1,956,889	106,574
Depreciation expense	1,352,813	968,857	383,956
Total operating expenses	<u>\$ 40,221,906</u>	<u>\$ 36,108,027</u>	<u>\$ 4,113,879</u>

Operating expenses for fiscal year 2006 can be seen in the following graphical presentation:



Statement of Cash Flows

The College received cash in a timely manner and was able to operate without borrowing funds for current activities. State appropriations were received timely beginning in September for ten payments. Tuition revenue was collected prior to the beginning of each semester and taxes were received primarily in January, February and March.

Financial aid funding, scholarship funding and auxiliary enterprise income was received and recognized at the beginning of each semester. Endowment funds were received by the College of the Mainland Foundation, which is a separate entity from the College. Therefore, cash flows from endowment funds received are not reflected in the College's cash flow statement.

A summary of the Statement of Cash Flows shows the following:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Net cash provided by (used in) operating activities	\$ (25,371,127)	\$ (21,830,436)	\$ (3,540,691)
Net cash provided by (used in) non-capital financing activities	27,245,745	24,356,421	2,889,324
Net cash provided by (used in) capital and related financing activities	(2,666,202)	(3,003,998)	337,796
Net cash provided by (used in) investing activities	<u>537,043</u>	<u>294,660</u>	<u>242,383</u>
Increase (decrease) in cash and cash equivalents	(254,541)	(183,353)	(71,188)
Cash and cash equivalents, beginning of year	<u>11,349,739</u>	<u>11,533,092</u>	<u>(183,353)</u>
Cash and cash equivalents, end of year	<u>\$ 11,095,198</u>	<u>\$ 11,349,739</u>	<u>\$ (254,541)</u>

A major factor in maintaining a viable academic program is the quality of the College's capital assets. During the year, the College spent approximately \$700,000 on deferred maintenance projects. Some projects completed during the year were the installation of an emergency generator for computer service support in case of an electrical failure, fire suppression system in the computer room, bulkhead for Lake Eckert, HVAC renovation in the Technical Vocational building, parking lot D, remodeling of seating and lighting in one of our instructional auditoriums, and the purchase of unit #16 at Appomattox Square

Conclusion

Looking to the future, management has some challenges that must be addressed. The most immediate issue is the facilities master plan implementation. The plan includes building new facilities and renovating existing facilities in order to promote the concept of a learner-centered and student-centered environment. The primary goal of the plan is to provide and maintain a foundation for improving the entire college environment, both physical and academic.

The plan includes building a new Medical and Health Occupation Center, a new Process Technology Building, an expansion of the existing Math/Science Building to provide new labs, expansion of the Student Center to allow all Student Service functions to reside in that building, renovation of the Technical Vocational Building, renovation of the Learning Resource Center and significant deferred maintenance issues will be addressed. In order to fund the facilities master plan construction, the College will hold an election in May 2007 for voter approval to sell approximately \$80 million in ad valorem bonds. It is anticipated that the facilities master plan will be implemented over a period of seven (7) to ten (10) years.

In order to remain competitive in recruiting and maintaining quality employees, the College is in the process of a wage and salary study in order to accurately classify individuals within the College as well as compensate employees using available market data. It is anticipated that the study will be completed sometime in 2007.

During 2006 the College implemented Datatel Colleague, new administrative software. The College successfully implemented the General Ledger, Accounts Payable, Payroll, Purchasing, Accounts Receivable, Human Resources, Financial Aid, Credit Student Registration and Continuing Education.

This financial report is designed to provide citizens, taxpayers, customers, 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 questions about this report or need additional financial information, contact the College's Business Office at College of the Mainland, 1200 Amburn Road, Texas City, Texas 77591.

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BASIC FINANCIAL STATEMENTS

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**COLLEGE OF THE MAINLAND
STATEMENT OF NET ASSETS
August 31, 2006 and 2005**

EXHIBIT 1

	Current year	Prior year
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,093,221	\$ 9,181,299
Accounts receivable (net)	4,937,270	4,423,643
Inventories	654,715	673,145
Prepaid expenses	163,670	187,812
Total current assets	16,848,876	14,465,899
Noncurrent assets		
Restricted cash and cash equivalents	1,978	2,168,441
Notes receivable (net)	221,777	78,779
Deferred charges	21,474	24,337
Capital assets (net), (see notes)	13,653,151	13,835,675
Total noncurrent assets	13,898,380	16,107,232
Total Assets	30,747,256	30,573,131
LIABILITIES		
Current liabilities		
Accounts payable	862,126	598,209
Accrued liabilities	470,502	580,240
Compensated absences and severance payable - current	373,450	373,451
Accrued interest payable	28,533	40,880
Funds held for others	69,887	120,780
Deferred revenues	2,037,982	2,001,358
Tax refund payable - current portion	456,394	456,394
Notes payable - current portion	123,273	189,159
Bonds payable - current portion	415,000	860,000
Total current liabilities	4,837,147	5,220,471
Noncurrent liabilities		
Compensated absences and severance payable - noncurrent	1,838,841	1,830,161
Tax refund payable - noncurrent	456,395	912,789
Notes payable	120,169	84,409
Bonds payable	2,255,000	2,670,000
Total noncurrent liabilities	4,670,405	5,497,359
Total Liabilities	9,507,552	10,717,830
NET ASSETS		
Invested in capital assets, net of related debt	8,444,473	7,289,156
Restricted for:		
Grants and donor restrictions	41,344	14,576
Loan funds	128,750	125,567
Unexpended bond proceeds	656,391	1,074,541
Renewals and replacements	143,384	506,110
Debt service	576,570	516,535
Unrestricted	11,248,792	10,328,816
Total Net Assets (Schedule D)	\$ 21,239,704	\$ 19,855,301

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

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**COLLEGE OF THE MAINLAND
AFFILIATED ORGANIZATION
STATEMENT OF FINANCIAL POSITION**

COLLEGE OF THE MAINLAND FOUNDATION - Fiscal Year August 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted (Endowment)	Current Year 8/31/06
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 68,589	\$ 193,170	\$ -	\$ 261,759
Investments at cost	1,170	248,134	-	249,304
Allowance for unrealized gain/ (loss) in market value of securities	8,626	(1,011)	-	7,615
Donations receivable net allowance for uncollectible amounts of \$0	5,232	-	-	5,232
Grants receivable	-	-	-	-
Student loans receivable net of allowance for uncollectible amounts of \$10,116	-	567	-	567
Accrued interest receivable	-	-	-	-
Other receivables	-	-	-	-
Inventory	-	756	-	756
Total current assets	83,617	441,616	-	525,233
Noncurrent assets:				
Cash and cash equivalents	-	-	102,332	102,332
Investments at cost (restricted)	-	-	735,217	735,217
Allowance for unrealized gain/(loss) in market value of securities	-	-	41,280	41,280
Donations receivable net allowance for uncollectible amounts of \$0	-	-	63,970	63,970
Total noncurrent assets	-	-	942,799	942,799
Total assets	\$ 83,617	\$ 441,616	\$ 942,799	\$ 1,468,032
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 600	\$ 3,538	\$ -	\$ 4,138
Grants payable	-	-	-	-
Sales tax payable	-	17	-	17
Total liabilities	600	3,555	-	4,155
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	-	-	-	1,100
Other payables	-	-	-	5,000
TOTAL LIABILITIES	-	-	-	6,100
Net assets:				
Net assets	74,391	439,072	900,648	1,414,111
Unrealized gain/(loss) in fair market value of securities	8,626	(1,011)	42,151	49,766
Total net assets	83,017	438,061	942,799	1,463,877
Total liabilities and net assets	\$ 83,617	\$ 441,616	\$ 942,799	\$ 1,468,032

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

COLLEGE OF THE MAINLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended August 31, 2006 and 2005

EXHIBIT 2

	Current year	Prior year
Operating Revenues		
Tuition and fees (net of discounts of \$1,627,092 and \$1,197,726)	\$ 3,801,129	\$ 4,362,334
Federal grants and contracts	6,454,647	6,127,362
State grants and contracts	349,330	308,083
Private grants and contracts	774,302	179,426
Sales and services of educational activities	148,783	156,466
Auxiliary enterprises (net of discounts)	2,104,639	1,509,242
General operating revenues	142,463	188,613
Total operating revenues (Schedule A)	13,775,293	12,831,526
Operating Expenses		
Instruction	12,317,750	10,877,248
Public service	3,812,352	2,929,881
Academic support	4,253,815	4,194,652
Student services	4,168,047	4,038,082
Institutional support	5,979,476	5,429,220
Operation and maintenance of plant	3,420,591	3,632,278
Scholarships and fellowships	2,853,599	2,080,920
Auxiliary enterprises	2,063,463	1,956,889
Depreciation expense	1,352,813	968,857
Total operating expenses (Schedule B)	40,221,906	36,108,027
Operating income (loss)	(26,446,613)	(23,276,501)
Non-operating revenues (expenses)		
State appropriations	9,230,622	8,445,142
Maintenance ad valorem taxes	17,977,960	16,622,799
Investment income	537,043	294,661
Foreign trade zone fees	364,537	246,794
Interest and fees on capital related debt	(149,390)	(184,580)
Other non-operating revenues	167	(1,439)
Other non-operating expenses	(129,923)	(180,524)
Net non-operating revenues (expenses) (Schedule C)	27,831,016	25,242,853
Increase (decrease) in net assets	1,384,403	1,966,352
Net assets - beginning of year, as originally presented	19,855,301	18,666,647
Prior period adjustment - depreciation on library books	-	(777,698)
Net assets - beginning of year, as restated	19,855,301	17,888,949
Net assets - end of year	\$ 21,239,704	\$ 19,855,301

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

**COLLEGE OF THE MAINLAND
AFFILIATED ORGANIZATION
STATEMENT OF ACTIVITIES**

COLLEGE OF THE MAINLAND FOUNDATION - Fiscal Year August 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Current Year 8/31/06</u>
Public Support, Revenue, and Reclassifications:				
Contributions endowed	\$ -	\$ -	\$ 78,733	\$ 78,733
Contributions non-endowed	25,450	98,821	-	124,271
College of the Mainland contributions for salaries and supplies	119,696	-	-	119,696
Grants	-	72,800	25,000	97,800
Interest, dividends, and capital gain distributions	3,342	12,927	18,484	34,753
Gain (loss) on sale of investments	-	387	4,462	4,849
Assets restricted by board	(33,000)	13,000	20,000	-
Net assets released from restrictions in satisfaction of purpose restrictions	<u>153,385</u>	<u>(138,363)</u>	<u>(15,022)</u>	<u>-</u>
Total public support, revenues, and reclassifications	<u>268,873</u>	<u>59,572</u>	<u>131,657</u>	<u>460,102</u>
Expenses:				
Programs:				
Scholarships Endowed	8,971	-	-	8,971
Scholarships Non-Endowed	86,559	-	-	86,559
Payments to College of the Mainland	11,936	-	-	11,936
Other Program Payments	<u>42,109</u>	<u>-</u>	<u>-</u>	<u>42,109</u>
Total programs	149,575	-	-	149,575
Administration	39,003	-	-	39,003
Bad Debt Expense	-	-	-	-
Salaries	109,454	-	-	109,454
Fundraising expenses	<u>10,264</u>	<u>-</u>	<u>-</u>	<u>10,264</u>
Total expenses	<u>308,296</u>	<u>-</u>	<u>-</u>	<u>308,296</u>
Change in net assets	(39,423)	59,572	131,657	151,806
NET ASSETS, beginning of year	121,973	379,036	783,528	1,284,537
Change in unrealized gain or (loss) in market value of securities	<u>467</u>	<u>(547)</u>	<u>27,614</u>	<u>27,534</u>
NET ASSETS, end of year	<u>\$ 83,017</u>	<u>\$ 438,061</u>	<u>\$ 942,799</u>	<u>\$ 1,463,877</u>

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

COLLEGE OF THE MAINLAND
STATEMENT OF CASH FLOWS
For the Years Ended August 31, 2006 and 2005

	Current year	Prior year
Cash flows from operating activities:		
Receipts from students and other customers	\$ 5,577,013	\$ 6,877,518
Receipts of grants and contracts	6,472,876	6,329,870
Payments to or on behalf of employees	(24,365,567)	(23,698,093)
Payments to suppliers for goods or services	(10,205,641)	(9,258,811)
Payments for scholarships and fellowships	(2,849,808)	(2,080,920)
Net cash provided (used) by operating activities	(25,371,127)	(21,830,436)
Cash flows from non-capital financing activities:		
Receipts of state allocations	9,230,622	8,445,142
Receipts from ad valorem taxes	17,846,575	15,834,721
Receipts from foreign trade zone participants	364,537	246,794
Receipts from student organizations and other agency transactions	196,997	290,719
Payments to student organization and other agency transactions	(247,790)	(260,348)
Net (increase) decrease in loans receivable	(145,363)	-
Other non-capital financing activities	167	(200,607)
Net cash provided (used) by non-capital financing activities	27,245,745	24,356,421
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,170,289)	(1,795,941)
Proceeds from issuance of debt	176,161	-
Payments on capital debt and leases - principal	(1,522,684)	(1,024,210)
Payments on capital debt and leases - interest and fees	(149,390)	(183,847)
Net cash provided (used) by capital and related financing activities	(2,666,202)	(3,003,998)
Cash flows from investing activities:		
Investment income	537,043	294,661
Net cash provided (used) by investing activities	537,043	294,661
Increase (decrease) in cash and cash equivalents	(254,541)	(183,352)
Cash and cash equivalents, beginning of year	11,349,740	11,533,092
Cash and cash equivalents, end of year	\$ 11,095,199	\$ 11,349,740
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (26,446,613)	\$ (23,233,161)
Adjustments:		
Depreciation expense	1,352,813	925,518
Changes in assets and liabilities:		
Receivables, net	(665,892)	232,697
Inventories	18,430	(32,706)
Prepaid expenses	24,141	(60,437)
Other assets	-	80,000
Accounts payable	272,028	27,147
Accrued liabilities	(101,071)	183,703
Deferred revenues	175,037	46,803
Net cash provided (used) by operating activities	\$ (25,371,127)	\$ (21,830,436)

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2006

NOTE 1 - REPORTING ENTITY

College of the Mainland (the "College") was established in 1962, in accordance with the laws of the State of Texas, to serve the educational needs of Texas City and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board ("GASB") Statement 14 *The Financial Reporting Entity*. While the College receives funding from local, 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.

The basic financial statements of the College include the funds of all organizational entities for which the College has oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In evaluating how to define the College for financial reporting purposes, management has considered all potential component units, including the College of the Mainland Foundation (the "Foundation").

The Foundation is a legally separate not-for-profit organization, which provides benefits such as scholarships to the College's students and assists in the development and growth of the College. The Foundation does not provide a financial benefit or impose a financial burden on the College. The College does not appoint any of the Foundation's board members. As a result, the financial position and results of operations of the Foundation are not combined with the financial position and changes in net assets of the College.

GASB Statement 39 requires governments to report certain legally separate organizations as component units even though the primary government is *not* financially accountable for those organizations. The standard is directed principally toward fund-raising organizations. GASB Statement 39, requires a legally separate tax-exempt organization to be reported as a component unit if *all* of these criteria are met:

- a. The economic resources of the separate organization entirely, or almost entirely, directly benefit the primary government, its component units, or its constituents.
- b. The primary government or its component units are entitled to, or can otherwise access, a majority of the economic resources of the separate organization.
- c. The economic resources of the individual separate organization the primary government or the component unit is entitled to, or can otherwise access, are significant to that primary government.

Organizations that are component units based solely on the criteria established by GASB Statement 39 are required to be reported using discrete presentation. These organizations may not be blended.

Therefore, the Foundation has been presented as a discretely presented component unit in the College's financial statements. Note disclosure pertinent to the Foundation's financial information are contained in Note 25. The Foundation's separately issued financial statements may be obtained by contacting the Foundation's business office at 1200 Amburn Road, Texas City, TX 77591.

NOTE 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 *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*Title IV, Higher Education Act 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 revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Texas Public Education Grants

Certain tuition amounts are required to be set aside for the 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 Section 56.0333). When the award for tuition is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Other tuition discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition discounts. 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 of accounting 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.

Net assets

The College's net assets are classified as follows:

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Basis of Accounting (continued)**

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

Budgetary data

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning 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.

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 the time of purchase. Long-term investments have an original maturity of greater than one year at the time of acquisition.

Inventories

Inventories, consisting of consumable office supplies, physical plant supplies, and bookstore stock, are valued at the lower of cost or market under the "first-in, first-out" method.

Capital assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the 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 estimated useful lives of the assets applying the half-year convention. The following estimated useful lives are used:

Buildings	50 years
Facilities and other improvements	20 years
Furniture, machinery, vehicles and other equipment	10 years
Telecommunications and peripheral equipment	5 years
Library books	15 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Basis of Accounting (continued)**Deferred revenues

Tuition, fees, and other revenues received that are related to the period after August 31, 2006 are reported as deferred revenues. Those amounts are as follows:

	<u>2006</u>	<u>2005</u>
Tuition and fees	\$ 1,605,719	\$ 1,671,091
Season tickets - Theater	68,419	73,004
Student service fees	27,292	50,220
Federal, state and local grants	333,405	203,743
Other	3,147	3,300
	<u>\$ 2,037,982</u>	<u>\$ 2,001,358</u>

Estimates

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

Operating and non-operating revenue and expense policy

The College distinguishes operating revenues and expenses from non-operating items. 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 cost of sales and services, administrative expenses, and depreciation on capital assets.

Prior year restatement

Net assets as of August 31, 2005 have been decreased by \$821,037, due to a change in accounting method. Library books recorded at cost and not depreciated in prior years will now be depreciated using straight-line depreciation over a fifteen year life.

	<u>2006</u>	<u>2005</u>
Beginning net assets, as previously reported	\$ 19,855,301	\$ 18,666,646
Prior period adjustment - Depreciation of library books	-	(777,698)
Beginning net assets, as restated	<u>19,855,301</u>	<u>17,888,948</u>
Increase in net assets, as originally reported	\$ 1,489,012	\$ 2,009,692
Prior period adjustment - Depreciation of library books	-	(43,339)
Increase in net assets, as restated	<u>1,489,012</u>	<u>1,966,353</u>
Ending net assets, as restated	<u>\$ 21,344,313</u>	<u>\$ 19,855,301</u>

Reclassifications

Certain amounts for 2005 have been reclassified to conform to current year reporting requirements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Basis of Accounting (continued)***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 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, 2006.

NOTE 3 - AUTHORIZED INVESTMENTS

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

NOTE 4 - DEPOSITS AND INVESTMENTS

At August 31, 2006 and 2005, the carrying amount of the College's deposits was (\$389,731) and \$1,214,083, respectively, and total bank balances equaled \$292,592 and \$1,938,540. Bank balances of \$100,000 are covered by federal depository insurance, and \$192,592 and \$1,838,540 were covered by collateral pledged in the College's name for the years ended August 31, 2006 and 2005.

For fiscal year 2006, the College invested in Texpool, a local government investment pool. Texpool is duly chartered and overseen by the State Comptroller's Office and administered by Lehman Brothers and Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service.

Cash and Deposits as reported on Exhibit 1, Statement of Net Assets, consist of the items reported below:

	<u>2006</u>	<u>2005</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ (409,851)	\$ 1,193,963
Cash on cash equivalents:		
Petty cash on hand and change funds	20,120	20,120
Total Cash and Deposits	<u>\$ (389,731)</u>	<u>\$ 1,214,083</u>

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**Reconciliation of Deposits and Investments to Exhibit 1**

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2006</u>	<u>2005</u>
<i>Investments:</i>		
Governmental Investment Pools:		
Texpool	\$ 11,484,930	\$ 10,135,657
Total investments	<u>11,484,930</u>	<u>10,135,657</u>
<i>Total Cash and Deposits</i>		
	(389,731)	1,214,083
Total cash and investments	<u>\$ 11,095,199</u>	<u>\$ 11,349,740</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 11,093,221	\$ 9,181,299
Restricted cash and cash equivalents	<u>1,978</u>	<u>2,168,441</u>
Total cash and temporary investments	<u>\$ 11,095,199</u>	<u>\$ 11,349,740</u>

As of August 31, 2006, the College had the following investments and maturities.

	<u>Fair Market Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<i>Investments</i>			
Local Government Investment Pools			
TexPool	\$ 18,653,229	100.0%	47
Total Local Government Investment Pools	<u>18,653,229</u>	<u>100.0%</u>	47
Total investments	<u>\$ 18,653,229</u>	<u>100.0%</u>	47

Interest rate risk

The College has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate changes.

Credit risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The College has a formal investment policy that further limits investments to those that do not operate in, or invest in companies that operate in, the country of South Africa. As of August 31, 2006, the College's investment in Texpool (a state investment pool) was rated AAAM by Standard and Poors.

Concentration of credit risk

The College places no limit on the amount that may be invested in any one issuer. One hundred percent (100%) of the College's investments was in Texpool as of August 31, 2006.

Custodial credit risk

The College's deposits are subject to custodial credit risk as \$192,592 of total deposits was uninsured but secured by securities held by the pledging financial institutions agent in the College's name. The College's deposits were fully collateralized at year-end and through out the year.

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES)

Accounts receivable at August 31, 2006 and 2005 consisted of the following:

	2006	2005
Property taxes receivable	\$ 2,147,210	\$ 2,235,399
Allowance for uncollectible property taxes	(322,081)	(335,310)
Property taxes receivable, net	<u>1,825,129</u>	<u>1,900,089</u>
Tuition and fees receivable	714,641	1,371,596
Allowance for uncollectible tuition and fees	(91,660)	(91,660)
Tuition and fees receivable, net	<u>622,981</u>	<u>1,279,936</u>
Due from tax collector	21,589	22,768
Due from other governments for grant awards	2,385,036	1,149,971
Other receivables	82,535	63,977
Total receivables, net	<u><u>\$ 4,937,270</u></u>	<u><u>\$ 4,416,741</u></u>

Accrued liabilities at August 31, 2006 and 2005 consisted of the following:

	2006	2005
Accrued wages payable	\$ 266,503	\$ 373,439
Reserve for incurred but not reported worker's compensation benefits	200,336	200,835
Other accrued liabilities	3,663	5,966
Total accrued liabilities	<u><u>\$ 470,502</u></u>	<u><u>\$ 580,240</u></u>

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2006 was as follows:

	Balance 09/01/05	Additions	(Retirements) and Transfers	Balance 08/31/06
<u>Not depreciated:</u>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Subtotal	<u>372,145</u>	<u>-</u>	<u>-</u>	<u>372,145</u>
<u>Buildings and other capital assets:</u>				
Buildings and building improvements	15,219,844	120,192	-	15,340,036
Improvements other than buildings	9,295,761	390,180	-	9,685,941
Total buildings and other real estate improvements	24,515,605	510,372	-	25,025,977
Furniture, equipment and vehicles	1,903,149	205,699	-	2,108,848
Telecommunication equipment	2,506,980	346,407	(10,445)	2,842,942
Leased assets under capital lease	-	56,161	-	56,161
Library books	1,167,287	51,650	-	1,218,937
Total buildings and other capital assets	<u>30,093,021</u>	<u>1,170,289</u>	<u>(10,445)</u>	<u>31,252,865</u>
<u>Accumulated depreciation:</u>				
Buildings and building improvements	(9,320,773)	(305,600)	-	(9,626,373)
Improvements other than buildings	(4,105,136)	(474,543)	-	(4,579,679)
Total buildings and other real estate improvements	(13,425,909)	(780,143)	-	(14,206,052)
Furniture, equipment and vehicles	(1,343,998)	(102,660)	-	(1,446,658)
Telecommunication equipment	(1,038,547)	(387,660)	10,445	(1,415,762)
Leased assets under capital lease	-	(2,808)	-	(2,808)
Library books	(821,037)	(79,542)	-	(900,579)
Total Accumulated depreciation	<u>(16,629,491)</u>	<u>(1,352,813)</u>	<u>10,445</u>	<u>(17,971,859)</u>
Net capital assets	<u><u>\$ 13,835,675</u></u>	<u><u>\$ (182,524)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,653,151</u></u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activity for the year ended August 31, 2006 was as follows:

	Balance 09/01/05	Additions	Retirements	Balance 08/31/06	Current Portion
Bonds					
Revenue bonds	\$ 3,530,000	\$ -	\$ (860,000)	\$ 2,670,000	\$ 415,000
	<u>3,530,000</u>	<u>-</u>	<u>(860,000)</u>	<u>2,670,000</u>	<u>415,000</u>
Notes and capital leases					
Notes payable	273,570	120,000	(203,530)	190,040	106,882
Capital lease payable	-	56,161	(2,759)	53,402	16,930
	<u>273,570</u>	<u>176,161</u>	<u>(206,289)</u>	<u>243,442</u>	<u>123,812</u>
Other liabilities					
Compensated absences payable	1,435,030	330,173	(88,042)	1,677,161	130,000
Retirement incentive payable	768,581	-	(233,451)	535,130	233,450
Property tax refund payable	1,369,183	-	(456,394)	912,789	456,394
	<u>3,572,794</u>	<u>330,173</u>	<u>(777,887)</u>	<u>3,125,080</u>	<u>819,844</u>
			-		
Total noncurrent liabilities	<u>\$ 7,376,364</u>	<u>\$ 506,334</u>	<u>\$ (1,844,176)</u>	<u>\$ 6,038,522</u>	<u>\$ 1,358,656</u>

Noncurrent liabilities activity for the year ended August 31, 2005 was as follows:

	Balance 09/01/04	Additions	Retirements	Balance 08/31/05	Current Portion
Bonds					
Revenue bonds	\$ 4,375,000	\$ -	\$ (845,000)	\$ 3,530,000	\$ 860,000
	<u>4,375,000</u>	<u>-</u>	<u>(845,000)</u>	<u>3,530,000</u>	<u>860,000</u>
Notes and capital leases					
Notes payable	452,779	-	(179,211)	273,568	189,159
	<u>452,779</u>	<u>-</u>	<u>(179,211)</u>	<u>273,568</u>	<u>189,159</u>
Other liabilities					
Compensated absences payable	1,264,342	263,515	(92,826)	1,435,031	130,000
Retirement incentive payable	1,082,663	-	(314,082)	768,581	233,450
Property tax refund payable	1,825,577	-	(456,394)	1,369,183	456,394
	<u>4,172,582</u>	<u>263,515</u>	<u>(863,302)</u>	<u>3,572,795</u>	<u>819,844</u>
Total noncurrent liabilities	<u>\$ 9,000,361</u>	<u>\$ 263,515</u>	<u>\$ (1,887,513)</u>	<u>\$ 7,376,363</u>	<u>\$ 1,869,003</u>

NOTE 7 – NONCURRENT LIABILITIES (Continued)**Bonds Payable**

	Refunding Revenue Bonds Series 1996	Revenue Bonds Series 1998	Revenue Bonds Series 2004
Purpose:	To refund all the College's outstanding Revenue Bonds, Series 1988, and to partially Refund Revenue Bonds, Series 1990.	To replace cooling towers and chillers, and to construct a thermal storage system.	To implement new administrative software and hardware, update existing infrastructure and develop disaster recovery solutions
Date issued	12/01/96	12/17/98	8/1/04
Amount of original issue - all authorized bonds have been issued	\$ 2,780,000	\$ 1,735,000	\$ 2,500,000
Amounts outstanding, August 31, 2005	\$ 955,000	\$ 305,000	\$ 2,270,000
Interest rates	4.15% to 5.00%	3.85% to 4.95%	3.0% to 4.0%
Maturity dates serially, beginning/ending	May 1, 1997/2009	May 1, 2000/2006	May 1, 2005/2014
Interest payment dates	May 1/ November 1	May 1/ November 1	May 1/ November 1

For the 1996, 1998 and 2004 Series Bonds, principal and interest are required to be paid from pledged revenues derived from a portion of tuition and a "Campus Enhancement Fee" for each student, as well as other fees collected.

Bonds are due in annual installments varying from \$195,000 to \$340,000, with interest rates from 3.0% to 5.0%, with the final installment due in 2014.

The revenue bond principal and interest expense requirements for the next five years and beyond is summarized below:

Year Ending August 31,	Principal	Interest	Totals
2007	\$ 415,000	\$ 103,935	\$ 518,935
2008	430,000	86,875	516,875
2009	460,000	70,175	530,175
2010	250,000	51,375	301,375
2011	260,000	42,938	302,938
2012-2014	855,000	68,513	923,513
	<u>\$ 2,670,000</u>	<u>\$ 423,811</u>	<u>\$ 3,093,811</u>

There are a number of limitations and restrictions contained in the revenue bond indentures. The College is in compliance with all significant limitations and restrictions at August 31, 2006.

NOTE 7 – NONCURRENT LIABILITIES (Continued)**Notes and loans payable**

On November 11, 1998 the College entered into an agreement with the City of Texas City Public Facilities Development Corporation to sublease the Westside Public Safety Facilities. This agreement constitutes a loan, in that the College has a right to purchase the Westside Public Safety Facilities by giving written notice to the Sublessor 60 days before the last payment date of the agreement, and timely payment of all lease payments. The agreement consists of 96 monthly payments of \$16,100 with an interest rate of 5.37%. Payments began February 1, 1999 and will continue through January 1, 2007.

On August 1, 2004 the College entered into an agreement with the Ford Motor Credit Company to lease a 2003 Ford Explorer. This agreement constitutes a loan, in that the College has a right to purchase the vehicle by giving written notice to the Lessor 30 days before the last payment date of the agreement, and timely payment of all lease payments. This agreement consists of 48 monthly payments of \$514 with an interest rate of 6.9%. The payments began August 1, 2003 and will continue through July 1, 2007.

On December 13, 2005 the College entered into a loan agreement in the amount of \$120,000, with Texas First Bank of Hitchcock, to purchase Unit No. 16 of the Appomatox Square Office Park. The loan agreement consists of 60 monthly payments of \$2,254 with an interest rate of 4.79%. The payments began January 15, 2006 and will continue through December 15, 2010.

Notes payable principal and interest requirements for the next five years and beyond are summarized below.

Year Ending August 31,	Principal	Interest	Totals
2007	\$ 106,883	\$ 7,086	\$ 113,969
2008	23,564	3,480	27,044
2009	24,728	2,317	27,045
2010	25,939	1,106	27,045
2011	8,926	89	9,015
	<u>\$ 190,040</u>	<u>\$ 14,078</u>	<u>\$ 204,118</u>

Total Notes and Loans payable:

	Principal		Total
	Current	Noncurrent	
Public Facilities Development Corporation	\$ 79,428	\$ -	\$ 79,428
Ford Motor Credit	4,981	-	4,981
Texas First Bank Hitchcock	22,473	83,158	105,631
	<u>\$ 106,882</u>	<u>\$ 83,158</u>	<u>\$ 190,040</u>

NOTE 7 – NONCURRENT LIABILITIES (Continued)**Capital leases payable**

On July 20, 2006 the College entered into an agreement with the Bank of Blue Valley to lease exercise equipment with a total cost of \$56,161. This agreement consists of 36 monthly payments of \$1,767 with an interest rate of 8.388%. The payments began August 1, 2006 and will continue through July 1, 2009.

Capital lease principal and interest requirements for the next five years and beyond are summarized below.

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 17,390	\$ 3,814	\$ 21,204
2008	18,903	2,301	21,204
2009	17,109	667	17,776
	<u>\$ 53,402</u>	<u>\$ 6,782</u>	<u>\$ 60,184</u>

Tax refund payable

During the year ended August 31, 2003, a lawsuit filed by the College's largest taxpayer was completed and the College was required to pay a tax refund in the amount of \$2,015,209 over a five year period beginning in December 2004. During the year ended August 31, 2004, the College agreed to extend a tax abatement granted to the taxpayer for an additional five years and as a result, the taxpayer agreed to reduce the refund amount by \$189,632 and waive all interest on the refund.

The agreement consists of four (4) annual payments of \$456,394 and will continue through December 15, 2007.

Principal and interest requirements for the next five years are summarized below.

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 456,394	\$ -	\$ 456,394
2008	456,395	-	456,395
	<u>\$ 912,789</u>	<u>\$ -</u>	<u>\$ 912,789</u>

NOTE 8 - DEFEASED BONDS OUTSTANDING

In prior years, the College has issued refunding bonds which defeased selected general obligation bonds from the original issues of 1988 and 1990. All future debt service payments on the original bonds have been provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for defeased bonds are not included in the College's basic financial statements. Of the 1996 Refunding Issue, as of August 31, 2006, \$970,000 remains outstanding and due 2007 through 2009. As of August 31, 2006, the amount of defeased debt outstanding but removed from noncurrent liabilities amounted to \$820,000 for the 1988 Revenue Bond and \$150,000 for the 1990 Revenue Bond.

NOTE 9 – EMPLOYEE’S RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas. The percentages of participant salaries currently contributed by the state and by each participant are 6.0% and 6.4% respectively, of annual compensation.

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

The System’s annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698, or by calling (800)877-0123.

The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System.

The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.65% respectively.

The College contributes 8.5% to employees who were participating in the optional retirement program prior to September 1, 1995 and 6.0% to those participating after September 1, 1995. Benefits fully vest after one year plus one day of employment. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the College was \$921,548 and \$798,593 for the fiscal years ended August 31, 2006 and 2005, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all College employees was \$21,052,308 and \$19,214,035 for fiscal years August 31, 2006 and 2005, respectively. The total payroll of employees covered by the Teacher Retirement System was \$12,022,855 and \$9,972,408, and the total payroll of employees covered by the Optional Retirement System was \$6,190,574 and \$5,721,708 for fiscal years August 31, 2006 and 2005, respectively.

NOTE 10 - DEFERRED COMPENSATION PROGRAM

College 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.

NOTE 11 - COMPENSATED ABSENCES

SICK LEAVE - All full-time employees of the College earn one day of sick leave for each month of full-time service. Sick leave benefits are earned by permanent part-time classified personnel on a pro-rata basis. Once an employee has accumulated 90 days sick leave, the employee is eligible for one of the following options:

- a. Receive pay for unused sick leave in the then-current year equal to 50 percent of the computed salary up to a maximum of \$75 per day for sick leave accumulated over and above the 90 days.
- b. Continue to accumulate sick leave up to a maximum of 120 days after which time the employee shall be eligible to be paid for unused sick leave in the then current year equal to 50 percent of the computed salary up to a maximum of \$75 per day. The employee may choose at the close of any employment year to receive pay at the same rate for unused days accumulated over and above the 90 days aforementioned.

Upon termination or death, an employee or his estate shall be eligible to be paid for unused sick leave up to 120 days. The employee shall be paid at the rate of 50 percent of current computed salary up to a maximum of \$75 per day.

The College's sick leave payable at August 31, 2006 and 2005 were \$1,062,727 and \$938,652, respectively, and are included in accrued compensable absences on the statement of net assets.

The following is a summary of changes in accrued sick leave:

	<u>2006</u>	<u>2005</u>
Balance, September 1	\$ 938,652	\$ 865,844
Additions	192,380	148,615
Payments	(68,305)	(75,807)
Balance, August 31	<u>\$ 1,062,727</u>	<u>\$ 938,652</u>
Current	\$ 95,000	\$ 95,000
Noncurrent	967,727	843,652
	<u>\$ 1,062,727</u>	<u>\$ 938,652</u>

VACATION LEAVE - All full-time non-faculty personnel employed on a 12-month basis accumulate vacation time at the rate of one and two-third days per calendar month of service and are entitled to 20 working days of vacation per year. Part-time classified professional, non-teaching, benefit eligible employees are eligible for a pro-rata share of vacation. Personnel under contract for a period less than 12 months are governed by vacation periods listed in the official College catalog for that particular year.

All vacation must be taken by July 31 following the end of the fiscal year in which it was earned. Therefore, an employee can have no more than 120 hours of vacation accrued as of each fiscal year end.

The College's vacation leave payable at August 31, 2006 and 2005 were \$614,434 and \$496,378, respectively, and are included in accrued compensable absences on the balance sheet.

NOTE 11 - COMPENSATED ABSENCES (Continued)

The following is a summary of changes in vacation leave payable:

	<u>2006</u>	<u>2005</u>
Balance, September 1	\$ 496,378	\$ 398,498
Additions	137,793	114,900
Payments	(19,737)	(17,020)
Balance, August 31	<u>\$ 614,434</u>	<u>\$ 496,378</u>
Current	\$ 45,000	\$ 45,000
Noncurrent	569,434	451,378
	<u>\$ 614,434</u>	<u>\$ 496,378</u>

NOTE 12 - PENDING LAWSUITS AND CLAIMS

On August 31, 2006, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 13 - OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

Commitments under operating lease agreements for facilities and equipment are cancelable at any time. The College is therefore not obligated for minimum future rental payments at August 31, 2006. Rental expenditures were paid only from unrestricted current funds during 2005 and 2004 were \$513,766 and \$448,734, respectively.

NOTE 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*. Funds received, but not expended during the reporting period, are deferred. Revenues are recognized on Exhibit 2 as funds are actually expended. For federal and state contract and grant awards, funds expended, but not collected, are reported as Due From Other Governments, which is a portion of total receivables. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

NOTE 15 - SELF-INSURED PLANS

For the year ended August 31, 2006, the College participated with other governments to form a Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for the Texas Public Jr. and Community College Employee Benefits Consortium (the "Pool"). The agreement for formation of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$200,000 for each insured event and \$5,000,000 in the aggregate.

The pooling agreement requires the Pool to be self-sustaining. The estimated range of losses to be borne by the College as of August 31, 2006 and 2005 amounted to \$200,336 and \$200,835 respectively.

The Texas Public Jr. and Community College Employee Benefits Consortium publishes its own financial report, which can be obtained from Claims Administrative Services, Inc.

NOTE 16 - POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee ranged from \$361 per month to \$705 per month depending upon coverage elected by the employee for the year ended August 31, 2006 (\$316 per month to \$616 per month for August 31, 2005) and totaled \$1,950,698 for the year ended August 31, 2006 (\$1,505,001 for the year ended August 31, 2005). The cost of providing those benefits for 129 retirees cost \$656,708 for August 31, 2006 (benefits for 129 retirees cost \$617,093 for August 31, 2005). The cost of providing those benefits for 346 active employees was \$1,293,990 for August 31, 2006 (benefits for 346 employees cost \$887,908 for August 31, 2005).

NOTE 17 - RELATED PARTIES

The College of the Mainland Foundation is a nonprofit organization with the sole purpose of providing scholarships for College of the Mainland students. The College does not appoint a voting majority, it confirms appointments made by the Foundation board of directors which is not substantive in nature. The College does not fund nor is it obligated to pay debt related to the Foundation. The College does not approve or amend the Foundation's budget. However, the College does have the ability to significantly influence the policies of the Foundation. The Foundation solicits donations to provide scholarships. See Note 25 for additional detail.

NOTE 18 - PROPERTY TAX

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

	<u>2006</u>	<u>2005</u>
Assessed Valuation of the District:	\$ 8,449,209,440	\$ 7,700,726,390
Less: Exemptions	<u>(1,053,517,372)</u>	<u>(991,050,916)</u>
Net Assessed Valuation of the District	<u>\$ 7,395,692,068</u>	<u>\$ 6,709,675,474</u>

	<u>2006</u>			<u>2005</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized Tax Rate per \$100 Valuation	\$ 0.600000	\$ 0.000000	\$ 0.600000	\$ 0.600000	\$ 0.000000	\$ 0.600000
Assessed Tax Rate per \$100 Valuation	\$ 0.243020	\$ 0.000000	\$ 0.243020	\$ 0.245250	\$ 0.000000	\$ 0.245250

The maximum combined authorized tax rate approved by voters in the College district is \$0.60. No separate limit is imposed on the tax rate specifically for current operations or debt service. However, pursuant to Texas Education Code Section 130.122 *Junior College Districts - Tax Bonds and Maintenance Tax*, the debt service portion of the combined tax rate may not exceed \$0.50.

Taxes levied for the year ended August 31, 2006 and 2005 amounted to \$17,901,680 and \$16,455,479, respectively, including any penalty and interest assessed.

NOTE 18 - PROPERTY TAX (Continued)

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.

Tax collections for the year ended August 31, 2006 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 17,363,309	\$ -	\$ 17,363,309
Delinquent taxes collected, net of refunds	514,586	-	514,586
Penalties and interest collected	232,045	-	232,045
Total collections	<u>\$ 18,109,940</u>	<u>\$ -</u>	<u>\$ 18,109,940</u>

Tax collections for the year ended August 31, 2005 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 15,480,398	\$ -	\$ 15,480,398
Delinquent taxes collected, net of refunds *	480,699	-	480,699
Penalties and interest collected	282,495	-	282,495
Total collections	<u>\$ 16,243,592</u>	<u>\$ -</u>	<u>\$ 16,243,592</u>

Tax collections for the years ended August 31, 2006 and 2005 were 99% and 97%, respectively, of the current year levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Construction commitments: Commitments for the construction, repair and renovation of College facilities amounted to \$272,227 and \$292,370 as of August 31, 2006 and 2005, respectively.

Other commitments: Commitments for various contracts amounted to \$158,528 and \$392,613 as of August 31, 2006 and 2005, respectively.

NOTE 20 – RETIREMENT INCENTIVE AND SEVERANCE PACKAGES

A retirement incentive was made available to employees who qualified for retirement based on a set of defined criteria. In September 2003, twenty four (24) employees signed agreements committing to retirement. Three (3) of the twenty four (24) employees were granted the incentive package retroactive to August 31, 2003. The retirement incentive had two (2) options; the first option was to receive one half of the employees' 2004 - 2005 salary over two (2) years and the second option was to receive the full 2004 - 2005 salary over a five year period. All but one employee selected the second option.

Retirement incentives payable were as follows as of August 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Balance, September 1	\$ 768,581	\$ 1,012,860
Additions	-	-
Payments	(233,451)	(244,279)
Balance, August 31	<u>\$ 535,130</u>	<u>\$ 768,581</u>

Additionally, severance packages were provided to employees that managed College programs that were canceled during the year due to a lack of participation.

Severance packages payable were as follows as of August 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Balance, September 1	\$ -	\$ 69,803
Additions	-	-
Payments	-	(69,803)
Balance, August 31	<u>\$ -</u>	<u>\$ -</u>

Retirement incentive and severance package payment requirements for the next five years are summarized below:

<u>Year Ending August 31,</u>	<u>Retirement Incentives</u>
2007	\$ 233,450
2008	233,447
2009	68,233
	<u>\$ 535,130</u>

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Public Support and Revenue**

Annual campaign contributions, grants, and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets at the discretion of the board.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Investments

Investments are carried at fair market value. Short-term investments are reported at cost, which approximates fair market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair market value. With the exception of endowed funds, investment income is not restricted and may be allocated at the discretion of the board.

Inventory

During the fiscal year ended August 31, 2005, the Foundation published a cookbook to raise money for scholarships. The amount recorded as inventory represents the actual cost of cookbooks on hand at August 31, 2006. Amounts received from the sale of cookbooks are recorded as temporarily restricted contributions, non-endowed. The costs of cookbooks sold are recorded as other program payments.

Allowance for uncollectible amounts

The Foundation has provided allowances for uncollectible amounts of donations receivable and student emergency loans based on expected collections after August 31, 2006.

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS (Continued)**NOTE B – INVESTMENTS**

Investments as of August 31, 2006, are summarized as follows:

	<u>Cost</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Unrestricted Fund (TIB Stock)	\$ 1,170	\$ 9,726	\$ 9,726
Temporarily Restricted Fund (corporate bonds)	198,088	197,948	197,948
Temporarily Restricted Fund (fixed income bonds)	50,046	49,490	49,490
Permanently Restricted Fund (corporate bonds)	298,798	297,856	297,856
Permanently Restricted Fund (fixed income bonds)	126,979	125,568	125,568
Permanently Restricted Fund (equity fund)	309,440	352,755	352,755
	<u>\$ 984,521</u>	<u>\$ 1,033,343</u>	<u>\$ 1,033,343</u>

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Specific scholarships, grants and program restrictions	\$ 438,061
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donor.

Specific scholarships, grants and program restrictions	\$ 136,050
Bank charges	2,712
Transfers from Unrestricted to Temporarily Restricted	<u>(5,025)</u>
	<u>\$ 138,363</u>

NOTE D - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following purposes:

Endowed scholarships	\$ 942,799
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Net assets were released from restrictions for the purposes summarized below. Scholarships and bank charges were paid out of investment earnings.

Endowed scholarships	\$ 8,971
Bank charges	<u>6,051</u>
	<u>\$ 15,022</u>

NOTE E - DONATED SERVICES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS (Continued)**NOTE F – RELATED PARTY TRANSACTIONS**

College of the Mainland provides facilities for the Foundation's operations. Because the fair market value of this contribution is not readily determinable, no amount is recorded in the financial statements. The College also contributes the salaries of the Foundation staff as well as supplies and travel reimbursement. This amount is recorded in the Statement of Activities as College of the Mainland contributions for salaries and supplies.

College of the Mainland provided \$4,726 cash contributions to provide various scholarships. The Foundation paid \$95,538 directly to the College to provide scholarships and \$11,936 to meet other donor restrictions to provide book funds, emergency money and various other pass-throughs.

As discussed in Note 1, the College of the Mainland Foundation operates as a separate organization for the purpose of assisting in and contributing to the academic and physical growth and development of College of the Mainland. Presently, two (2) Directors of the Foundation Board serve by virtue of their status as a Trustee of College of the Mainland. In addition, the President of College of the Mainland serves as a Director of the Foundation. These positions are non-voting.

NOTE G - SOURCE OF SIGNIFICANT CONTRIBUTIONS AND GRANTS

The sources of significant contributions for the year ended August 31, 2005 are as follows:

College of the Mainland (salaries & supplies)	\$	119,696	
BP Foundation, Inc.		32,644	
BP Corporation		29,865	
Exxon Mobile Foundation		6,000	
Mainland Medical Center		9,000	
Valero Refining		6,500	
Frank Webb		<u>73,970</u>	
		277,675	
All other contributions		<u>45,025</u>	\$ 322,700

The sources of grants for the year ended August 31, 2005 are as follows:

The Carmage & Martha Ann Wall Foundation	50,000	
Freedman Foundation	3,000	
Kempner Fund	2,500	
Galveston Daily News	26,500	
The Moody Foundation	<u>15,800</u>	<u>97,800</u>
Total contributions and grants		<u>\$ 420,500</u>

SUPPLEMENTAL SCHEDULES

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COLLEGE OF THE MAINLAND
SCHEDULE OF OPERATING REVENUE
For the Year Ended August 31, 2006
(With Memorandum Totals for the Year Ended August 31, 2005)

Schedule A

	<u>Educational Activities</u>			<u>Auxiliary Enterprises</u>	<u>Total Current</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>		<u>Year</u>	<u>Prior Year</u>
Tuition						
State funded credit courses						
In-district resident tuition	\$ 2,249,310	\$ -	\$ 2,249,310	\$ -	\$ 2,249,310	\$ 2,207,861
Out-of-district resident tuition	624,441	-	624,441	-	624,441	591,888
Non-resident tuition	15,908	-	15,908	-	15,908	11,115
TPEG - credit (set aside)*	160,742	-	160,742	-	160,742	144,989
State funded continuing education	737,828	-	737,828	-	737,828	414,337
TPEG - noncredit (set aside)*	52,779	-	52,779	-	52,779	44,082
Non-state funded educational programs	<u>602,259</u>	<u>-</u>	<u>602,259</u>	<u>-</u>	<u>602,259</u>	<u>969,772</u>
Total tuition	<u>4,443,267</u>	<u>-</u>	<u>4,443,267</u>	<u>-</u>	<u>4,443,267</u>	<u>4,384,044</u>
Fees						
Campus fees	170,354	-	170,354	-	170,354	178,881
Facility fees	151,138	-	151,138	-	151,138	160,481
Laboratory fees	117,137	-	117,137	-	117,137	104,212
Processing fees	345,718	-	345,718	-	345,718	370,863
Student service fees	-	-	-	98,271	98,271	101,038
Other fees	<u>102,336</u>	<u>-</u>	<u>102,336</u>	<u>-</u>	<u>102,336</u>	<u>260,542</u>
Total fees	<u>886,683</u>	<u>-</u>	<u>886,683</u>	<u>98,271</u>	<u>984,954</u>	<u>1,176,017</u>
Scholarship allowances and discounts						
Remissions and exemptions - state	(14,289)	-	(14,289)	-	(14,289)	(14,043)
Remissions and exemptions - local	(235,301)	-	(235,301)	-	(235,301)	(169,060)
Title IV federal grants	(1,162,846)	-	(1,162,846)	-	(1,162,846)	(1,267,146)
TPEG awards	<u>(214,656)</u>	<u>-</u>	<u>(214,656)</u>	<u>-</u>	<u>(214,656)</u>	<u>(177,037)</u>
Total scholarship allowances and discounts	<u>(1,627,092)</u>	<u>-</u>	<u>(1,627,092)</u>	<u>-</u>	<u>(1,627,092)</u>	<u>(1,627,286)</u>
Total net tuition and fees	<u>3,702,858</u>	<u>-</u>	<u>3,702,858</u>	<u>98,271</u>	<u>3,801,129</u>	<u>3,932,775</u>
Additional operating revenues						
Federal grants and contracts	163,965	6,284,451	6,448,416	6,231	6,454,647	6,127,362
State grants and contracts	-	349,330	349,330	-	349,330	308,083
Private grants and contracts	-	774,302	774,302	-	774,302	179,426
Sales and services of educational activities	148,783	-	148,783	-	148,783	156,466
General operating revenues	<u>138,537</u>	<u>3,926</u>	<u>142,463</u>	<u>-</u>	<u>142,463</u>	<u>188,613</u>
Total additional operating revenues	<u>451,285</u>	<u>7,412,009</u>	<u>7,863,294</u>	<u>6,231</u>	<u>7,869,525</u>	<u>6,959,950</u>
Auxiliary Enterprises						
Bookstore	-	-	-	1,670,632	1,670,632	1,634,697
Other auxiliary	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,007</u>	<u>434,007</u>	<u>304,104</u>
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,104,639</u>	<u>2,104,639</u>	<u>1,938,801</u>
Total operating revenues	<u>\$ 4,154,143</u>	<u>\$ 7,412,009</u>	<u>\$ 11,566,152</u>	<u>\$ 2,209,141</u>	<u>\$ 13,775,293</u>	<u>\$ 12,831,526</u>

* In accordance with Education Code 56.033, \$213,521 and \$189,071 of tuition was set aside for Texas Public Education Grants (TPEG) for the current and prior year, respectively.

COLLEGE OF THE MAINLAND
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2006
(With Memorandum Totals for the Year Ended August 31, 2005)

Schedule B

	<u>Operating Expenses</u>						
	<u>Salaries and</u>	<u>Benefits</u>		<u>Other</u>	<u>Total Current</u>		<u>Prior year</u>
		<u>Wages</u>	<u>State</u>				
Unrestricted - Educational Activities							
Instruction	\$ 8,398,909	\$ -	\$ 1,272,013	\$ 1,035,989	\$ 10,706,911	\$ 9,840,413	
Public service	1,177,393	-	178,316	326,490	1,682,199	1,602,486	
Academic support	2,195,562	-	332,518	266,540	2,794,620	2,610,933	
Student services	2,487,407	-	376,843	352,744	3,216,994	2,938,886	
Institutional support	2,788,637	-	449,999	2,275,507	5,514,143	5,081,971	
Operation and maintenance of plant	1,340,886	-	75,043	2,004,662	3,420,591	3,451,910	
Scholarships and fellowships	-	-	-	(758,392)	(758,392)	(982,170)	
Total unrestricted educational activities	<u>18,388,794</u>	<u>-</u>	<u>2,684,732</u>	<u>5,503,540</u>	<u>26,577,066</u>	<u>24,544,429</u>	
Restricted - Educational Activities							
Instruction	40,954	1,401,504	9,963	158,418	1,610,839	1,124,916	
Public service	1,128,670	196,469	133,811	671,203	2,130,153	1,339,822	
Academic support	564,245	366,368	126,227	402,355	1,459,195	1,607,149	
Student services	259,479	415,067	45,631	230,876	951,053	1,125,047	
Institutional support	-	465,333	-	-	465,333	376,747	
Operation and maintenance of plant	-	-	-	-	-	-	
Scholarships and fellowships	215,431	27,505	-	3,369,055	3,611,991	3,064,175	
Total restricted educational activities	<u>2,208,779</u>	<u>2,872,246</u>	<u>315,632</u>	<u>4,831,907</u>	<u>10,228,564</u>	<u>8,637,856</u>	
Total educational activities	<u>20,597,573</u>	<u>2,872,246</u>	<u>3,000,364</u>	<u>10,335,447</u>	<u>36,805,630</u>	<u>33,182,285</u>	
Auxiliary enterprises	<u>289,901</u>	<u>-</u>	<u>41,019</u>	<u>1,732,543</u>	<u>2,063,463</u>	<u>1,956,889</u>	
Depreciation expense:							
Buildings and other real estate improvements	-	-	-	780,143	780,143	720,119	
Equipment and furniture	-	-	-	493,128	493,128	205,399	
Library books	-	-	-	79,542	79,542	43,339	
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,352,813</u>	<u>1,352,813</u>	<u>968,857</u>	
Total operating expenses	<u>\$ 20,887,474</u>	<u>\$ 2,872,246</u>	<u>\$ 3,041,383</u>	<u>\$ 13,420,803</u>	<u>\$ 40,221,906</u> (Exhibit 2)	<u>\$ 36,108,031</u> (Exhibit 2)	

COLLEGE OF THE MAINLAND
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2006
(With Memorandum Totals for the Year Ended August 31, 2005)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Auxiliary enterprises</u>	<u>Total Current Year</u>	<u>Prior Year</u>
NON-OPERATING REVENUES:						
State appropriations						
Academic appropriation	3,877,808	-	3,877,808	-	3,877,808	3,430,541
Workforce appropriation	2,479,255	-	2,479,255	-	2,479,255	2,695,419
State group insurance	-	1,950,698	1,950,698	-	1,950,698	1,505,041
State retirement matching	-	921,548	921,548	-	921,548	798,593
Nursing growth	1,313	-	1,313	-	1,313	15,547
Total state appropriations	<u>6,358,376</u>	<u>2,872,246</u>	<u>9,230,622</u>	<u>-</u>	<u>9,230,622</u>	<u>8,445,141</u>
Maintenance ad valorem taxes	17,977,960	-	17,977,960	-	17,977,960	16,622,799
Investment income	440,547	96,496	537,043	-	537,043	294,661
Foreign trade zone fees	364,537	-	364,537	-	364,537	246,794
Fees collected for debt retirement	-	1,002,538	1,002,538	-	1,002,538	1,163,407
Other non-operating revenues	-	167	167	-	167	(1,439)
Total non-operating revenues	<u>25,141,420</u>	<u>3,971,447</u>	<u>29,112,867</u>	<u>-</u>	<u>29,112,867</u>	<u>26,771,363</u>
NON-OPERATING EXPENSES:						
Interest and fees on capital related debt	14,637	134,753	149,390	-	149,390	182,387
Fees transferred for debt retirement	1,002,538	-	1,002,538	-	1,002,538	1,165,600
Other non-operating expenses	-	129,923	129,923	-	129,923	180,524
Total non-operating expenses	<u>1,017,175</u>	<u>264,676</u>	<u>1,281,851</u>	<u>-</u>	<u>1,281,851</u>	<u>1,528,511</u>
Net non-operating revenues (expenses)	<u>24,124,245</u>	<u>3,706,771</u>	<u>27,831,016</u>	<u>-</u>	<u>27,831,016</u>	<u>25,242,852</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2006

Schedule D

	Detail by Source				Available for Current Operations	
	Restricted		Capital Assets		Yes	No
	Unrestricted	Expendable	Net of Depreciation & Related Debt	Total		
Current:						
Unrestricted	\$ 9,894,816	\$ -	\$ -	\$ 9,894,816	\$ 9,894,816	\$ -
Grants and donor restrictions	-	41,344	-	41,344	41,344	-
Auxiliary enterprises	1,353,976	-	-	1,353,976	1,353,976	-
Loan funds	-	128,750	-	128,750	-	128,750
Plant:						
Unexpended bond proceeds	-	656,391	-	656,391	-	656,391
Renewals and replacements	-	143,384	-	143,384	-	143,384
Debt service	-	576,570	-	576,570	-	576,570
Investment in plant	-	-	8,444,473	8,444,473	-	8,444,473
Total Net Assets, end of year	11,248,792	1,546,439	8,444,473	21,239,704 (Exhibit 1)	11,290,136	9,949,568
Total Net Assets, beginning of year	10,328,816	2,237,329	7,289,156	19,855,301 (Exhibit 1)	10,206,510	9,648,791
Net increase (decrease) in net assets	\$ 919,976	\$ (690,890)	\$ 1,155,317	\$ 1,384,403 (Exhibit 2)	\$ 1,083,626	\$ 300,777

**OVERALL COMPLIANCE, INTERNAL CONTROLS
AND FEDERAL AND STATE AWARDS SECTION**

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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***

To the Board of Trustees
College of the Mainland
Texas City, Texas

We have audited the financial statements of College of the Mainland (the "College") as of and for the year ended August 31, 2006, and have issued our report thereon dated January 18, 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, the provisions of the State of Texas Governor's Office of Budget and Planning Uniform Grant Management Standards, and the provisions of the Public Funds Investment Act (Sec. 2256, Texas Government Code). The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

Closing

This report is intended solely for the information and use of the board of trustees, the audit committee, administration, others within the organization and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

NULL-LAIRSON, PC

Null-Lairson, PC

Texas City, Texas
January 18, 2007



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***Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133***

To the Board of Trustees
College of the Mainland
Texas City, Texas

Compliance

We have audited the compliance of College of the Mainland (the "College") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas Governor's Office of Budget and Planning *Uniform Grant Management Standards* that are applicable to each of its major federal and state programs for the year ended August 31, 2006. 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 College administrators. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the State of Texas Governor's Office of Budget and Planning *Uniform Grant Management Standards*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, the College complied, in all material respects, with requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2006.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and the Texas Uniform Grant Management Standards.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the College as of and for the year ended August 31, 2006 and have issued our report thereon dated January 18, 2007. Our audit was performed for the purpose of forming opinions on these basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the Texas Uniform Grant Management Standards and is not a required part of the basic financial statements. This schedule is the responsibility of the College's administrators. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Closing

This report is intended solely for the information and use of the College's trustees, the audit committee, the administration, others within the organization and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

NULL-LAIRSON, PC

Null-Lairson, PC

Texas City, Texas
January 18, 2007

**COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2006**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	None Noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133?	None

Identification of major programs

Name of Federal Program or Cluster	CFDA Numbers
US Department of Education	
Student Financial Assistance Programs Cluster:	
Federal Supplemental Education Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Adult Education and Family Literacy Grant	84.002A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

**COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2006**

I. SUMMARY OF AUDITORS' RESULTS (Continued)

State Awards

Internal control over major programs:

Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Grant Management Standards?	None

Identification of major programs

None	
Dollar Threshold Considered Between Type A and Type B State Programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

**COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2006**

II. FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings or questioned costs required to be reported.

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings or questioned costs required to be reported.

IV. STATUS OF PRIOR YEAR FINDINGS

Finding # II-A

Controls over purchasing and coding of expenditures

Corrective Action Taken

Business Office personnel, independent of grant management, are now reviewing expenditures charged to grants for compliance with grantor requirements.

Finding # II-B

Approval of travel expenditures and Board approved travel policy

Corrective Action Taken

Business Office personnel are now reviewing travel expenditures for compliance with the College's Board approved travel policy. Additionally, the Board approved travel policy was updated and strengthened during the year.

V. CORRECTIVE ACTION PLAN

N/A

**COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2006**

**SCHEDULE E
Page 1 of 2**

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor / Project Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through From:			
Texas Department of Human Services Childcare Food Program	10.558	-	\$ 6,231
Total Department of Agriculture			<u>6,231</u>
<u>Environmental Protection Agency</u>			
Pass-Through From:			
Sam Houston State University SHSU Project	66.509	-	24,106
Total Environmental Protection Agency			<u>24,106</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Direct Programs:			
Consortium for the Advancement of Process Technology	47.076	DUE-020400	226,087
Consortium for the Advancement of Process Technology	47.076	DUE-0501729	54,742
Consortium for the Advancement of Process Technology	47.076	DUE-0532652	510,131
Pass-Through From:			
Gulf Coast Process Technology Alliance Consortium for the Advancement of Process Technology	47.076	DUE-0532652	1,107
Maricopa County Community College Consortium for the Advancement of Process Technology	47.076	DUE-0501854	10,000
Total National Science Foundation			<u>802,067</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Supplemental Educational Opportunity Grant*	84.007	-	201,681
Title III, Developmental Studies	84.031A	-	348,376
Federal College Work Study Program*	84.033	-	154,088
Student Support Services	84.042A	-	205,207
Federal Pell Grant*	84.063	-	3,133,855
Ccampis Grant	84.335A	-	13,683
Transition to Teach Grant	84.350A	-	157,113
Tech Prep Demonstration Grant	84.353A	-	163,285
Pass-Through From:			
Texas Education Agency Adult Education	84.002A	441000132104010	472,221
Texas 21st Century Learning Centers	84.287C	69500601	48,104
Texas Higher Education Coordinating Board			
LEAP	84.000	-	6,327
SLEAP	84.000	-	7,200
Carl Perkins Vocational Education	84.048	44212	224,111
North Harris Montgomery College			
Vocational Education - Tech. Prep.	84.278E	-	10,300
Vocational Education - Tech. Prep. Area Coordinator	84.243	-	102,941
Total Department of Education			<u>5,248,492</u>

**COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2006**

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor / Project Number</u>	<u>Pass Through Disbursements and Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance for Needy Families	93.558	6362501711078	<u>39,378</u>
Total Department of Health and Human Services			<u>39,378</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs:			
Community-based Job Training	17.261	CB-15218-06-60	246,180
Pass-Through From:			
Texas Higher Education Coordinating Board			
First Generation Student Support	17.267	FG-06	49,999
First Generation Student Support	17.267	FG-02	33,113
The Worksource			
First Generation Student Support	17.267	-	<u>5,080</u>
Total Department of Labor			<u>334,372</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,454,646</u>

* Clustered programs under OMB Circular A-133.

COLLEGE OF THE MAINLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Federal Assistance Reconciliation

Federal Grants and Contracts revenue - Per Schedule A	\$	6,454,646
Add Federal Grants and Contracts not reported on Schedule A		<u>-</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u>6,454,646</u>

Note 2 – Significant accounting policies used in preparing the schedule.

The expenditures included in Schedule E are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported on Schedule E represent funds that have been expended by the College for the purposes of the award. The expenditures reported on Schedule E 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 schedule.

Note 3 – Expenditures not subject to federal single audit.

None noted.

**COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2006**

SCHEDULE F

<u>Grantor Agency / Program Title</u>	<u>Grantor / Project Number</u>	<u>Expenditures</u>
<u>Texas Education Agency</u>		
Adult Education	60100017110085	\$ 99,432
Texas Grants Expansion Early/Middle College	51045037110002	85,799
Temporary Assistance for Needy Families	60110017110078	20,754
Total Texas Education Agency		205,985
<u>Texas Higher Education Coordinating Board</u>		
Texas College Work Study	-	69,159
First Generation College Students Grant	-	-
Texas Grant I	-	9,625
Texas Grant II	-	-
Texas Education Opportunity	-	19,985
UTMB Winner Nursing Grant	NIPG D-06	12,863
Nursing Scholarship Awards	-	1,713
Total Texas Higher Education Coordinating Board		113,345
<u>Texas Workforce Commission</u>		
Manufacturing Industry Pilot Implementation		30,000
Total Texas Workforce Commission		30,000
TOTAL EXPENDITURES OF STATE AWARDS		\$ 349,330

**COLLEGE OF THE MAINLAND
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**

Note 1 – State Assistance Reconciliation

State Revenues - Per Schedule A	\$ 349,330
Add State Revenues not reported on Schedule A	<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards	<u>\$ 349,330</u>

Note 2 – Significant accounting policies used in preparing the schedule.

Schedule F is presented using the accrual basis of accounting. See Note 2 to the financial statements for College of the Mainland's significant accounting policies. These expenditures are reported on College of the Mainland's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

STATISTICAL SUPPLEMENT

**College of the Mainland
Statistical Supplement 1
Net Assets by Component
Fiscal Year 2002 to 2006**

(unaudited)

	For the Fiscal Year Ended August 31,				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Invested in capital assets, net of related debt	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509	\$ 11,307,517	\$ 10,465,588
Restricted - expendable	1,546,439	2,237,329	3,477,110	73,310	-
Unrestricted	<u>11,248,792</u>	<u>10,328,816</u>	<u>6,204,258</u>	<u>5,333,987</u>	<u>6,775,066</u>
Total primary government net assets	<u>\$ 21,239,704</u>	<u>\$ 19,855,301</u>	<u>\$ 18,639,877</u>	<u>\$ 16,714,814</u>	<u>\$ 17,240,654</u>

College of the Mainland
Statistical Supplement 2
Revenues by Source
Fiscal Year 2002 to 2006
(unaudited)

	For the Fiscal Year Ended August 31,				
	(amounts expressed in thousands)				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition and fees (net of discounts)	\$ 4,443	\$ 4,362	\$ 3,769	\$ 2,492	\$ 2,619
Governmental grants and contracts					
Federal grants and contracts	6,455	6,122	5,105	4,259	3,334
State grants and contracts	349	308	388	511	622
Private grants and contracts	774	179	474	682	350
Sales and services of educational activities	149	156	237	104	95
Auxiliary enterprises	2,105	1,509	1,631	1,092	1,245
Other operating revenues	142	189	268	350	726
Total operating revenues	<u>14,417</u>	<u>12,827</u>	<u>11,873</u>	<u>9,490</u>	<u>8,991</u>
State appropriations	9,231	8,445	8,404	8,509	8,772
Ad valorem taxes	17,978	16,623	15,036	12,572	13,577
Investment income	537	295	149	255	297
Other non-operating revenues	532	(1)	189	-	-
Total non-operating revenues	<u>28,278</u>	<u>25,361</u>	<u>23,777</u>	<u>21,336</u>	<u>22,646</u>
Total revenues	<u>\$ 42,695</u>	<u>\$ 38,188</u>	<u>\$ 35,649</u>	<u>\$ 30,826</u>	<u>\$ 31,637</u>

	For the Fiscal Year Ended August 31,				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition and fees (net of discounts)	10.41%	11.42%	10.57%	8.08%	8.28%
Governmental grants and contracts					
Federal grants and contracts	15.12%	16.03%	14.32%	13.82%	10.54%
State grants and contracts	0.82%	0.81%	1.09%	1.66%	1.97%
Private grants and contracts	1.81%	0.47%	1.33%	2.21%	1.11%
Sales and services of educational activities	0.35%	0.41%	0.67%	0.34%	0.30%
Auxiliary enterprises	4.93%	3.95%	4.58%	3.54%	3.94%
Other operating revenues	<u>0.33%</u>	<u>0.49%</u>	<u>0.75%</u>	<u>1.14%</u>	<u>2.29%</u>
Total operating revenues	<u>33.77%</u>	<u>33.59%</u>	<u>33.30%</u>	<u>30.79%</u>	<u>28.42%</u>
State appropriations	21.62%	22.11%	23.57%	27.60%	27.73%
Ad valorem taxes	42.11%	43.53%	42.18%	40.78%	42.91%
Investment income	1.26%	0.77%	0.42%	0.83%	0.94%
Other non-operating revenues	<u>1.25%</u>	<u>0.00%</u>	<u>0.53%</u>	<u>0.00%</u>	<u>0.00%</u>
Total non-operating revenues	<u>66.23%</u>	<u>66.41%</u>	<u>66.70%</u>	<u>69.21%</u>	<u>71.58%</u>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**College of the Mainland
Statistical Supplement 3
Program Expenses by Function
Fiscal Year 2002 to 2006**

(unaudited)

	For the Fiscal Year Ended August 31,				
	(amounts expressed in thousands)				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction	\$ 12,125	\$ 10,877	\$ 9,531	\$ 9,414	\$ 9,390
Public service	3,785	2,930	6,002	5,195	5,179
Academic support	4,203	4,195	1,381	1,316	1,267
Student services	4,111	4,038	2,173	2,142	2,095
Institutional support	5,915	5,429	6,057	5,341	5,200
Operation and maintenance of plant	3,817	3,632	4,000	3,844	3,928
Scholarships and fellowships	2,850	2,081	1,802	1,565	1,640
Auxiliary enterprises	2,063	1,957	1,918	1,418	1,508
Depreciation	<u>1,353</u>	<u>969</u>	<u>956</u>	<u>940</u>	<u>855</u>
Total operating expenses	<u>40,222</u>	<u>36,108</u>	<u>33,820</u>	<u>31,175</u>	<u>31,062</u>
Interest on capital related debt	149	185	182	178	211
Other non-operating expenses	<u>130</u>	<u>180</u>	<u>95</u>	<u>-</u>	<u>-</u>
Total non-operating expenses	<u>130</u>	<u>180</u>	<u>95</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 40,352</u>	<u>\$ 36,288</u>	<u>\$ 33,915</u>	<u>\$ 31,175</u>	<u>\$ 31,062</u>

	For the Fiscal Year Ended August 31,				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction	30.05%	29.97%	28.10%	30.20%	30.23%
Public service	9.38%	8.07%	17.70%	16.66%	16.67%
Academic support	10.42%	11.56%	4.07%	4.22%	4.08%
Student services	10.19%	11.13%	6.41%	6.87%	6.74%
Institutional support	14.66%	14.96%	17.86%	17.13%	16.74%
Operation and maintenance of plant	9.46%	10.01%	11.79%	12.33%	12.65%
Scholarships and fellowships	7.06%	5.73%	5.31%	5.02%	5.28%
Auxiliary enterprises	5.11%	5.39%	5.66%	4.55%	4.85%
Depreciation	<u>3.35%</u>	<u>2.67%</u>	<u>2.82%</u>	<u>3.02%</u>	<u>2.75%</u>
Total operating expenses	<u>99.68%</u>	<u>99.50%</u>	<u>99.72%</u>	<u>100.00%</u>	<u>100.00%</u>
Interest on capital related debt	<u>0.32%</u>	<u>0.50%</u>	<u>0.28%</u>	<u>0.00%</u>	<u>0.00%</u>
Total non-operating expenses	<u>0.32%</u>	<u>0.50%</u>	<u>0.28%</u>	<u>0.00%</u>	<u>0.00%</u>

**College of the Mainland
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years**

Resident - Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2005	30	26	59	-	1.5 / SCH	1.5 / SCH	1.5 / SCH	395.50	791.50	6.46%	4.77%
2004	30	24	56	-	1.5 / SCH	1.5 / SCH	1.5 / SCH	371.50	755.50	10.73%	10.53%
2003	30	22	51	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	335.50	683.50	26.37%	38.50%
2002	20	17	36	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	265.50	493.50	-	-
2001	20	17	36	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	265.50	493.50	20.96%	20.81%
2000	10	14	29.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	219.50	408.50	-	-
1999	10	14	29.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	219.50	408.50	-	-
1998	10	14	29.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	219.50	408.50	3.29%	1.74%
1997	-	14	29.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	212.50	401.50	-	-
1996	-	14	29.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	212.50	401.50	-	-

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

Source: College of the Mainland catalog

Non-Resident - Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2005	30	89	89	-	1.5 / SCH	1.5 / SCH	1.5 / SCH	1,151.50	1,151.50	5.50%	5.50%
2004	30	84	84	-	1.5 / SCH	1.5 / SCH	1.5 / SCH	1,091.50	1,091.50	9.97%	9.97%
2003	30	76.75	76.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	992.50	992.50	39.89%	39.89%
2002	20	54	54	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	709.50	709.50	-	-
2001	20	54	54	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	709.50	709.50	20.56%	20.56%
2000	10	44.75	44.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	588.50	588.50	-	-
1999	10	44.75	44.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	588.50	588.50	-	-
1998	10	44.75	44.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	588.50	588.50	1.20%	1.20%
1997	-	44.75	44.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	581.50	581.50	-	-
1996	-	44.75	44.75	-	0.50 / SCH	1.5 / SCH	1.5 / SCH	581.50	581.50	-	-

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

**College of the Mainland
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Academic 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 and Operations (a)	Debt Service (a)	Total (a)
2005-06	8,448,755	1,057,033	7,391,722	87.49%	0.243020	-	0.243020
2004-05	7,697,695	995,858	6,701,837	87.06%	0.245280	-	0.245280
2003-04	6,825,486	844,787	5,980,699	87.62%	0.263060	-	0.263060
2002-03	6,474,099	792,036	5,682,063	87.77%	0.231870	-	0.231870
2001-02	7,327,139	1,137,519	6,189,620	84.48%	0.218000	-	0.218000
2000-01	6,702,767	926,313	5,776,454	86.18%	0.215760	-	0.215760
1999-00	6,610,093	955,632	5,654,461	85.54%	0.198815	-	0.198815
1998-99	6,554,935	869,275	5,685,660	86.74%	0.191468	0.007347	0.198815
1997-98	6,528,706	865,797	5,662,909	86.74%	0.180725	0.007450	0.188175
1996-97	6,543,344	867,738	5,675,606	86.74%	0.179148	0.007328	0.186476

Source: Local Appraisal District

Notes: Property is assessed at full market value

(a) per \$100 Taxable Assessed Valuation

College of the Mainland
Statistical Supplement 6
State Appropriations per FTSE and Contact Hour
Last Ten Academic Years
(unaudited)

Fiscal Year	State Appropriations	FTSE	(a)	State Appropriations per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriations per Contact Hour
2005-06	6,358,376	8,984		708	1,260,144	409,421	1,669,565	4
2004-05	6,141,547	9,834		625	1,346,056	436,354	1,782,410	3
2003-04	6,168,089	9,630		641	1,314,528	365,241	1,679,769	4
2002-03	6,001,707	9,006		666	1,225,048	410,659	1,635,707	4
2001-02	6,424,027	8,260		778	1,105,774	370,202	1,475,976	4
2000-01	6,461,360	7,498		862	1,003,496	441,104	1,444,600	4
1999-00	6,299,342	6,783		929	999,408	474,560	1,473,968	4
1998-99	6,899,324	6,863		1,005	962,776	525,736	1,488,512	5
1997-98	6,639,407	7,187		924	1,007,728	545,008	1,552,736	4
1996-97	5,926,329	7,398		801	1,043,436	544,490	1,587,926	4

Source for FTSE: CBM001 (FTSE is calculated by dividing total semester credit hours by 12 for fall and spring and dividing total semester credit hours by 4 for the summer sessions)

College of the Mainland
Statistical Supplement 7 (Page 1 of 2)
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV)					
		2005	2004	2003	2002	2001	2000
BP Products (NA) Inc.	Refinery	1,096,830,450	795,538,460	644,300,880	618,830,043	24,814,810	-
Amoco Texas Refinery Co.	Refinery	-	-	-	-	1,175,390,860	986,242,300
Valero Refining - Texas LP	Refinery	452,393,770	211,919,380	226,593,580	209,500,930	-	227,152,330
Union Carbide Corp.	Chemical Plant	275,301,650	323,858,720	289,066,050	371,724,990	-	515,503,290
MHCB (USA) Leasing and Finance	Finance Company	-	240,000,000	32,861,200	-	-	-
Sterling Chemicals Inc.	Chemical Plant	177,361,440	174,791,980	197,820,050	197,662,650	244,061,730	293,156,080
Marathon Ashland Petroleum LLC	Refinery	124,282,559	110,753,850	85,524,300	72,646,570	77,841,150	85,264,800
BP Amoco Chemical Co.	Chemical Plant	116,689,750	184,770,250	157,487,829	166,791,626	186,604,400	329,311,200
Reliant Energy	Energy	-	-	-	-	125,051,660	190,318,490
South Houston Green Power LP	Energy	111,081,430	119,028,140	67,423,690	-	108,103,680	-
Dow Chemical Company	Chemical Plant	-	-	47,797,890	59,033,860	55,664,720	-
Praxair Inc.	Gas Production	104,274,000	78,830,860	46,366,230	47,701,650	50,489,660	39,678,180
Innovene LLC	Chemical Plant	88,783,390	-	-	-	-	-
B.A.S.F. Corp	Refinery	60,217,690	28,182,920	40,510,230	30,360,530	51,542,280	37,816,270
Calpine Central LP	Co-generation Plant	55,339,310	64,760,470	71,642,310	-	-	-
ISP Technologies Inc.	Chemical Plant	51,047,810	46,827,270	47,693,200	48,983,990	50,520,110	49,606,780
Centerpoint Energy Inc.	Energy	47,320,960	46,609,910	44,067,590	102,658,120	-	-
Texas City Cogeneration LP	Co-generation Plant	-	-	-	81,129,900	84,129,900	84,641,710
Texas New Mexico Power Co.	Energy	44,629,450	47,229,960	43,151,690	38,460,860	36,574,890	41,495,510
Praxair Hydrogen Supply Inc.	Gas Production	35,156,650	34,008,020	33,749,900	33,772,300	37,365,650	39,964,600
Monsanto	Chemical Plant	-	-	-	-	35,835,900	-
Texas Genco II LP	Natural Gas	-	-	29,807,150	-	-	-
Transtexas Gas Corporation	Natural Gas	-	30,058,690	-	48,491,810	58,393,740	63,157,230
Lyondell-Citgo Refining LP	Refinery	35,118,110	-	-	-	-	-
GTE Southwest Inc.	Telephone	30,632,550	21,177,780	21,031,850	21,676,500	-	21,259,900
Texas City Terminal Railway Co.	Railway	26,449,880	26,143,050	26,153,740	26,084,970	26,134,110	26,111,970
Amoco Oil Company	Refinery	-	-	-	-	-	25,480,110
Seaway Pipeline Co.	Pipeline	-	-	-	-	-	22,943,440
Hunt Hassie Exploration Co.	Oil & Gas Exp.	-	19,250,940	-	-	-	-
Mainland Partner LLP	Healthcare	21,000,000	23,499,990	22,685,360	21,000,000	-	22,500,000
Gruy Petroleum Mgmt Co.	Refinery	20,085,470	-	-	-	-	-
Southwestern Bell Telephone Co	Telephone	-	-	-	20,833,440	21,393,900	22,204,500
Expro Engineering	-	-	-	-	19,143,800	27,462,960	-
	Totals	2,973,996,319	2,627,240,640	2,175,734,719	2,217,344,739	2,449,913,150	3,123,808,690
Total	Total Assessed Taxable Value	7,391,722,614	6,701,837,219	5,980,698,779	5,682,062,359	6,189,619,624	5,776,454,587

College of the Mainland
Statistical Supplement 7 (Page 2 of 2)
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV)					
		2005	2004	2003	2002	2001	2000
BP Products (NA) Inc.	Refinery	14.84%	11.87%	10.77%	10.89%	0.40%	-
Amoco Texas Refinery Co.	Refinery	-	-	-	-	18.99%	17.07%
Valero Refining - Texas LP	Refinery	6.12%	3.16%	3.79%	3.69%	-	3.93%
Union Carbide Corp.	Chemical Plant	3.72%	4.83%	4.83%	6.54%	-	8.92%
MHCB (USA) Leasing and Finance	Finance Company	-	3.58%	0.55%	-	-	-
Sterling Chemicals Inc.	Chemical Plant	2.40%	2.61%	3.31%	3.48%	3.94%	5.08%
Marathon Ashland Petroleum LLC	Refinery	1.68%	1.65%	1.43%	1.28%	1.26%	1.48%
BP Amoco Chemical Co.	Chemical Plant	1.58%	2.76%	2.63%	2.94%	3.01%	5.70%
Reliant Energy	Energy	-	-	-	-	2.02%	3.29%
South Houston Green Power LP	Energy	1.50%	1.78%	1.13%	-	1.75%	-
Dow Chemical Company	Chemical Plant	-	-	0.80%	1.04%	0.90%	-
Praxair Inc.	Gas Production	1.41%	1.18%	0.78%	0.84%	0.82%	0.69%
Innovene LLC	Chemical Plant	1.20%	-	-	-	-	-
B.A.S.F. Corp	Refinery	0.81%	0.42%	0.68%	0.53%	0.83%	0.65%
Calpine Central LP	Co-generation Plant	0.75%	0.97%	1.20%	-	-	-
ISP Technologies Inc.	Chemical Plant	0.69%	0.70%	0.80%	0.86%	0.82%	0.86%
Centerpoint Energy Inc.	Energy	0.64%	0.70%	0.74%	1.81%	-	-
Texas City Cogeneration LP	Co-generation Plant	-	0.00%	-	1.43%	1.36%	1.47%
Texas New Mexico Power Co.	Energy	0.60%	0.70%	0.72%	0.68%	0.59%	0.72%
Praxair Hydrogen Supply Inc.	Gas Production	0.48%	0.51%	0.56%	0.59%	0.60%	0.69%
Monsanto	Chemical Plant	-	-	-	-	0.58%	-
Texas Genco II LP	Natural Gas	-	-	0.50%	-	-	-
Transtexas Gas Corporation	Natural Gas	-	0.45%	-	0.85%	0.94%	1.09%
Lyondell-Citgo Refining LP	Refinery	0.48%	-	-	-	-	-
GTE Southwest Inc.	Telephone	0.41%	0.32%	0.35%	0.38%	-	0.37%
Texas City Terminal Railway Co.	Railway	0.36%	0.39%	0.44%	0.46%	0.42%	0.45%
Amoco Oil Company	Refinery	-	-	-	-	-	0.44%
Seaway Pipeline Co.	Pipeline	-	-	-	-	-	0.40%
Hunt Hassie Exploration Co.	Oil & Gas Exploratio	-	0.29%	-	-	-	-
Mainland Partner LLP	Healthcare	0.28%	0.35%	0.38%	0.37%	-	0.39%
Gruy Petroleum Mgmt Co.	Refinery	0.27%	-	-	-	-	-
Southwestern Bell Telephone Co	Telephone	-	-	-	0.37%	0.35%	0.38%
Expro Engineering		-	-	-	0.34%	0.44%	-
Total		40.23%	39.20%	36.38%	39.36%	40.02%	54.08%

**College of the Mainland
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years**

(unaudited)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cummulative Collections of Adjusted Levy
2006	\$ 17,901,679	\$ -	\$ 17,901,679	\$ 17,363,310	97.0%	\$ -	\$ -	\$ -	\$ 17,363,310
2005	16,455,479	(13,936)	16,441,543	15,480,398	94.2%	-	242,561	242,561	15,722,959
2004	15,763,553	(23,646)	15,739,907	15,207,960	96.6%	257,792	97,642	355,434	15,563,394
2003	14,072,767	(161,703)	13,911,064	13,392,757	96.3%	368,308	39,774	408,082	13,800,839
2002	13,493,371	(5,138)	13,488,233	13,064,324	96.9%	312,148	25,147	337,295	13,401,619
2001	12,545,811	(213,451)	12,332,360	12,174,854	98.7%	72,538	15,745	88,283	12,263,137
2000	12,194,141	(308,183)	11,885,958	11,725,597	98.7%	92,336	10,298	102,634	11,828,231
1999	11,282,391	5,786	11,288,177	10,960,545	97.1%	274,476	4,274	278,750	11,239,295
1998	11,257,081	18,748	11,275,829	10,972,262	97.3%	255,194	3,791	258,985	11,231,247
1997	10,619,038	1,015	10,620,053	10,333,117	97.3%	242,973	3,187	246,160	10,579,277

**College of the Mainland
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years**
(unaudited)

	For the Year Ended August 31									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Bonded Debt										
General obligation bonds	-	-	-	-	-	-	-	-	-	470,000
Notes	-	-	-	-	-	-	-	-	265,000	515,000
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	265,000	985,000
Other Debt										
Revenue bonds	2,670,000	3,530,000	4,375,000	2,460,000	3,025,000	3,565,000	4,080,000	4,575,000	3,115,000	3,385,000
Notes	243,440	273,568	452,779	622,566	758,136	906,276	1,136,686	1,359,772	394,252	628,145
Capital lease obligations	-	-	-	-	-	-	30,126	58,613	90,134	-
Total Outstanding Debt	2,913,440	3,803,568	4,827,779	3,082,566	3,783,136	4,471,276	5,246,812	5,993,385	3,864,386	4,998,145
General bonded debt ratios										
Per Capita	-	-	-	-	-	-	-	-	\$ 0.05	\$ 0.22
Per FTSE	-	-	-	-	-	-	-	-	37	133
As a percentage of Taxable Assessed Value	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	4.680%	17.355%
Total Outstanding Debt Ratios										
Per Capita	n/a	\$ 18.03	\$ 23.35	\$ 15.20	\$ 19.08	\$ 23.08	\$ 27.53	\$ 31.68	\$ 20.70	\$ 27.10
Per FTSE	324	387	501	342	458	596	774	873	538	676
As a percentage of Taxable Assessed Value	0.000%	56.754%	80.723%	54.251%	61.121%	77.405%	92.791%	105.412%	68.240%	88.064%

College of the Mainland
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Taxable Assessed Value	-	-	-	-	-	-	-	-	5,662,909,716	5,675,606,577
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	28,314,549	28,378,033
Less Funds Reserved for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	228,598	228,598
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	28,085,951	28,149,435
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	495,850	496,210
Excess of Statutory Limit for Debt Service Current Requirements	-	-	-	-	-	-	-	-	27,590,101	27,653,225
Net Current Requirements as a % of Statutory Limit	-	-	-	-	-	-	-	-	1.75%	1.75%

**College of the Mainland
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years**

(unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)				Debt Service Requirements (\$000 omitted)			
	Tuition	Continuing Education Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2006	135	1,340	441	1,915	860	102	962	1.99
2005	139	1,240	230	1,610	845	157	1,002	1.61
2004	133	1,156	120	1,410	585	117	702	2.01
2003	129	806	235	1,170	565	141	706	1.66
2002	118	770	253	1,141	540	164	704	1.62
2001	117	691	382	1,190	515	189	704	1.69
2000	116	734	359	1,209	495	212	707	1.71
1999	117	677	244	1,038	275	178	453	2.29
1998	125	773	-	897	165	159	324	2.77
1997	129	-	180	309	125	73	198	1.56

**College of the Mainland
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years**

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment	County Population	County Personal Income (thousands of dollars)	County Personal Income Per Capita	County Unemployment
2005	210,948	n/a	n/a	5.7	277,563	n/a	n/a	5.7
2004	206,738	6,626,963	32,055	6.9	272,024	8,719,688	32,055	6.9
2003	202,812	6,350,753	31,313	7.2	266,858	8,356,254	31,313	7.2
2002	198,227	6,053,294	30,537	6.6	260,825	7,964,860	30,537	6.6
2001	193,741	5,834,661	30,116	5.3	254,923	7,677,185	30,116	5.3
2000	190,575	5,612,317	29,449	4.9	250,757	7,384,627	29,449	4.9
1999	189,159	5,111,048	27,020	6.7	248,893	6,725,063	27,020	6.7
1998	186,689	4,925,121	26,381	6.8	245,644	6,480,422	26,381	6.8
1997	184,461	4,546,443	24,647	8.1	242,712	5,982,162	24,647	8.1
1996	182,496	4,219,577	23,122	8.3	240,126	5,552,075	23,122	8.3

Note: District population and personal income provided through a percentage (76%) of county-level data.
District personal income per capita and unemployment were not adjusted from county rates.

Sources:

Population from U.S. Census Bureau

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

Unemployment from Bureau of Labor Statistics.

n/a: not available

College of the Mainland
Statistical Supplement 13
Principal Employers
 Current Fiscal Year

Employer	Number of Employees	Description
American National Insurance	1000+	Insurance
BP Chemical CO	1000+	Industrial Inorganic Chmcls Nec (mfrs)
Dow Chemical CO	1000+	Chemicals (wholesale)
Kemah Boardwalk	1000+	Restaurants
Galveston College	500-999	Schools-universities & Colleges Academic
Gulf Greyhound Park	500-999	Race Tracks
Landry's Galveston Human Rsrcs	500-999	Employment Agencies & Opportunities
Mainland Medical Ctr	500-999	Hospitals
Perkins & Simpson Industries	500-999	Sales-manufacturers
Sterling Chemicals Energy Inc	500-999	Chemicals-manufacturers
UTMB Pathology	500-999	Physicians & Surgeons
Wal-Mart Supercenter	500-999	Department Stores

Source: SOCRATES at <http://socrates.cdr.state.tx.us>

Statistical Supplement 14										
Faculty, Staff, and Administrators Statistics										
Last Ten Fiscal Years										
Faculty (Count)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Full-Time	92	89	85	89	89	89	90	87	77	n/a
Part-Time	121	128	112	118	123	126	297	174	248	n/a
Total	213	217	197	207	212	215	387	261	325	n/a
Faculty (Percent)										
Full-Time	43%	41%	43%	43%	42%	41%	23%	33%	24%	n/a
Part-Time	57%	59%	57%	57%	58%	59%	77%	67%	76%	n/a
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	n/a
Staff and Administrators (Count)										
Full-Time	240	215	228	218	212	208	n/a	n/a	n/a	n/a
Part-Time	28	227	151	112	134	312	n/a	n/a	n/a	n/a
Total	268	442	379	330	346	520	194	190	169	n/a
Staff (Percent)										
Full-Time	90%	49%	60%	66%	61%	40%	n/a	n/a	n/a	n/a
Part-Time	10%	51%	40%	34%	39%	60%	n/a	n/a	n/a	n/a
Total	100%	100%	100%	100%	100%	100%	n/a	n/a	n/a	n/a
<i>Source: IPEDS and COM Fact Books</i>										
Note: Data not available for the 1996 year. Staff and administrator breakdown not available for years 1997-1999.										
n/a: not available										

**College of the Mainland
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years**

(unaudited)

Student Classification

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
< 30 hours	2,509	46.7%	2,251	43.0%	2,061	40.6%	2,129	38.0%	1,898	43.5%
30-72 hours	1,065	19.8%	1,173	22.4%	1,117	22.0%	851	15.2%	900	20.6%
> 72 hours	280	5.2%	386	7.4%	324	6.4%	279	5.0%	261	6.0%
Previously earned associate	45	0.8%	36	0.7%	50	1.0%	38	0.7%	39	0.9%
Previously earned baccalaureate or above	65	1.2%	87	1.7%	76	1.5%	63	1.1%	77	1.8%
CE (Non-credit)	1,405	26.2%	1,302	24.9%	1,454	28.6%	2,236	40.0%	1,193	27.3%
Total	5,369	100.0%	5,235	100.0%	5,082	100.0%	5,596	100.0%	4,368	100.0%

Semester Hour Load (Credit Only)

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
Less than 3	47	1.2%	50	1.3%	43	1.2%	58	1.7%	47	1.5%
3-5 semester hours	782	19.7%	747	19.0%	788	21.7%	706	21.0%	684	21.5%
6-8 semester hours	1,036	26.1%	1,057	26.9%	983	27.1%	883	26.3%	809	25.5%
9-11 semester hours	631	15.9%	598	15.2%	591	16.3%	521	15.5%	535	16.9%
12-14 semester hours	1,174	29.6%	1,169	29.7%	942	26.0%	903	26.9%	847	26.7%
15-17 semester hours	231	5.8%	254	6.5%	231	6.4%	228	6.8%	203	6.4%
18 and over	63	1.6%	58	1.5%	50	1.4%	61	1.8%	50	1.6%
Total	3,964	100.0%	3,933	100.0%	3,628	100.0%	3,360	100.0%	3,175	100.0%

Tuition Status (Credit Only)

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	N	Percent	N	Percent	N	Percent	N	Percent	N	Percent
In-District	3,110	78.5%	3,106	79.0%	2,913	80.3%	2,667	79.4%	2,551	80.3%
Out-of-District	839	21.2%	821	20.9%	707	19.5%	677	20.1%	611	19.2%
Nonresident	15	0.4%	6	0.2%	8	0.2%	16	0.5%	13	0.4%
Total	3,964	100.0%	3,933	100.0%	3,628	100.0%	3,360	100.0%	3,175	100.0%

Source: CBM001 and CBM00A

**College of the Mainland
Statistical Supplement 16
Student Profile
Last Five Fiscal Years**
(unaudited)

CREDIT STUDENTS

Ethnicity	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,199	57.4%	2,346	58.7%	2,326	58.9%	2,277	58.1%	2,070	57.7%
Black	659	17.2%	644	16.1%	680	17.2%	720	18.4%	691	19.3%
Hispanic	741	19.3%	782	19.6%	729	18.5%	717	18.3%	661	18.4%
Asian/Pacific Islander	106	2.8%	99	2.5%	89	2.3%	84	2.1%	71	2.0%
American Indian	21	0.5%	26	0.7%	31	0.8%	26	0.7%	28	0.8%
International	7	0.2%	4	0.1%	5	0.1%	9	0.2%	7	0.2%
Unknown	101	2.6%	98	2.5%	88	2.2%	86	2.2%	60	1.7%
Total	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%	3,588	100.0%
Gender										
Female	2,359	61.5%	2,359	59.0%	2,376	60.2%	2,404	61.3%	2,248	62.7%
Male	1,475	38.5%	1,640	41.0%	1,572	39.8%	1,515	38.7%	1,340	37.3%
Total	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%	3,588	100.0%

Source: CBM001

NON-CREDIT STUDENTS

Ethnicity	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	643	70.4%	1,001	71.2%	936	71.9%	1,029	70.8%	1,472	65.8%
Black	93	10.2%	200	14.2%	139	10.7%	172	11.8%	348	15.6%
Hispanic	158	17.3%	179	12.7%	189	14.5%	200	13.8%	363	16.2%
Asian/Pacific Islander	14	1.5%	15	1.1%	28	2.2%	33	2.3%	42	1.9%
American Indian	2	0.2%	5	0.4%	5	0.4%	8	0.6%	4	0.2%
International	4	0.4%	5	0.4%	5	0.4%	12	0.8%	7	0.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	914	100.0%	1,405	100.0%	1,302	100.0%	1,454	100.0%	2,236	100.0%
Gender										
Female	566	61.9%	690	49.1%	621	47.7%	698	48.0%	1,673	74.8%
Male	348	38.1%	715	50.9%	681	52.3%	756	52.0%	563	25.2%
Total	914	100.0%	1,405	100.0%	1,302	100.0%	1,454	100.0%	2,236	100.0%

Source: CBM00A

**College of the Mainland
Statistical Supplement 17
Transfers to Senior Institutions
2003-2004 Graduates, Completers, and Non-Returners as of Fall 2004
(Includes only public senior colleges in Texas)**

(unaudited)

Rank	Institution	Transfer Student Count - Academic	Transfer Student Count - Technical	Transfer Student Count - Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
Universities						
1	University of Houston at Clear Lake	150	29	9	188	26.78%
2	Texas A&M University	58	8	4	70	9.97%
3	University of Houston	63	7		70	9.97%
4	Texas State University	44	7	4	55	7.83%
5	The University of Texas at Austin	46	2		48	6.84%
6	Sam Houston State University	42	3	2	47	6.70%
7	Texas Southern University	26	6	2	34	4.84%
8	Stephen F. Austin State University	21	2	2	25	3.56%
9	Prairie View A&M University	22	2		24	3.42%
10	Texas A&M University at Galveston	20			20	2.85%
11	The University of Texas at San Antonio	8	2	2	12	1.71%
12	Lamar University	10	1		11	1.57%
13	University of North Texas	9	1		10	1.42%
14	Texas Woman's University	7	1		8	1.14%
15	University of Houston - Downtown	5	2	1	8	1.14%
16	Texas Tech University	4	1		5	0.71%
17	The University of Texas at Dallas	4	1		5	0.71%
18	Texas A&M University at Corpus Christi	3	1		4	0.57%
19	Sul Ross State University	3			3	0.43%
20	The University of Texas at Arlington	2	1		3	0.43%
21	Angelo State University	2			2	0.28%
22	The University of Texas at Tyler	2			2	0.28%
23	Texas A&M International University	1			1	0.14%
	Subtotal - Universities	552	77	30	659	
Health Science Institutions						
1	The University of Texas Medical Branch at Galveston	33	8	1	42	5.98%
2	The University of Texas Health Science Center at Houston	4			4	0.57%
3	Texas Tech University Health Science Center	1			1	0.14%
	Subtotal - Health Science Institutions	38	8	1	47	
	Total	590	85	31	706	100.00%

Source: THECB - Automated Student and Adult Learner Follow-Up System

**College of the Mainland
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2002 to 2006**

(unaudited)

	<u>Fiscal Year</u>				
	2006	2005	2004	2003	2002
Academic Buildings	12	12	12	12	11
Square footage	264,026	264,026	264,026	264,026	256,526
Libraries (incl. in Acad. Bldgs)					
Square footage	14120	14120	14120	14120	14120
Number of Volumes	50000	50000	50000	50000	50000
Administrative and Support buildings	5	4	4	4	4
Square footage	33963	32703	32703	32703	32703
Dining Facilities (incl. in Acad. Bldgs)					
Square footage	5420	5420	5420	5420	5420
Average daily customers	150	150	150	150	150
Athletic Facilities	2	2	2	2	2
Square footage	58678	58678	58678	58678	58678
Gymnasiums	1	1	1	1	1
Fitness Center (included in Gym)					
Swimming Pool (included in Gym)					
Racquetball Court	1	1	1	1	1
Plant Facilities	1	1	1	1	1
Square footage	2773	2773	2773	2773	2773
Transportation					
Cars	4	4	4	3	2
Light Trucks/Vans	12	12	11	10	10

OTHER SUPPLEMENTAL SCHEDULES

COLLEGE OF THE MAINLAND
BALANCE SHEET
August 31, 2006

Schedule S-1

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational and General</u>	<u>Auxiliary</u>	<u>Total Current Funds</u>	<u>Loan</u>	<u>Plant</u>	<u>Agency</u>	<u>Totals</u>
ASSETS									
Cash and cash equivalents	\$ 10,355,601	\$ (2,097,535)	\$ 8,258,066	\$ 737,620	\$ 8,995,686	\$ (83,560)	\$ 2,063,541	\$ 119,532	\$ 11,095,199
Short-term investments	-	-	-	-	-	-	-	-	-
Accounts receivable	2,503,516	2,386,249	4,889,765	44,036	4,933,801	-	-	3,469	4,937,270
Notes receivable (net)	-	-	-	-	-	221,777	-	-	221,777
Due from other funds	698,658	110,895	809,553	15,573	825,126	32,866	72,189	-	930,181
Prepaid expenses	163,670	-	163,670	-	163,670	-	-	-	163,670
Deferred charges	-	-	-	-	-	-	21,474	-	21,474
Inventories for resale	-	-	-	654,715	654,715	-	-	-	654,715
Capital assets	-	-	-	-	-	-	13,653,151	-	13,653,151
TOTAL ASSETS	\$ 13,721,445	\$ 399,609	\$ 14,121,054	\$ 1,451,944	\$ 15,572,998	\$ 171,083	\$ 15,810,355	\$ 123,001	\$ 31,677,437
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 793,889	\$ 15,500	\$ 809,389	\$ 17,955	\$ 827,344	\$ -	\$ 42,326	\$ -	\$ 869,670
Accrued liabilities	461,142	9,360	470,502	-	470,502	-	28,533	-	499,035
Due to other funds	122,320	-	122,320	2,413	124,733	42,333	710,000	53,114	930,180
Deferred revenues	3,279,444	333,405	3,612,849	77,600	3,690,449	-	-	-	3,690,449
Compensated absences payable	373,450	-	373,450	-	373,450	-	1,838,841	-	2,212,291
Bonds Payable	-	-	-	-	-	-	2,670,000	-	2,670,000
Notes payable	-	-	-	-	-	-	243,442	-	243,442
Other debt payable	456,394	-	456,394	-	456,394	-	456,395	-	912,789
Funds held in custody for others	-	-	-	-	-	-	-	69,887	69,887
Total Liabilities	5,486,639	358,265	5,844,904	97,968	5,942,872	42,333	5,989,537	123,001	12,097,743
Fund Balance	8,234,806	41,344	8,276,150	1,353,976	9,630,126	128,750	9,820,818	-	19,579,694
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,721,445	\$ 399,609	\$ 14,121,054	\$ 1,451,944	\$ 15,572,998	\$ 171,083	\$ 15,810,355	\$ -	\$ 31,677,437

COLLEGE OF THE MAINLAND
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 2006

Schedule S-2

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Total
REVENUES AND OTHER ADDITIONS:								
State appropriations	6,358,376	\$ 2,872,246	\$ 9,230,622	\$ -	\$ 9,230,622	\$ -	\$ -	\$ 9,230,622
Tuition and fees	4,866,839	-	4,866,839	-	4,866,839	-	-	4,866,839
Maintenance ad valorem taxes	18,109,940	-	18,109,940	-	18,109,940	-	-	18,109,940
Federal Grants and Contracts	163,965	6,284,451	6,448,416	6,230	6,454,646	-	-	6,454,646
State Grants and Contracts	-	349,330	349,330	-	349,330	-	-	349,330
Private grants and contracts	-	774,302	774,302	-	774,302	-	-	774,302
Sales and services of educational activities	148,783	-	148,783	-	148,783	-	-	148,783
Foreign trade zone fees	364,537	-	364,537	-	364,537	-	-	364,537
Investment income	440,547	-	440,547	-	440,547	3,017	93,479	537,043
Other income	138,537	3,926	142,463	-	142,463	167	3	142,633
Auxiliary enterprises	-	-	-	2,202,910	2,202,910	-	-	2,202,910
Total Revenues and Other Additions	<u>30,591,524</u>	<u>10,284,255</u>	<u>40,875,779</u>	<u>2,209,140</u>	<u>43,084,919</u>	<u>3,184</u>	<u>93,482</u>	<u>43,181,585</u>
								-
EXPENDITURES AND OTHER DEDUCTIONS:								
Expenditures (Sch. S-3)	28,162,325	10,284,255	38,446,580	2,063,463	40,510,043	-	-	40,510,043
Expended for Plant Facilities	-	-	-	-	-	-	692,185	692,185
Retirement of Indebtedness/Bonds and Notes	677,321	-	677,321	-	677,321	-	860,000	1,537,321
Interest & fees on Indebtedness	-	-	-	-	-	-	134,753	134,753
Net Decrease (Increase) in Long-Term Debt	-	-	-	-	-	-	(1,337,841)	(1,337,841)
Net Increase (Decrease) in Fixed Assets	-	-	-	-	-	-	182,524	182,524
Other Deductions	-	-	-	-	-	-	129,923	129,923
Total Expenditures and Other Deductions	<u>28,839,646</u>	<u>10,284,255</u>	<u>39,123,901</u>	<u>2,063,463</u>	<u>41,187,364</u>	<u>-</u>	<u>661,544</u>	<u>41,848,908</u>
								-
TRANSFERS-ADDITIONS/(DEDUCTIONS):								
Proceeds from Debt Issuance	176,161	-	176,161	-	176,161	-	-	176,161
Retirement of Indebtedness	(1,002,538)	-	(1,002,538)	-	(1,002,538)	-	1,002,538	-
Total Transfers-Additions/(Deductions)	<u>(826,377)</u>	<u>-</u>	<u>(826,377)</u>	<u>-</u>	<u>(826,377)</u>	<u>-</u>	<u>1,002,538</u>	<u>176,161</u>
NET INCREASE/(DECREASE) FOR THE								
FISCAL YEAR	925,501	-	925,501	145,677	1,071,178	3,184	434,476	1,508,838
FUND BALANCES, beginning	7,309,304	41,344	7,350,648	1,208,298	8,558,946	125,566	10,207,379	18,891,891
Prior period adjustment - depreciation/library books	-	-	-	-	-	-	(821,037)	(821,037)
FUND BALANCES, ending	<u>\$ 8,234,805</u>	<u>\$ 41,344</u>	<u>\$ 8,276,149</u>	<u>\$ 1,353,975</u>	<u>\$ 9,630,124</u>	<u>\$ 128,750</u>	<u>\$ 9,820,818</u>	<u>\$ 19,579,692</u>

COLLEGE OF THE MAINLAND
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE YEAR ENDED AUGUST 31, 2006
WITH MEMORANDUM TOTALS AT AUGUST 31, 2005

Schedule S-3

					TOTALS	
					(MEMORANDUM ONLY)	
	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
REVENUES:						
State appropriations	\$ 6,358,376	\$ 2,872,246	\$ 9,230,622	\$ -	\$ 9,230,622	\$ 8,445,142
Tuition and fees	4,866,839	-	4,866,839	98,271	4,965,110	5,199,921
Maintenance ad valorem taxes	18,109,940	-	18,109,940	-	18,109,940	16,243,592
Sales and services of educational activities	148,783	-	148,783	-	148,783	156,466
Sales and services of auxiliary enterprises	-	-	-	2,078,156	2,078,156	1,905,943
Federal grants and contracts	163,965	6,284,451	6,448,416	6,230	6,454,646	6,127,362
State grants and contracts	-	349,330	349,330	-	349,330	308,083
Private grants and contracts	-	774,302	774,302	-	774,302	179,426
Foreign trade zone fees	364,537	-	364,537	-	364,537	246,794
Investment income	440,547	-	440,547	-	440,547	230,825
Other income	138,537	3,926	142,463	26,483	168,946	221,470
Total Current Funds Revenues	<u>30,591,524</u>	<u>10,284,255</u>	<u>40,875,779</u>	<u>2,209,140</u>	<u>43,084,919</u>	<u>39,265,024</u>
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational & General:						
Instruction	10,706,911	1,509,550	12,216,461	-	12,216,461	10,895,796
Public service	1,682,199	2,115,954	3,798,153	-	3,798,153	2,929,881
Academic support	2,794,620	1,432,717	4,227,337	-	4,227,337	4,246,521
Student services	3,216,994	921,056	4,138,050	-	4,138,050	4,044,250
Institutional support	5,514,143	431,703	5,945,846	-	5,945,846	5,506,796
Operation and maintenance of plant	3,420,591	207,580	3,628,171	-	3,628,171	3,818,132
Scholarships and fellowships	404,454	3,610,004	4,014,458	-	4,014,458	3,348,066
Capital outlay	422,413	55,691	478,104	-	478,104	-
Total Educational and General Expenditures	<u>28,162,325</u>	<u>10,284,255</u>	<u>38,446,580</u>	<u>-</u>	<u>38,446,580</u>	<u>34,789,442</u>
Auxiliary Enterprise Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,063,463</u>	<u>2,063,463</u>	<u>1,956,889</u>
Mandatory Transfers for:						
Retirement of Indebtedness	1,002,538	-	1,002,538	-	1,002,538	1,002,926
Renewals and Replacements	-	-	-	-	-	160,481
Total Expenditures and Mandatory Transfers	<u>29,164,863</u>	<u>10,284,255</u>	<u>39,449,118</u>	<u>2,063,463</u>	<u>41,512,581</u>	<u>37,909,738</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):						
Proceeds from Debt Issuance	176,161	-	176,161	-	176,161	-
Debt Service Expenditures	(677,321)	-	(677,321)	-	(677,321)	(649,589)
Total Other Transfers and Additions/(Deductions)	<u>(501,160)</u>	<u>-</u>	<u>(501,160)</u>	<u>-</u>	<u>(501,160)</u>	<u>(649,589)</u>
NET INCREASE IN FUND BALANCES	<u>925,501</u>	<u>-</u>	<u>925,501</u>	<u>145,677</u>	<u>1,071,178</u>	<u>705,697</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF CHANGES IN FUND BALANCES
UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES
FOR THE YEAR ENDED AUGUST 31, 2006

Schedule S-4

	Bookstore	Child Care Center	Food Service	USDA Food Program	President's Fund	Student Activity Fee	Center for Advancement of Process Technology	CE Mexico Study Tour	TOTAL
Revenues									
Sales and services	1,670,632	109,503	15,000	-	-	-	283,021	-	2,078,156
Student service fees	-	-	-	-	-	98,271	-	-	98,271
Federal grants	-	-	-	6,231	-	-	-	-	6,231
Other income	0	-	-	-	-	-	-	26,483	26,483
Total revenue	1,670,632	109,503	15,000	6,231	-	98,271	283,021	26,483	2,209,141
Expenditures									
Salaries and wages	191,969	58,028	-	-	-	18,901	21,003	-	289,901
Employee benefits	36,220	2,895	-	-	-	1,721	183	-	41,019
Contracted services	5,773	-	-	-	-	6	93,080	-	98,859
Supplies	1,253,341	16,060	103	-	37,646	236	45,797	-	1,353,183
Other operating expenses	21,365	535	143	-	13,583	127,842	96,429	20,604	280,501
Total Expenditures	1,508,668	77,518	246	-	51,229	148,706	256,492	20,604	2,063,463
Excess revenue over expenditures	161,964	31,985	14,754	6,231	(51,229)	(50,435)	26,529	5,879	145,678
Intrafund Transfers:									
In	-	70,000	-	-	-	-	-	-	70,000
Out	-	-	-	-	(70,000)	-	-	-	(70,000)
Balances, beginning of year	904,875	109,801	46,016	-	(49,320)	44,893	139,337	12,696	1,208,298
Balances, end of year	1,066,839	211,786	60,770	6,231	(170,549)	(5,542)	165,866	18,575	1,353,976

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