



College *of the* Mainland

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2007



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**COLLEGE OF THE MAINLAND
ORGANIZATIONAL DATA
FOR THE YEAR ENDED AUGUST 31, 2007**

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

			Term Expires May 31,
Bennie Matthews	Chairperson	Texas City, Texas	2013
Ralph Holm	Vice-Chairperson	Texas City, Texas	2009
Rosalie R. Kettler	Secretary	Dickinson, Texas	2013
Don Criss	Member	Santa Fe, Texas	2011
Dr. Annette Jenkins	Member	Texas City, Texas	2011
Clemon P. Prevost, Sr.	Member	Texas City, Texas	2013
Nick Stepchinski	Member	Bayou Vista, Texas	2009

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James R. Templer	Vice-President for Instruction
Lisa Templer	Vice-President for College and Financial Services
David R. Rac	Associate Vice-President for Financial Services

**COLLEGE OF THE MAINLAND
ANNUAL FINANCIAL AND COMPLIANCE REPORT
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Independent Auditors' 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, 2007, 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, 2007, 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 November 27, 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



Texas City, Texas
November 27, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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COLLEGE OF THE MAINLAND
MANAGEMENT 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 2007. 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 been able to increase net assets each year since 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 third of four payments in the amount of \$456,394, with the final payment due by December 31, 2007.

Current assets increased by \$1,676,450 due to an increase in cash and cash equivalents, accounts receivable, prepaid expenses with an overall increase in total assets of \$2,486,383. In addition, the College was able to reduce their liabilities by \$707,234 primarily due to payments made on the 1996 and the 2004 revenue bonds outstanding. Also, the noncurrent portion of the tax refund payable to BP was reduced to zero because the last payment will be made to BP for the tax refund in December 2007, which reduced the noncurrent liability by \$456,394. During 2007 the College was able to increase net assets by \$2,962,195 when compared to the prior year.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

	Current Year	Prior Year	Change
Current assets	\$ 18,525,326	\$ 16,848,876	\$ 1,676,450
Capital assets	13,702,848	13,653,151	49,697
Other Non-Current assets	1,005,465	245,229	760,236
Total assets	<u>33,233,639</u>	<u>30,747,256</u>	<u>2,486,383</u>
Current liabilities	5,192,764	4,605,725	587,039
Non-current liabilities	3,607,555	4,670,405	(1,062,850)
Total liabilities	<u>8,800,319</u>	<u>9,276,130</u>	<u>(475,811)</u>
Invested in capital assets, net of related debt	8,556,539	8,444,473	112,066
Restricted net assets	997,020	1,546,439	(549,419)
Unrestricted net assets	14,879,761	11,480,214	3,399,547
Total net assets	<u>\$ 24,433,320</u>	<u>\$ 21,471,126</u>	<u>\$ 2,962,194</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 2007, operating revenue decreased by \$1,530,435. This was due to a decrease in tuition and fees of approximately \$110,000 because of declining enrollment. Also a decrease in auxiliary revenue that was caused by a decrease in Bookstore revenue of \$146,000 because of declining enrollment, a decrease in the Center for the Advancement of Process Technology (CAPT) auxiliary of \$283,000, and a decrease in food service revenue of \$15,000. In addition, federal grants decreased by \$1,185,897. This large decrease in federal grants was caused by transmitting \$659,700 of Pell funds to student accounts in August 2006 instead of September 2006 as would normally be done. This was done as a result of our Datatel administrative software implementation to ensure that our students could purchase books. We will transmit Pell in September going forward. Federal grants also decreased because we had no new federal grants and we were in the 2nd and 3rd year of existing grants, which typically decline each year.

The College experienced a significant increase of \$2.5 million in non-operating revenue, which was due to an increase of \$1.8 million in tax revenue, \$269,937 in foreign trade zone revenue, \$153,190 in state appropriations, and \$141,509 in investment income. The current year activity resulted in an increase in net assets of \$2,962,194, which is very favorable for the College, and serves to satisfy the goal of retaining 25% of the operating budget in reserves.

On the expense side a large variance of \$2,105,179 is noted in Scholarships and Fellowships when comparing the current fiscal year to the prior year. This variance was caused by \$773,000 of Pell being expended in August 2006, rather than September 2006. This timing difference was related to our Datatel administrative software implementation and not be an issue going forward. Once that variance is accounted for there was a true reduction of Pell of \$296,000, a reduction of Student Worker expenditures of \$80,000, a reduction in SEOG expenditures of \$29,000 and reduction of TPEG expenditures of \$97,000, which were caused by declining enrollment.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

Another material increase was in Instructional expenses, which increased by \$890,229. The increase was due to a \$440,000 increase in faculty payroll, \$273,000 in additional grant funds, and \$55,000 in information technology. Another significant increase in expenditures was noted in Institutional Support. That increase was caused by a payroll increase of \$196,000, an increase in election costs of \$92,000 since we did not have an election in the prior year, an increase in audit expenses of \$64,000, an increase in information technology expenses of \$63,800 and an increase in advertising expenditures of \$100,000.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues	\$ 12,244,858	\$ 13,775,293	\$ (1,530,435)
Operating expenses	<u>(39,638,690)</u>	<u>(39,990,483)</u>	<u>351,793</u>
Net Operating income (loss)	(27,393,832)	(26,215,190)	(1,178,642)
Non-operating revenues (expenses)	<u>30,356,026</u>	<u>27,831,016</u>	<u>2,525,010</u>
Total increase (decrease) in net assets	<u>\$ 2,962,194</u>	<u>\$ 1,615,826</u>	<u>\$ 1,346,368</u>

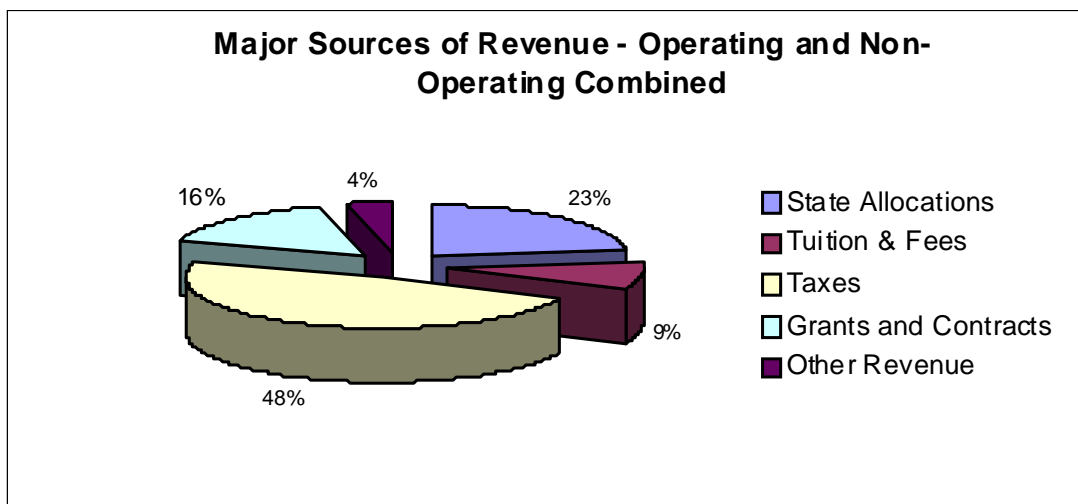
The College's major sources of revenue, categorized as operating and non-operating, are as follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues:			
Tuition and fees	\$ 3,690,496	\$ 3,801,129	\$ (110,633)
Federal grants and contracts	5,268,750	6,454,647	(1,185,897)
State grants and contracts	292,384	349,330	(56,946)
Non-governmental grants and contracts	1,149,311	774,302	375,009
Sales and services of educational activities	173,141	148,783	24,358
Auxiliary enterprises (net of discounts)	1,619,222	2,104,639	(485,417)
General operating revenues	<u>51,554</u>	<u>142,463</u>	<u>(90,909)</u>
Total operating revenues	<u>12,244,858</u>	<u>13,775,293</u>	<u>(1,530,435)</u>
Non-operating revenues:			
State appropriations	9,383,812	9,230,622	153,190
Maintenance ad valorem taxes	19,799,410	17,977,960	1,821,450
Investment income	678,552	537,043	141,509
Foreign trade zone fees	634,474	364,537	269,937
Other non-operating revenue	<u>43,895</u>	<u>167</u>	<u>43,728</u>
Total non-operating revenues	<u>30,540,143</u>	<u>28,110,329</u>	<u>2,386,086</u>
Total revenues	<u>\$ 42,785,001</u>	<u>\$ 41,885,622</u>	<u>\$ 855,651</u>

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

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	\$ 9,383,812	\$ 9,230,622	\$ 153,190
Tuition and fees	3,690,496	3,801,129	(110,633)
Grants and contracts	6,710,445	7,578,279	(867,834)
Taxes	19,799,410	17,977,960	1,821,450
Auxiliary enterprises	1,619,222	2,104,639	(485,417)
Total revenues	<u>\$ 41,203,385</u>	<u>\$ 40,692,629</u>	<u>\$ 510,756</u>

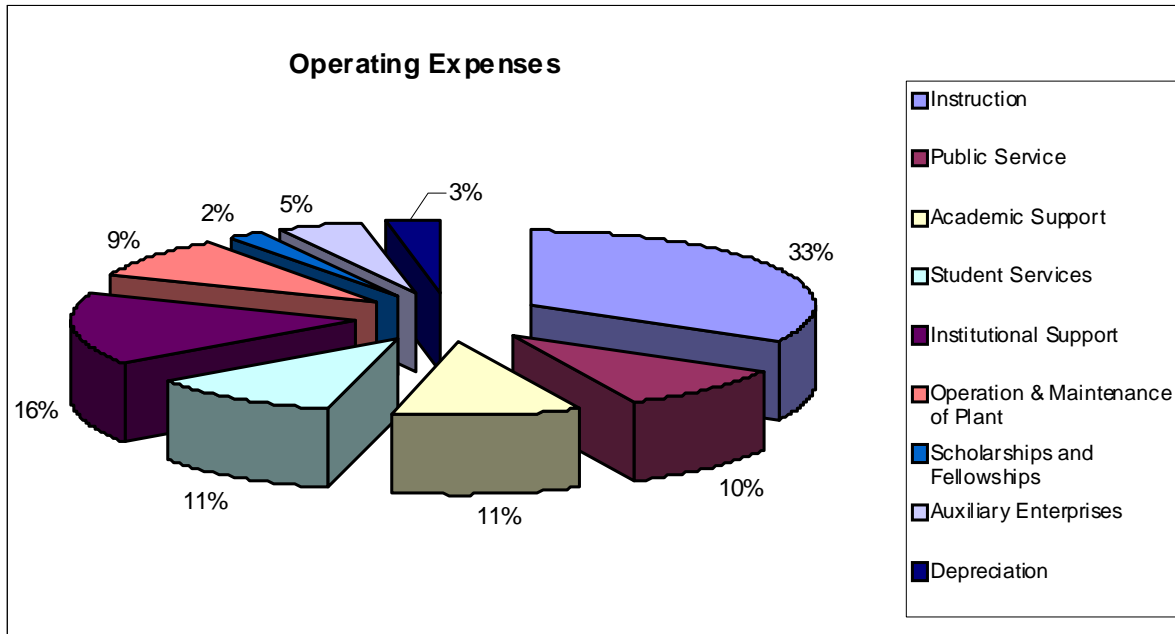


Operating expenses are reported in the Financial Statement by functional classification and are presented below for fiscal years 2007 and 2006.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Instruction	\$ 13,095,174	\$ 12,204,945	\$ 890,229
Public service	3,979,672	3,796,538	183,134
Academic support	4,289,910	4,224,326	65,584
Student services	4,229,359	4,134,639	94,720
Institutional support	6,468,943	5,941,783	527,160
Operation and maintenance of plant	3,371,011	3,420,591	(49,580)
Scholarships and fellowships	746,206	2,851,385	(2,105,179)
Auxiliary enterprises	1,988,814	2,063,463	(74,649)
Depreciation expense	1,469,601	1,352,813	116,788
Total operating expenses	<u>\$ 39,638,690</u>	<u>\$ 39,990,483</u>	<u>\$ (351,793)</u>

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

Operating expenses for fiscal year 2007 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. Beginning in September we have received ten payments for state appropriations. 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	\$ (26,019,943)	\$ (25,371,127)	\$ (648,816)
Net cash provided by (used in) non-capital financing activities	29,947,194	27,245,745	2,701,449
Net cash provided by (used in) capital and related financing activities	(2,631,160)	(2,666,202)	35,042
Net cash provided by (used in) investing activities	678,552	537,043	141,509
Increase (decrease) in cash and cash equivalents	1,974,643	(254,541)	2,229,184
Cash and cash equivalents, beginning of year	11,095,199	11,349,739	(254,540)
Cash and cash equivalents, end of year	<u>\$ 13,069,842</u>	<u>\$ 11,095,198</u>	<u>\$ 1,974,644</u>

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

During the year two facilities were leased by the College. One of the new facilities, located at 150 Parker Court in League City, is adjacent to an existing leased facility the College has had for three years at 200 Parker Court in League City. The intended use of the new facility is mainly for our Medical and health related programs, but also for dual credit courses and other credit and non-credit courses.

The other new leased facility is located on Delaney Road in La Marque. That building serves as our Center for Advanced Skill Training (CAST). The CAST center is funded by our Department of Labor Community Based Job Training Grant and provides training for welding, pipefitting, HVAC and electrical.

A major factor in maintaining viable academic programs is the quality of the College's capital assets. During the year, the College spent approximately \$884,000 on deferred maintenance and renovation projects. Some projects completed during the year were the remodeling of the Business Office in the Administration Building, remodeling of the Student Service Testing area, remodeling of the Child Development Preschool Lab, Technical Vocational auditorium ceiling and lighting renovation, Food Service equipment installation, Phase II of IV on the Technical Vocational Building HVAC installation, Central Plant water softener system installation, campus jogging trail restoration, and Machine Shop electrical upgrade.

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 learning-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, 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 one building, renovation of the Technical Vocational Building, renovation of the Learning Resource Center, and significant deferred maintenance issues will be addressed. It is anticipated that the facilities master plan will be implemented over a period of seven (7) to ten (10) years.

In order to fund the facilities master plan, the College must ask the voters to approve a \$100 million bond election. The College has only received ad valorem bonds in the past for the original construction of the campus.

In 2007 the College celebrated its 40 year anniversary, and although we have done a good job in maintaining our facilities, it is now necessary to do major renovation of our buildings. The College held a bond election in May 2007 that was unsuccessful. The College realizes that it did not do an adequate job in providing information to the community, so in our next effort at a bond election we will invite members of the community to be an integral part of the process.

Please note that his 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.

BASIC FINANCIAL STATEMENTS

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COLLEGE OF THE MAINLAND
STATEMENT OF NET ASSETS
August 31, 2007 and 2006

Exhibit 1

	<u>Current year</u>	<u>Prior year</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,207,735	\$ 11,093,221
Accounts receivable (net)	5,365,844	4,937,270
Inventories	640,775	654,715
Prepaid expenses	310,972	163,670
Total current assets	<u>18,525,326</u>	<u>16,848,876</u>
Noncurrent assets		
Restricted cash and cash equivalents	862,107	1,978
Notes receivable (net)	121,884	221,777
Deferred charges	21,474	21,474
Capital assets (net), (see notes)	13,702,848	13,653,151
Total noncurrent assets	<u>14,708,313</u>	<u>13,898,380</u>
Total Assets	<u>33,233,639</u>	<u>30,747,256</u>
LIABILITIES		
Current liabilities		
Accounts payable	603,224	862,126
Accrued liabilities	256,927	239,080
Compensated absences and severance payable - current	426,980	373,450
Accrued interest payable	28,533	28,533
Funds held for others	113,754	69,887
Deferred revenues	2,834,485	2,037,982
Tax refund payable - current portion	456,394	456,394
Notes payable - current portion	42,467	123,273
Bonds payable - current portion	430,000	415,000
Total current liabilities	<u>5,192,764</u>	<u>4,605,725</u>
Noncurrent liabilities		
Compensated absences and severance payable - noncurrent	1,705,854	1,838,841
Tax refund payable - noncurrent	-	456,395
Notes payable	76,701	120,169
Bonds payable	1,825,000	2,255,000
Total noncurrent liabilities	<u>3,607,555</u>	<u>4,670,405</u>
Total Liabilities	<u>8,800,319</u>	<u>9,276,130</u>
NET ASSETS		
Invested in capital assets, net of related debt	8,556,539	8,444,473
Restricted for:		
Grants and donor restrictions	28,005	41,344
Loan funds	132,107	128,750
Unexpended bond proceeds	292,585	656,391
Renewals and replacements	(95,245)	143,384
Debt service	639,568	576,570
Unrestricted	14,879,761	11,480,214
Total Net Assets (Schedule D)	<u>\$ 24,433,320</u>	<u>\$ 21,471,126</u>

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

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

College of the Mainland Foundation - Fiscal Year August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Current Year 8/31/2007</u>	<u>Prior Year 8/31/2006</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 42,984	\$ 160,704	\$ -	\$ 203,688	\$ 261,759
Investments at cost	1,170	297,724	-	298,894	249,304
Allowance for unrealized gain/ (loss) in market value of securities	8,626	1,438	-	10,064	7,615
Donations receivable net allowance for uncollectible amounts of \$0	865	216,536	-	217,401	5,232
Student loans receivable net of allowance for uncollectible amounts of \$10,116	-	-	-	-	567
Inventory	-	739	-	739	756
Total current assets	<u>53,645</u>	<u>677,141</u>	<u>-</u>	<u>730,786</u>	<u>525,233</u>
Noncurrent assets:					
Cash and cash equivalents	-	-	124,691	124,691	102,332
Investments at cost (restricted)	-	-	763,412	763,412	735,217
Allowance for unrealized gain/(loss) in market value of securities	-	-	88,278	88,278	41,280
Donations receivable net allowance for uncollectible amounts of \$0	-	-	67,725	67,725	63,970
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,044,106</u>	<u>1,044,106</u>	<u>942,799</u>
Total assets	<u>53,645</u>	<u>677,141</u>	<u>1,044,106</u>	<u>1,774,892</u>	<u>1,468,032</u>
Liabilities and Net Assets					
Current liabilities					
Accounts payable	-	-	-	-	20,500
Sales tax payable	-	5	-	5	17
Total liabilities	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>20,517</u>
Net assets	45,019	675,698	954,958	1,675,675	1,397,746
Unrealized gain/(loss) in fair market value of securities	8,626	1,438	89,148	99,212	49,766
Total net assets	<u>53,645</u>	<u>677,136</u>	<u>1,044,106</u>	<u>1,774,887</u>	<u>1,447,512</u>
Total liabilities and net assets	<u>\$ 53,645</u>	<u>\$ 677,141</u>	<u>\$ 1,044,106</u>	<u>\$ 1,774,892</u>	<u>\$ 1,468,029</u>

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, 2007 and 2006

Exhibit 2

	<u>Current year</u>	<u>Prior year</u>
Operating Revenues		
Tuition and fees (net of discounts of \$1,797,589 and \$1,197,726)	\$ 3,690,496	\$ 3,801,129
Federal grants and contracts	5,268,750	6,454,647
State grants and contracts	292,384	349,330
Private grants and contracts	1,144,469	774,302
Local grants and contracts	4,842	-
Sales and services of educational activities	173,141	148,783
Auxiliary enterprises (net of discounts)	1,619,222	2,104,639
General operating revenues	51,554	142,463
Total operating revenues (Schedule A)	<u>12,244,858</u>	<u>13,775,293</u>
Operating Expenses		
Instruction	13,095,174	12,204,945
Public service	3,979,672	3,796,538
Academic support	4,289,910	4,224,326
Student services	4,229,359	4,134,639
Institutional support	6,468,943	5,941,783
Operation and maintenance of plant	3,371,011	3,420,591
Scholarships and fellowships	746,206	2,851,385
Auxiliary enterprises	1,988,814	2,063,463
Depreciation expense	1,469,601	1,352,813
Total operating expenses (Schedule B)	<u>39,638,690</u>	<u>39,990,483</u>
Operating income (loss)	<u>(27,393,832)</u>	<u>(26,215,190)</u>
Non-operating revenues (expenses)		
State appropriations	9,383,812	9,230,622
Maintenance ad valorem taxes	19,799,410	17,977,960
Investment income	678,552	537,043
Foreign trade zone fees	634,474	364,537
Interest and fees on capital related debt	(116,193)	(149,390)
Other non-operating revenues	43,895	167
Other non-operating expenses	(67,924)	(129,923)
Net non-operating revenues (expenses) (Schedule C)	<u>30,356,026</u>	<u>27,831,016</u>
Increase (decrease) in net assets	<u>2,962,194</u>	<u>1,615,826</u>
Net assets - beginning of year, as originally presented	21,239,703	19,855,300
Prior period adjustment	231,423	-
Net assets - beginning of year, as restated	<u>21,471,126</u>	<u>19,855,300</u>
Net assets - end of year	<u>\$ 24,433,320</u>	<u>\$ 21,471,126</u>

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, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Current Year 8/31/07</u>	<u>Prior Year 8/31/06</u>
Public Support, Revenue, and					
Reclassifications:					
Contributions endowed	\$ -	\$ -	\$ 30,757	\$ 30,757	\$ 78,733
Contributions non-endowed	980	327,691	-	328,671	107,906
College of the Mainland contributions for salaries and supplies	119,776	-	-	119,776	119,696
Grants	-	7,863	-	7,863	97,800
Interest, dividends, and capital gain distributions	2,969	16,657	31,175	50,801	34,753
Gain (loss) on sale of investments	-	(360)	(64)	(424)	4,849
Assets restricted by board	(10,500)	-	10,500	-	-
Net assets released from restrictions in satisfaction of purpose restrictions	116,919	(98,860)	(18,059)	-	-
Total public support, revenues, and reclassifications	<u>230,144</u>	<u>252,991</u>	<u>54,309</u>	<u>537,444</u>	<u>443,737</u>
Expenses:					
Programs:					
Scholarships Endowed	10,108	-	-	10,108	8,971
Scholarships Non-Endowed	72,769	-	-	72,769	86,559
Payments to College of the Mainland	-	-	-	-	11,936
Other Program Payments	22,890	-	-	22,890	42,109
Total programs	<u>105,767</u>	<u>-</u>	<u>-</u>	<u>105,767</u>	<u>149,575</u>
Administration	42,322	-	-	42,322	39,003
Bad Debt Expense	-	-	-	-	-
Salaries	106,629	-	-	106,629	109,454
Fundraising expenses	4,797	-	-	4,797	10,264
Total expenses	<u>259,515</u>	<u>-</u>	<u>-</u>	<u>259,515</u>	<u>308,296</u>
Change in net assets	(29,371)	252,991	54,309	277,929	135,441
NET ASSETS, beginning of year, as originally stated	83,016	438,061	942,800	1,463,877	1,284,537
Prior period adjustment	-	(16,365)	-	(16,365)	-
NET ASSETS, beginning of year, as restated	<u>83,016</u>	<u>421,696</u>	<u>942,800</u>	<u>1,447,512</u>	<u>1,284,537</u>
Change in unrealized gain or (loss) in market value of securities	-	2,449	46,997	49,446	27,534
NET ASSETS, end of year	<u>\$ 53,645</u>	<u>\$ 677,136</u>	<u>\$ 1,044,106</u>	<u>\$ 1,774,887</u>	<u>\$ 1,447,512</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, 2007 and 2006

	<u>Current year</u>	<u>Prior year</u>
Cash flows from operating activities:		
Receipts from students and other customers	\$ 4,647,277	\$ 5,577,013
Receipts of grants and contracts	7,969,252	6,472,876
Payments to or on behalf of employees	(26,911,723)	(24,365,567)
Payments to suppliers for goods or services	(9,973,348)	(10,205,641)
Payments for scholarships and fellowships	(1,751,401)	(2,849,808)
Other receipts	-	-
Net cash provided (used) by operating activities	<u>(26,019,943)</u>	<u>(25,371,127)</u>
Cash flows from non-capital financing activities:		
Receipts of state allocations	9,383,812	9,230,622
Receipts from ad valorem taxes	19,785,148	17,846,575
Receipts from foreign trade zone participants	634,474	364,537
Receipts from student organizations and other agency transactions	168,929	196,997
Payments to student organization and other agency transactions	(125,062)	(247,790)
Net (increase) decrease in loans receivable	99,893	(145,363)
Other non-capital financing activities	-	167
Net cash provided (used) by non-capital financing activities	<u>29,947,194</u>	<u>27,245,745</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,519,300)	(1,170,289)
Proceeds from issuance of debt	-	176,161
Payments on capital debt and leases - principal	(995,667)	(1,522,684)
Payments on capital debt and leases - interest and fees	(116,193)	(149,390)
Net cash provided (used) by capital and related financing activities	<u>(2,631,160)</u>	<u>(2,666,202)</u>
Cash flows from investing activities:		
Investment income	678,552	537,043
Net cash provided (used) by investing activities	<u>678,552</u>	<u>537,043</u>
Increase (decrease) in cash and cash equivalents	1,974,643	(254,541)
Cash and cash equivalents, beginning of year	11,095,199	11,349,740
Cash and cash equivalents, end of year	<u><u>\$ 13,069,842</u></u>	<u><u>\$ 11,095,199</u></u>
Reconciliation of operating income (loss) to net cash provided (used)		
Operating income (loss)	\$ (27,393,832)	\$ (26,446,613)
Adjustments:		
Depreciation expense	1,469,601	1,352,813
Changes in assets and liabilities:		
Receivables, net	(428,574)	(665,892)
Inventories	13,940	18,430
Prepaid expenses	(147,302)	24,141
Other assets	-	-
Accounts payable	(258,902)	272,028
Accrued liabilities	(71,377)	(101,071)
Deferred revenues	796,503	175,037
Compensated absences and severance payable	-	-
Net cash provided (used) by operating activities	<u><u>\$ (26,019,943)</u></u>	<u><u>\$ (25,371,127)</u></u>

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

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 disclosures pertinent to the Foundation’s financial information are contained in the notes to these financial statements. 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Revenues

Tuition, fees, and other revenues received that are related to the period after August 31, 2007 are reported as deferred revenues. Those amounts are as follows:

	<u>2007</u>	<u>2006</u>
Tuition and fees	\$ 1,750,464	\$ 1,605,719
Season tickets - Theater	55,360	68,419
Student service fees	29,874	27,292
Federal, state and local grants	995,742	333,405
Other	3,045	3,147
	<u>\$ 2,834,485</u>	<u>\$ 2,037,982</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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior Year Restatement

Net assets as of August 31, 2006 have been increased by \$231,421 due to a correction of an error in health insurance expenditures.

	<u>2007</u>	<u>2006</u>
Beginning net assets, as previously reported	\$ 21,239,703	\$ 19,855,300
Prior period adjustment - overstated benefits	231,423	-
Beginning net assets, as restated	<u>21,471,126</u>	<u>19,855,300</u>
Increase in net assets, as originally reported	\$ 2,962,194	\$ 1,384,403
Prior period adjustment - overstated benefits	-	231,423
Increase in net assets, as restated	<u>2,962,194</u>	<u>1,615,826</u>
Ending net assets, as restated	<u>\$ 24,433,320</u>	<u>\$ 21,471,126</u>

Reclassification

Certain amounts for 2006 have been reclassified to conform to current year reporting requirements.

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, 2007.

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, 2007 and 2006, the carrying amount of the College's deposits was \$684,525 and (\$389,731), respectively, and total bank balances equaled \$1,708,232 and \$292,592. Bank balances of \$100,000 are covered by federal depository insurance, and \$1,608,232 and \$192,592 were covered by collateral pledged in the College's name for the years ended August 31, 2007 and 2006.

For fiscal year 2007, 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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>2007</u>	<u>2006</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ 664,355	\$ (409,851)
Cash on cash equivalents:		
Petty cash on hand and change funds	20,170	20,120
Total Cash and Deposits	<u>\$ 684,525</u>	<u>\$ (389,731)</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2007</u>	<u>2006</u>
<i>Investments:</i>		
Governmental Investment Pools:		
Texpool	\$ 12,385,317	\$ 11,484,930
Total investments	<u>12,385,317</u>	<u>11,484,930</u>
<i>Total Cash and Deposits</i>	684,525	(389,731)
Total cash and investments	<u>\$ 13,069,842</u>	<u>\$ 11,095,199</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 12,207,735	\$ 11,093,221
Restricted cash and cash equivalents	862,107	1,978
Total cash and temporary investments	<u>\$ 13,069,842</u>	<u>\$ 11,095,199</u>

As of August 31, 2007, 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	\$ 12,385,317	<u>100.0%</u>	53
Total Local Government Investment Pools	<u>12,385,317</u>	<u>100.0%</u>	53
Total investments	<u>\$ 12,385,317</u>	<u>100.0%</u>	53

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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, 2007, 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, 2007.

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, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Property taxes receivable	\$ 3,804,483	\$ 2,147,210
Allowance for uncollectible property taxes	(1,774,678)	(322,081)
Property taxes receivable, net	<u>2,029,805</u>	<u>1,825,129</u>
Tuition and fees receivable	1,544,242	714,641
Allowance for uncollectible tuition and fees	(152,678)	(91,660)
Tuition and fees receivable, net	<u>1,391,564</u>	<u>622,981</u>
Due from tax collector	75,850	21,589
Due from other governments for grant awards	1,799,121	2,385,036
Other receivables	69,504	82,535
Total receivables, net	<u>\$ 5,365,844</u>	<u>\$ 4,937,270</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

**NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES -
(continued)**

Accrued liabilities at August 31, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Accrued wages payable	\$ 90,875	\$ 266,503
Reserve for incurred but not reported worker's compensation benefits	162,069	200,336
Other accrued liabilities	3,983	3,663
Total accrued liabilities	<u>256,927</u>	<u>\$ 470,502</u>

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2007 was as follows:

	<u>Balance 09/01/06</u>	<u>Additions</u>	<u>(Retirements) and Transfers</u>	<u>Balance 08/31/07</u>
<u>Not depreciated:</u>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	-	-	-	-
Subtotal	<u>372,145</u>	<u>-</u>	<u>-</u>	<u>372,145</u>
<u>Buildings and other capital assets:</u>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	9,685,941	548,840	-	10,234,781
Total buildings and other real estate improvements	25,025,977	548,840	-	25,574,817
Furniture, equipment and vehicles	2,108,848	521,738	(151,892)	2,478,694
Telecommunication equipment	2,842,942	393,205	-	3,236,147
Leased assets under capital lease	56,161	-	-	56,161
Library books	1,218,937	55,515	-	1,274,452
Total buildings and other capital assets	<u>31,252,865</u>	<u>1,519,298</u>	<u>(151,892)</u>	<u>32,620,271</u>
<u>Accumulated depreciation:</u>				
Buildings and building improvements	(9,626,373)	(306,802)	-	(9,933,175)
Improvements other than buildings	(4,579,679)	(498,020)	-	(5,077,699)
Total buildings and other real estate improvements	(14,206,052)	(804,822)	-	(15,010,874)
Furniture, equipment and vehicles	(1,446,658)	(131,316)	151,892	(1,426,082)
Telecommunication equipment	(1,415,762)	(444,733)	-	(1,860,495)
Leased assets under capital lease	(2,808)	(5,616)	-	(8,424)
Library books	(900,579)	(83,114)	-	(983,693)
Total Accumulated depreciation	<u>(17,971,859)</u>	<u>(1,469,601)</u>	<u>151,892</u>	<u>(19,289,568)</u>
Net capital assets	<u>\$ 13,653,151</u>	<u>\$ 49,697</u>	<u>\$ -</u>	<u>\$ 13,702,848</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activity for the year ended August 31, 2007 was as follows:

	Balance 09/01/06	Additions	Retirements	Balance 08/31/07	Current Portion
Bonds					
Revenue bonds	\$ 2,670,000	\$ -	\$ (415,000)	\$ 2,255,000	\$ 430,000
	<u>2,670,000</u>	<u>-</u>	<u>(415,000)</u>	<u>2,255,000</u>	<u>430,000</u>
Notes and capital leases					
Notes payable	190,040	-	(106,884)	83,156	23,564
Capital lease payable	53,402	-	(17,390)	36,012	18,903
	<u>243,442</u>	<u>-</u>	<u>(124,274)</u>	<u>119,168</u>	<u>42,467</u>
Other liabilities					
Compensated absences payable	1,677,161	323,162	(162,702)	1,837,621	200,000
Retirement incentive payable	535,130	-	(239,917)	295,213	226,980
Property tax refund payable	912,789	-	(456,394)	456,395	456,395
	<u>3,125,080</u>	<u>323,162</u>	<u>(859,013)</u>	<u>2,589,229</u>	<u>883,375</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 6,038,522</u>	<u>\$ 323,162</u>	<u>\$ (1,398,287)</u>	<u>\$ 4,963,397</u>	<u>\$ 1,355,842</u>

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>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 7 – NONCURRENT LIABILITIES (Continued)

Bonds Payable

	<u>Refunding Revenue Bonds Series 1996</u>	<u>Revenue Bonds Series 2004</u>
Purpose:	To refund all outstanding Revenue Bonds, Series 1988, at to partially refund Revenue Bonds, Series 1990	To implement new administrative software and hardware, update existing infrastructure, and develop disaster recover solutions
Date issued:	12/01/96	08/01/04
Amount of original issue - all authorized bonds have been issued	\$ 2,780,000	\$ 2,500,000
Amounts outstanding, end of year	\$ 420,000	\$ 1,835,000
Interest rates	4.15% to 5.00%	3.00% to 4.00%
Maturity dates serially, beginning/ending	May 1, 1997/2009	May 1, 2005/2014
Interest payment dates	May 1/November 1	May 1/November 1

For the 1996 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 7 – NONCURRENT LIABILITIES (Continued)

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

Year Ending August 31,	Principal	Interest	Totals
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	275,000	33,512	308,512
2013-2014	580,000	35,000	615,000
	<u>\$ 2,255,000</u>	<u>\$ 319,875</u>	<u>\$ 2,574,875</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, 2007.

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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 7 – NONCURRENT LIABILITIES (Continued)

Notes payable 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>
2008	23,564	3,480	\$ 27,044
2009	24,728	2,317	27,045
2010	25,939	1,106	27,045
2011	8,925	89	9,014
	<u>\$ 83,156</u>	<u>\$ 6,992</u>	<u>\$ 90,148</u>

Total Notes and Loans payable:

	<u>Principal</u>		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Texas First Bank Hitchcock	23,564	59,592	83,156
	<u>\$ 23,564</u>	<u>\$ 59,592</u>	<u>\$ 83,156</u>

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>
2008	18,903	2,301	\$ 21,204
2009	17,109	667	17,776
	<u>\$ 36,012</u>	<u>\$ 2,968</u>	<u>\$ 38,980</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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 7 – NONCURRENT LIABILITIES (Continued)

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>
2008	\$ 456,395	\$ -	\$ 456,395
	\$ 456,395	\$ -	\$ 456,395

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, 2007, \$970,000 remains outstanding and due 2007 through 2009. As of August 31, 2007, 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 – EMPLOYEES 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 9 – EMPLOYEES RETIREMENT PLAN (continued)

The retirement expense to the state for the College was \$966,623 and \$921,548 for the fiscal years ended August 31, 2007 and 2006, 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 \$22,361,454 and \$21,052,308 for fiscal years August 31, 2007 and 2006, respectively. The total payroll of employees covered by the Teacher Retirement System was \$13,142,533 and \$12,022,855, and the total payroll of employees covered by the Optional Retirement System was \$5,862,695 and \$6,190,574 for fiscal years August 31, 2007 and 2006, 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, 2007 and 2006 was \$1,085,321 and \$1,062,727, respectively, and is included in accrued compensable absences on the statement of net assets.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 11 - COMPENSATED ABSENCES (continued)

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

	<u>2007</u>	<u>2006</u>
Balance, September 1	\$ 1,062,727	\$ 938,652
Additions	120,939	192,380
Payments	(98,345)	(68,305)
Balance, August 31	<u>\$ 1,085,321</u>	<u>\$ 1,062,727</u>
Current	\$ 125,000	\$ 95,000
Noncurrent	960,321	967,727
	<u>\$ 1,085,321</u>	<u>\$ 1,062,727</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, 2007 and 2006 was \$752,300 and \$614,434, respectively, and is included in accrued compensable absences on the balance sheet.

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

	<u>2007</u>	<u>2006</u>
Balance, September 1	\$ 614,434	\$ 496,378
Additions	202,223	137,793
Payments	(64,357)	(19,737)
Balance, August 31	<u>\$ 752,300</u>	<u>\$ 614,434</u>
Current	\$ 75,000	\$ 45,000
Noncurrent	677,300	569,434
	<u>\$ 752,300</u>	<u>\$ 614,434</u>

NOTE 12 - PENDING LAWSUITS AND CLAIMS

On August 31, 2007, 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

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, 2007. Rental expenditures were paid only from unrestricted current funds during 2007 and 2006 were \$547,034 and \$513,766, 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, 2007, 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, 2007 and 2006 amounted to \$162,069 and \$200,336 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, 2007 (\$316 per month to \$616 per month for August 31, 2006) and totaled \$2,060,116 for the year ended August 31, 2007 (\$1,950,698 for the year ended August 31, 2006). The cost of providing those benefits for 132 retirees cost \$678,514 for August 31, 2007 (benefits for 129 retirees cost \$656,708 for August 31, 2006). The cost of providing those benefits for 377 active employees was \$1,381,602 for August 31, 2007 (benefits for 346 employees cost \$1,293,990 for August 31, 2006).

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

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.

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>2007</u>	<u>2006</u>
Assessed Valuation of the District:	9,962,302,309	\$ 8,449,209,440
Less: Exemptions	<u>(1,472,036,792)</u>	<u>(1,053,517,372)</u>
Net Assessed Valuation of the District	<u>\$ 8,490,265,517</u>	<u>\$ 7,395,692,068</u>

	<u>2007</u>			<u>2006</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	0.233450	\$ 0.000000	# \$ 0.233450	0.243020	\$ 0.000000	# \$ 0.243020

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, 2007 and 2006 amounted to \$19,736,776 and \$17,901,680, respectively, including any penalty and interest assessed.

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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 18 - PROPERTY TAX (continued)

Tax collections for the year ended August 31, 2007 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 18,923,136	\$ -	\$ 18,923,136
Delinquent taxes collected, net of refunds	465,640	-	465,640
Penalties and interest collected	183,296	-	183,296
Total collections	<u>\$ 19,572,072</u>	<u>\$ -</u>	<u>\$ 19,572,072</u>

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 years ended August 31, 2007 and 2006 were 98% and 99%, 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

Other Commitments: Commitments for various contracts amounted to \$536,526 and \$158,528 as of August 31, 2007 and 2006, respectively.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 20 – RETIREMENT INCENTIVE 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. 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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Balance, September 1	\$ 535,130	\$ 768,581
Additions	-	-
Payments	(239,917)	(233,451)
Balance, August 31	<u>\$ 295,213</u>	<u>\$ 535,130</u>

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

<u>Year Ending</u> <u>August 31,</u>	<u>Retirement</u> <u>Incentives</u>
2008	\$ 226,980
2009	68,233
2010	-
	<u>\$ 295,213</u>

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS

NOTE 1 - 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS
(continued)

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, 2007. 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, 2007.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS
(continued)

NOTE 2 – INVESTMENTS

Investments as of August 31, 2007 are summarized as follows:

	<u>Cost</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Unrestricted Fund (TIB Stock)	\$ 1,170	\$ 9,796	\$ 9,796
Temporarily Restricted Fund (corporate bonds)	147,730	149,463	149,463
Temporarily Restricted Fund (fixed income bonds)	50,046	49,590	49,590
Temporarily Restricted Fund (government bonds)	99,949	100,110	100,110
Permanently Restricted Fund (corporate bonds)	249,127	249,486	249,486
Permanently Restricted Fund (fixed income bonds)	95,000	93,110	93,110
Permanently Restricted Fund (equity fund)	319,450	408,758	408,758
Permanently Restricted Fund (government bonds)	99,835	100,337	100,337
	<u>\$ 1,062,306</u>	<u>\$ 1,160,648</u>	<u>\$ 1,160,648</u>

NOTE 3 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Specific scholarships, grants and program restrictions	\$ 677,136
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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	\$ 95,909
Bank charges	<u>2,951</u>
	<u>\$ 98,860</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS
(continued)

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following purposes:

Endowed scholarships \$ 1,044,106

Net assets were released from restrictions for the purposes summarized below. Scholarships and bank charges were paid out of investment earnings.

Endowed scholarships	\$ 10,108
Bank charges	<u>7,951</u>
	<u>\$ 18,059</u>

NOTE 5 - 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 6 – 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.

The Foundation paid \$82,877 directly to the College to provide scholarships

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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2007

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS
(continued)

NOTE 7 - SOURCE OF SIGNIFICANT CONTRIBUTIONS AND GRANTS

The sources of significant contributions for the year ended August 31, 2007 are as follows:

College of the Mainland (salaries & supplies)	\$	119,776	
BP		143,000	
Eva Rowe		50,000	
Brent Coon		50,000	
Exxon Mobile Foundation		6,000	
COM Unity		8,000	
COM (Dow CAPT)		14,000	
		<u>390,776</u>	
All other contributions		<u>88,428</u>	\$ <u>479,204</u>

NOTE 8 – SUBSEQUENT EVENTS

Subsequent to August 31, 2007, the Foundation received the following significant sources of funding:

<u>Donor/Grantee</u>	<u>Type of Funding</u>	<u>Amount</u>	<u>Restrictions on use</u>
The Brown Foundation	Grant	\$ 90,000	Community-Based Advanced Skills Training Center
BP	Donation	\$ 60,000	Two endowed scholarships

SUPPLEMENTAL SCHEDULES

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COLLEGE OF THE MAINLAND
SCHEDULE OF OPERATING REVENUE
For the Year Ended August 31, 2007
(With Memorandum Totals for the Year Ended August 31, 2006)

Schedule A

	<u>Educational Activities</u>			<u>Auxiliary</u>	<u>Total Current</u>	<u>Prior Year</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>			
Tuition						
State funded credit courses						
In-district resident tuition	\$ 2,016,769	\$ -	\$ 2,016,769	\$ -	\$ 2,016,769	\$ 2,249,310
Out-of-district resident tuition	926,494	-	926,494	-	926,494	624,441
Non-resident tuition	41,354	-	41,354	-	41,354	15,908
TPEG - credit (set aside)*	177,264	-	177,264	-	177,264	160,742
State funded continuing education	428,701	-	428,701	-	428,701	737,828
TPEG - noncredit (set aside)*	29,378	-	29,378	-	29,378	52,779
Non-state funded educational programs	800,909	-	800,909	-	800,909	602,259
Total tuition	<u>4,420,869</u>	<u>-</u>	<u>4,420,869</u>	<u>-</u>	<u>4,420,869</u>	<u>4,443,267</u>
Fees						
Campus fees	157,431	-	157,431	-	157,431	170,354
Facility fees	143,141	-	143,141	-	143,141	151,138
Laboratory fees	64,642	-	64,642	-	64,642	117,137
Processing fees	322,554	-	322,554	-	322,554	345,718
Student service fees	-	-	-	107,465	107,465	98,271
Other fees	271,983	-	271,983	-	271,983	102,336
Total fees	<u>959,751</u>	<u>-</u>	<u>959,751</u>	<u>107,465</u>	<u>1,067,216</u>	<u>984,954</u>
Scholarship allowances and discounts						
Remissions and exemptions - state	(22,385)	-	(22,385)	-	(22,385)	(14,289)
Remissions and exemptions - local	(318,166)	-	(318,166)	-	(318,166)	(235,301)
Title IV federal grants	(1,339,486)	-	(1,339,486)	-	(1,339,486)	(1,162,846)
TPEG awards	(117,552)	-	(117,552)	-	(117,552)	(214,656)
Total scholarship allowances and discounts	<u>(1,797,589)</u>	<u>-</u>	<u>(1,797,589)</u>	<u>-</u>	<u>(1,797,589)</u>	<u>(1,627,092)</u>
Total net tuition and fees	<u>3,583,031</u>	<u>-</u>	<u>3,583,031</u>	<u>107,465</u>	<u>3,690,496</u>	<u>3,801,129</u>
Additional operating revenues						
Federal grants and contracts	207,620	5,053,581	5,261,201	7,549	5,268,750	6,454,647
State grants and contracts	-	292,384	292,384	-	292,384	349,330
Local grants and contracts	-	4,842	4,842	-	4,842	-
Private grants and contracts	-	1,144,469	1,144,469	-	1,144,469	774,302
Sales and services of educational activities	173,141	-	173,141	-	173,141	148,783
General operating revenues	51,554	-	51,554	-	51,554	142,463
Total additional operating revenues	<u>432,315</u>	<u>6,495,276</u>	<u>6,927,591</u>	<u>7,549</u>	<u>6,935,140</u>	<u>7,869,525</u>
Auxiliary Enterprises						
Bookstore	-	-	-	1,524,402	1,524,402	1,670,632
Other auxiliary	-	-	-	94,820	94,820	434,007
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,619,222</u>	<u>1,619,222</u>	<u>2,104,639</u>
Total operating revenues	<u>\$ 4,015,346</u>	<u>\$ 6,495,276</u>	<u>\$ 10,510,622</u>	<u>\$ 1,734,236</u>	<u>\$ 12,244,858</u>	<u>\$ 13,775,293</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF OPERATING EXPENSES BY OBJECT
FOR THE YEAR ENDED AUGUST 31, 2007
(With Memorandum Totals for the Year Ended August 31, 2006)

Schedule B

	<u>Operating Expenses</u>				<u>Total Current</u>	<u>Prior year</u>
	<u>Salaries and</u>	<u>Benefits</u>		<u>Other expenses</u>		
	<u>Wages</u>	<u>State</u>	<u>Local</u>		<u>Year</u>	
Unrestricted - Educational Activities						
Instruction	\$ 8,909,848	\$ -	\$ 1,259,488	\$ 931,774	\$ 11,101,110	\$ 10,594,106
Public service	1,146,223	-	162,029	343,131	1,651,383	1,666,385
Academic support	2,179,827	-	308,138	293,501	2,781,466	2,765,131
Student services	2,551,721	-	360,834	402,881	3,315,436	3,183,586
Institutional support	2,970,814	-	452,407	2,539,511	5,962,732	5,476,450
Operation and maintenance of plant	1,373,996	-	78,247	1,918,768	3,371,011	3,420,591
Scholarships and fellowships	85,295	-	12,057	(1,221,934)	(1,124,582)	(760,606)
Total unrestricted educational activities	<u>19,217,724</u>	<u>-</u>	<u>2,633,200</u>	<u>5,207,632</u>	<u>27,058,556</u>	<u>26,345,643</u>
Restricted - Educational Activities						
Instruction	239,286	1,511,337	50,979	192,462	1,994,064	1,610,839
Public service	1,186,258	194,429	121,440	826,162	2,328,289	2,130,153
Academic support	598,556	369,754	142,092	398,042	1,508,444	1,459,195
Student services	295,618	432,837	52,431	133,037	913,923	951,053
Institutional support	-	503,926	-	2,285	506,211	465,333
Operation and maintenance of plant	-	-	-	-	-	-
Scholarships and fellowships	192,318	14,468	-	1,664,002	1,870,788	3,611,991
Total restricted educational activities	<u>2,512,036</u>	<u>3,026,751</u>	<u>366,942</u>	<u>3,215,990</u>	<u>9,121,719</u>	<u>10,228,564</u>
Total educational activities	<u>21,729,760</u>	<u>3,026,751</u>	<u>3,000,142</u>	<u>8,423,622</u>	<u>36,180,275</u>	<u>36,574,207</u>
Auxiliary enterprises	<u>405,480</u>	<u>-</u>	<u>37,740</u>	<u>1,545,594</u>	<u>1,988,814</u>	<u>2,063,463</u>
Depreciation expense:						
Buildings and other real estate improvements	-	-	-	804,822	804,822	780,143
Equipment and furniture	-	-	-	581,665	581,665	493,128
Library books	-	-	-	83,114	83,114	79,542
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,469,601</u>	<u>1,469,601</u>	<u>1,352,813</u>
Total operating expenses	<u>\$ 22,135,240</u>	<u>\$ 3,026,751</u>	<u>\$ 3,037,882</u>	<u>\$ 11,438,817</u>	<u>\$ 39,638,690</u> (Exhibit 2)	<u>\$ 39,990,483</u> (Exhibit 2)

COLLEGE OF THE MAINLAND
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2007
(With Memorandum Totals for the Year Ended August 31, 2006)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Auxiliary</u>	<u>Total Current</u>	<u>Prior Year</u>
NON-OPERATING REVENUES:						
State appropriations						
Academic appropriation	\$ 3,877,809	\$ -	\$ 3,877,809	\$ -	\$ 3,877,809	\$ 3,877,808
Workforce appropriation	2,479,252	-	2,479,252	-	2,479,252	2,479,255
State group insurance	-	2,060,116	2,060,116	-	2,060,116	1,950,698
State retirement matching	-	966,635	966,635	-	966,635	921,548
Nursing growth	-	-	-	-	-	1,313
Total state appropriations	<u>6,357,061</u>	<u>3,026,751</u>	<u>9,383,812</u>	<u>-</u>	<u>9,383,812</u>	<u>9,230,622</u>
Maintenance ad valorem taxes	19,799,410	-	19,799,410	-	19,799,410	17,977,960
Investment income	579,151	99,401	678,552	-	678,552	537,043
Foreign trade zone fees	634,474	-	634,474	-	634,474	364,537
Fees collected for debt retirement	-	662,075	662,075	-	662,075	1,002,538
Other non-operating revenues	43,895	-	43,895	-	43,895	167
Total non-operating revenues	<u>27,413,991</u>	<u>3,788,227</u>	<u>31,202,218</u>	<u>-</u>	<u>31,202,218</u>	<u>29,112,867</u>
NON-OPERATING EXPENSES:						
Interest and fees on capital related debt	10,908	105,285	116,193	-	116,193	149,390
Fees transferred for debt retirement	662,075	-	662,075	-	662,075	1,002,538
Other non-operating expenses	-	67,924	67,924	-	67,924	129,923
Total non-operating expenses	<u>672,983</u>	<u>173,209</u>	<u>846,192</u>	<u>-</u>	<u>846,192</u>	<u>1,281,851</u>
Net non-operating revenues (expenses)	<u>\$ 26,741,008</u>	<u>\$ 3,615,018</u>	<u>\$ 30,356,026</u>	<u>\$ -</u>	<u>\$ 30,356,026</u>	<u>\$ 27,831,016</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
For the Year Ended August 31, 2007

Schedule D

	Detail by Source				Available for Current Operations	
	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable				
Current:						
Unrestricted	\$ 13,797,723	\$ -	\$ -	\$ 13,797,723	\$ 13,797,723	\$ -
Grants and donor restrictions	-	28,005	-	28,005	28,005	-
Auxiliary enterprises	1,082,038	-	-	1,082,038	1,082,038	-
Loan funds	-	132,107	-	132,107	-	132,107
Plant:						
Unexpended bond proceeds	-	292,585	-	292,585	-	292,585
Renewals and replacements	-	(95,245)	-	(95,245)	-	(95,245)
Debt service	-	639,568	-	639,568	-	639,568
Investment in plant	-	-	8,556,539	8,556,539	-	8,556,539
Total Net Assets, end of year	14,879,761	997,020	8,556,539	24,433,320	14,907,766	9,525,554
				(Exhibit 1)		
Total Net Assets, beginning of year	11,480,215	1,546,439	8,444,473	21,471,127	11,290,136	10,180,991
				(Exhibit 1)		
Net increase (decrease) in net assets	\$ 3,399,546	\$ (549,419)	\$ 112,066	\$ 2,962,193	\$ 3,617,630	\$ (655,437)
				(Exhibit 2)		

**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, 2007, and have issued our report thereon dated November 27, 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 of the Mainland’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College of the Mainland’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects College of the Mainland’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings #07-01, 07-02, and 07-03 to be significant deficiencies in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by College of the Mainland's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that Finding #07-01 is a material weakness.

Compliance and Other Matters

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

College of the Mainland's response to the findings identified in our audit is included in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we express no opinion on it.

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
November 27, 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, 2007. The College’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of 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.

As described in Finding #07-06 in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding activities allowed or unallowed, allowable costs/cost principles, and program income that are applicable to its Consortium for the Advancement of Process Technology federal program funded by the National Science Foundation. Compliance with such requirements is necessary, in our opinion, for College of the Mainland to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, College of the Mainland complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 07-07.

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 the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College of the Mainland's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 06-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item #07-06 to be a material weakness.

College of the Mainland's response to the findings identified in our audit is included in the accompanying schedule of findings and questioned costs. We did not audit College of the Mainland's response and, accordingly, we express no opinion on it.

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
November 27, 2007

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes - #07-01 and 07-02
Significant deficiencies identified that are not considered to be material weaknesses?	Yes - #07-03
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes - #07-06
Significant deficiencies identified that are not considered to be material weaknesses?	Yes - #07-02 and 07-03
Type of auditors' report issued on compliance with major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) 2-7 OMB Circular A-133?	Yes - #07-06 and 07-07

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
US Department of Labor	
Community-Based Job Training	17.261
National Science Foundation	
Consortium for the Advancement of Process Technology	47.076

- | | |
|---|-----------|
| 1. Dollar Threshold Considered Between Type A and Type B Federal Programs | \$300,000 |
| 2. Auditee qualified as low-risk auditee? | Yes |

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

II. FINANCIAL STATEMENT FINDINGS

Finding #07-01	Non-compliance of NSF CAPT program income with guidelines
Criteria:	Program income generated during the current award period must be used to further the objectives of the grant, comply with NSF grant requirements, OMB Circular A-21 and College of the Mainland policies and procedures. Program income from products developed with prior grants must be used to further the program objectives of the grant and comply with College of the Mainland's policies and procedures, but are not subject to grant and OMB Circular A-21 requirements.
Condition:	In January 2006 the Center for the Advancement of Process Technology, Incorporated (CAPT, Inc.) was formed and incorporated in Texas as a 501 (c) (3). CAPT, Inc. is a separate entity from College of the Mainland that has no college oversight or control. In January 2006 CAPT, Inc. began diverting funds received from the sale of products that were developed by College of the Mainland's Center for the Advancement of Process Technology (CAPT/COM). We will refer to the sale of the products as program income because the products were developed using grant funds that the College was awarded. The funds were then deposited into CAPT, Inc.'s bank account. Previously, all program revenue was deposited into the College's bank accounts. CAPT, Inc.'s accounting records are not set up to track the program revenue by specific grant, but the program income that was diverted to CAPT, Inc. for fiscal year ending 2007 is estimated to be \$110,629. Of that amount \$15,004 was related to the current grant award and must comply with OMB Circular A-21 and the NSF grant requirements, which they did not, and are therefore unallowable costs.
Context:	N/A
Effect:	As a result of the diversion of funds by CAPT, Inc. the College has a loss of revenue of \$110,629. for fiscal year 2007. Of that amount \$15,004 were unallowable costs because that program revenue related to the current NSF grant and the funds were not spent in accordance with NSF grant requirements and did not comply with OMB Circular A-21.
Cause:	There is a lack of control in detecting revenue changes. Although at the time the College could not prevent the diversion of revenue to CAPT, Inc., proper controls would have provided earlier detection. The College now believes that College employees participated in the diversion of revenue.
Recommendation:	The College should work with CAPT, Inc. to recover all funds that have been diverted to the CAPT, Inc. bank account. If that effort is not successful, the College should take all measures necessary to recover the lost funds. Also, the College should implement internal controls that provides for earlier detection of lost revenue, and action should be taken which prevents College employees from participating in the diversion of revenue.

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

II. FINANCIAL STATEMENT FINDINGS (continued)	
Finding #07-02	Health Insurance Expenditures
Criteria:	Expenditures should be reported in the proper period.
Condition:	Health insurance expenditures were overstated in the 2006 fiscal year financial statements. This resulted in health insurance expenditures being understated in the 2007 fiscal year.
Context:	We noted these conditions during our preliminary analytical procedures and testwork in the compensation and benefits areas of the audit.
Effect:	Health insurance expenditures were overstated in fiscal year 2006 by \$231,423 and understated in fiscal year 2007 by \$231,423.
Cause:	A payment to ERS was made for the balance of health insurance payments due for fiscal year 2006. This check was voided and rewritten. However, when it was rewritten the voided amount was credited against 2007 expenditures. An additional amount was accrued as a liability as of the 2006 year end. The ERS also provided a credit to the College that was not taken into consideration when the additional amount was accrued.
Recommendation:	This incident was complicated by the conversion to a new accounting software package. College personnel are now more familiar with the effects of actions such as voiding checks. We recommend a review of employee benefits on a monthly basis in order to ascertain that the amounts are reasonable.
Finding #07-03	Supporting Documentation for Credit Card Charges
Criteria:	All expenditures of the College should be supported by appropriate documentation.
Condition:	Various individuals (members of the Board of Trustees and upper management) are provided credit cards by the College to be used as a convenience when incurring travel and other related costs. Based upon the sample of credit card charges tested there was an error rate of 50% caused by inappropriate documentation attached to the credit card statement to support the charges as well as a lack of documentation of business travel purpose. The accounts payable department is instructed to pay these invoices with no supporting documentation to avoid penalties from the credit card company.
Context:	A total of sixty credit card charges were tested totaling \$22,466 from a population of twelve monthly credit card statements. Of that sample, 33 charges for a total of \$11,146 did not have adequate documentation to support the charge.

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

II. FINANCIAL STATEMENT FINDINGS (continued)

Effect:	Expenses are paid without proper supporting documentation, resulting in noncompliance with the College's established policies and IRS guidelines
Cause:	The College is paying all charges made with credit cards regardless of compliance with IRS guidelines and college policies and procedures; this is due in part to management override of controls over these expenditures.
Recommendation:	Receipts for all charges should be properly documented with the business purpose of the expense and turned in with the monthly report. The receipts should then be attached to monthly credit card statement. Training should be provided to all cardholders and written procedures should be provided to them. Consequences should be established for noncompliance with procedures.
The following findings are Control Deficiencies not considered to be Significant Deficiencies – Findings #07-04 – 07-05	
Finding #07-04	Equipment Purchases Made Without Proper Approval
Criteria:	Part IV – Special Condition of Grant: Awardees must receive prior approval from DOL Grant Officer for the purchase of any equipment with a per unit acquisition cost of \$5000 or more and a useful life of 1 year.
Condition:	Equipment purchases were made prior to and/or without approval from the Department of Labor (DOL) through the Community Based Job Training Grant. In one instance there was significant electrical work performed that was charged to the grant without prior approval. In addition, there was a piece of equipment purchased that was charged to the grant without prior DOL approval. Upon questioning, these charges were reclassified to local funds prior to the end of the grant and fiscal year-ends. Finally there was a significant amount charged to the grant for various equipment purchases. Approval was sought from the DOL after the purchases were made and charged to the grant, and the DOL subsequently approved these charges.
Context:	39 non-payroll related grant expenditures totaling \$398,195 were tested for compliance with grant requirements. The total population of non-payroll related grant expenditures was \$413,459. Of the sample tested, \$198,824 was expended for equipment prior to receiving approval from the DOL.
Effect:	Although the charges were either reclassified to local funds or subsequent approval was received from the DOL, there is a risk that disbursements will be made without the proper approval.

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

II. FINANCIAL STATEMENT FINDINGS (continued)	
Cause:	Grant personnel approved expenditures that were disallowed in the grant or needed to be specifically approved by the DOL.
Recommendation:	Grant administrators should annually review the allowable costs in the grants with the Accounting Department.
Finding #07-05	Controls Over Travel-Related Expenditures
Criteria:	To ensure that travel related expenditures meet federal and state guidelines as well as College policy requirements.
Condition:	There is a lack of controls over the processing of expenditures for travel related expenses as well as the timely reconciliation of travel advances subsequent to travelers return.
Context:	A sample of thirty travel expenditures were tested for compliance from a population of 1,144 items. The following was noted: 1) Items totaling \$410 charged to federal grants were reimbursed that were outside of the limits allowed by COM procedures 2) items totaling \$1,336 charged to federal grants did not have adequate documentation to support the expenditure and 3) travel advances were not being reconciled in a timely manner resulting in \$8,667 being owed to the district by employees at year end.
Effect:	There is a risk that expenditures will be made without appropriate documentation.
Cause:	Inadequate system in place to control travel advances and the return of correct documentation in a timely manner. Also, the review system is not in place for some purchases to ensure that adequate documentation exists.
Recommendation:	College employees should be re-educated as to the policies and procedures regarding travel costs. Business staff should immediately begin to reconcile and research the current outstanding advances. Travel expenditures should be revised and/or rejected by the business office if requests exceed allowable amounts. The College should consider written guidelines to develop consequences for travelers that do not reconcile travel advances and return unexpended funds in a timely manner.

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding #07-06	National Science Foundation
Consortium for the Advancement of Process Technology – CFDA No. 47.076	
Criteria:	Program income generated during the current award period must be used to further the objectives of the grant, comply with NSF grant requirements, OMB Circular A-21 and College of the Mainland policies and procedures. Program income from products developed with prior grants must be used to further the program objectives of the grant and comply with College of the Mainland’s policies and procedures, but are not subject to grant and OMB Circular A-21 requirements.
Condition:	In January 2006 the Center for the Advancement of Process Technology, Incorporated (CAPT, Inc.) was formed and incorporated in Texas as a 501 (c) (3). CAPT, Inc. is a separate entity from College of the Mainland that has no college oversight or control. In January 2006 CAPT, Inc. began diverting funds received from the sale of products that were developed by College of the Mainland’s Center for the Advancement of Process Technology (CAPT/COM). We will refer to the sale of the products as program income because the products were developed using grant funds that the College was awarded. The funds were then deposited into CAPT, Inc.’s bank account. Previously, all program revenue was deposited into the College’s bank accounts. CAPT, Inc.’s accounting records are not set up to track the program revenue by specific grant, but the program income that was diverted to CAPT, Inc. for fiscal year ending 2007 is estimated to be \$110,629. Of that amount \$15,004 was related to the current grant award and must comply with OMB Circular A-21 and the NSF grant requirements, which they did not, and are therefore unallowable costs.
Effect:	As a result of the diversion of funds by CAPT, Inc. the College estimates a loss of program revenue in the amount of \$110,629 for fiscal year 2007. Of that amount, \$15,004 of expenditures were definitely determined to be unallowable costs because the program revenue related to the current NSF grant, and the funds were not spent in accordance with NSF grant requirements and did not comply with OMB Circular A-21. Additionally, the entire \$110,629 may be considered questioned costs due to the lack of control over the funds. Due to the uncertainty of the dollar amounts, we consider this to be material to the program. Additionally, we consider this to be a material weakness in internal controls over compliance.
Questioned Costs:	At least \$15,004 and possibly up to \$110,629.
Cause:	There is a lack of control in detecting revenue changes. Although at the time the College could not prevent the diversion of revenue to CAPT, Inc., proper controls would have provided earlier detection. The College now believes that College employees participated in the diversion of revenue.

College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

Recommendation: The College should work with CAPT, Inc. to recover all funds that have been diverted to the CAPT, Inc. bank account. If that effort is not successful, the College should take all measures necessary to recover the lost funds. Also, the College should implement internal controls that provides for earlier detection of lost revenue, and action should be taken which prevents College employees from participating in the diversion of revenue.

Finding #07-07 US Department of Labor

Consortium for the Advancement of Process Technology – CFDA No. 17.261

See Finding #07-04 for findings related to noncompliance with provisions of contracts and grants. No questioned costs were noted.

IV. STATUS OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Corrective Action Taken</u>
Finding 06-01: Credit card charges and supporting documentation	See current year finding #07-03
Finding 06-02: Purchasing and accounts payable procedures	A new field was added to the accounts payable record to assist in identifying duplicate invoice numbers.
Finding 06-03: Payroll withholdings and liabilities	The payroll withholdings and benefits liabilities are reviewed regularly for proper amounts.

V. CORRECTIVE ACTION PLAN

<p>Finding 07-01: Noncompliance of NSF CAPT Program Income With Guidelines</p>	<p>Contact Person: Lisa Templer, Vice President for College and Financial Services</p> <p>Response: We concur with the recommendation. The College is currently negotiating with CAPT, Inc. to restore lost revenue to the College. If that effort fails, the College is prepared to take any action necessary to restore funding to the College. When the College became aware of the diversion of funds, all accounts were frozen that relate to NSF and program income while an investigation was done. As part of the investigation, the College engaged the firm of Null-Lairson to perform Agreed-Upon Procedures to determine the amount of funds that had been diverted. The College has also made administrative changes with NSF staff to ensure compliance with the requirements of the NSF grant, OMB Circular A-21, and College of the Mainland policies and procedures. The College is also considering further administrative changes to prevent the diversion of revenue. In addition, the College will implement internal controls over auxiliary revenue by performing an analytical analysis of all auxiliary revenue that compares current activity with prior periods.</p> <p>Estimated Completion Date:</p> <ul style="list-style-type: none"> • Restoration of lost revenue – unknown • Internal controls over auxiliary revenue – 9/1/07 • Administrative changes with NSF staff – partially complete, unknown when all changes will be finalized.
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College of the Mainland
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

<p>Finding 07-02: Health Insurance Expenditures</p>	<p>Contact Person: David Rac, AVP of Financial Services</p> <p>Response: We agree with this finding. Due to 2006 being the first year of implementation, we were not fully aware of how the system actually interfaced from one year to the next. We assumed when a check was voided, it would void with the check date of when it was written. Monthly reconciliations are being performed and procedures are now in place to verify monthly payments for health insurance premiums before any year-end accruals are booked.</p> <p>Estimated Completion Date: 9/1/07</p>
<p>Finding 07-03: Supporting Documentation for Credit Card Charges</p>	<p>Contact Person: Lisa Templar, Vice President for College and Financial Services</p> <p>Response: We concur with the recommendation. The College will provide training for all cardholders accompanied by written procedures at a Board Workshop for all cardholders. The board and upper administration are the only cardholders. Repetitive noncompliance will result in the cardholder's card being deactivated. In addition, the Internal Auditor will have direct oversight of credit card expenditures until proper controls are demonstrated to be effective.</p> <p>Estimated Completion Date: Training and written procedures for cardholders: 2/29/08 Internal audit oversight: 2/29/08</p>
<p>Finding 07-04: Equipment Purchases Made Without Proper Approval</p>	<p>Contact Person: April Povse, Grant Accountant</p> <p>Response: We concur with the recommendation. Procedures are now in place to verify whether requisitions are allowable equipment purchases per DOL budget before approval and to review the expenditures on a quarterly basis before expense report and draw down are completed.</p> <p>Estimated Completion Date: 9/1/07</p>
<p>Finding 07-05: Controls Over Travel Related Expenditures</p>	<p>Contact Person: Lisa Templar, Vice President for College and Financial Services</p> <p>Response: We concur with the recommendation. The College will revise the Travel Advance Form to include a statement that authorizes the College to do a payroll deduction for any travel advances that are not cleared within ten days from the return from travel. In the case of board members, who do not receive a paycheck, a second travel advance will not be funded until all prior advances have been cleared. Accounts Payable staff will reconcile travel advances outstanding on a routine basis. In addition, Accounts Payable staff will not process any travel or other expenditures without proper documentation. The Business Office will revise or reject travel expenditures that exceed allowable amounts. Also, the Business Office will hold campus-wide training on College policies and procedures related to travel.</p> <p>Estimated Completion Date: Travel advance form to include payroll deduction: 12/31/07 Campus-wide training: 2/29/08</p>

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

SCHEDULE E
Page 1 of 2

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Grantor / Project Number	Pass Through Disbursements and Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through From:			
Texas Health and Human Services Commission			
Childcare Food Program	10.558	-	7,549
Total Department of Agriculture			7,549
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through From:			
Sam Houston State University			
SHSU Project	66.509	-	13,296
Total Environmental Protection Agency			13,296
<u>NATIONAL SCIENCE FOUNDATION</u>			
Direct Programs:			
Consortium for the Advancement of Process Technology	47.076	DUE-501729	55,834
Consortium for the Advancement of Process Technology	47.076	DUE-532652	797,351
Pass-Through From:			
Gulf Coast Process Technology Alliance			
Consortium for the Advancement of Process Technology	47.076	-	529
Total National Science Foundation			853,714
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Supplemental Educational Opportunity Grant*	84.007	P007A063984	57,483
Title III, Developmental Studies	84.031A	P031A040020-06	388,153
Federal College Work Study Program*	84.033	P033A063984	143,204
Student Support Services	84.042A	P042A050018-06	251,999
Federal Pell Grant*	84.063	P063P062888	1,513,150
Transition to Teach Grant	84.350A	S350A020059-03	157,363
Tech Prep Demonstration Grant	84.353A	V353A030008	185,986
Pass-Through From:			
Texas Education Agency			
Adult Education and Family Literacy	84.002A	074100017110148	518,975
Texas 21st Century Learning Centers	84.287C	056950017110049	43,793
Texas Higher Education Coordinating Board			
LEAP	84.069A	-	3,793
SLEAP	84.069B	-	6,551
Carl Perkins Vocational Education	84.243	74212	192,313
North Harris Montgomery Community College District			
Vocational Education - Tech. Prep.	84.278E	71713	1,053
Vocational Education - Tech. Prep. Area Coordinator	84.243	-	87,936
Stephen F. Austin University			
Articulated Internet Teacher Education Program	84.116	P116b060283	2,285
Total Department of Education			3,554,037

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

SCHEDULE E
Page 2 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 HEALTH AND HUMAN SERVICES</u>			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance for Needy Families	93.558	073625017110136	64,648
Total Department of Health and Human Services			64,648
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs:			
Community-Based Job Training Grant	17.261	CB-15218-06-60	692,504
Total Department of Labor			692,504
<u>U.S. GENERAL SERVICES ADMINISTRATION</u>			
Pass-Through From:			
Texas Facilities Commission			
Federal Surplus Property Program	39.003	-	83,002
Total General Services Administration			83,002
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,268,750

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	\$	5,268,750
Add Federal Grants and Contracts not reported on Schedule A		<u>-</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$	<u>5,268,750</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, 2007

SCHEDULE F

<u>Grantor Agency / Program Title</u>	<u>Grantor / Project Number</u>	<u>Expenditures</u>
<u>Texas Education Agency</u>		
Adult Education	070100017110148	\$ 97,040
Texas Grants Expansion Early/Middle College	51045037110002	40,524
Temporary Assistance for Needy Families	070110017110136	21,224
Total Texas Education Agency		<u>158,788</u>
<u>Texas Higher Education Coordinating Board</u>		
Texas College Work Study	-	46,245
Texas Grant I	-	13,230
CAL Loans	-	30,653
Texas Education Opportunity	-	31,505
UTMB Winner Nursing Grant	NIPG D-06	11,963
Total Texas Higher Education Coordinating Board		<u>133,596</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 292,384</u>

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

Note 1 – State Assistance Reconciliation

State Revenues - Per Schedule A	\$ 292,384
Add State Revenues not reported on Schedule A	<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards	<u>\$ 292,384</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.

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STATISTICAL SUPPLEMENT

**College of the Mainland
Statistical Supplement 1
Net Assets by Component
Fiscal Year 2002 to 2007**

(unaudited)

For the Fiscal Year Ended August 31,

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Invested in capital assets, net of related debt	\$ 8,556,539	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509	\$ 11,307,517	\$ 10,465,588
Restricted - expendable	997,020	1,546,439	2,237,329	3,477,110	73,310	-
Unrestricted	<u>14,879,761</u>	<u>11,480,214</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>\$ 24,433,320</u>	<u>\$ 21,471,126</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 2007
(unaudited)

	For the Fiscal Year Ended August 31,					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition and fees (net of discounts)	\$ 3,691	\$ 4,443	\$ 4,362	\$ 3,769	\$ 2,492	\$ 2,619
Governmental grants and contracts						
Federal grants and contracts	5,269	6,455	6,122	5,105	4,259	3,334
State grants and contracts	292	349	308	388	511	622
Private grants and contracts	1,144	774	179	474	682	350
Local grants and contracts	5	-	-	-	-	-
Sales and services of educational activities	173	149	156	237	104	95
Auxiliary enterprises	1,619	2,105	1,509	1,631	1,092	1,245
Other operating revenues	59	142	189	268	350	726
Total operating revenues	<u>12,252</u>	<u>14,417</u>	<u>12,827</u>	<u>11,873</u>	<u>9,490</u>	<u>8,991</u>
State appropriations	9,384	9,231	8,445	8,404	8,509	8,772
Ad valorem taxes	19,799	17,978	16,623	15,036	12,572	13,577
Investment income	678	537	295	149	255	297
Other non-operating revenues	635	532	(1)	189	-	-
Total non-operating revenues	<u>30,496</u>	<u>28,278</u>	<u>25,361</u>	<u>23,777</u>	<u>21,336</u>	<u>22,646</u>
Total revenues	<u>\$ 42,748</u>	<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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition and fees (net of discounts)	8.63%	10.41%	11.42%	10.57%	8.08%	8.28%
Governmental grants and contracts						
Federal grants and contracts	12.33%	15.12%	16.03%	14.32%	13.82%	10.54%
State grants and contracts	0.68%	0.82%	0.81%	1.09%	1.66%	1.97%
Private grants and contracts	2.68%	1.81%	0.47%	1.33%	2.21%	1.11%
Local grants and contracts	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Sales and services of educational activities	0.40%	0.35%	0.41%	0.67%	0.34%	0.30%
Auxiliary enterprises	3.79%	4.93%	3.95%	4.58%	3.54%	3.94%
Other operating revenues	<u>0.14%</u>	<u>0.33%</u>	<u>0.49%</u>	<u>0.75%</u>	<u>1.14%</u>	<u>2.29%</u>
Total operating revenues	<u>28.66%</u>	<u>33.77%</u>	<u>33.59%</u>	<u>33.30%</u>	<u>30.79%</u>	<u>28.42%</u>
State appropriations	21.95%	21.62%	22.11%	23.57%	27.60%	27.73%
Ad valorem taxes	46.32%	42.11%	43.53%	42.18%	40.78%	42.91%
Investment income	1.59%	1.26%	0.77%	0.42%	0.83%	0.94%
Other non-operating revenues	<u>1.49%</u>	<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>71.34%</u>	<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>	<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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction	\$ 12,980	\$ 12,318	\$ 10,877	\$ 9,531	\$ 9,414	\$ 9,390
Public service	3,965	3,812	2,930	6,002	5,195	5,179
Academic support	4,262	4,254	4,195	1,381	1,316	1,267
Student services	4,196	4,168	4,038	2,173	2,142	2,095
Institutional support	6,430	5,980	5,429	6,057	5,341	5,200
Operation and maintenance of plant	3,371	3,421	3,632	4,000	3,844	3,928
Scholarships and fellowships	745	2,854	2,081	1,802	1,565	1,640
Auxiliary enterprises	1,989	2,063	1,957	1,918	1,418	1,508
Depreciation	<u>1,469</u>	<u>1,352</u>	<u>969</u>	<u>956</u>	<u>940</u>	<u>855</u>
Total operating expenses	<u>39,407</u>	<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	116	149	185	182	178	211
Other non-operating expenses	<u>68</u>	<u>130</u>	<u>180</u>	<u>95</u>	<u>-</u>	<u>-</u>
Total non-operating expenses	<u>68</u>	<u>130</u>	<u>180</u>	<u>95</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 39,475</u>	<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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction	32.88%	30.53%	29.97%	28.10%	30.20%	30.23%
Public service	10.04%	9.45%	8.07%	17.70%	16.66%	16.67%
Academic support	10.80%	10.54%	11.56%	4.07%	4.22%	4.08%
Student services	10.63%	10.33%	11.13%	6.41%	6.87%	6.74%
Institutional support	16.29%	14.82%	14.96%	17.86%	17.13%	16.74%
Operation and maintenance of plant	8.54%	8.48%	10.01%	11.79%	12.33%	12.65%
Scholarships and fellowships	1.89%	7.07%	5.73%	5.31%	5.02%	5.28%
Auxiliary enterprises	5.04%	5.11%	5.39%	5.66%	4.55%	4.85%
Depreciation	<u>3.72%</u>	<u>3.35%</u>	<u>2.67%</u>	<u>2.82%</u>	<u>3.02%</u>	<u>2.75%</u>
Total operating expenses	<u>99.83%</u>	<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>0.17%</u>	<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>0.17%</u>	<u>0.32%</u>	<u>0.50%</u>	<u>0.28%</u>	<u>0.00%</u>	<u>0.00%</u>
Total expenses	<u>100.00%</u>	<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 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	Cost for 12	Increase from	Increase
								SCH In-District	SCH Out-of-District	Prior Year In-District	from Prior Year Out-of-District
2006	30	29	62	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	431.50	827.50	9.10%	4.55%
2005	30	26	59	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	395.50	791.50	6.46%	4.77%
2004	30	24	56	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	371.50	755.50	10.73%	10.53%
2003	30	22	51	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	335.50	683.50	26.37%	38.50%
2002	20	17	36	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	265.50	493.50	-	-
2001	20	17	36	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	265.50	493.50	20.96%	20.81%
2000	10	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	219.50	408.50	-	-
1999	10	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	219.50	408.50	-	-
1998	10	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	219.50	408.50	3.29%	1.74%
1997	-	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	212.50	401.50	-	-
1996	-	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / 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	Cost for 12	Increase from	Increase
								SCH State	SCH International	Prior Year Out of State	from Prior Year International
2006	30	94	94	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,211.50	1,211.50	5.21%	5.21%
2005	30	89	89	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,151.50	1,151.50	5.50%	5.50%
2004	30	84	84	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,091.50	1,091.50	9.97%	9.97%
2003	30	76.75	76.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	992.50	992.50	39.89%	39.89%
2002	20	54	54	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	709.50	709.50	-	-
2001	20	54	54	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	709.50	709.50	20.56%	20.56%
2000	10	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	588.50	588.50	-	-
1999	10	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	588.50	588.50	-	-
1998	10	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	588.50	588.50	1.20%	1.20%
1997	-	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / 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.
Source: College of the Mainland catalog

**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)
2006-07	10,777,738	2,284,105	8,493,633	78.81%	0.233745	-	0.233745
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

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
2006-07	6,357,061	8,336		763	1,148,712	311,486	1,460,198	4
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

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)						
		2006	2005	2004	2003	2002	2001	2000
Amoco Oil Company	Refinery							25,480,110
Amoco Texas Refinery Co.	Refinery						1,175,390,860	986,242,300
B.A.S.F. Corp	Refinery	62,944,950	60,217,690	28,182,920	40,510,230	30,360,530	51,542,280	37,816,270
BP Amoco Chemical Co.	Chemical Plant	115,789,500	116,689,750	184,770,250	157,487,829	166,791,626	186,604,400	329,311,200
BP Products (NA) Inc.	Refinery	1,285,559,550	1,096,830,450	795,538,460	644,300,880	618,830,043	24,814,810	
Calpine Central LP	Co-generation Plant	26,779,280	55,339,310	64,760,470	71,642,310			
Centerpoint Energy Inc.	Energy	44,611,060	47,320,960	46,609,910	44,067,590	102,658,120		
Dow Chemical Company	Chemical Plant				47,797,890	59,033,860	55,664,720	
Expro Engineering	Engineering					19,143,800	27,462,960	
Gruy Petroleum Mgmt Co.	Refinery		20,085,470					
GTE Southwest Inc.	Telephone	30,629,490	30,632,550	21,177,780	21,031,850	21,676,500		21,259,900
Hunt Hassie Exploration Co.	Oil & Gas Exploration			19,250,940				
Ineos Styrenics	Chemical Plant	57,185,690						
Innovene LLC	Chemical Plant		88,783,390					
ISP Technologies Inc.	Chemical Plant	75,442,710	51,047,810	46,827,270	47,693,200	48,983,990	50,520,110	49,606,780
Lyondell-Citgo Refining LP	Refinery	25,089,670	35,118,110					
Mainland Partner LLP	Healthcare	21,299,510	21,000,000	23,499,990	22,685,360	21,000,000		22,500,000
Marathon Ashland Petroleum LLC	Refinery	114,061,464	124,282,559	110,753,850	85,524,300	72,646,570	77,841,150	85,264,800
MHCB (USA) Leasing and Finance	Finance Company			240,000,000	32,861,200			
Monsanto	Chemical Plant						35,835,900	
National Onshore LP		38,633,980						
Praxair Hydrogen Supply Inc.	Gas Production	35,519,120	35,156,650	34,008,020	33,749,900	33,772,300	37,365,650	39,964,600
Praxair Inc.	Gas Production	132,785,620	104,274,000	78,830,860	46,366,230	47,701,650	50,489,660	39,678,180
Reliant Energy	Energy						125,051,660	190,318,490
Seaway Pipeline Co.	Pipeline							22,943,440
South Houston Green Power LP	Energy	281,684,910	111,081,430	119,028,140	67,423,690		108,103,680	
Southwestern Bell Telephone Co	Telephone					20,833,440	21,393,900	22,204,500
Sterling Chemicals Inc.	Chemical Plant	155,096,891	177,361,440	174,791,980	197,820,050	197,662,650	244,061,730	293,156,080
Texas City Cogeneration LP	Co-generation Plant					81,129,900	84,129,900	84,641,710
Texas City Terminal Railway Co.	Railway	26,271,466	26,449,880	26,143,050	26,153,740	26,084,970	26,134,110	26,111,970
Texas Genco II LP	Natural Gas				29,807,150			
Texas New Mexico Power Co.	Energy	50,093,290	44,629,450	47,229,960	43,151,690	38,460,860	36,574,890	41,495,510
Transtexas Gas Corporation	Natural Gas			30,058,690		48,491,810	58,393,740	63,157,230
Union Carbide Corp.	Chemical Plant	324,324,430	275,301,650	323,858,720	289,066,050	371,724,990		515,503,290
Valero Refining - Texas LP	Refinery	668,505,350	452,393,770	211,919,380	226,593,580	209,500,930		227,152,330
	Totals	3,572,307,931	2,973,996,319	2,627,240,640	2,175,734,719	2,236,488,539	2,477,376,110	3,098,328,580
Total	Total Assessed Taxable Value	\$ 8,493,632,826	\$ 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)								
		2006	2005	2004	2003	2002	2001	2000		
Amoco Oil Company	Refinery									0.44%
Amoco Texas Refinery Co.	Refinery							18.99%		17.07%
B.A.S.F. Corp	Refinery	0.74%	0.81%	0.42%	0.68%	0.53%	0.83%			0.65%
BP Amoco Chemical Co.	Chemical Plant	1.36%	1.58%	2.76%	2.63%	2.94%	3.01%			5.70%
BP Products (NA) Inc.	Refinery	15.14%	14.84%	11.87%	10.77%	10.89%	0.40%			
Calpine Central LP	Co-generation Plant	0.32%	0.75%	0.97%	1.20%					
Centerpoint Energy Inc.	Energy	0.53%	0.64%	0.70%	0.74%	1.81%				
Dow Chemical Company	Chemical Plant				0.80%	1.04%	0.90%			
Expro Engineering	Engineering					0.34%	0.44%			
Gruy Petroleum Mgmt Co.	Refinery		0.27%							
GTE Southwest Inc.	Telephone	0.36%	0.41%	0.32%	0.35%	0.38%				0.37%
Hunt Hassie Exploration Co.	Oil & Gas Exploratic			0.29%						
Ineos Styrenics	Chemical Plant	0.67%								
Innovene LLC	Chemical Plant		1.20%							
ISP Technologies Inc.	Chemical Plant	0.89%	0.69%	0.70%	0.80%	0.86%	0.82%			0.86%
Lyondell-Citgo Refining LP	Refinery	0.30%	0.48%							
Mainland Partner LLP	Healthcare	0.25%	0.28%	0.35%	0.38%	0.37%				0.39%
Marathon Ashland Petroleum LLC	Refinery	1.34%	1.68%	1.65%	1.43%	1.28%	1.26%			1.48%
MHCB (USA) Leasing and Finance	Finance Company			3.58%	0.55%					
Monsanto	Chemical Plant						0.58%			
National Onshore LP		0.45%								
Praxair Hydrogen Supply Inc.	Gas Production	0.42%	0.48%	0.51%	0.56%	0.59%	0.60%			0.69%
Praxair Inc.	Gas Production	1.56%	1.41%	1.18%	0.78%	0.84%	0.82%			0.69%
Reliant Energy	Energy						2.02%			3.29%
Seaway Pipeline Co.	Pipeline									0.40%
South Houston Green Power LP	Energy	3.32%	1.50%	1.78%	1.13%		1.75%			
Southwestern Bell Telephone Co	Telephone					0.37%	0.35%			0.38%
Sterling Chemicals Inc.	Chemical Plant	1.83%	2.40%	2.61%	3.31%	3.48%	3.94%			5.08%
Texas City Cogeneration LP	Co-generation Plant					1.43%	1.36%			1.47%
Texas City Terminal Railway Co.	Railway	0.31%	0.36%	0.39%	0.44%	0.46%	0.42%			0.45%
Texas Genco II LP	Natural Gas				0.50%					
Texas New Mexico Power Co.	Energy	0.59%	0.60%	0.70%	0.72%	0.68%	0.59%			0.72%
Transtexas Gas Corporation	Natural Gas			0.45%		0.85%	0.94%			1.09%
Union Carbide Corp.	Chemical Plant	3.82%	3.72%	4.83%	4.83%	6.54%				8.92%
Valero Refining - Texas LP	Refinery	7.87%	6.12%	3.16%	3.79%	3.69%				3.93%
	Totals	42.06%	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
2007	\$ 19,736,777	\$ -	\$ 19,736,777	\$ 18,922,497	95.9%	\$ -	\$ -	\$ 18,922,497	95.9%
2006	17,901,679	(18,443)	17,883,236	17,363,310	97.1%	-	285,117	17,648,427	98.7%
2005	16,455,479	(17,279)	16,438,200	15,480,398	94.2%	242,561	115,365	15,838,324	96.4%
2004	15,763,553	(50,797)	15,712,756	15,207,960	96.8%	355,434	19,863	15,583,257	99.2%
2003	14,072,767	(164,318)	13,908,449	13,392,757	96.3%	408,082	17,906	13,818,745	99.4%
2002	13,493,371	(8,593)	13,484,778	13,064,324	96.9%	337,295	11,479	13,413,098	99.5%
2001	12,545,811	(214,670)	12,331,141	12,174,854	98.7%	88,283	7,913	12,271,050	99.5%
2000	12,194,141	(309,007)	11,885,134	11,725,597	98.7%	102,634	6,450	11,834,681	99.6%
1999	11,282,391	5,113	11,287,504	10,960,545	97.1%	278,750	3,651	11,242,946	99.6%
1998	11,257,081	18,019	11,275,100	10,972,262	97.3%	258,985	3,589	11,234,836	99.6%

Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

For the Year Ended August 31

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Bonded Debt										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-	-	265,000
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	265,000
Other Debt										
Revenue bonds	2,255,000	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
Notes	83,156	190,040	262,975	436,947	601,843	758,136	906,276	1,136,686	1,359,772	394,252
Capital lease obligations	36,012	53,402	10,593	15,832	20,723	-	-	30,126	58,613	90,134
Total Outstanding Debt	2,374,168	2,913,442	3,803,568	4,827,779	3,082,566	3,783,136	4,471,276	5,246,812	5,993,385	3,864,386
General bonded debt ratios										
Per Capita	-	-	-	-	-	-	-	-	-	\$ 0.05
Per FTSE	-	-	-	-	-	-	-	-	-	37
As a percentage of Taxable Assessed Value	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	4.680%
Total Outstanding Debt Ratios										
Per Capita	n/a	\$ 13.52	\$ 18.03	\$ 23.35	\$ 15.20	\$ 19.08	\$ 23.08	\$ 27.53	\$ 31.68	\$ 20.70
Per FTSE	285	324	387	501	342	458	596	774	873	538
As a percentage of Taxable Assessed Value	27.952%	39.415%	56.754%	80.723%	54.251%	61.121%	77.405%	92.791%	105.412%	68.240%

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxable Assessed Value	-	-	-	-	-	-	-	-	-	\$ 5,662,909,716
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	-	-	-	-	-	-	-	-	-	28,314,549
Less Funds Reserved for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	228,598
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	28,085,951
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	495,850
Excess of Statutory Limit for Debt Service Current Requirements	-	-	-	-	-	-	-	-	-	\$ 27,590,101
Net Current Requirements as a % of Statutory Limit	-	-	-	-	-	-	-	-	-	1.75%

College of the Mainland
Statistical Supplement 11
Pledged Revenue
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
2007	124	400	579	1,103	415	104	519	2.12
2006	135	975	441	1,550	860	102	962	1.61
2005	139	1,240	230	1,610	845	157	1,002	1.61
2004	133	900	120	1,154	585	117	702	1.64
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

**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
2006	215,499	n/a	n/a	5.0	283,551	n/a	n/a	5.0
2005	210,948	6,986,107	33,146	5.7	277,563	9,192,246	33,146	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

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 (Industry Sector)
 Current Fiscal Year**

Galveston County

Employer	Employment (1st Qtr - 2007)	Percent Change from Previous Year
Education & Health Services	30,831	0.60
Trade, Transport, & Utilities	15,984	4.62
Leisure & Hospitality Group	14,127	3.70
Construction	7,049	28.47
Manufacturing	6,493	5.94
Prof., Business & Other Services	5,931	3.73
Financial Activities Group	5,884	2.71
Public Administration	3,513	-0.43
Other Services	2,619	2.79
Information	815	-11.99
Natural Resources & Mining	635	15.88
Nonclassified	71	-7.79

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

College of the Mainland										
Statistical Supplement 14										
Faculty, Staff, and Administrators Statistics										
Last Ten Fiscal Years										
Faculty (Count)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Full-Time	111	92	89	85	89	89	89	90	87	77
Part-Time	115	121	128	112	118	123	126	297	174	248
Total	226	213	217	197	207	212	215	387	261	325
Faculty (Percent)										
Full-Time	49%	43%	41%	43%	43%	42%	41%	23%	33%	24%
Part-Time	51%	57%	59%	57%	57%	58%	59%	77%	67%	76%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Staff and Administrators (Count)										
Full-Time	248	240	215	228	218	212	208	n/a	n/a	n/a
Part-Time	23	28	227	151	112	134	312	n/a	n/a	n/a
Total	271	268	442	379	330	346	520	194	190	169
Staff (Percent)										
Full-Time	92%	90%	49%	60%	66%	61%	40%	n/a	n/a	n/a
Part-Time	8%	10%	51%	40%	34%	39%	60%	n/a	n/a	n/a
Total	100%	100%	100%	100%	100%	100%	100%	n/a	n/a	n/a
<i>Source: IPEDS and COM Fact Books</i>										
Note: Staff and administrator breakdown not available for years 1997-1999.										

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

Student Classification

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<30 hours	1,492	30.6%	2,591	52.7%	2,506	46.8%	2,243	43.0%	2,046	40.6%
30-72 hours	811	16.6%	1,061	21.6%	1,054	19.7%	1,171	22.4%	1,101	21.8%
> 72 hours	1,333	27.3%	269	5.5%	278	5.2%	383	7.3%	316	6.3%
Previously earned associate	127	2.6%	23	0.5%	45	0.8%	36	0.7%	50	1.0%
Previously earned baccalaureate or above	71	1.5%	55	1.1%	65	1.2%	86	1.6%	75	1.5%
CE (Non-credit)	1,043	21.4%	914	18.6%	1,405	26.2%	1,302	24.9%	1,454	28.8%
Total	4,877	100.0%	4,913	100.0%	5,353	100.0%	5,221	100.0%	5,042	100.0%

Semester Hour Load (Credit Only)

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	38	1.0%	30	0.8%	47	1.2%	50	1.3%	42	1.2%
3-5 semester hours	807	21.0%	736	18.4%	771	19.5%	733	18.7%	753	21.0%
6-8 semester hours	1,064	27.8%	1,172	29.3%	1,035	26.2%	1,057	27.0%	979	27.3%
9-11 semester hours	651	17.0%	679	17.0%	631	16.0%	598	15.3%	591	16.5%
12-14 semester hours	1,087	28.4%	1,139	28.5%	1,174	29.7%	1,169	29.8%	942	26.3%
15-17 semester hours	168	4.4%	199	5.0%	231	5.9%	254	6.5%	231	6.4%
18 and over	19	0.5%	44	1.1%	59	1.5%	58	1.5%	50	1.4%
Total	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%	3,588	100.0%

Tuition Status (Credit Only)

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	2,990	78.0%	3,053	76.3%	3,101	78.5%	3,094	78.9%	2,882	80.3%
Out-of-District	830	21.6%	929	23.2%	832	21.1%	819	20.9%	698	19.5%
Nonresident	14	0.4%	17	0.4%	15	0.4%	6	0.2%	8	0.2%
Total	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%	3,588	100.0%

Source: CBM001 and CBM00A

College of the Mainland
 Statistical Supplement 16
 Student Profile
 Last Five Fiscal Years

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 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	605	58.0%	643	70.4%	1,001	71.2%	936	71.9%	1,029	70.8%
Black	193	18.5%	93	10.2%	200	14.2%	139	10.7%	172	11.8%
Hispanic	173	16.6%	158	17.3%	179	12.7%	189	14.5%	200	13.8%
Asian/Pacific Islander	18	1.7%	14	1.5%	15	1.1%	28	2.2%	33	2.3%
American Indian	5	0.5%	2	0.2%	5	0.4%	5	0.4%	8	0.6%
International	9	0.9%	4	0.4%	5	0.4%	5	0.4%	12	0.8%
Unknown	40	3.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1,043	100.0%	914	100.0%	1,405	100.0%	1,302	100.0%	1,454	100.0%
Gender										
Female	471	45.2%	566	61.9%	690	49.1%	621	47.7%	698	48.0%
Male	572	54.8%	348	38.1%	715	50.9%	681	52.3%	756	52.0%
Total	1,043	100.0%	914	100.0%	1,405	100.0%	1,302	100.0%	1,454	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)**

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	655	
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	702	100.00%

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

**College of the Mainland
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2003 to 2007**

(unaudited)

	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Academic Buildings	12	12	12	12	12
Square footage	282,202	264,026	264,026	264,026	264,026
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	5	4	4	4
Square footage	35603	33963	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	4	3
Light Trucks/Vans	13	12	12	11	10

OTHER SUPPLEMENTAL SCHEDULES

**COLLEGE OF THE MAINLAND
BALANCE SHEET
August 31, 2007**

Schedule S-1

	Total				Total Current				Totals
	Unrestricted	Restricted	Educational and General	Auxiliary	Funds	Loan	Plant	Agency	
ASSETS									
Cash and cash equivalents	\$ 11,699,549	\$ (840,046)	\$ 10,859,503	\$ 508,186	\$ 11,367,689	\$ 52,556	\$ 1,484,954	\$ 164,643	\$ 13,069,842
Short-term investments	-	-	-	-	-	-	-	-	-
Accounts receivable	3,527,108	1,800,396	5,327,504	36,115	5,363,619	-	-	2,225	5,365,844
Notes receivable (net)	-	-	-	-	-	121,884	-	-	121,884
Due from other funds	662,463	110,895	773,358	12,571	785,929	-	72,189	-	858,118
Prepaid expenses	310,972	-	310,972	-	310,972	-	-	-	310,972
Deferred charges	-	-	-	-	-	-	21,474	-	21,474
Inventories for resale	-	-	-	640,775	640,775	-	-	-	640,775
Capital assets	-	-	-	-	-	-	13,702,848	-	13,702,848
TOTAL ASSETS	<u>\$ 16,200,092</u>	<u>\$ 1,071,245</u>	<u>\$ 17,271,337</u>	<u>\$ 1,197,647</u>	<u>\$ 18,468,984</u>	<u>\$ 174,440</u>	<u>\$ 15,281,465</u>	<u>\$ 166,868</u>	<u>\$ 34,091,757</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 516,514	\$ 47,498	\$ 564,012	\$ 36,036	\$ 600,048	\$ -	\$ 3,176	\$ -	\$ 603,224
Accrued liabilities	256,927	-	256,927	-	256,927	-	28,533	-	285,460
Due to other funds	50,256	-	50,256	2,413	52,669	42,333	710,000	53,114	858,116
Deferred revenues	3,641,388	995,742	4,637,130	77,160	4,714,290	-	-	-	4,714,290
Compensated absences payable	426,980	-	426,980	-	426,980	-	1,705,854	-	2,132,834
Bonds Payable	-	-	-	-	-	-	2,255,000	-	2,255,000
Notes payable	-	-	-	-	-	-	119,168	-	119,168
Other debt payable	456,394	-	456,394	-	456,394	-	1	-	456,395
Funds held in custody for others	-	-	-	-	-	-	-	113,754	113,754
Total Liabilities	<u>5,348,459</u>	<u>1,043,240</u>	<u>6,391,699</u>	<u>115,609</u>	<u>6,507,308</u>	<u>42,333</u>	<u>4,821,732</u>	<u>166,868</u>	<u>11,538,241</u>
Fund Balance	<u>10,851,633</u>	<u>28,005</u>	<u>10,879,638</u>	<u>1,082,038</u>	<u>11,961,676</u>	<u>132,107</u>	<u>10,459,733</u>	<u>-</u>	<u>22,553,516</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,200,092</u>	<u>\$ 1,071,245</u>	<u>\$ 17,271,337</u>	<u>\$ 1,197,647</u>	<u>\$ 18,468,984</u>	<u>\$ 174,440</u>	<u>\$ 15,281,465</u>	<u>\$ -</u>	<u>\$ 34,091,757</u>

COLLEGE OF THE MAINLAND
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 2007

Schedule S-2

	Total				Total Current Funds	Loan	Plant	Total
	Unrestricted	Restricted	Educational and General	Auxiliary				
REVENUES AND OTHER ADDITIONS:								
State appropriations	6,357,061	\$ 3,026,751	\$ 9,383,812	\$ -	\$ 9,383,812	\$ -	\$ -	\$ 9,383,812
Tuition and fees	4,833,427	-	4,833,427	-	4,833,427	-	-	4,833,427
Maintenance ad valorem taxes	19,572,072	-	19,572,072	-	19,572,072	-	-	19,572,072
Federal Grants and Contracts	207,620	5,053,581	5,261,201	7,549	5,268,750	-	-	5,268,750
State Grants and Contracts	-	292,384	292,384	-	292,384	-	-	292,384
Local Grants and Contracts	-	4,842	4,842	-	4,842	-	-	4,842
Private grants and contracts	-	1,144,469	1,144,469	-	1,144,469	-	-	1,144,469
Sales and services of educational activities	173,141	-	173,141	-	173,141	-	-	173,141
Foreign trade zone fees	634,474	-	634,474	-	634,474	-	-	634,474
Investment income	579,151	-	579,151	-	579,151	3,358	96,043	678,552
Other income	59,097	-	59,097	-	59,097	0	0	59,097
Auxiliary enterprises	-	-	-	1,726,687	1,726,687	-	-	1,726,687
Total Revenues and Other Additions	<u>32,416,043</u>	<u>9,522,027</u>	<u>41,938,070</u>	<u>1,734,236</u>	<u>43,672,306</u>	<u>3,358</u>	<u>96,043</u>	<u>43,771,707</u>
EXPENDITURES AND OTHER DEDUCTIONS:								
Expenditures (Sch. S-3)	28,826,115	9,486,240	38,312,355	2,006,174	40,318,529	-	-	40,318,529
Expended for Plant Facilities	-	-	-	-	-	-	709,346	709,346
Retirement of Indebtedness/Bonds and Notes	591,575	-	591,575	-	591,575	-	415,000	1,006,575
Interest & fees on Indebtedness	-	-	-	-	-	-	105,285	105,285
Net Decrease (Increase) in Long-Term Debt	-	-	-	-	-	-	(1,519,298)	(1,519,298)
Net Decrease (Increase) in Capital Assets	-	-	-	-	-	-	(1,128,655)	(1,128,655)
Depreciation Expense	-	-	-	-	-	-	1,469,601	1,469,601
Other Deductions	-	-	-	-	-	-	67,924	67,924
Total Expenditures and Other Deductions	<u>29,417,690</u>	<u>9,486,240</u>	<u>38,903,930</u>	<u>2,006,174</u>	<u>40,910,104</u>	<u>-</u>	<u>119,203</u>	<u>41,029,307</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS):								
Non-mandatory transfers	49,125	(49,125)	-	-	-	-	-	-
Renewals and replacements	(143,141)	-	(143,141)	-	(143,141)	-	143,141	-
Retirement of Indebtedness	(518,934)	-	(518,934)	-	(518,934)	-	518,934	-
Total Transfers-Additions/(Deductions)	<u>(612,950)</u>	<u>(49,125)</u>	<u>(662,075)</u>	<u>-</u>	<u>(662,075)</u>	<u>-</u>	<u>662,075</u>	<u>-</u>
NET INCREASE/(DECREASE) FOR THE								
FISCAL YEAR	2,385,403	(13,338)	2,372,065	(271,939)	2,100,126	3,358	638,915	2,742,399
FUND BALANCES, beginning	8,234,807	41,343	8,276,150	1,353,976	9,630,126	128,749	9,820,818	19,579,693
Prior period adjustment	231,423	-	-	-	-	-	-	231,423
FUND BALANCES, ending	<u>\$ 10,851,633</u>	<u>\$ 28,005</u>	<u>\$ 10,648,215</u>	<u>\$ 1,082,038</u>	<u>\$ 11,730,252</u>	<u>\$ 132,107</u>	<u>\$ 10,459,733</u>	<u>\$ 22,553,515</u>

COLLEGE OF THE MAINLAND
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Year Ended August 31, 2007
With Memorandum Totals at August 31, 2006

Schedule S-3

	TOTALS					
	(MEMORANDUM ONLY)					
			Total			
	Unrestricted	Restricted	Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
REVENUES:						
State appropriations	\$ 6,357,061	\$ 3,026,751	\$ 9,383,812	\$ -	\$ 9,383,812	\$ 9,230,622
Tuition and fees	4,833,427	-	4,833,427	107,465	4,940,892	4,965,110
Maintenance ad valorem taxes	19,572,072	-	19,572,072	-	19,572,072	18,109,940
Sales and services of educational activities	173,141	-	173,141	-	173,141	148,783
Sales and services of auxiliary enterprises	-	-	-	1,619,222	1,619,222	2,104,639
Federal grants and contracts	207,620	5,053,581	5,261,201	7,549	5,268,750	6,454,647
State grants and contracts	-	292,384	292,384	-	292,384	349,330
Local grants and contracts	-	4,842	4,842	-	4,842	-
Private grants and contracts	-	1,144,469	1,144,469	-	1,144,469	774,302
Foreign trade zone fees	634,474	-	634,474	-	634,474	364,537
Investment income	579,151	-	579,151	-	579,151	440,547
Other income	59,097	-	59,097	-	59,097	142,463
Total Current Funds Revenues	<u>32,416,043</u>	<u>9,522,027</u>	<u>41,938,070</u>	<u>1,734,236</u>	<u>43,672,306</u>	<u>43,084,920</u>
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational & General:						
Instruction	11,101,110	1,994,064	13,095,174	-	13,095,174	12,202,185
Public service	1,651,383	2,328,289	3,979,672	-	3,979,672	3,796,151
Academic support	2,781,466	1,508,444	4,289,910	-	4,289,910	4,223,604
Student services	3,315,436	913,923	4,229,359	-	4,229,359	4,133,820
Institutional support	5,962,732	506,211	6,468,943	-	6,468,943	5,946,525
Operation and maintenance of plant	3,371,011	-	3,371,011	-	3,371,011	3,420,591
Scholarships and fellowships	214,904	1,870,788	2,085,692	-	2,085,692	4,014,177
Capital outlay	428,073	364,521	792,594	-	792,594	478,104
Total Educational and General Expenditures	<u>28,826,115</u>	<u>9,486,240</u>	<u>38,312,355</u>	<u>-</u>	<u>38,312,355</u>	<u>38,215,157</u>
Auxiliary Enterprise Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,174</u>	<u>2,006,174</u>	<u>2,063,463</u>
Mandatory Transfers for:						
Retirement of Indebtedness	518,934	-	518,934	-	518,934	1,002,538
Renewals and Replacements	143,141	-	143,141	-	143,141	-
Total Expenditures and Mandatory Transfers	<u>29,488,190</u>	<u>9,486,240</u>	<u>38,974,430</u>	<u>2,006,174</u>	<u>40,980,604</u>	<u>41,281,158</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):						
Non-Mandatory Transfers	49,125	(49,125)	-	-	-	-
Debt Service Expenditures	(591,575)	-	(591,575)	-	(591,575)	(677,321)
Total Other Transfers and Additions/(Deductions)	<u>(542,450)</u>	<u>(49,125)</u>	<u>(591,575)</u>	<u>-</u>	<u>(591,575)</u>	<u>(501,160)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>2,385,403</u>	<u>(13,338)</u>	<u>2,372,065</u>	<u>(271,939)</u>	<u>2,100,126</u>	<u>1,302,602</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF CHANGES IN FUND BALANCES
UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES
For the Year Ended August 31, 2007

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	1,524,402	\$ 107,870	\$ -	\$ -	\$ -	\$ -	\$ (13,400)	\$ 350	\$ 1,619,222
Student service fees	-	-	-	-	-	107,465	-	-	107,465
Federal grants	-	-	-	7,549	-	-	-	-	7,549
Other income	-	-	-	-	-	-	-	-	-
Total revenue	<u>1,524,402</u>	<u>107,870</u>	<u>-</u>	<u>7,549</u>	<u>-</u>	<u>107,465</u>	<u>(13,400)</u>	<u>350</u>	<u>1,734,236</u>
Expenditures									
Salaries and wages	181,790	60,428	-	-	-	19,509	143,753	-	405,480
Employee benefits	32,981	1,072	-	-	-	3,687	-	-	37,740
Contracted services	5,102	-	-	-	1,321	423	50,503	-	57,349
Supplies	1,267,296	17,770	907	4,565	54,774	111	4,231	-	1,349,654
Other operating expenses	16,094	579	165	1,662	3,427	54,258	61,386	1,020	138,591
Capital outlay	-	-	17,360	-	-	-	-	-	17,360
Total Expenditures	<u>1,503,263</u>	<u>79,849</u>	<u>18,432</u>	<u>6,227</u>	<u>59,522</u>	<u>77,988</u>	<u>259,873</u>	<u>1,020</u>	<u>2,006,174</u>
Excess revenue over expenditures	21,139	28,021	(18,432)	1,322	(59,522)	29,477	(273,273)	(670)	(271,938)
Interfund Transfers									
In	-	-	-	-	96,808	-	-	-	96,808
Out	-	(66,038)	(30,770)	-	-	-	-	-	(96,808)
Balances, beginning of year	1,066,839	211,786	60,770	6,231	(170,549)	(5,542)	165,866	18,575	1,353,976
Reclassification	(4,616)	(140,000)	-	-	140,000	-	-	4,616	-
Balances, end of year	<u>1,087,978</u>	<u>\$ 33,769</u>	<u>\$ 11,568</u>	<u>\$ 7,553</u>	<u>\$ 6,737</u>	<u>\$ 23,935</u>	<u>\$ (107,407)</u>	<u>\$ 22,521</u>	<u>\$ 1,082,038</u>

