



College of the Mainland[®]

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Year Ended August 31, 2009



2000 LOOP 197 NORTH
TEXAS CITY, TEXAS 77590

**COLLEGE OF THE MAINLAND
ORGANIZATIONAL DATA
FOR THE YEAR ENDED AUGUST 31, 2009**

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

			Term Expires May 31,
Bennie Matthews	Chairperson	Texas City, Texas	2013
Ralph Holm	Vice-Chairperson	Texas City, Texas	2015
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	2015

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Michael A. Elam	President
Dr. James R. Templer	Vice-President for Instruction
Dr. Bill Spillar	Interim Vice-President for Student Services
Lisa Templer, CPA	Vice-President for College and Financial Services
David R. Rac	Associate Vice-President for Financial Services

**COLLEGE OF THE MAINLAND
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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, 2009, 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, 2009, 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 February 22, 2010 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, grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The 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 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 headings "Statistical Supplement" and "Other Supplemental Schedules" 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

A handwritten signature in cursive script that reads "Null-Lairson, PC".

Texas City, Texas
February 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLLEGE OF THE MAINLAND

MANAGEMENT DISCUSSION AND ANALYSIS

In June 1999, the Governmental Accounting Standards 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 2009. 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. During 2009, current assets increased by \$2,166,026 due to an increase in cash and cash equivalents and accounts receivable. Enrollment increased around 10% in Fall 2009, which caused the increase in accounts receivable. Restricted cash increased by \$821,324 with total assets increasing by \$2,596,032.

Current liabilities increased by \$1,035,847, which was due to an increase in accounts payable. Noncurrent liabilities increased by \$475,431, which was primarily due to a property tax refund agreement with Valero Refining.

In May 2009, Valero Refining, the College’s second largest taxpayer, settled four (4) lawsuits where they sued the Galveston Central Appraisal District contesting their values. The result of the settlement required the College to repay \$420,053 in taxes related to the disputed values from 2005 – 2008. On May 18, 2009, the College entered into a property tax refund agreement with Valero, which totaled \$420,053 and provides for four (4) equal payments in the amount of \$105,013 beginning in December 2010. The last payment is due in December 2013. The entire \$420,053 was booked as a noncurrent liability and makes up most of the \$475,431 increase in noncurrent liabilities as compared to the prior year.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

The effect of change in the College's assets and liabilities resulted in an increase of \$1,277,262 in unrestricted net assets, which places the College in a strong financial position.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Current assets	\$ 23,324,442	\$ 21,158,416	\$ 2,166,026
Capital assets	12,561,139	12,899,857	(338,718)
Other Non-Current assets	<u>1,846,943</u>	<u>1,078,219</u>	<u>768,724</u>
Total assets	<u>37,732,524</u>	<u>35,136,492</u>	<u>2,596,032</u>
Current liabilities	6,208,874	5,173,027	1,035,847
Non-current liabilities	<u>3,427,157</u>	<u>2,951,726</u>	<u>475,431</u>
Total liabilities	<u>9,636,031</u>	<u>8,124,753</u>	<u>1,511,278</u>
Invested in capital assets, net of related debt	10,741,222	10,998,155	(256,933)
Restricted net assets	1,134,136	1,026,983	107,153
Unrestricted net assets	<u>16,263,863</u>	<u>14,986,601</u>	<u>1,277,262</u>
Total net assets	<u>\$ 28,096,493</u>	<u>\$ 27,011,739</u>	<u>\$ 1,084,754</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 2009 operating revenue decreased by \$225,367. This was due to a decrease in tuition and fees of \$283,878 and was caused by the effect of discounting tuition and fees revenue. Tuition and fees are discounted or reduced for Title IV federal grants, state and local exemptions, and TPEG awards. If you remove the discounting effect on tuition and fees, the College actually increased tuition and fee revenue by \$103,209.

There was a decrease in federal grants and contracts of \$604,278 due primarily to the decrease of \$520,881 in revenue from the DOL Community-Based Job Training Grant, which was in a no cost extension period in 2009. There was a decrease of \$54,782 in our NSF grant funding and a decrease of \$59,293 for the DOL Worksource AWIN grant through San Jacinto College.

Private grants and contracts increased \$350,700 due to an increase from our BP apprenticeship contracts of \$148,973 and an increase of \$42,643 related to Galveston College's participation in our Adult Education program. Previously, Galveston College's payments were captured in our unrestricted fund and were not classified as a grant or contract. Other increases were \$51,019 for Collegiate High School, \$45,739 from Houston Endowment for Achieving the Dream, \$20,000 from the Barbara Bush Texas Fund, and \$43,386 from the Brown Foundation for the CAST Center.

In auxiliary operations, operating revenue increased by \$111,942 compared to the prior year. That amount was primarily due to the bookstore sales related to the increase in enrollment in Fall 2009. General operating revenue increased by \$207,461, with insurance proceeds of \$92,000 related to hurricane Ike damage being the most significant amount.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

Operating expenses increased \$1,858,412 compared to the prior year. The largest increase in expenses was in the operation and maintenance of plant. There was an increase in utilities of \$164,797 and an increase of \$841,303 that was related to the projects identified for use of designated fund balance. Lease payments of \$300,500 were previously paid out of the instructional area are now paid out of operation and maintenance of plant. Another large increase of \$179,284 was in auxiliary and related to the bookstore due to enrollment growth in Fall 2009.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues	\$ 13,648,088	\$ 13,873,455	\$ (225,367)
Operating expenses	(45,394,257)	(43,535,845)	(1,858,412)
Net Operating income (loss)	(31,746,169)	(29,662,390)	(2,083,779)
Non-operating revenues (expenses)	<u>32,830,923</u>	<u>32,240,809</u>	<u>590,114</u>
Total increase (decrease) in net assets	<u>\$ 1,084,754</u>	<u>\$ 2,578,419</u>	<u>\$ (1,493,665)</u>

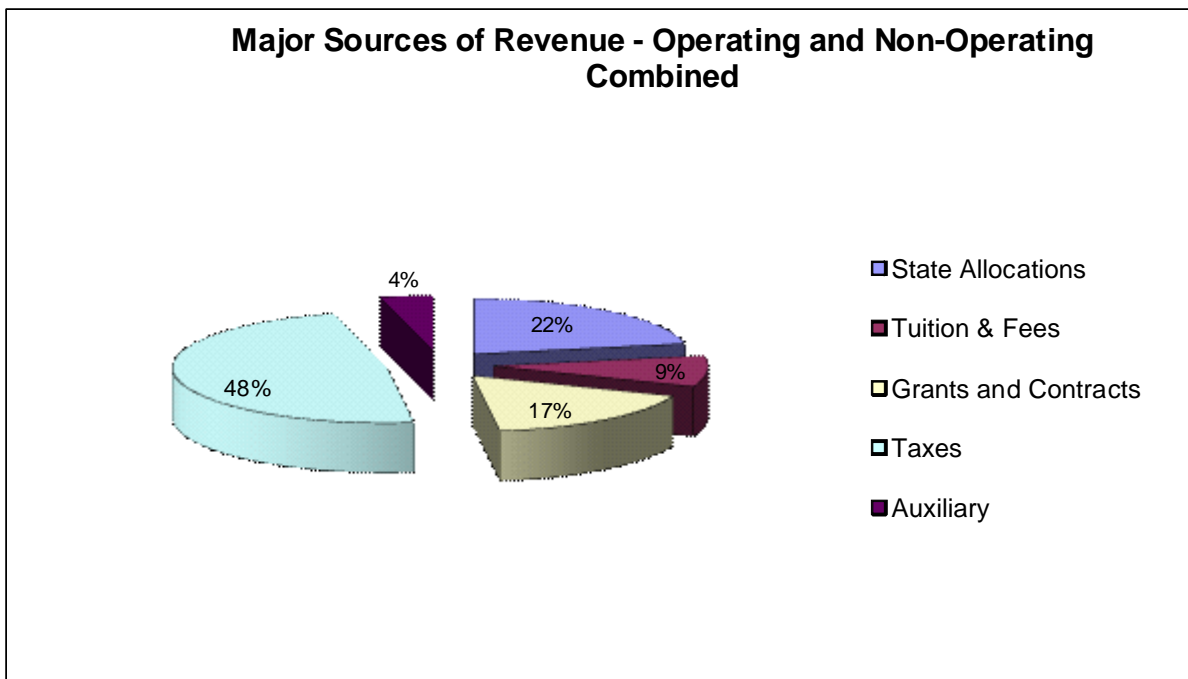
The College's major sources of revenue, categorized as operating and non-operating, are as follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues:			
Tuition and fees	\$ 4,033,967	\$ 4,317,845	\$ (283,878)
Federal grants and contracts	5,238,152	5,842,430	(604,278)
State grants and contracts	304,189	323,248	(19,059)
Private grants and contracts	1,877,808	1,527,108	350,700
Local grants and contracts	5,000	-	5,000
Sales and services of educational activities	129,087	123,226	5,861
Auxiliary enterprises (net of discounts)	1,830,156	1,718,214	111,942
General operating revenues	226,284	18,823	207,461
Total operating revenues	<u>13,644,643</u>	<u>13,870,894</u>	<u>(226,251)</u>
Non-operating revenues:			
State appropriations	9,837,793	9,574,732	263,061
Maintenance ad valorem taxes	21,036,032	20,887,193	148,839
Federal revenue, non-operating	1,125,156	873,528	251,628
Investment income	150,801	483,496	(332,695)
Foreign trade zone fees	803,588	533,967	269,621
Interest and fees on capital related debt	(74,009)	(109,824)	35,815
Total operating revenues	<u>32,879,361</u>	<u>32,243,092</u>	<u>636,269</u>
Total revenues	<u>\$ 46,524,004</u>	<u>\$ 46,113,986</u>	<u>\$ 410,018</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	\$ 9,837,793	\$ 9,572,171	\$ 265,622
Tuition and fees	4,033,967	4,317,845	(283,878)
Grants and contracts	7,428,594	7,695,347	(266,753)
Taxes	21,036,032	20,887,193	148,839
Auxiliary enterprises	1,830,156	1,718,214	111,942
Total revenues	<u>\$ 44,166,542</u>	<u>\$ 44,190,770</u>	<u>\$ (24,228)</u>

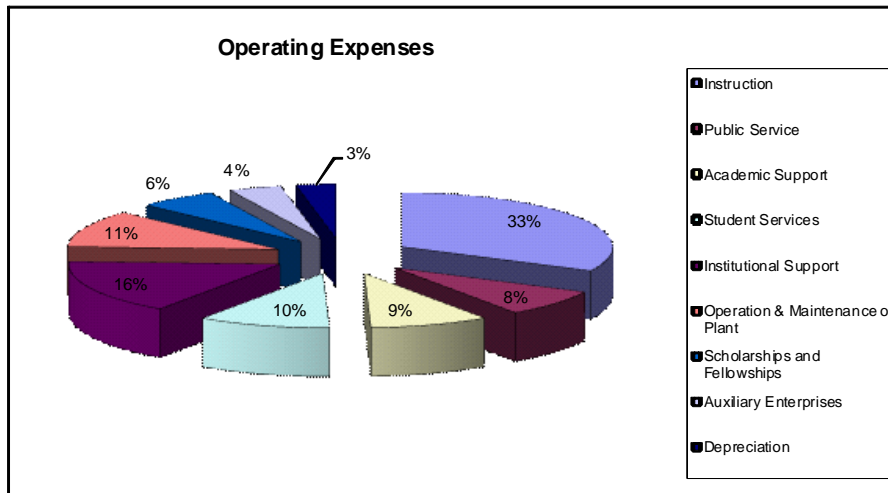


Operating expenses are reported in the Financial Statement by functional classification and are presented below for fiscal years 2009 and 2008.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Instruction	\$ 14,730,651	\$ 14,339,985	\$ 390,666
Public service	3,574,530	3,790,402	(215,872)
Academic support	4,274,006	3,982,412	291,594
Student services	4,500,287	4,339,282	161,005
Institutional support	7,157,761	7,421,276	(263,515)
Operation and maintenance of plant	4,932,675	3,716,353	1,216,322
Scholarships and fellowships	2,830,673	2,717,234	113,439
Auxiliary enterprises	1,846,049	1,666,765	179,284
Depreciation expense	1,547,625	1,562,136	(14,511)
Total operating expenses	<u>\$ 45,394,257</u>	<u>\$ 43,535,845</u>	<u>\$ 1,858,412</u>

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

Operating expenses for fiscal year 2009 can be seen in the following graphical presentation:



Statement of Cash Flows

The College received cash in a timely manner and was able to operate without borrowing funds for current activities. State appropriations were received timely, but the College received eight (8) payments rather than ten (10) payments. The payments were very large initially in order to offset the impact of Governor Perry’s veto of community college group health insurance in 2009. The payments started at \$943,694 and graduated down to \$555,836.

In July 2009, the legislature restored the group health insurance for 2009 and sent a payment of \$2,138,088. This payment is an anomaly because normally, the state makes on-behalf-payments for group health premiums and the College never receives any cash. 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 were 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.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

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	\$ (30,336,521)	\$ (27,700,904)	\$ (2,635,617)
Net cash provided by (used in) non-capital financing activities	33,149,890	30,675,850	-
Net cash provided by (used in) capital and related financing activities	(1,784,753)	(1,782,009)	(2,744)
Net cash provided by (used in) investing activities	<u>150,801</u>	<u>483,496</u>	<u>(332,695)</u>
Increase (decrease) in cash and cash equivalents	1,179,417	1,676,433	(2,971,056)
Cash and cash equivalents, beginning of year	<u>14,746,275</u>	<u>13,069,842</u>	<u>1,676,433</u>
Cash and cash equivalents, end of year	<u>\$ 15,925,692</u>	<u>\$ 14,746,275</u>	<u>\$ (1,294,623)</u>

A major factor in maintaining a viable academic program is the quality of the College's capital assets. During the year, the College spent approximately \$1,671,129 on emergency repairs, deferred maintenance projects, and renovation. Some projects completed during the year were a piping reconfiguration of the chilled water system at Fine Arts, HVAC installation at the Auto Diesel building to accommodate our contract with BP to train mechanical apprentices, completion of a hot site for an alternate computer room in the event of a disaster, Phase I of a campus wide restroom renovation project, which included twelve (12) restrooms, replacement two (2) air handlers; one in the gym and one at Fine Arts, re-numbering and painting of the Technical Vocational building, Unit #5 renovation at Appomattox Square for our Alternative Teacher Certification program, and various other projects.

Conclusion

Looking to the future, management has some challenges that must be addressed. The most immediate issue is the facilities. The College was formed over forty (40) years ago and there are serious deferred maintenance issues. The College master plan includes building new facilities and renovating existing facilities in order to promote the concept of a learner-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 Allied Health Center, a new Process Technology Building, a new Corporate Training Center, an expansion of the existing Math/Science Building to provide new labs, expansion of the Student Center, renovation of the Technical Vocational Building, renovation of the Learning Resource Center, renovation of Fine Arts, and significant deferred maintenance issues will be addressed. In order to fund the facilities master plan construction, the College will hold an election in November 2010 for voter approval to sell in excess of \$100 million in ad valorem bonds. It is anticipated that the facilities master plan will be implemented over a period of seven (7) to ten (10) years.

In April 2009, the College hired a new President, Dr. Michael A. Elam. Dr. Elam came from Daytona State College in Daytona Beach, Florida, and has a strong background in community colleges in the area of student services. Shortly after the President's arrival on campus he began working on converting the Administration building into a one stop enrollment center to improve access for our students. Dr. Elam is a visionary president, and in the short time he has been here he has made it clear that our mission is about teaching and learning and student success.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Vice President for College and Financial Services at College of the Mainland, 1200 Amburn Road, Texas City, Texas 77591

BASIC FINANCIAL STATEMENTS

COLLEGE OF THE MAINLAND
STATEMENT OF NET ASSETS
August 31, 2009 and 2008

Exhibit 1

	<u>Current year</u>	<u>Prior year</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,140,339	\$ 13,782,247
Accounts receivable (net)	8,168,165	6,352,586
Due from agency funds	53,114	53,113
Inventories	637,377	673,932
Prepaid expenses	325,447	296,538
Total current assets	<u>23,324,442</u>	<u>21,158,416</u>
Noncurrent assets		
Restricted cash and cash equivalents	1,785,352	964,028
Notes receivable (net)	45,843	98,443
Deferred charges	15,748	15,748
Capital assets (net), (see notes)	12,561,139	12,899,857
Total noncurrent assets	<u>14,408,082</u>	<u>13,978,076</u>
Total Assets	<u>37,732,524</u>	<u>35,136,492</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,514,724	506,670
Accrued liabilities	397,920	311,719
Compensated absences and severance payable - current	176,910	268,539
Accrued interest payable	38,625	38,625
Funds held for others	240,579	205,964
Deferred revenues	3,564,177	3,339,673
Notes payable - current portion	25,939	41,837
Bonds payable - current portion	250,000	460,000
Total current liabilities	<u>6,208,874</u>	<u>5,173,027</u>
Noncurrent liabilities		
Compensated absences and severance payable - noncurrent	1,883,179	1,551,862
Tax refund payable - noncurrent	420,053	-
Notes and capital leases payable	8,925	34,864
Bonds payable	1,115,000	1,365,000
Total noncurrent liabilities	<u>3,427,157</u>	<u>2,951,726</u>
Total Liabilities	<u>9,636,031</u>	<u>8,124,753</u>
NET ASSETS		
Invested in capital assets, net of related debt	10,741,222	10,998,155
Restricted for:		
Grants and donor restrictions	40,883	28,003
Loan funds	90,408	134,711
Unexpended bond proceeds	116,631	177,016
Renewals and replacements	163,921	20,582
Debt service	679,565	666,671
Unrestricted	16,263,863	14,986,601
Total Net Assets (Schedule D)	<u>\$ 28,096,493</u>	<u>\$ 27,011,739</u>

COLLEGE OF THE MAINLAND
AFFILIATED ORGANIZATION
STATEMENT OF FINANCIAL POSITION

College of the Mainland Foundation - Fiscal Year August 31, 2009

	<u>8/31/2009</u>	<u>8/31/2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 329,523	\$ 315,449
Investments	365,223	354,763
Donations receivable net of allowance for uncollectible amounts of \$20,590	131,506	80,428
Prepaid items	700	
Total current assets	<u>826,952</u>	<u>750,640</u>
 Noncurrent assets:		
Cash and cash equivalents	76,839	44,423
Investments (restricted)	1,258,159	1,276,914
Total noncurrent assets	<u>1,334,998</u>	<u>1,321,337</u>
Total assets	<u>\$ 2,161,950</u>	<u>\$ 2,071,977</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 130,091	\$ 35,184
Total liabilities	<u>130,091</u>	<u>35,184</u>
 Net assets:		
Unrestricted		
Unrestricted, general	31,323	37,230
Unrestricted, board designated	385,241	443,433
Temporarily restricted	665,538	678,226
Permanently restricted	949,757	877,904
Total net assets	<u>2,031,859</u>	<u>2,036,793</u>
Total liabilities and net assets	<u>\$ 2,161,950</u>	<u>\$ 2,071,977</u>

COLLEGE OF THE MAINLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended August 31, 2009 and 2008

Exhibit 2

	<u>Current year</u>	<u>Prior year</u>
Operating Revenues		
Tuition and fees (net of discounts of \$1,778,705 and \$1,391,618)	\$ 4,033,967	\$ 4,317,845
Federal grants and contracts	5,238,152	5,842,430
State grants and contracts	304,189	325,809
Private grants and contracts	1,877,808	1,527,108
Local grants and contracts	5,000	-
Sales and services of educational activities	129,087	123,226
Auxiliary enterprises (net of discounts)	1,830,156	1,718,214
General operating revenues	<u>226,284</u>	<u>18,823</u>
Total operating revenues (Schedule A)	<u>13,644,643</u>	<u>13,873,455</u>
Operating Expenses		
Instruction	14,730,651	14,339,985
Public service	3,574,530	3,790,402
Academic support	4,274,006	3,982,412
Student services	4,500,287	4,339,282
Institutional support	7,157,761	7,421,276
Operation and maintenance of plant	4,932,675	3,716,353
Scholarships and fellowships	2,830,673	2,717,234
Auxiliary enterprises	1,846,049	1,666,765
Depreciation expense	<u>1,547,625</u>	<u>1,562,136</u>
Total operating expenses (Schedule B)	<u>45,394,257</u>	<u>43,535,845</u>
Operating income (loss)	<u>(31,749,614)</u>	<u>(29,662,390)</u>
Non-operating revenues (expenses)		
State appropriations	9,837,793	9,574,732
Maintenance ad valorem taxes	21,036,032	20,887,193
Federal revenue, non-operating	1,125,156	873,528
Investment income	150,801	483,496
Foreign trade zone fees	803,588	533,967
Interest and fees on capital related debt	(74,009)	(109,824)
Other non-operating revenues	-	278
Other non-operating expenses	<u>(44,993)</u>	<u>-</u>
Net non-operating revenues (expenses) (Schedule C)	<u>32,834,368</u>	<u>32,243,370</u>
Increase (decrease) in net assets	1,084,754	2,580,980
Net assets - beginning of year	<u>27,011,739</u>	<u>24,433,320</u>
Net assets - end of year	<u>\$ 28,096,493</u>	<u>\$ 27,014,300</u>

COLLEGE OF THE MAINLAND
 AFFILIATED ORGANIZATION
 STATEMENT OF ACTIVITIES

College of the Mainland Foundation - Fiscal Year August 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	8/31/09	8/31/08
Public Support, Revenue, and Reclassifications					
Contributions endowed	\$ -	\$ -	\$ -	\$ -	\$ 165,369
Contributions non-endowed	18,033	142,703	-	160,736	103,545
College of the Mainland contributions for salaries and supplies	134,756	-	-	134,756	128,807
Grants	-	9,875	-	9,875	153,000
Interest, dividends, and capital gain distributions	4,532	17,745	50,338	72,615	85,065
Realized and unrealized gains (losses) on investments	(61,049)	8,849	31,715	(20,485)	(63,054)
Assets restricted by board	-	-	-	-	-
Net assets released from restrictions in satisfaction of purpose restrictions	182,060	(171,860)	(10,200)	-	-
Total public support, revenues, and reclassifications	<u>278,332</u>	<u>7,312</u>	<u>71,853</u>	<u>357,497</u>	<u>572,732</u>
Expenses					
Programs:					
Scholarships endowed	-	-	-	-	12,155
Scholarships non-endowed	114,034	-	-	114,034	96,988
Payments to College of the Mainland	-	-	-	-	5,098
Other program payments	48,500	-	-	48,500	31,284
Total programs	<u>162,534</u>	<u>-</u>	<u>-</u>	<u>162,534</u>	<u>145,525</u>
Administration	50,760	-	-	50,760	39,405
Bad debt expense	75	20,000	-	20,075	-
Salaries	122,488	-	-	122,488	117,878
Fundraising expenses	6,574	-	-	6,574	8,018
Total expenses	<u>342,431</u>	<u>20,000</u>	<u>-</u>	<u>362,431</u>	<u>310,826</u>
Change in net assets	(64,099)	(12,688)	71,853	(4,934)	261,906
Net Assets, beginning of year					
As originally stated	37,230	678,226	1,321,337	2,036,793	1,774,887
Implementation of FAS 117-1	443,433	-	(443,433)	-	-
Net Assets, beginning of year, as restated	<u>480,663</u>	<u>678,226</u>	<u>877,904</u>	<u>2,036,793</u>	<u>1,774,887</u>
Net Assets, end of year	<u>\$ 416,564</u>	<u>\$ 665,538</u>	<u>\$ 949,757</u>	<u>\$ 2,031,859</u>	<u>\$ 2,036,793</u>

COLLEGE OF THE MAINLAND
STATEMENT OF CASH FLOWS
For the Years Ended August 31, 2009 and 2008

Exhibit 3

	<u>Current year</u>	<u>Prior year</u>
Cash flows from operating activities:		
Receipts from students and other customers	\$ 6,006,644	\$ 6,920,780
Receipts of grants and contracts	6,161,878	7,052,341
Payments to or on behalf of employees	(30,188,011)	(29,473,206)
Payments to suppliers for goods or services	(9,679,685)	(10,593,057)
Payments for scholarships and fellowships	<u>(2,637,347)</u>	<u>(2,481,290)</u>
Net cash provided (used) by operating activities	<u>(30,336,521)</u>	<u>(28,574,432)</u>
Cash flows from non-capital financing activities:		
Receipts of state allocations	9,834,348	9,572,171
Receipts from ad valorem taxes	21,344,572	20,506,899
Receipts from federal grants from non-operating activities	1,125,156	873,528
Receipts from foreign trade zone participants	803,588	533,967
Receipts from student organizations and other agency transactions	164,304	154,932
Payments to student organization and other agency transactions	(129,686)	(115,835)
Net (increase) decrease in loans receivable	7,607	23,441
Other non-capital financing activities	<u>-</u>	<u>275</u>
Net cash provided (used) by non-capital financing activities	<u>33,149,889</u>	<u>31,549,378</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,208,907)	(759,144)
Payments on capital debt and leases - principal	(501,837)	(899,491)
Payments on capital debt and leases - interest and fees	<u>(74,009)</u>	<u>(123,374)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,784,753)</u>	<u>(1,782,009)</u>
Cash flows from investing activities:		
Investment income	<u>150,801</u>	<u>483,496</u>
Net cash provided (used) by investing activities	<u>150,801</u>	<u>483,496</u>
Increase (decrease) in cash and cash equivalents	1,179,416	1,676,433
Cash and cash equivalents, beginning of year	<u>14,746,275</u>	<u>13,069,842</u>
Cash and cash equivalents, end of year	<u><u>\$ 15,925,691</u></u>	<u><u>\$ 14,746,275</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by		
Operating income (loss)	\$ (31,749,614)	\$ (29,662,390)
Adjustments:		
Depreciation expense	1,547,625	1,562,136
Changes in assets and liabilities:		
Receivables, net	(1,704,070)	(606,448)
Inventories	36,555	(33,157)
Prepaid expenses	(28,909)	14,434
Accounts payable	1,008,054	(99,371)
Accrued liabilities	325,889	(254,823)
Deferred revenues	<u>224,504</u>	<u>505,187</u>
Net cash provided (used) by operating activities	<u><u>\$ (30,339,966)</u></u>	<u><u>\$ (28,574,432)</u></u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

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. 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 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, 2009

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, 2009

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, 2009 are reported as deferred revenues. Those amounts are as follows:

	<u>2009</u>	<u>2008</u>
Tuition and fees	\$ 1,960,031	\$ 1,797,211
Season tickets - Theater	61,854	69,480
Federal, state and local grants	1,542,370	1,446,868
Other	(78)	26,113
	<u>\$ 3,564,177</u>	<u>\$ 3,339,672</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, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain amounts for 2008 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, 2009.

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, 2009 and 2008, the carrying amount of the College's deposits was \$281,669 and \$325,094 , respectively, and total bank balances equaled \$1,285,242 and \$1,260,422 . Bank balances of \$250,000 are covered by federal depository insurance, and \$1,035,242 and \$1,160,422 were covered by collateral pledged in the College's name for the years ended August 31, 2009 and 2008.

During the fiscal years 2009 and 2008, the College invested in Texpool, a local government investment pool. Texpool is duly chartered and overseen by the State Comptroller's Office and administered by Lehman Brothers and Federated Investors, Inc. The State Street Bank is the custodial bank.

The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service.

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

	<u>2009</u>	<u>2008</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ 281,669	\$ 325,094
Cash on cash equivalents:		
Petty cash on hand and change funds	20,270	20,270
Total Cash and Deposits	<u>\$ 301,939</u>	<u>\$ 345,364</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2009</u>	<u>2008</u>
<i>Investments:</i>		
Governmental Investment Pools:		
Texpool	\$ 15,623,752	\$ 14,400,911
Total investments	<u>15,623,752</u>	<u>14,400,911</u>
<i>Total Cash and Deposits</i>	<u>301,939</u>	<u>345,364</u>
Total cash and investments	<u>\$ 15,925,691</u>	<u>\$ 14,746,275</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 14,140,339	\$ 13,782,247
Restricted cash and cash equivalents	<u>1,785,352</u>	<u>964,028</u>
Total cash and temporary investments	<u>\$ 15,925,691</u>	<u>\$ 14,746,275</u>

As of August 31, 2009, the College had the following investments and maturities.

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investments</u>
Local Government Investment Pools			
Texpool	\$ 15,623,752	AAAm	100.0%
Total Local Government Investment Pools	<u>15,623,752</u>		<u>100.0%</u>
Total investments	<u>\$ 15,623,752</u>		<u>100.0%</u>
	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<i>Investments</i>			
Local Government Investment Pools			
TexPool	\$ 15,623,752	100.0%	48
Total Local Government Investment Pools	<u>15,623,752</u>	<u>100.0%</u>	48
Total investments	<u>\$ 15,623,752</u>	<u>100.0%</u>	48

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

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, 2009, 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, 2009.

Custodial Credit Risk

The College's deposits are subject to custodial credit risk as \$1,035,242 of total deposits was uninsured but collateralized 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.

Investment income for 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Interest income	\$ 150,801	\$ 483,496
Net decrease in investment values	-	-
Total Investment Earnings	<u>\$ 150,801</u>	<u>\$ 483,496</u>

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Accounts receivable at August 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Property taxes receivable	\$ 4,583,873	\$ 4,347,903
Allowance for uncollectible property taxes	(2,062,264)	(1,937,804)
Property taxes receivable, net	<u>2,521,609</u>	<u>2,410,099</u>
Tuition and fees receivable	2,131,448	1,750,093
Allowance for uncollectible tuition and fees	(158,316)	(152,678)
Tuition and fees receivable, net	<u>1,973,132</u>	<u>1,597,415</u>
Due from tax collector	13,323	12,984
Due from other governments for grant awards	3,097,310	1,600,069
Due from grantors for private awards	361,729	492,863
Other receivables	201,062	239,156
Total receivables, net	<u>\$ 8,168,165</u>	<u>\$ 6,352,586</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

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

Accrued liabilities at August 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Accrued wages payable	\$ 165,382	\$ 144,684
Reserve for incurred but not reported worker's compensation benefits	226,445	162,069
Other accrued liabilities	6,093	4,966
Total accrued liabilities	<u>\$ 397,920</u>	<u>\$ 311,719</u>

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2009 was as follows:

	<u>Balance 09/01/08</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance 08/31/09</u>
<u>Not depreciated:</u>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	-	813,385	-	813,385
Subtotal	<u>372,145</u>	<u>813,385</u>	<u>-</u>	<u>1,185,530</u>
<u>Buildings and other capital assets:</u>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	10,671,163	116,003	18,750	10,805,916
Total buildings and other real estate improvements	<u>26,011,199</u>	<u>116,003</u>	<u>18,750</u>	<u>26,145,952</u>
Furniture, equipment and vehicles	2,411,276	136,394	(49,647)	2,498,023
Telecommunication equipment	3,347,601	94,491	(12,866)	3,429,226
Leased assets under capital lease	56,161	-	-	56,161
Library books	1,330,355	48,634	-	1,378,989
Total buildings and other capital assets	<u>33,156,592</u>	<u>395,522</u>	<u>(43,763)</u>	<u>33,508,351</u>
<u>Accumulated depreciation:</u>				
Buildings and building improvements	(10,239,977)	(306,802)	-	(10,546,779)
Improvements other than buildings	(5,600,348)	(536,458)	-	(6,136,806)
Total buildings and other real estate improvements	<u>(15,840,325)</u>	<u>(843,260)</u>	<u>-</u>	<u>(16,683,585)</u>
Furniture, equipment and vehicles	(1,427,298)	(153,702)	33,470	(1,547,530)
Telecommunication equipment	(2,276,696)	(500,695)	10,293	(2,767,098)
Leased assets under capital lease	(14,040)	(5,616)	-	(19,656)
Library books	(1,070,521)	(44,352)	-	(1,114,873)
Total Accumulated depreciation	<u>(20,628,880)</u>	<u>(1,547,625)</u>	<u>43,763</u>	<u>(22,132,742)</u>
Net capital assets	<u>\$ 12,899,857</u>	<u>\$ (338,718)</u>	<u>\$ -</u>	<u>\$ 12,561,139</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 6 – CAPITAL ASSETS (continued)

Capital assets activity for the year ended August 31, 2008 was as follows:

	Balance 09/01/07	Additions	Retirements and Transfers	Balance 08/31/08
<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	10,234,781	436,382	-	10,671,163
Total buildings and other real estate improvements	<u>25,574,817</u>	<u>436,382</u>	<u>-</u>	<u>26,011,199</u>
Furniture, equipment and vehicles	2,478,694	80,959	(148,377)	2,411,276
Telecommunication equipment	3,236,147	185,901	(74,447)	3,347,601
Leased assets under capital lease	56,161	-	-	56,161
Library books	1,274,452	55,903	-	1,330,355
Total buildings and other capital assets	<u>32,620,271</u>	<u>759,145</u>	<u>(222,824)</u>	<u>33,156,592</u>
<u>Accumulated depreciation:</u>				
Buildings and building improvements	(9,933,175)	(306,802)	-	(10,239,977)
Improvements other than buildings	(5,077,699)	(522,649)	-	(5,600,348)
Total buildings and other real estate improvements	<u>(15,010,874)</u>	<u>(829,451)</u>	<u>-</u>	<u>(15,840,325)</u>
Furniture, equipment and vehicles	(1,426,082)	(149,593)	148,377	(1,427,298)
Telecommunication equipment	(1,860,495)	(490,648)	74,447	(2,276,696)
Leased assets under capital lease	(8,424)	(5,616)	-	(14,040)
Library books	(983,693)	(86,828)	-	(1,070,521)
Total Accumulated depreciation	<u>(19,289,568)</u>	<u>(1,562,136)</u>	<u>222,824</u>	<u>(20,628,880)</u>
Net capital assets	<u>\$ 13,702,848</u>	<u>\$ (802,991)</u>	<u>\$ -</u>	<u>\$ 12,899,857</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activity for the year ended August 31, 2009 was as follows:

	Balance 09/01/08	Additions	Retirements	Balance 08/31/09	Current Portion
Bonds					
Revenue bonds	\$ 1,825,000	\$ -	\$ (460,000)	\$ 1,365,000	\$ 250,000
	<u>1,825,000</u>	<u>-</u>	<u>(460,000)</u>	<u>1,365,000</u>	<u>250,000</u>
Notes and capital leases					
Notes payable	59,592	-	(24,728)	34,864	25,939
Capital lease payable	17,109	-	(17,109)	-	-
	<u>76,701</u>	<u>-</u>	<u>(41,837)</u>	<u>34,864</u>	<u>25,939</u>
Other liabilities					
Compensated absences payable	1,751,861	33,278	(73,715)	1,711,425	116,589
Retirement incentive payable	68,539	348,663	(68,539)	348,664	60,321
Property tax refund payable	-	420,053	-	420,053	-
	<u>1,820,400</u>	<u>801,994</u>	<u>(142,254)</u>	<u>2,480,142</u>	<u>176,910</u>
Total noncurrent liabilities	<u>\$ 3,722,101</u>	<u>\$ 801,994</u>	<u>\$ (644,091)</u>	<u>\$ 3,880,006</u>	<u>\$ 452,849</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 7 – NONCURRENT LIABILITIES (Continued)

Noncurrent liabilities activity for the year ended August 31, 2008 was as follows:

	<u>Balance 09/01/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/08</u>	<u>Current Portion</u>
Bonds					
Revenue bonds	\$ 2,255,000	\$ -	\$ (430,000)	\$ 1,825,000	\$ 460,000
	<u>2,255,000</u>	<u>-</u>	<u>(430,000)</u>	<u>1,825,000</u>	<u>460,000</u>
Notes and capital leases					
Notes payable	83,156	-	(23,564)	59,592	24,728
Capital lease payable	36,012	-	(18,903)	17,109	17,109
	<u>119,168</u>	<u>-</u>	<u>(42,467)</u>	<u>76,701</u>	<u>41,837</u>
Other liabilities					
Compensated absences payable	1,837,621	62,658	(148,418)	1,751,861	200,000
Retirement incentive payable	295,213	6,773	(233,447)	68,539	68,539
Property tax refund payable	456,395	-	(456,395)	-	-
	<u>2,589,229</u>	<u>69,431</u>	<u>(838,260)</u>	<u>1,820,400</u>	<u>268,539</u>
Total noncurrent liabilities	<u>\$ 4,963,397</u>	<u>\$ 69,431</u>	<u>\$ (1,310,727)</u>	<u>\$ 3,722,101</u>	<u>\$ 770,376</u>

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	\$ 220,000	\$ 1,605,000
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
Source of revenue for debt service	Pledged revenues derived from a portion of tuition and certain fees collected	Pledged revenues derived from a portion of tuition and certain fees collected

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 7 – NONCURRENT LIABILITIES (Continued)

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

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

Year Ending August 31,	Principal	Interest	Totals
2010	\$ 250,000	\$ 51,375	\$ 301,375
2011	260,000	42,938	302,938
2012	275,000	33,513	308,513
2013	285,000	23,200	308,200
2014	295,000	11,800	306,800
	<u>\$ 1,365,000</u>	<u>\$ 162,825</u>	<u>\$ 1,527,825</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, 2009.

Notes and Loans Payable

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

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

Year Ending August 31,	Principal	Interest	Totals
2010	\$ 25,939	\$ 1,106	\$ 27,044
2011	8,925	89	9,015
	<u>\$ 34,864</u>	<u>\$ 1,195</u>	<u>\$ 36,059</u>

Total notes and loans payable:

	Principal		
Current	Noncurrent	Total	
\$ 25,939	\$ 8,925	\$ 34,864	
<u>\$ 25,939</u>	<u>\$ 8,925</u>	<u>\$ 34,864</u>	

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 7 – NONCURRENT LIABILITIES (Continued)

Capital Leases Payable

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

Tax Refund Payable

During the year ended August 31, 2009, a lawsuit filed by one of the College's larger taxpayer was completed and the College was required to pay a tax refund in the amount of \$420,053 over a four year period beginning in December 2010. The annual payments are \$105,013 beginning December 10, 2010.

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 consisted of four (4) annual payments of \$456,394. The final payment was made in December 2007.

NOTE 8 – 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.

Teacher Retirement System of Texas

Plan Description. The College of the Mainland contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2009 and 2008 and a state contribution rate of 6.58% for fiscal years 2009 and 2008. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal years 2009 and 2008.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 8 – EMPLOYEES RETIREMENT PLAN (Continued)

Optional Retirement Plan

Plan Description. 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 and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.65%, respectively. The College contributes 8.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$1,162,960 and \$1,077,021 for the fiscal years ended August 31, 2009 and 2008, 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 \$24,304,299 and \$23,287,210 fiscal years 2009 and 2008, respectively. The total payroll of employees covered by the Teacher Retirement System was \$15,517,058 and \$13,992,587 for fiscal years 2009 and 2008, respectively. The total payroll of employees covered by the Optional Retirement System was \$5,324,671 and \$6,043,390 for fiscal years 2009 and 2008, respectively.

NOTE 9 - 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 10 - 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 10 - COMPENSATED ABSENCES (continued)

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, 2009 and 2008 was \$1,089,144 and \$1,084,646, respectively, and is included in accrued compensable absences on the statement of net assets.

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

	<u>2009</u>	<u>2008</u>
Balance, September 1	\$ 1,084,646	\$ 1,085,321
Additions	74,739	97,670
Payments	(70,241)	(98,345)
Balance, August 31	<u>\$ 1,089,144</u>	<u>\$ 1,084,646</u>
Current	\$ 84,293	\$ 125,000
Noncurrent	1,004,851	959,646
	<u>\$ 1,089,144</u>	<u>\$ 1,084,646</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, 2009 and 2008 was \$622,281 and \$667,216, respectively, and is included in accrued compensable absences on the balance sheet.

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

	<u>2009</u>	<u>2009</u>
Balance, September 1	\$ 667,216	\$ 752,300
Additions	(41,460)	(23,968)
Payments	(3,475)	(61,116)
Balance, August 31	<u>\$ 622,281</u>	<u>\$ 667,216</u>
Current	\$ 32,296	\$ 75,000
Noncurrent	589,985	592,216
	<u>\$ 622,281</u>	<u>\$ 667,216</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 11 - PENDING LAWSUITS AND CLAIMS

On August 31, 2009, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 12 - 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, 2009. Rental expenditures were paid only from unrestricted current funds during 2009 and 2008 were \$272,999 and \$316,648, respectively.

NOTE 13 - 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 Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

NOTE 14 - SELF-INSURED PLANS

During the year ended August 31, 2009, the College participated in the TASB Risk Management Fund's (the Fund's) Property Casualty Program with coverage in Auto Liability, Auto Physical Damage, General Liability, Property, Sexual Misconduct Endorsement, and SP Legal Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2009, the Fund anticipates the College has no additional liability beyond the contractual obligations for payment of contributions.

During the year ended August 31, 2009, the College provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 14 - SELF-INSURED PLANS (Continued)

For the year ended August 31, 2009, 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, 2009 and 2008 amounted to \$226,445 and \$162,069 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 15 - 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 years ended August 31, 2009 and 2008 and totaled \$2,138,088 for the year ended August 31, 2009 (\$2,138,088 for the year ended August 31, 2008). The cost of providing those benefits for 136 retirees cost \$678,437 for August 31, 2009 (benefits for 136 retirees cost \$678,437 for August 31, 2008). The cost of providing those benefits for 391 active employees was \$1,459,651 for August 31, 2009 (benefits for 377 employees cost \$1,459,651 for August 31, 2008).

NOTE 16 - 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.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 17 - PROPERTY TAX

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

	<u>2009</u>	<u>2008</u>
Assessed Valuation of the District:	\$ 12,041,578,178	\$ 10,773,628,104
Less: Exemptions	<u>(2,015,334,504)</u>	<u>(1,645,942,843)</u>
Net Assessed Valuation of the District	<u>\$ 10,026,243,674</u>	<u>\$ 9,127,685,261</u>

	<u>2009</u>			<u>2008</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	\$ 0.221640	\$ 0.000000	\$ 0.221640	\$ 0.227380	\$ 0.000000	\$ 0.227380

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, 2009 and 2008 amounted to \$22,229,539 and \$20,651,670, 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.

Tax collections for the year ended August 31, 2009 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 20,635,151	\$ -	\$ 20,635,151
Delinquent taxes collected, net of refunds	314,038	-	314,038
Penalties and interest collected	246,369	-	246,369
Total collections	<u>\$ 21,195,558</u>	<u>\$ -</u>	<u>\$ 21,195,558</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 17 - PROPERTY TAX (continued)

Tax collections for the year ended August 31, 2008 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 20,245,994	\$ -	\$ 20,245,994
Delinquent taxes collected, net of refunds	442,138	-	442,138
Penalties and interest collected	199,061	-	199,061
Total collections	<u>\$ 20,887,193</u>	<u>\$ -</u>	<u>\$ 20,887,193</u>

Tax collections for the years ended August 31, 2009 and 2008 approximated 95% of the current year levy for each year. 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 18 – RETIREMENT INCENTIVE PACKAGES

During the year ended August 31, 2009, a retirement incentive was made available to employees who qualified for retirement based on a set of defined criteria. As of August 31, 2009, seven (7) employees signed agreements committing to retirement representing a retirement incentive payable of \$348,664 as of August 31, 2009 of which \$60,320 was current as of August 31, 2009.

The retirement incentive had one (1) option which was to receive the employee's 2009-2010 base salary over a five year period, with payouts occurring once a year. For employees that were determined to be eligible, a declaration to participate in the retirement incentive had to be elected between the period of August 1, 2009 and December 15, 2009. The effective date of retirement for all participants that elected to participate in the retirement incentive must be between September 1, 2009 and August 31, 2010 on a date mutually agreed upon by the College and the employee.

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 18 – RETIREMENT INCENTIVE PACKAGES (Continued)

Retirement incentives payable were as follows as of August 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Balance, September 1	\$ 68,539	\$ 295,213
Additions	348,664	-
Payments	(68,539)	(226,674)
Balance, August 31	<u>\$ 348,664</u>	<u>\$ 68,539</u>

Subsequent to August 31, 2009, thirty-one (31) additional employees signed agreements committing to retirement which represents an additional retirement incentive payment of \$1,918,243 over five years.

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

<u>Year Ending August 31,</u>	<u>Retirement Incentives</u>
2010	\$ 78,606
2011	453,381
2012	453,381
2013	453,381
2014	453,381
	<u>\$ 1,892,130</u>

NOTE 19 – 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.

Cash and Cash Equivalents

All highly liquid investments with an initial 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 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 value. With the exception of endowed funds, investment income is not restricted and may be allocated at the discretion of the board.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allowance for uncollectible amounts

The Foundation has provided allowances for uncollectible amounts of donations receivable based on expected collections after August 31, 2009.

Organization

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

NOTE 19– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS
(continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Implementation of FSP FAS 117-1

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds” (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization’s endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Texas enacted UPMIFA effective 2007, the provisions of which apply to endowment funds existing on or established after that date. The Organization has adopted FSP FAS 117-1 for the year ending August 31, 2009. The Organization has determined that the Organization’s permanently restricted net assets meet the definition of endowment funds under UPMIFA. Based on the Organization’s interpretation of UPMIFA, the Organization has reviewed all of its endowment funds and has determined that the unrestricted, temporarily restricted and permanently restricted net assets are properly classified.

Note 2 - Cash and Cash Equivalents

The balances in cash and cash equivalents at August 31, 2009 and 2008 include:

	<u>2009</u>	<u>2008</u>
Bank accounts and cash	\$ 308,579	\$ 296,118
Securities firm money market accounts	97,783	63,755
	<u>\$ 406,362</u>	<u>\$ 359,873</u>

At August 31, 2009 and 2008 cash balances that were in excess of federal insured amounts were \$58,579 and \$196,118 respectively.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

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

Note 3 - Investments

Investments as of August 31, 2009 and 2008 are summarized as follows:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Unrestricted Fund				
Corporate stocks	\$ 1,170	\$ 14,471	\$ 1,170	\$ 12,985
Board designated				
Equity funds	421,433	372,555	411,704	408,340
Temporarily Restricted Fund				
Corporate bonds	200,594	208,063	199,666	201,720
Fixed income bonds	37,353	37,126	37,353	36,824
Government bonds	101,966	105,563	101,966	103,235
Permanently Restricted Fund				
Corporate bonds	599,614	625,477	551,572	542,881
Equity funds	215,589	208,142	215,586	224,118
Government bonds	49,942	51,985	99,775	101,575
	<u>\$ 1,627,661</u>	<u>\$ 1,623,382</u>	<u>\$ 1,618,792</u>	<u>\$ 1,631,678</u>

Note 4 - Restricted Net Assets

Temporarily restricted net assets available for specific scholarships, grants, and program restrictions totaled \$665,538 and \$678,226, respectively, as of August 31, 2009 and 2008.

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donor.

	2009	2008
Specific scholarships, grants and program restrictions	\$ 168,534	\$ 133,370
Bank charges	3,326	3,322
	<u>\$ 171,860</u>	<u>\$ 136,692</u>

Permanently restricted net assets available for endowed scholarships totaled \$949,757 and \$1,307,682 as of August 31, 2009 and 2008, respectively. Included in permanently restricted net assets are unrestricted amounts designated by the Board of Directors totaling \$385,241 for 2009 and \$443,433 for 2008.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

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

Note 4 - Restricted Net Assets (Continued)

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

	2009	2008
Endowed scholarships	\$	\$ 12,155
Bank charges	10,200	9,613
	<u>\$ 10,200</u>	<u>\$ 21,768</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; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

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 \$114,034 and \$109,143 directly to the College to provide scholarships during 2009 and 2008, respectively.

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, 2009

Note 7 - Sources of Significant Contributions and Grants

The sources of significant contributions for the year ended 2009 August 31, 2009 are as follows:

College of the Mainland (salaries & supplies)	\$ 134,756
Shell Oil Company	75,000
COM Unity	12,225
ExxonMobile Foundation	9,000
Valero	6,500
Mainland Medical Center	6,210
McGovern Foundation	5,000
	248,691
All other contributions & grants	56,676
Total contributions and grants	\$ 305,367

Note 8 - Promises to Give

Unconditional promises to give for scholarships at 2009 August 31, 2009 are as follows:

Receivable in less than one year	\$ 98,768
Receivable in one to five years	10,000
Receivable in more than five years	60,000
Total unconditional promises to give	168,768
Less discounts to net present value	(16,672)
Less allowance for uncollectible promises receivable	(20,590)
Net unconditional promises to give at August 31, 2009	\$ 131,506

Promises to give receivable in more than one year are discounted at 4.58% to 5.34%.

Note 9 - Endowment Funds

The Organization's endowment funds consist of approximately five individual funds established primarily for providing scholarships to College of the Mainland students.. The endowment funds include both donor-restricted funds and funds designated by the Organization to function as endowments. As required by generally accepted accounting principles, net assets associated with endowments funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

Note 9 - Endowment Funds (Continued)

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowments funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted nets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has not adopted investment and spending policies specific to endowment assets. However, the assets are managed in a manner that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment as well as capital appreciation, which exceeds the annual distributions with acceptable levels of risk. Endowment assets are investment in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions as needed, while growing the funds if possible. There is not an established expectation of an average rate of return. Investment risk is measured in terms of total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has not adopted a policy of appropriating periodic distributions. However, the objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of August 31, 2009 is as follows:

	Unrestricted, Board Designated	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$	\$ 949,757	\$ 949,757
Board-designated endowment funds	385,241		385,241
Totals	<u>\$ 385,241</u>	<u>\$ 949,757</u>	<u>\$ 1,334,998</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2009

Note 9 - Endowment Funds (Continued)

Changes in endowment net assets as of August 31, 2009 are as follows:

	Unrestricted, Board Designated	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 443,433	\$ 877,904	\$ 1,321,337
Contributions			
Investment income	4,343	50,338	54,681
Net appreciation (depreciation)	(62,535)	31,715	(30,820)
Amounts appropriated for expenditures		(10,200)	(10,200)
Endowment net assets, end of year	<u>\$ 385,241</u>	<u>\$ 949,757</u>	<u>\$ 1,334,998</u>

SUPPLEMENTAL SCHEDULES

COLLEGE OF THE MAINLAND
 SCHEDULE OF OPERATING REVENUES
 For the Year Ended August 31, 2009
 (With Memorandum Totals for the Year Ended August 31, 2008)

Schedule A

	Educational Activities			Auxiliary	Total Current	Prior Year
	Unrestricted	Restricted	Total			
Tuition						
State funded credit courses						
In-district resident tuition	\$ 2,230,939	\$ -	\$ 2,230,939	\$ -	\$ 2,230,939	\$ 2,076,156
Out-of-district resident tuition	986,876	-	986,876	-	986,876	948,716
Non-resident tuition	74,570	-	74,570	-	74,570	51,323
TPEG - credit (set aside)*	150,988	-	150,988	-	150,988	143,948
State funded continuing education	564,669	-	564,669	-	564,669	257,188
TPEG - noncredit (set aside)*	31,588	-	31,588	-	31,588	15,431
Non-state funded educational programs	613,794	-	613,794	-	613,794	1,127,767
Total tuition	<u>4,653,424</u>	<u>-</u>	<u>4,653,424</u>	<u>-</u>	<u>4,653,424</u>	<u>4,620,529</u>
Fees						
Campus fees	160,764	-	160,764	-	160,764	155,432
Facility fees	143,341	-	143,341	-	143,341	140,615
Laboratory fees	59,763	-	59,763	-	59,763	58,165
Processing fees	334,228	-	334,228	-	334,228	322,595
Student service fees	-	-	-	90,326	90,326	89,254
Other fees	370,826	-	370,826	-	370,826	322,873
Total fees	<u>1,068,922</u>	<u>-</u>	<u>1,068,922</u>	<u>90,326</u>	<u>1,159,248</u>	<u>1,088,934</u>
Scholarship allowances and discounts						
Remissions and exemptions - state	(27,534)	-	(27,534)	-	(27,534)	(23,385)
Remissions and exemptions - local	(413,765)	-	(413,765)	-	(413,765)	(352,950)
Title IV federal grants remissions	(1,125,156)	-	(1,125,156)	-	(1,125,156)	(873,528)
TPEG awards	(212,250)	-	(212,250)	-	(212,250)	(141,755)
Total scholarship allowances and discounts	<u>(1,778,705)</u>	<u>-</u>	<u>(1,778,705)</u>	<u>-</u>	<u>(1,778,705)</u>	<u>(1,391,618)</u>
Total net tuition and fees	<u>3,943,641</u>	<u>-</u>	<u>3,943,641</u>	<u>90,326</u>	<u>4,033,967</u>	<u>4,317,845</u>
Additional operating revenues						
Federal grants and contracts	187,297	5,042,922	5,230,219	7,933	5,238,152	5,842,430
State grants and contracts	-	304,189	304,189	-	304,189	323,248
Local grants and contracts	-	5,000	5,000	-	5,000	-
Private grants and contracts	-	1,877,808	1,877,808	-	1,877,808	1,527,108
Sales and services of educational activities	129,087	-	129,087	-	129,087	123,226
General operating revenues	211,907	14,377	226,284	-	226,284	18,823
Total additional operating revenues	<u>528,291</u>	<u>7,244,296</u>	<u>7,772,587</u>	<u>7,933</u>	<u>7,780,520</u>	<u>7,834,835</u>
Auxiliary Enterprises						
Bookstore	-	-	-	1,662,807	1,662,807	1,515,648
Other auxiliary	-	-	-	167,349	167,349	202,566
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,830,156</u>	<u>1,830,156</u>	<u>1,718,214</u>
Total operating revenues	<u>\$ 4,471,932</u>	<u>\$ 7,244,296</u>	<u>\$ 11,716,228</u>	<u>\$ 1,928,415</u>	<u>\$ 13,644,643</u>	<u>\$ 13,870,894</u>
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$182,576 and \$159,379 of tuition was set aside for Texas Public Education Grants (TPEG) for the current and prior year, respectively.

COLLEGE OF THE MAINLAND
 SCHEDULE OF OPERATING EXPENSES BY OBJECT
 FOR THE YEAR ENDED AUGUST 31, 2009
 (With Memorandum Totals for the Year Ended August 31, 2008)

Schedule B

	Operating Expenses					Total Current Year	Prior year
	Salaries and Wages	Benefits		Other expenses	Total Current Year		
		State	Local				
Unrestricted - Educational Activities							
Instruction	\$ 10,205,220	\$ -	\$ 1,195,272	\$ 1,017,360	\$ 12,417,852	\$ 11,544,343	
Public service	984,117	-	100,097	233,389	1,317,603	1,462,157	
Academic support	2,277,545	-	313,404	372,652	2,963,601	2,694,831	
Student services	2,666,251	-	324,914	354,951	3,346,116	3,291,580	
Institutional support	3,480,917	-	482,355	2,534,414	6,497,686	6,818,432	
Operation and maintenance of plant	1,431,238	-	283,918	3,135,340	4,850,496	3,716,353	
Scholarships and fellowships	-	-	-	212,250	212,250	141,755	
Total unrestricted educational activities	<u>21,045,288</u>	<u>-</u>	<u>2,699,960</u>	<u>7,860,356</u>	<u>31,605,604</u>	<u>29,669,451</u>	
Restricted - Educational Activities							
Instruction	371,359	1,633,106	70,475	237,859	2,312,799	2,795,642	
Public service	1,316,046	136,762	85,202	718,917	2,256,927	2,328,245	
Academic support	512,422	428,206	113,174	256,603	1,310,405	1,287,581	
Student services	390,424	443,931	75,901	243,915	1,154,171	1,047,702	
Institutional support	-	659,043	-	1,032	660,075	602,844	
Operation and maintenance of plant	13,369	-	-	68,810	82,179	-	
Scholarships and fellowships	193,326	-	-	2,425,097	2,618,423	2,575,479	
Total restricted educational activities	<u>2,796,946</u>	<u>3,301,048</u>	<u>344,752</u>	<u>3,952,233</u>	<u>10,394,979</u>	<u>10,637,493</u>	
Total educational activities	<u>23,842,234</u>	<u>3,301,048</u>	<u>3,044,712</u>	<u>11,812,589</u>	<u>42,000,583</u>	<u>40,306,944</u>	
Auxiliary enterprises	<u>280,904</u>	<u>-</u>	<u>45,002</u>	<u>1,520,143</u>	<u>1,846,049</u>	<u>1,666,765</u>	
Depreciation expense:							
Buildings and other real estate improvements	-	-	-	843,260	843,260	829,451	
Equipment and furniture	-	-	-	660,013	660,013	645,857	
Library books	-	-	-	44,352	44,352	86,828	
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,625</u>	<u>1,547,625</u>	<u>1,562,136</u>	
Total operating expenses	<u>\$ 24,123,138</u>	<u>\$ 3,301,048</u>	<u>\$ 3,089,714</u>	<u>\$ 14,880,357</u>	<u>\$ 45,394,257</u> (Exhibit 2)	<u>\$ 43,535,845</u> (Exhibit 2)	

COLLEGE OF THE MAINLAND
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2009
 (With Memorandum Totals for the Year Ended August 31, 2008)

Schedule C

	<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	\$ 3,866,889	\$ -	\$ 3,866,889	\$ -	\$ 3,866,889	\$ 3,877,810
Workforce appropriation	2,490,175	-	2,490,175	-	2,490,175	2,479,252
Natural disasters	176,236	-	176,236	-	176,236	-
Professional Nursing Shortage	-	3,445	3,445	-	3,445	2,561
State group insurance	-	2,138,088	2,138,088	-	2,138,088	2,138,088
State retirement matching	-	1,162,960	1,162,960	-	1,162,960	1,077,021
Total state appropriations	<u>6,533,300</u>	<u>3,304,493</u>	<u>9,837,793</u>	<u>-</u>	<u>9,837,793</u>	<u>9,574,732</u>
Maintenance ad valorem taxes	21,036,032	-	21,036,032	-	21,036,032	20,887,193
Federal revenue, non-operating	1,125,156	-	1,125,156	-	1,125,156	873,528
Investment income	135,396	15,405	150,801	-	150,801	483,496
Foreign trade zone fees	803,588	-	803,588	-	803,588	533,967
Fees collected for debt retirement	-	674,364	674,364	-	674,364	657,553
Other non-operating revenues	-	-	-	-	-	3
Total non-operating revenues	<u>29,633,472</u>	<u>3,994,262</u>	<u>33,627,734</u>	<u>-</u>	<u>33,627,734</u>	<u>33,010,472</u>
NON-OPERATING EXPENSES:						
Interest and fees on capital related debt	2,984	71,025	74,009	-	74,009	109,824
Fees transferred for debt retirement	674,364	-	674,364	-	674,364	657,553
Other non-operating expenses	-	44,993	44,993	-	44,993	-
Total non-operating expenses	<u>677,348</u>	<u>116,018</u>	<u>793,366</u>	<u>-</u>	<u>793,366</u>	<u>767,377</u>
Net non-operating revenues (expenses)	<u>\$ 28,956,124</u>	<u>\$ 3,878,244</u>	<u>\$ 32,834,368</u>	<u>\$ -</u>	<u>\$ 32,834,368</u>	<u>\$ 32,243,095</u>
					(Exhibit 2)	(Exhibit 2)

COLLEGE OF THE MAINLAND
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
 For the Year Ended August 31, 2009

Schedule D

	Detail by Source				Available for Current	
	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable				
Current:						
Unrestricted	\$ 14,948,848	\$ -	\$ -	\$ 14,948,848	\$ 14,948,848	\$ -
Grants and donor restrictions	-	40,883	-	40,883	40,883	-
Auxiliary enterprises	1,315,015	-	-	1,315,015	1,315,015	-
Loan funds	-	90,408	-	90,408	-	90,408
Plant:						
Unexpended bond proceeds	-	116,631	-	116,631	-	116,631
Renewals and replacements	-	163,921	-	163,921	-	163,921
Debt service	-	679,565	-	679,565	-	679,565
Investment in plant	-	-	10,741,222	10,741,222	-	10,741,222
Total Net Assets, end of year	16,263,863	1,091,408	10,741,222	28,096,493	16,304,746	11,791,747
				(Exhibit 1)		
Total Net Assets, beginning of year	14,986,601	1,026,983	10,998,155	27,011,739	15,014,604	11,997,135
				(Exhibit 1)		
Net increase (decrease) in net assets	\$ 1,277,262	\$ 64,425	\$ (256,933)	\$ 1,084,754	\$ 1,290,142	\$ (205,388)
				(Exhibit 2)		

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**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, 2009, and have issued our report thereon dated February 22, 2010. 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 deficiency described in the accompanying schedule of findings and questioned costs as Finding #09-01 to be a significant deficiency 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 consider the significant deficiency identified as Finding #09-01 to be 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*.

We have performed tests designed to verify College of the Mainland's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2009, no instances of noncompliance were found.

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.



Texas City, Texas
February 22, 2010

***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, 2009. The College's major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of College administrators. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the provisions of the State of Texas Governor’s Office of Budget and Planning *Uniform Grant Management Standards*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, 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, 2009.

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 and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding #09-01 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 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 Finding #09-01 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

Texas City, Texas
February 22, 2010

COLLEGE OF THE MAINLAND
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2009

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes - #09-01
Significant deficiencies identified that are not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes - #09-01
Significant deficiencies identified that are not considered to be material weaknesses?	None noted
Type of auditors' report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) 2-7 OMB Circular A-133?	No

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
Academic Competitiveness Grant	84.375
Adult Education	84.002

- | | |
|---|-----------|
| 1. Dollar Threshold Considered Between Type A and Type B Federal Programs | \$300,000 |
| 2. Auditee qualified as low-risk auditee? | No |

COLLEGE OF THE MAINLAND
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2009

II. FINANCIAL STATEMENT FINDINGS

Finding #09-01 Period-End Closing Procedures

Condition: Adequate period-end closing procedures are not in place for grants, and oversight of grant accounting and reporting is deficient.

Criteria: Financial closing procedures sufficient to ensure accurate reporting, both internal and external, should be in place. Further, all grant accounting and reporting processes should be subjected to adequate review by senior management.

Effect(s): Certain grants were not properly accounted for in the College's financial records. Additionally, some grant reports to grantor agencies were inconsistent with the actual expenditure amounts.

Cause: There are no formal procedures established for financial closing procedures, particularly as they relate to grants. Additionally, there is a lack of adequate oversight for grant accounting and reporting.

Recommendation: Management should develop procedures to ensure that accounting and reporting for grants is accurate. This should include appropriate financial closing procedures as well as sufficient oversight of personnel assigned to maintain the records and prepare reports.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

See Finding #09-01. No questioned costs were identified.

IV. STATUS OF PRIOR YEAR FINDINGS

<u>Finding #</u>		<u>Corrective Action Taken</u>
08-01	Journal entry procedures	All journal entries are approved and properly supported.

COLLEGE OF THE MAINLAND
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2009

V. CORRECTIVE ACTION PLAN

Finding #

09-01 Period end closing procedures

Corrective Action Taken

Contact person: David Rac, AVP of Financial Services

Response: We concur with the recommendation. We are currently establishing review procedures that will ensure that all grant reporting is accurate and provides for sufficient oversight of all personnel assigned with maintaining records and preparing reports. Also, formal close-out procedures will be created to ensure that all financial closing activities are complete.

Estimated completion date: June 30, 2010

**COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009**

**Schedule E
Page 1 of 2**

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through From:			
Texas Health and Human Services Commission Childcare Food Program	10.558	75-04005	\$ 7,931
Total Department of Agriculture			<u>7,931</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs:			
Community-Based Job Training Grant	17.261		168,016
Pass-Through From:			
Texas Workforce Commission via San Jacinto Community College Meeting Dndustries' Critical Workforce Needs/Aero Gulf Coast Petrochemical Information Network CBJTG	17.258 17.269	TWC213396002	11,000 19,545
Total Department of Labor			<u>198,561</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Direct Programs:			
Center for the Advancement of Process Technology	47.076		595,109
Total National Science Foundation			<u>595,109</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through From:			
Sam Houston State University Environmental Tech Development/Commercialization	66.509		13,296
Total Environmental Protection Agency			<u>13,296</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Supplemental Educational Opportunity Grant*	84.007		102,140
Title III, Developmental Studies	84.031A		352,995
Federal College Work Study Program*	84.033		168,220
Student Support Services	84.042A		256,928
Student Support Services - Upward Bound	84.047		260,695
Federal Pell Grant*	84.063		2,114,712
Transition to Teach Grant	84.350A		19,782
Tech Prep Demonstration Grant	84.353A		7,020
Academic Competitiveness Grant*	84.375		13,000

**COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009**

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>			
Pass-Through From:			
Texas Education Agency			
Adult Education and Family Literacy	84.002A	094100017110227	\$ 530,457
Adult Education English Literacy & Civics Ed.	84.002A	094100087110296	110,343
Texas Higher Education Coordinating Board			
Leveraging Educational Assistance Partnershiups	84.069A		2,868
SLEAP	84.069B		3,690
Carl Perkins Vocational Education	84.243	84212	171,052
College Access Challenge Grant	84.378	1158-01	14,075
Collegiate G-Force Work-Study Mentorship Program	84.378	THECB944	22,491
Trustees of the California State University			
The MERLOT Faculty ELIXER Project	84.116B	P116B060223	1,000
Stephen F. Austin University			
Articulated Internet Teacher Education Program	84.116	P116b060283	1,032
Gulf Coast Tech-Prep			
Tech Prep Grant	84.243		5,501
Tech Prep Area Coordinator	84.243		111,667
Total Department of Education			<u>4,269,668</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance for Needy Families	93.558	083625017110136	69,884
Total Department of Health and Human Services			<u>69,884</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through From:			
Texas Division of Emergency Management			
FEMA Public Assistance Grant	97.036		83,703
Total U.S. Department of Homeland Security			<u>83,703</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,238,152</u>

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	
Federal Grants and Contracts revenue - Per Schedule A	\$ 5,238,152
Add Federal Grants and Contracts not reported on Schedule A	<u>-</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 5,238,152</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

N/A

Note 4 – Student Loans Processed and Administrative Costs Recovered

N/A

Note 5 – Nonmonetary federal assistance received

N/A

Note 6 – Amounts passed through by the College

N/A

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

Schedule F

<u>Grantor Agency / Program Title</u>	<u>Grantor / Project Number</u>	<u>Expenditures</u>
<u>Texas Education Agency</u>		
Adult Education	090100017110227	\$ 95,027
Total Texas Education Agency		95,027
<u>Texas Higher Education Coordinating Board</u>		
Texas College Work Study		9,107
Texas Grant Program		38,060
CAL Loans		108,954
Texas Education Opportunity Grant		13,840
College Readiness		945
Professional Nursing Scholarship Program		3,445
Vacational Nursing Scholarship Program		304
Nursing Shortage Reduction Program		13,827
ACCUPLACER Validation Study		1,390
Total Texas Higher Education Coordinating Board		189,872
<u>Texas Workforce Commission</u>		
TWC Energy Venture Camp		22,734
Total Texas Workforce Commission		22,734
TOTAL EXPENDITURES OF STATE AWARDS		\$ 307,633

Notes to schedule on following page.

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

Note 1 – State Assistance Reconciliation

State Revenues - Per Schedule A	\$	304,189
Add State Revenues not reported on Schedule A		<u>3,444</u>
Total State Revenues per Schedule of Expenditures of State Awards	\$	<u><u>307,633</u></u>

Note 2 – Significant accounting policies used in preparing the schedule

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

STATISTICAL SUPPLEMENT

**College of the Mainland
Statistical Supplement 1
Net Assets by Component
Fiscal Year 2002 to 2009**

(unaudited)

	For the Fiscal Year Ended August 31,							
	<u>2009</u>	<u>2008</u>	<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	\$ 6,974,864	\$ 7,894,431	\$ 7,821,726	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509	\$ 11,307,517	\$ 10,465,588
Restricted - expendable	1,133,741	1,026,983	1,092,266	1,546,439	2,237,329	3,477,110	73,310	-
Unrestricted	<u>19,987,888</u>	<u>18,090,325</u>	<u>15,519,328</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>\$ 28,096,493</u>	<u>\$ 27,011,739</u>	<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 2009
(unaudited)

For the Fiscal Year Ended August 31,								
(amounts expressed in thousands)								
	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 4,034	\$ 4,318	\$ 3,691	\$ 4,443	\$ 4,362	\$ 3,769	\$ 2,492	\$ 2,619
Governmental grants and contracts								
Federal grants and contracts	5,238	5,842	5,269	6,455	6,122	5,105	4,259	3,334
State grants and contracts	308	326	292	349	308	388	511	622
Private grants and contracts	1,878	1,527	1,144	774	179	474	682	350
Local grants and contracts	5	-	5	-	-	-	-	-
Sales and services of educational activities	129	123	173	149	156	237	104	95
Auxiliary enterprises	1,830	1,718	1,619	2,105	1,509	1,631	1,092	1,245
Other operating revenues	226	19	59	142	189	268	350	726
Total operating revenues	13,648	13,873	12,252	14,417	12,827	11,873	9,490	8,991
State appropriations	9,834	9,572	9,384	9,231	8,445	8,404	8,509	8,772
Ad valorem taxes	21,036	20,887	19,799	17,978	16,623	15,036	12,572	13,577
Federal revenue, non-operating	1,125	873	1,339	1,163	1,267	816	683	172
Investment income	151	484	678	537	295	149	255	297
Other non-operating revenues	804	535	635	532	(1)	189	-	-
Total non-operating revenues	32,950	32,351	31,835	29,441	26,628	24,593	22,019	22,818
Total revenues	\$ 46,598	\$ 46,224	\$ 44,087	\$ 43,858	\$ 39,455	\$ 36,465	\$ 31,509	\$ 31,809

For the Fiscal Year Ended August 31,								
(amounts expressed in thousands)								
	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	8.66%	9.52%	8.63%	10.41%	11.42%	10.57%	8.08%	8.28%
Governmental grants and contracts								
Federal grants and contracts	11.75%	12.88%	12.33%	15.12%	16.03%	14.32%	13.82%	10.54%
State grants and contracts	0.67%	0.72%	0.68%	0.82%	0.81%	1.09%	1.66%	1.97%
Private grants and contracts	4.04%	3.37%	2.68%	1.81%	0.47%	1.33%	2.21%	1.11%
Local grants and contracts	0.02%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Sales and services of educational activities	0.28%	0.27%	0.40%	0.35%	0.41%	0.67%	0.34%	0.30%
Auxiliary enterprises	3.93%	3.79%	3.79%	4.93%	3.95%	4.58%	3.54%	3.94%
Other operating revenues	0.49%	0.04%	0.14%	0.33%	0.49%	0.75%	1.14%	2.29%
Total operating revenues	29.84%	30.59%	28.66%	33.77%	33.59%	33.30%	30.79%	28.42%
State appropriations	21.56%	21.11%	21.95%	21.62%	22.11%	23.57%	27.60%	27.73%
Ad valorem taxes	45.85%	46.06%	46.32%	42.11%	43.53%	42.18%	40.78%	42.91%
Investment income	2.42%	1.07%	1.59%	1.26%	0.77%	0.42%	0.83%	0.94%
Other non-operating revenues	0.33%	1.18%	1.49%	1.25%	0.00%	0.53%	0.00%	0.00%
Total non-operating revenues	70.16%	69.41%	71.34%	66.23%	66.41%	66.70%	69.21%	71.58%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**College of the Mainland
Statistical Supplement 3
Program Expenses by Function
Fiscal Year 2002 to 2009**

(unaudited)

		For the Fiscal Year Ended August 31,							
		(amounts expressed in thousands)							
		2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$	14,730	\$ 14,341	\$ 13,095	\$ 12,318	\$ 10,877	\$ 9,531	\$ 9,414	\$ 9,390
Public service		3,575	3,791	3,979	3,812	2,930	6,002	5,195	5,179
Academic support		4,274	3,982	4,290	4,254	4,195	1,381	1,316	1,267
Student services		4,500	4,339	4,229	4,168	4,038	2,173	2,142	2,095
Institutional support		7,157	7,421	6,469	5,980	5,429	6,057	5,341	5,200
Operation and maintenance of plant		4,933	3,716	3,371	3,421	3,632	4,000	3,844	3,928
Scholarships and fellowships		2,831	2,717	2,085	4,017	3,348	2,618	2,248	1,640
Auxiliary enterprises		1,846	1,667	1,989	2,063	1,957	1,918	1,418	1,680
Depreciation		1,548	1,562	1,470	1,352	969	956	940	9
Total operating expenses		45,394	43,536	40,977	41,385	37,375	34,636	31,858	30,388
Interest on capital related debt		74	110	116	149	185	182	178	211
Other non-operating expenses		45	-	68	130	180	95	-	-
Total non-operating expenses		119	110	184	279	365	277	178	211
Total expenses	\$	45,513	\$ 43,646	\$ 41,161	\$ 41,664	\$ 37,740	\$ 34,913	\$ 32,036	\$ 30,599

		For the Fiscal Year Ended August 31,							
		(amounts expressed in thousands)							
		2009	2008	2007	2006	2005	2004	2003	2002
Instruction		32.36%	32.86%	31.81%	29.57%	28.82%	27.30%	29.39%	30.69%
Public service		7.85%	8.69%	9.67%	9.15%	7.76%	17.19%	16.22%	16.93%
Academic support		9.39%	9.12%	10.42%	10.21%	11.12%	3.96%	4.11%	4.14%
Student services		9.89%	9.94%	10.27%	10.00%	10.70%	6.22%	6.69%	6.85%
Institutional support		15.73%	17.00%	15.72%	14.35%	14.39%	17.35%	16.67%	16.99%
Operation and maintenance of plant		10.84%	8.51%	8.19%	8.21%	9.62%	11.46%	12.00%	12.84%
Scholarships and fellowships		6.22%	6.23%	5.07%	9.64%	8.87%	7.50%	7.02%	5.36%
Auxiliary enterprises		4.06%	3.82%	4.83%	4.95%	5.19%	5.49%	4.43%	5.49%
Depreciation		3.40%	3.58%	3.57%	3.25%	2.57%	2.74%	2.93%	0.03%
Total operating expenses		99.74%	99.75%	99.55%	99.33%	99.03%	99.21%	99.44%	99.31%
Interest on capital related debt		0.16%	0.25%	0.28%	0.36%	0.49%	0.52%	0.56%	0.69%
Other non-operating expenses		0.10%	0.00%	0.17%	0.31%	0.48%	0.27%	0.00%	0.00%
Total non-operating expenses		0.26%	0.25%	0.45%	0.67%	0.97%	0.79%	0.56%	0.69%
Total expenses		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration	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 from
	Fee (per student)							SCH In-District	SCH Out-of-District	Prior Year In-District	Prior Year Out-of-District
2009	30	33	65	-	\$1.50 / SCH	\$1.50 / SCH	\$1.50 / SCH	\$ 479.50	\$ 863.50	5.27%	-
2008	30	31	65	-	\$1.50 / SCH	\$1.50 / SCH	\$1.50 / SCH	\$ 455.50	\$ 863.50	-	-
2007	30	31	65	-	\$1.50 / SCH	\$1.50 / SCH	\$1.50 / SCH	\$ 455.50	\$ 863.50	5.56%	4.35%
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	-	-

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	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 from
	Fee (per student)	Out-of-State	Out-of-International					SCH Out-of-State	SCH International	Prior Year Out of State	Prior Year International
2009	30	97	97	-	\$1.50 / SCH	\$1.50 / SCH	\$1.50 / SCH	\$ 1,247.50	\$ 1,247.50	-	-
2008	30	97	97	-	\$1.50 / SCH	\$1.50 / SCH	\$1.50 / SCH	\$ 1,247.50	\$ 1,247.50	-	-
2007	30	97	97	-	\$1.50 / SCH	\$1.50 / SCH	\$1.50 / SCH	\$ 1,247.50	\$ 1,247.50	2.97%	2.97%
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	-	-

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)
2008-09	\$ 12,041,578	\$ 2,015,335	\$ 10,026,243	83.26%	0.221640	\$ -	0.221640
2007-08	10,773,628	1,645,943	9,127,685	84.72%	0.227380	-	0.227380
2006-07	10,585,712	1,602,227	8,983,485	84.86%	0.233450	-	0.233450
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%	0.245250	-	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

Source: Local Appraisal District - Supplement 7

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
2008-09	\$ 6,357,064	\$ 8,855	\$ 718	1,146,192	446,488	1,592,680	\$ 4
2007-08	6,357,062	8,437	753	1,112,824	436,856	1,549,680	4
2006-07	6,357,061	8,336	763	1,159,936	425,314	1,585,250	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

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
Principal Taxpayers
Last Ten Tax Years
(unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV)										
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
Amoco Oil Company	Refinery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,480,110
Amoco Texas Refinery Co.	Refinery	-	-	-	-	-	-	-	-	-	-	986,242,300
B.A.S.F. Corp	Refinery	57,266,220	47,261,230	48,050,820	62,944,950	60,217,690	28,182,920	40,510,230	30,360,530	51,542,280	1,175,390,860	37,816,270
BP Alternative Energy	Energy	48,930,000	-	-	-	-	-	-	-	-	-	-
BP Amoco Chemical Co.	Chemical Plant	156,628,230	-	157,694,070	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	1,614,861,020	1,789,363,580	1,395,742,784	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	26,371,930	26,379,600	26,631,200	26,779,280	55,339,310	64,760,470	71,642,310	-	-	-	-
Centerpoint Energy Inc.	Energy	39,659,930	41,190,490	41,279,030	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	27,146,780	29,161,260	27,272,500	30,629,490	30,632,550	21,177,780	21,031,850	21,676,500	-	-	21,259,900
Houston Refining LP	Refinery	-	51,855,660	-	-	-	-	-	-	-	-	-
Hunt Hassie Exploration Co.	Oil & Gas Exploration	-	-	21,798,455	-	-	19,250,940	-	-	-	-	-
Ineos Styrenics	Chemical Plant	37,823,880	72,640,210	71,733,490	57,185,690	-	-	-	-	-	-	-
Innovene LLC	Chemical Plant	-	-	-	-	88,783,390	-	-	-	-	-	-
ISP Technologies Inc.	Chemical Plant	68,325,860	73,742,970	77,920,620	75,442,710	51,047,810	46,827,270	47,693,200	48,983,990	50,520,110	-	49,606,780
League City Towne Center, LTD	Development	21,237,070	-	-	-	-	-	-	-	-	-	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	25,089,670	35,118,110	-	-	-	-	-	-
Mainland Partner LLC	Healthcare	-	-	23,000,000	21,299,510	21,000,000	23,499,990	22,685,360	21,000,000	-	-	22,500,000
Marathon Petroleum LLC	Refinery	165,896,498	165,910,648	153,029,740	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	-	153,746,670	-	-	-	240,000,000	32,861,200	-	-	-	-
Monsanto	Chemical Plant	-	88,038,180	-	-	-	-	-	-	-	35,835,900	-
National Onshore LP	Oil & Gas Exploration	-	54,477,301	64,897,530	38,633,980	-	-	-	-	-	-	-
Oil Tanking	Petroleum Storage	25,562,500	31,324,020	-	-	-	-	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Gas Production	33,037,150	33,767,220	34,479,770	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	171,709,470	197,696,500	169,437,210	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	130,000,000	360,516,630	289,147,190	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	55,408,640	-	130,365,530	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	26,445,050	-	26,271,466	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	42,801,710	42,780,450	49,071,220	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	258,253,361	351,643,166	333,732,211	324,324,430	275,301,650	323,858,720	289,066,050	371,724,990	-	-	515,503,290
Valero Marketing & Supply Co.	Petroleum Sales	-	49,945,010	-	-	-	-	-	-	-	-	-
Valero Refining - Texas LP	Refinery	737,214,130	789,303,970	776,776,680	668,505,350	452,393,770	211,919,380	226,593,580	209,500,930	-	-	227,152,330
	Totals	\$ 3,744,579,429	\$ 4,450,744,765	\$ 3,918,331,516	\$ 3,572,307,931	\$ 2,973,996,319	\$ 2,627,240,640	\$ 2,175,734,719	\$ 2,236,488,539	\$ 2,477,376,110	\$ 3,123,808,690	
Total	Total Assessed Taxable Value	\$ 9,162,563,286	\$ 9,696,961,580	\$ 8,983,485,664	\$ 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 (continued)
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV)									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Amoco Oil Company	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%
Amoco Texas Refinery Co.	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	18.99%	17.07%
B.A.S.F. Corp	Refinery	0.63%	0.49%	0.53%	0.74%	0.81%	0.42%	0.68%	0.53%	0.83%	0.65%
BP Alternative Energy	Energy	0.53%									
BP Amoco Chemical Co.	Chemical Plant	1.71%	0.00%	1.76%	1.36%	1.58%	2.76%	2.63%	2.94%	3.01%	5.70%
BP Products (NA) Inc.	Refinery	17.62%	18.45%	15.54%	15.14%	14.84%	11.87%	10.77%	10.89%	0.40%	
Calpine Central LP	Co-generation Plant	0.29%	0.27%	0.30%	0.32%	0.75%	0.97%	1.20%	0.00%	0.00%	0.00%
Centerpoint Energy Inc.	Energy	0.43%	0.42%	0.46%	0.53%	0.64%	0.70%	0.74%	1.81%	0.00%	0.00%
Dow Chemical Company	Chemical Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.80%	1.04%	0.90%	0.00%
Expro Engineering	Engineering	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.34%	0.44%	0.00%
Gruy Petroleum Mgmt Co.	Refinery	0.00%	0.00%	0.00%	0.00%	0.27%	0.00%	0.00%	0.00%	0.00%	0.00%
GTE Southwest Inc.	Telephone	0.30%	0.30%	0.30%	0.36%	0.41%	0.32%	0.35%	0.38%	0.00%	0.37%
Houston Refining LP	Refinery	0.00%	0.53%	0.00%							
Hunt Hassie Exploration Co.	Oil & Gas Exploration	0.00%	0.00%	0.24%		0.00%	0.29%	0.00%	0.00%	0.00%	0.00%
Ineos Styrenics	Chemical Plant	0.41%	0.75%	0.80%	0.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Innovene LLC	Chemical Plant	0.00%	0.00%	0.00%	0.00%	1.20%	0.00%	0.00%	0.00%	0.00%	0.00%
ISP Technologies Inc.	Chemical Plant	0.75%	0.76%	0.87%	0.89%	0.69%	0.70%	0.80%	0.86%	0.82%	0.86%
League City Towne Center, LTD	Development	0.23%									
Lyondell-Citgo Refining LP	Refinery	0.00%	0.00%	0.00%	0.30%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%
Mainland Partner LLP	Healthcare	0.00%	0.00%	0.26%	0.25%	0.28%	0.35%	0.38%	0.37%		0.39%
Marathon Ashland Petroleum LLC	Refinery	1.81%	1.71%	1.70%	1.34%	1.68%	1.65%	1.43%	1.28%	1.26%	1.48%
MHCB (USA) Leasing and Finance	Finance Company	0.00%	1.59%	0.00%	0.00%	0.00%	3.58%	0.55%	0.00%	0.00%	0.00%
Monsanto	Chemical Plant	0.00%	0.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%	0.00%
National Onshore LP	Oil & Gas Exploration	0.00%	0.56%	0.72%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oil Tanking	Petroleum Storage	0.28%	0.32%	0.00%							
Praxair Hydrogen Supply Inc.	Gas Production	0.36%	0.35%	0.38%	0.42%	0.48%	0.51%	0.56%	0.59%	0.60%	0.69%
Praxair Inc.	Gas Production	1.87%	2.04%	1.89%	1.56%	1.41%	1.18%	0.78%	0.84%	0.82%	0.69%
Reliant Energy	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.02%	3.29%
Seaway Pipeline Co.	Pipeline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.40%
South Houston Green Power LP	Energy	1.42%	3.72%	3.22%	3.32%	1.50%	1.78%	1.13%	0.00%	1.75%	0.00%
Southwestern Bell Telephone Co	Telephone	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.37%	0.35%	0.38%
Sterling Chemicals Inc.	Chemical Plant	0.60%	0.00%	1.45%	1.83%	2.40%	2.61%	3.31%	3.48%	3.94%	5.08%
Texas City Cogeneration LP	Co-generation Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.43%	1.36%	1.47%
Texas City Terminal Railway Co.	Railway	0.29%	0.00%	0.29%	0.31%	0.36%	0.39%	0.44%	0.46%	0.42%	0.45%
Texas Genco II LP	Natural Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%
Texas New Mexico Power Co.	Energy	0.47%	0.44%	0.55%	0.59%	0.60%	0.70%	0.72%	0.68%	0.59%	0.72%
Transtexas Gas Corporation	Natural Gas	0.00%	0.00%				0.45%		0.85%	0.94%	1.09%
Union Carbide Corp.	Chemical Plant	2.82%	3.63%	3.71%	3.82%	3.72%	4.83%	4.83%	6.54%	0.00%	8.92%
Valero Refining - Texas LP	Refinery	0.00%	0.52%	0.00%	7.87%	6.12%	3.16%	3.79%	3.69%	0.00%	3.93%
Valero Marketing & Supply Co.	Petroleum Sales	8.05%	8.14%	8.65%							
	Totals	40.87%	45.90%	43.62%	42.06%	40.23%	39.20%	36.38%	39.36%	40.02%	54.08%

Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)

Fiscal Year Ended August 31	Levy	Cumulative Levy Adjustments (a)	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)	Cumulative Collections of Adjusted Levy
2009	\$ 21,387,842	\$ 841,697	\$ 22,229,539	\$ 21,207,192	95.4%			\$ 21,207,192	95.4%
2008	20,321,060	(25,033)	20,296,027	19,804,906	97.6%	-	207,878	20,012,784	98.6%
2007	19,736,777	(840)	19,735,937	18,922,497	95.9%	-	67,945	18,990,442	96.2%
2006	17,901,679	905	17,902,584	17,363,310	97.0%	285,117	31,292	17,679,719	98.8%
2005	16,455,479	(440,112)	16,015,367	15,480,398	96.7%	357,926	17,442	15,855,766	99.0%
2004	15,763,553	338	15,763,891	15,207,960	96.5%	375,297	11,650	15,594,907	98.9%
2003	14,072,767	(578)	14,072,189	13,392,757	95.2%	425,988	5,303	13,824,048	98.2%
2002	13,493,371	(2,083)	13,491,288	13,064,324	96.8%	348,774	3,258	13,416,356	99.4%
2001	12,545,811	(512)	12,545,299	12,174,854	97.0%	96,196	2,141	12,273,191	97.8%
2000	12,194,141	(582)	12,193,559	11,725,597	96.2%	109,089	983	11,835,669	97.1%

Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
Other Debt										
Revenue bonds	1,365,000	1,825,000	2,255,000	2,670,000	3,530,000	4,375,000	2,460,000	3,025,000	3,565,000	4,080,000
Notes	34,864	59,592	83,156	190,040	262,975	436,947	601,843	758,136	906,276	1,136,686
Capital lease obligations	-	18,903	36,012	53,402	10,593	15,832	20,723	-	-	30,126
Total Outstanding Debt	\$ 1,399,864	\$ 1,903,495	\$ 2,374,168	\$ 2,913,442	\$ 3,803,568	\$ 4,827,779	\$ 3,082,566	\$ 3,783,136	\$ 4,471,276	\$ 5,246,812
General bonded debt ratios										
Per Capita	-	-	-	-	-	-	-	-	-	-
Per FTSE	-	-	-	-	-	-	-	-	-	-
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%	0.000%
Total Outstanding Debt Ratios										
Per Capita	\$ 6.39	\$ 8.82	\$ 11.02	\$ 13.52	\$ 18.03	\$ 23.35	\$ 15.20	\$ 19.08	\$ 23.08	\$ 27.53
Per FTSE	158	226	285	324	387	501	342	458	596	774
As a percentage of Taxable Assessed Value	13.962%	20.854%	26.428%	39.415%	56.754%	80.723%	54.251%	61.121%	77.405%	92.791%

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

	<i>Amounts Expressed in 000s</i>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxable Assessed Value	\$ 10,026,243	\$ 9,127,685	\$ 8,983,485	\$ 7,391,722	\$ 6,701,837	\$ 5,980,699	\$ 5,682,063	\$ 6,189,620	\$ 5,776,454	\$ 5,654,461
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	50,131	45,638	44,917	36,959	33,509	29,903	28,410	30,948	28,882	28,272
Less Funds Reserved for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service Current Requirements	\$ 50,131	\$ 45,638	\$ 44,917	\$ 36,959	\$ 33,509	\$ 29,903	\$ 28,410	\$ 30,948	\$ 28,882	\$ 28,272
Net Current Requirements as a % of Statutory Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

(unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)				Debt Service Requirements (\$000 omitted)			
	Tuition	Continuing Education Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2009	\$ 121	\$ 500	\$ 500	\$ 1,121	\$ 460	\$ 70	\$ 530	2.12
2008	135	500	503	1,138	430	87	517	2.20
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

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

Calendar Year	District Population	District Personal Income		District Unemployment (%)	County Population	County Personal Income		County Unemployment (%)
		(thousands of dollars)	District Personal Income Per Capita			(thousands of dollars)	County Personal Income Per Capita	
2008	219,062	n/a	n/a	5.8	288,239	n/a	n/a	5.8
2007	215,830	\$ 8,294,477	\$ 38,553	4.6	283,987	\$ 10,913,785	\$ 38,553	4.6
2006	215,499	7,710,175	36,284	5.0	283,551	10,144,967	36,284	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

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**

Employer	Galveston County	
	Employment (1st Qtr - 2008)	Percent Change from Previous Year (%)
Education & Health Services	30,480	-1.14
Trade, Transport, & Utilities	16,800	5.07
Leisure & Hospitality Group	14,320	1.13
Construction	7,590	9.84
Manufacturing	6,850	5.55
Prof., Business & Other Services	6,530	10.12
Financial Activities Group	5,940	3.66
Public Administration	2,790	0.36
Other Services	2,360	-8.53
Information	820	1.23
Natural Resources & Mining	630	-1.56

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)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Full-Time	105	100	106	111	92	89	85	89	89	89
Part-Time	137	105	109	115	121	128	112	118	123	126
Total	242	205	215	226	213	217	197	207	212	215
Faculty (Percent)										
Full-Time	43%	49%	49%	49%	43%	41%	43%	43%	42%	41%
Part-Time	57%	51%	51%	51%	57%	59%	57%	57%	58%	59%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Staff and Administrators (Count)										
Full-Time	255	271	265	248	240	215	228	218	212	208
Part-Time	25	21	20	23	28	227	151	112	134	312
Total	280	292	285	271	268	442	379	330	346	520
Staff (Percent)										
Full-Time	91%	93%	93%	92%	90%	49%	60%	66%	61%	40%
Part-Time	9%	7%	7%	8%	10%	51%	40%	34%	39%	60%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: IPEDS and COM Fact Books

Note: Staff and administrator breakdown not available for years 1998-1999.

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

Student Classification

	Fall 2009*		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<30 hours	1,619	32.6%	1,215	28.3%	1,028	23.3%	1,492	30.6%	2,591	52.7%
30-72 hours	662	13.3%	798	18.6%	796	18.0%	811	16.6%	1,061	21.6%
> 72 hours	1,478	29.8%	1,375	32.0%	1,561	35.3%	1,333	27.3%	269	5.5%
Previously earned associate	157	3.2%	173	4.0%	136	3.1%	127	2.6%	23	0.5%
Previously earned baccalaureate or above	0	0.0%	0	0.0%	0	0.0%	71	1.5%	55	1.1%
CE (Non-credit)	1,052	21.2%	733	17.1%	895	20.3%	1,043	21.4%	914	18.6%
Total	4,968	100.0%	4,294	100.0%	4,416	100.0%	4,877	100.0%	4,913	100.0%

Semester Hour Load (Credit Only)

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	33	0.8%	34	1.0%	38	1.1%	38	1.0%	30	0.8%
3-5 semester hours	820	20.9%	733	20.6%	739	21.0%	807	21.0%	736	18.4%
6-8 semester hours	1,129	28.8%	1,106	31.1%	1,108	31.5%	1,064	27.8%	1,172	29.3%
9-11 semester hours	702	17.9%	595	16.7%	577	16.4%	651	17.0%	679	17.0%
12-14 semester hours	1,025	26.2%	912	25.6%	882	25.0%	1,087	28.4%	1,139	28.5%
15-17 semester hours	186	4.7%	165	4.6%	144	4.1%	168	4.4%	199	5.0%
18 and over	21	0.5%	16	0.4%	33	0.9%	19	0.5%	44	1.1%
Total	3,916	100.0%	3,561	100.0%	3,521	100.0%	3,834	100.0%	3,999	100.0%

Tuition Status (Credit Only)

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	2,992	76.4%	2,706	76.0%	2,751	78.1%	2,990	78.0%	3,053	76.3%
Out-of-District	873	22.3%	827	23.2%	755	21.4%	830	21.6%	929	23.2%
Nonresident	36	0.9%	7	0.2%	15	0.4%	14	0.4%	17	0.4%
Exempt	15	0.4%	21	0.6%	0	0.0%	0	0.0%	0	0.0%
Total	3,916	100.0%	3,561	100.0%	3,521	100.0%	3,834	100.0%	3,999	100.0%

Source: CBM001 and CBM00A

* CE Fall 2009 numbers are preliminary and have not been certified.

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

CREDIT STUDENTS

Ethnicity	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,120	54.1%	2,017	56.6%	2,013	57.2%	2,199	57.4%	2,346	58.7%
Black	717	18.3%	676	19.0%	625	17.8%	659	17.2%	644	16.1%
Hispanic	763	19.5%	707	19.9%	711	20.2%	741	19.3%	782	19.6%
Asian/Pacific Islander	112	2.9%	89	2.5%	78	2.2%	106	2.8%	99	2.5%
American Indian	30	0.8%	23	0.6%	27	0.8%	21	0.5%	26	0.7%
International	5	0.1%	3	0.1%	5	0.1%	7	0.2%	4	0.1%
Unknown	169	4.3%	46	1.3%	62	1.8%	101	2.6%	98	2.5%
Total	3,916	100.0%	3,561	100.0%	3,521	100.0%	3,834	100.0%	3,999	100.0%
Gender										
Female	2,391	61.1%	2,141	60.1%	2,161	61.4%	2,359	61.5%	2,359	59.0%
Male	1,525	38.9%	1,420	39.9%	1,360	38.6%	1,475	38.5%	1,640	41.0%
Total	3,916	100.0%	3,561	100.0%	3,521	100.0%	3,834	100.0%	3,999	100.0%

Source: CBM001

NON-CREDIT STUDENTS

Ethnicity	Fall 2009*		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	477	45.3%	397	54.2%	492	55.0%	605	58.0%	643	70.4%
Black	131	12.5%	109	14.9%	157	17.5%	193	18.5%	93	10.2%
Hispanic	189	18.0%	143	19.5%	185	20.7%	173	16.6%	158	17.3%
Asian/Pacific Islander	24	2.3%	26	3.5%	15	1.7%	18	1.7%	14	1.5%
American Indian	5	0.5%	3	0.4%	6	0.7%	5	0.5%	2	0.2%
International	5	0.5%	0	0.0%	1	0.1%	9	0.9%	4	0.4%
Unknown	221	21.0%	55	7.5%	39	4.4%	40	3.8%	0	0.0%
Total	1,052	100.0%	733	100.0%	895	100.0%	1,043	100.0%	914	100.0%
Gender										
Female	433	41.2%	261	35.6%	369	41.2%	471	45.2%	566	61.9%
Male	619	58.8%	472	64.4%	526	58.8%	572	54.8%	348	38.1%
Total	1,052	100.0%	733	100.0%	895	100.0%	1,043	100.0%	914	100.0%

Source: CBM00A

* CE Fall 2009 numbers are preliminary and have not been certified.

**College of the Mainland
Statistical Supplement 17
Transfers to Senior Institutions
2007--2008 Graduates, Completers, and Non-Returners as of Fall 2008
(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
1	University of Houston at Clear Lake	121	21	1	143	24.20%
2	University of Houston	68	14	1	83	14.04%
3	Texas A&M University	43	12	0	55	9.31%
4	The University of Texas at Austin	29	7	1	37	6.26%
5	Texas State University	25	8	0	33	5.58%
6	Texas A&M University at Galveston	24	3	0	27	4.57%
7	Sam Houston State University	22	4	2	28	4.74%
8	Stephen F. Austin State University	22	9	2	33	5.58%
9	The University of Texas at San Antonio	16	7	1	24	4.06%
10	University of North Texas	12	1	0	13	2.20%
11	Lamar University	11	1	2	14	2.37%
12	Texas Tech University	7	3	0	10	1.69%
13	University of Houston - Downtown	7	3	1	11	1.86%
14	Prairie View A&M University	5	4	0	9	1.52%
15	Texas Southern University	5	6	2	13	2.20%
16	Texas A&M University - Corpus Christi	4	0	0	4	0.68%
17	Texas Woman's University	4	1	0	5	0.85%
18	Midwestern State University	3	1	2	6	1.02%
19	The University of Texas at Tyler	3	0	0	3	0.51%
20	Angelo State University	2	0	1	3	0.51%
21	The University of Texas - Pan American	2	0	0	2	0.34%
22	The University of Texas at Dallas	2	0	0	2	0.34%
23	Texas A&M International University	1	0	0	1	0.17%
24	Texas A&M University - Kingsville	1	1	0	2	0.34%
25	West Texas A&M University	1	0	0	1	0.17%
26	Texas A&M University - Commerce	0	1	0	1	0.17%
27	University of Houston at Victoria	0	1	0	1	0.17%
Subtotal - Universities		440	108	16	564	95.43%
Health Science Institutions						
1	The University of Texas Health Science Center at Houston	2	1	0	3	0.51%
2	The University of Texas Health Science Center at Houston	0	1	0	1	0.17%
3	The University of Texas M.D. Anderson Cancer Center	1	0	0	1	0.17%
4	The University of Texas Medical Branch at Galveston	14	7	0	21	3.55%
5	University of North Texas Health Science Center at Fort Worth	0	1	0	1	0.17%
Subtotal - Health Science Institutions		17	10	0	27	4.57%
Total		457	118	16	591	100.00%

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

College of the Mainland
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2004 to 2009
(unaudited)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Academic Buildings	12	12	12	12	12	12
Square footage	282,202	282,202	282,202	264,026	264,026	264,026
Libraries (incl. in Acad. Bldgs)						
Square footage	14120	14120	14120	14120	14120	14120
Number of Volumes	50000	50000	50000	50000	50000	50000
Administrative and Support buildings	5	5	5	5	4	4
Square footage	35603	35603	35603	33963	32703	32703
Dining Facilities (incl. in Acad. Bldgs)						
Square footage	5420	5420	5420	5420	5420	5420
Average daily customers	150	150	150	150	150	150
Athletic Facilities	2	2	2	2	2	2
Square footage	58678	58678	58678	58678	58678	58678
Gymnasiums	1	1	1	1	1	1
Fitness Center (included in Gym)						
Swimming Pool (included in Gym)						
Racquetball Court	1	1	1	1	1	1
Plant Facilities	1	1	1	1	1	1
Square footage	2773	2773	2773	2773	2773	2773
Transportation						
Cars	4	4	4	4	4	4
Light Trucks/Vans	13	13	13	12	12	11

OTHER SUPPLEMENTAL SCHEDULES

**COLLEGE OF THE MAINLAND
BALANCE SHEET
August 31, 2009**

Schedule S-1

	Total			Auxiliary	Total Current			Agency	Totals
	Unrestricted	Restricted	Educational and General		Funds	Loan	Plant		
ASSETS									
Cash and cash equivalents	\$ 14,155,156	\$ -	\$ 14,155,156	\$ (14,817)	\$ 14,140,339	\$ -	\$ -	\$ -	\$ 14,140,339
Short-term investments	-	-	-	-	-	-	-	-	-
Accounts receivable	4,541,894	3,572,213	8,114,107	51,874	8,165,981	-	-	2,184	8,168,165
Notes receivable (net)	-	-	-	-	-	45,843	-	-	45,843
Due from other funds	1,881,105	1,005,373	2,886,478	704,809	3,591,287	-	236,110	-	3,827,397
Prepaid expenses	325,447	-	325,447	-	325,447	-	-	-	325,447
Restricted cash and cash equivalents	-	(1)	(1)	-	(1)	86,898	1,460,060	238,395	1,785,352
Deferred charges	-	-	-	-	-	-	15,748	-	15,748
Inventories for resale	-	-	-	637,377	637,377	-	-	-	637,377
Capital assets	-	-	-	-	-	-	12,561,139	-	12,561,139
TOTAL ASSETS	\$ 20,903,602	\$ 4,577,585	\$ 25,481,187	\$ 1,379,243	\$ 26,860,430	\$ 132,741	\$ 14,273,057	\$ 240,579	\$ 41,506,807
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 1,471,773	\$ 25,053	\$ 1,496,826	\$ 14,722	\$ 1,511,548	\$ -	\$ 3,176	\$ -	\$ 1,514,724
Accrued liabilities	397,920	-	397,920	-	397,920	-	-	-	397,920
Accrued interest payable	-	-	-	-	-	-	38,625	-	38,625
Due to other funds	50,256	2,969,279	3,019,535	2,413	3,021,948	42,333	710,000	53,114	3,827,395
Deferred revenues	4,391,323	1,542,370	5,933,693	47,093	5,980,786	-	-	-	5,980,786
Compensated absences payable	176,910	-	176,910	-	176,910	-	1,883,179	-	2,060,089
Bonds payable - short-term	-	-	-	-	-	-	250,000	-	250,000
Bonds payable - long-term	-	-	-	-	-	-	1,115,000	-	1,115,000
Notes payable - short-term	-	-	-	-	-	-	25,939	-	25,939
Notes payable - long-term	-	-	-	-	-	-	8,925	-	8,925
Other debt payable	-	-	-	-	-	-	420,053	-	420,053
Funds held in custody for others	-	-	-	-	-	-	-	187,465	187,465
Total Liabilities	6,488,182	4,536,702	11,024,884	64,228	11,089,112	42,333	4,454,897	240,579	15,826,921
Fund Balance	14,415,420	40,883	14,456,303	1,315,015	15,771,318	90,408	9,818,160	-	25,679,886
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,903,602	\$ 4,577,585	\$ 25,481,187	\$ 1,379,243	\$ 26,860,430	\$ 132,741	\$ 14,273,057	\$ 240,579	\$ 41,506,807

COLLEGE OF THE MAINLAND
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 2009

Schedule S-2

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Auxiliary</u>	<u>Total Current</u>	<u>Loan</u>	<u>Plant</u>	<u>Total</u>
REVENUES AND OTHER ADDITIONS:								
State appropriations	\$ 6,533,300	\$ 3,304,493	\$ 9,837,793	\$ -	\$ 9,837,793	\$ -	\$ -	\$ 9,837,793
Tuition and fees	5,098,471	-	5,098,471	90,326	5,188,797	-	-	5,188,797
Maintenance ad valorem taxes	21,601,218	-	21,601,218	-	21,601,218	-	-	21,601,218
Federal Grants and Contracts	187,297	5,042,922	5,230,219	7,933	5,238,152	-	-	5,238,152
State Grants and Contracts	-	304,189	304,189	-	304,189	-	-	304,189
Local Grants and Contracts	-	5,000	5,000	-	5,000	-	-	5,000
Private grants and contracts	-	1,877,808	1,877,808	-	1,877,808	-	-	1,877,808
Sales and services of educational activities	129,087	-	129,087	-	129,087	-	-	129,087
Foreign trade zone fees	803,588	-	803,588	-	803,588	-	-	803,588
Investment income	135,396	-	135,396	-	135,396	691	14,714	150,801
Other income	211,907	14,377	226,284	-	226,284	-	-	226,284
Auxiliary enterprises	-	-	-	1,830,156	1,830,156	-	-	1,830,156
Total Revenues and Other Additions	<u>34,700,264</u>	<u>10,548,789</u>	<u>45,249,053</u>	<u>1,928,415</u>	<u>47,177,468</u>	<u>691</u>	<u>14,714</u>	<u>47,192,873</u>
EXPENDITURES AND OTHER DEDUCTIONS:								
Expenditures (Sch. S-3)	32,611,376	10,535,910	43,147,286	1,846,049	44,993,335	-	-	44,993,335
Expended for Plant Facilities	-	-	-	-	-	-	62,204	62,204
Retirement of Indebtedness/Bonds and Notes	41,837	-	41,837	-	41,837	-	460,000	501,837
Interest & fees on Indebtedness	2,984	-	2,984	-	2,984	-	71,025	74,009
Net Decrease (Increase) in Long-Term Debt	-	-	-	-	-	-	249,532	249,532
Current Year Additions to Capital Assets	-	-	-	-	-	-	(1,208,907)	(1,208,907)
Depreciation Expense	-	-	-	-	-	-	1,547,625	1,547,625
Other Deductions	-	-	-	-	-	44,993	-	44,993
Total Expenditures and Other Deductions	<u>32,656,197</u>	<u>10,535,910</u>	<u>43,192,107</u>	<u>1,846,049</u>	<u>45,038,156</u>	<u>44,993</u>	<u>1,181,479</u>	<u>46,264,628</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS):								
Renewals and replacements	(143,339)	-	(143,339)	-	(143,339)	-	143,339	-
Retirement of Indebtedness	(531,025)	-	(531,025)	-	(531,025)	-	531,025	-
Total Transfers-Additions/(Deductions)	<u>(674,364)</u>	<u>-</u>	<u>(674,364)</u>	<u>-</u>	<u>(674,364)</u>	<u>-</u>	<u>674,364</u>	<u>-</u>
NET INCREASE/(DECREASE) FOR THE FISCAL YEAR								
FUND BALANCES, beginning	1,369,703	12,879	1,382,582	82,366	1,464,948	(44,302)	(492,401)	928,245
FUND BALANCES, beginning	<u>13,045,717</u>	<u>28,004</u>	<u>13,073,721</u>	<u>1,232,649</u>	<u>14,306,370</u>	<u>134,710</u>	<u>10,310,561</u>	<u>24,751,641</u>
FUND BALANCES, ending	<u>\$ 14,415,420</u>	<u>\$ 40,883</u>	<u>\$ 14,456,303</u>	<u>\$ 1,315,015</u>	<u>\$ 15,771,318</u>	<u>\$ 90,408</u>	<u>\$ 9,818,160</u>	<u>\$ 25,679,886</u>

COLLEGE OF THE MAINLAND
 STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
 For the Year Ended August 31, 2009
 With Memorandum Totals at August 31, 2008

Schedule S-3

	TOTALS					
	(MEMORANDUM ONLY)					
	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
REVENUES:						
State appropriations	\$ 6,533,300	\$ 3,304,493	\$ 9,837,793	\$ -	\$ 9,837,793	\$ 9,574,732
Tuition and fees	5,098,471	-	5,098,471	90,326	5,188,797	5,173,749
Maintenance ad valorem taxes	21,601,218	-	21,601,218	-	21,601,218	20,370,530
Sales and services of educational activities	129,087	-	129,087	-	129,087	123,226
Sales and services of auxiliary enterprises	-	-	-	1,830,156	1,830,156	1,718,214
Federal grants and contracts	187,297	5,042,922	5,230,219	7,933	5,238,152	5,842,430
State grants and contracts	-	304,189	304,189	-	304,189	323,248
Local grants and contracts	-	5,000	5,000	-	5,000	-
Private grants and contracts	-	1,877,808	1,877,808	-	1,877,808	1,527,108
Foreign trade zone fees	803,588	-	803,588	-	803,588	533,967
Investment income	135,396	-	135,396	-	135,396	428,113
Other income	211,907	14,377	226,284	-	226,284	18,823
Total Current Funds Revenues	<u>34,700,264</u>	<u>10,548,789</u>	<u>45,249,053</u>	<u>1,928,415</u>	<u>47,177,468</u>	<u>45,634,140</u>
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational & General:						
Instruction	12,417,852	2,312,799	14,730,651	-	14,730,651	14,339,985
Public service	1,317,603	2,256,927	3,574,530	-	3,574,530	3,790,402
Academic support	2,963,601	1,310,405	4,274,006	-	4,274,006	3,982,412
Student services	3,346,116	1,154,171	4,500,287	-	4,500,287	4,339,282
Institutional support	6,497,686	660,075	7,157,761	-	7,157,761	7,417,658
Operation and maintenance of plant	4,850,496	82,179	4,932,675	-	4,932,675	3,716,353
Scholarships and fellowships	212,250	2,618,423	2,830,673	-	2,830,673	2,717,234
Capital outlay	1,005,772	140,931	1,146,703	-	1,146,703	613,556
Total Educational and General Expenditures	<u>32,611,376</u>	<u>10,535,910</u>	<u>43,147,286</u>	<u>-</u>	<u>43,147,286</u>	<u>40,916,882</u>
Auxiliary Enterprise Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,846,049</u>	<u>1,846,049</u>	<u>1,666,765</u>
Mandatory Transfers for:						
Retirement of Indebtedness	531,025	-	531,025	-	531,025	516,938
Renewals and Replacements	143,339	-	143,339	-	143,339	140,615
Total Expenditures and Mandatory Transfers	<u>33,285,740</u>	<u>10,535,910</u>	<u>43,821,650</u>	<u>1,846,049</u>	<u>45,667,699</u>	<u>43,241,200</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):						
Debt Service Expenditures	<u>(44,821)</u>	<u>-</u>	<u>(44,821)</u>	<u>-</u>	<u>(44,821)</u>	<u>(48,248)</u>
Total Other Transfers and Additions/(Deductions)	<u>(44,821)</u>	<u>-</u>	<u>(44,821)</u>	<u>-</u>	<u>(44,821)</u>	<u>(48,248)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 1,369,703</u>	<u>\$ 12,879</u>	<u>\$ 1,382,582</u>	<u>\$ 82,366</u>	<u>\$ 1,464,948</u>	<u>\$ 2,344,692</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF CHANGES IN FUND BALANCES
UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES
For the Year Ended August 31, 2009

Schedule S-4

	<u>Bookstore</u>	<u>Child Care Center</u>	<u>Food Service</u>	<u>USDA Food Program</u>	<u>President's Fund</u>	<u>Student Activity Fee</u>	<u>Center for Advancement of Process Technology</u>	<u>CE Mexico Study Tour</u>	<u>TOTAL</u>
Revenues									
Sales and services	\$ 1,662,807	\$ 108,014	\$ 28,941	\$ -	\$ -	\$ -	\$ 30,394	\$ -	\$ 1,830,156
Student service fees	-	-	-	-	-	90,326	-	-	90,326
Federal grants	-	-	-	7,933	-	-	-	-	7,933
Other income	-	-	-	-	-	-	-	-	-
Total revenue	<u>1,662,807</u>	<u>108,014</u>	<u>28,941</u>	<u>7,933</u>	<u>-</u>	<u>90,326</u>	<u>30,394</u>	<u>-</u>	<u>1,928,415</u>
Expenditures									
Salaries and wages	194,122	65,539	-	-	-	21,243	-	-	280,904
Employee benefits	39,292	1,398	-	-	-	4,312	-	-	45,002
Contracted services	10,109	-	11,086	-	-	1,073	-	-	22,268
Supplies	1,340,674	12,144	2,830	7,933	36,926	260	-	-	1,400,767
Other operating expenses	24,441	757	6	-	6,037	64,149	200	1,518	97,108
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,608,638</u>	<u>79,838</u>	<u>13,922</u>	<u>7,933</u>	<u>42,963</u>	<u>91,037</u>	<u>200</u>	<u>1,518</u>	<u>1,846,049</u>
Excess revenue over expenditures	54,169	28,176	15,019	-	(42,963)	(711)	30,194	(1,518)	82,366
Interfund Transfers									
In	-	-	-	-	128,057	-	-	-	128,057
Out	(85,000)	(28,039)	(15,018)	-	-	-	-	-	(128,057)
Fund balances, beginning	<u>1,223,146</u>	<u>2,036</u>	<u>7,000</u>	<u>-</u>	<u>7,898</u>	<u>16,846</u>	<u>(47,764)</u>	<u>23,487</u>	<u>1,232,649</u>
Fund balances, ending	<u>\$ 1,192,315</u>	<u>\$ 2,173</u>	<u>\$ 7,001</u>	<u>\$ -</u>	<u>\$ 92,992</u>	<u>\$ 16,135</u>	<u>\$ (17,570)</u>	<u>\$ 21,969</u>	<u>\$ 1,315,015</u>