



College of  
*the Mainland*®

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

*For the Year Ended August 31, 2010*



2000 LOOP 197 NORTH  
TEXAS CITY, TEXAS 77590

**COLLEGE OF THE MAINLAND  
ORGANIZATIONAL DATA  
FOR THE YEAR ENDED AUGUST 31, 2010**

**BOARD OF TRUSTEES**

**OFFICERS AND MEMBERS**

			<b>Term Expires May 31,</b>
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. Amy E. Locklear .....	Interim Vice-President for Instruction
Dr. Bill Spillar .....	Interim Vice-President for Student Services
Lisa Templer, CPA .....	Vice-President for College and Financial Services
Marnie D. Schutz, CPA .....	Interim Controller



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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, 2010, 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. The financial statements of the College of the Mainland Foundation (an affiliated entity) were audited by other auditors whose report dated December 15, 2010 expressed an unqualified opinion on those statements.

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, 2010, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 01, 2011 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements as a whole. The "Statistical Supplement" and the "Other Supplemental Schedules" are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Single Audit Circular* and are also not a required part of the financial statements. The accompanying Supplemental Schedules A through D as listed in the table of contents are presented for purposes of additional analysis as required by Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, and are also not a required part of the financial statements. The schedules of expenditures of federal and state awards and the supplemental schedules required by the THECB are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical and other supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Texas City, Texas  
January 01, 2011

## **Management's Discussion and Analysis**

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## **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 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 2010. 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 2010, current assets decreased by \$2,405,546 primarily due to a decrease in grants receivable of \$2,158,419 that was the result of the College requesting and drawing down funds that were owed to the College by grant agencies prior to August 31, 2010, which reduced the receivable, a decrease in taxes receivable of \$866,294, and offsetting increases in tuition and fee receivables of \$374,566, and an increase of cash and cash equivalents of \$468,263.

Current liabilities increased by \$425,924, which was caused by several factors. Accounts payable decreased by \$747,946, which was caused by a timing difference of when payments were processed, an increase of \$538,293 in compensated absences due to the employees that elected to take the retirement incentive, an increase in deferred revenue of \$447,521, and lastly, an increase of \$105,013, which was caused by the Valero settlement agreement.

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.

**COLLEGE OF THE MAINLAND**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

Noncurrent liabilities increased by \$652,295. The College offered two (2) retirement incentives in the past two (2) years that caused an increase in compensated absences and retirement incentive severance payable of \$1,026,234. There were offsetting decreases in bonds payable of \$260,000, tax refund payable of \$105,013, and notes payable for Unit 16 at Appomattox Square of \$8,925 and will be paid in full in 2011. The overall effect of the change in assets and liabilities reduced total net assets by \$3,417,281 and the data is depicted below.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Current Assets	\$ 20,918,896	\$ 23,324,442	\$ (2,405,546)
Capital Assets	12,786,743	12,561,139	225,604
Other Non-Current Assets	1,687,823	1,846,943	(159,120)
<b>Total Assets</b>	<u>35,393,462</u>	<u>37,732,524</u>	<u>(2,339,062)</u>
Current liabilities	6,634,797	6,208,873	425,924
Non-current liabilities	4,079,452	3,427,157	652,295
<b>Total liabilities</b>	<u>10,714,249</u>	<u>9,636,030</u>	<u>1,078,219</u>
Invested in capital assets, net of related debt	11,219,258	10,741,222	478,036
Restricted net assets	1,164,927	1,091,418	73,509
Unrestricted net assets	12,295,028	16,263,854	(3,968,826)
<b>Total net assets</b>	<u>\$ 24,679,213</u>	<u>\$ 28,096,494</u>	<u>\$ (3,417,281)</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 2010 operating revenue increased by \$1,590,170. This was due to a primarily to an increase in overall grant revenue, which includes federal, state, private, and local grants, of \$1,692,763.

Tuition and fees are discounted or reduced for Title IV federal grants, state and local exemptions, and TPEG awards decreased by \$8,513. If you remove the discounting effect on tuition and fees, the College actually increased tuition and fee revenue by \$994,416. This was caused by the combination of an increase in enrollment of 10.76% compared to the prior year and an increase in tuition of \$2.00 or 6.25% per in-district credit hour.

In auxiliary operations, operating revenue increased by \$35,311 compared to the prior year. That amount was primarily due to the bookstore sales related to the increase in enrollment compared to the prior year.

Operating expenses increased \$3,690,049 when compared to the prior year. The largest increase in expenses was in scholarships and fellowships in the amount of \$1,755,232 and was due to the increased enrollment of 10.76% and students qualifying for financial aid. Instruction was the next largest increase in the amount of \$1,060,837, which was also due to the enrollment growth. The last significant increase was for institutional support of \$642,167, and was due primarily to the implementation of Voice Over IP in the amount of \$400,500.

**COLLEGE OF THE MAINLAND**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

Please see below for the actual revenue and expense figures.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues	\$ 15,022,563	\$ 13,432,393	\$ 1,590,170
Operating expenses	(49,203,373)	(45,513,323)	(3,690,050)
Net operating income (loss)	(34,180,810)	(32,080,930)	(2,099,880)
Non-operating revenues (expenses)	<u>30,763,528</u>	<u>33,165,685</u>	<u>(2,402,157)</u>
Toal increase (decrease) in net assets	<u>\$ (3,417,281)</u>	<u>\$ 1,084,755</u>	<u>\$ (4,502,036)</u>

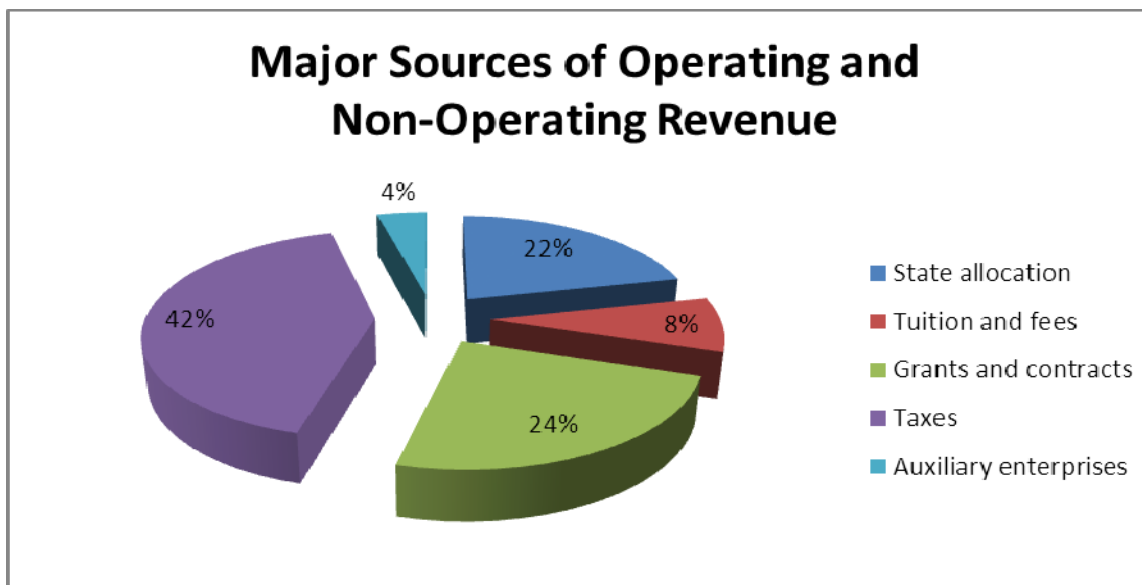
The College's major sources of revenue, categorized as operating and non-operating, are as follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
<b>Operating revenues:</b>			
Tuition and fees	\$ 3,813,204	\$ 3,821,717	\$ (8,513)
Federal grants and contracts	6,588,684	5,238,152	1,350,532
State grants and contracts	562,132	304,189	257,943
Private grants and contracts	1,966,080	1,877,808	88,272
Local grants and contracts	1,016	5,000	(3,984)
Sales and services of educational activities	137,097	129,087	8,010
Auxiliary enterprises (net of discounts)	1,865,467	1,830,156	35,311
General operating revenues	<u>88,883</u>	<u>226,284</u>	<u>(137,401)</u>
<b>Total operating revenues</b>	<u>15,022,563</u>	<u>13,432,393</u>	<u>1,590,170</u>
<b>Non-operating revenues:</b>			
State appropriations	9,729,721	9,837,793	(108,072)
Maintenance ad valorem taxes	18,897,807	21,367,349	(2,469,542)
Federal revenue, non-operating	1,779,835	1,125,156	654,679
Investment income	35,930	150,801	(114,871)
Foreign trade zone fees	376,398	803,588	(427,190)
Interest and fees on capital related debt	(58,594)	(74,009)	15,415
Other non-operating revenues	2,431	-	2,431
Other non-operating expenses	-	(44,993)	44,993
<b>Total operating revenues</b>	<u>30,763,528</u>	<u>33,165,685</u>	<u>(2,402,157)</u>
<b>Total revenues</b>	<u>\$ 45,786,091</u>	<u>\$ 46,598,078</u>	<u>\$ (811,987)</u>

**COLLEGE OF THE MAINLAND**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

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

	Current Year	Prior Year	Change
State allocation	\$ 9,729,721	\$ 9,837,793	\$ (108,072)
Tuition and fees	3,813,204	3,821,717	(8,513)
Grants and contracts	10,897,747	8,550,305	2,347,442
Taxes	18,897,807	21,367,349	(2,469,542)
Auxiliary enterprises	1,865,467	1,830,156	35,311
<b>Total revenues</b>	<b>\$ 45,203,946</b>	<b>\$ 45,407,320</b>	<b>\$ (203,374)</b>

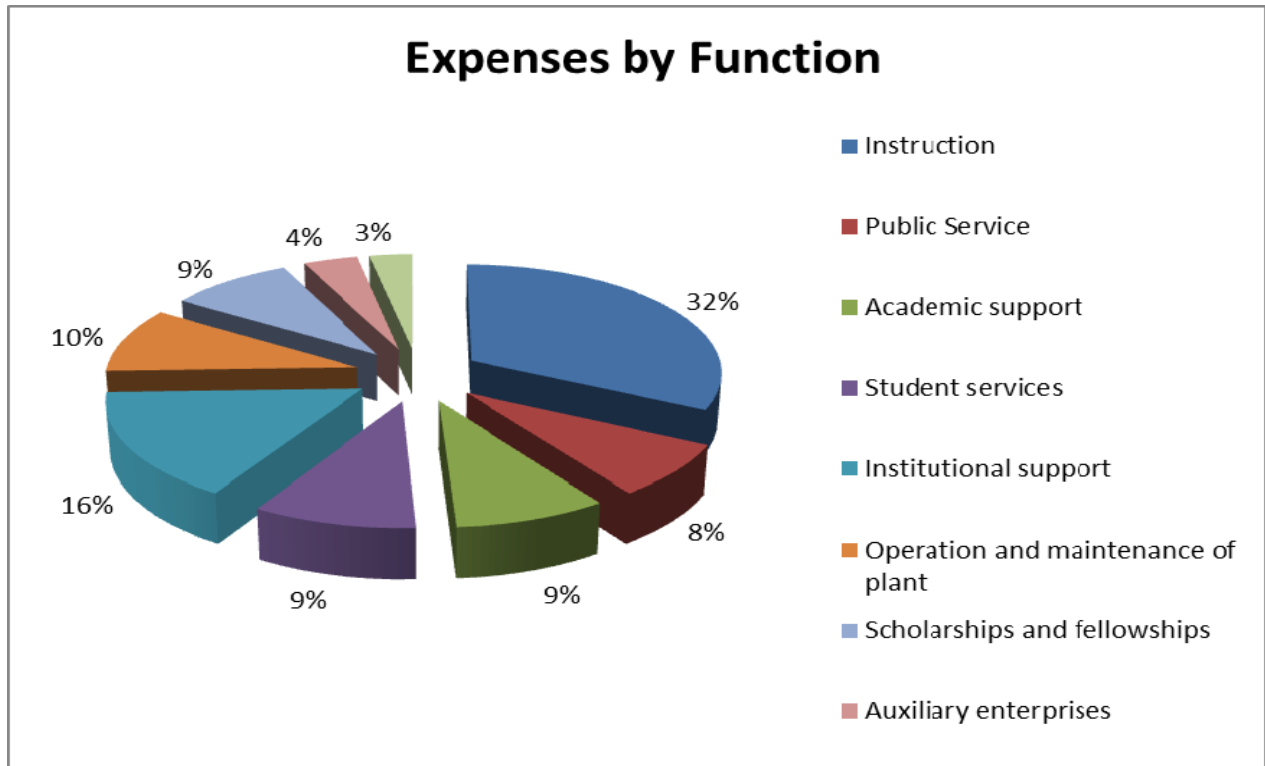


Operating expenses are reported in the financial statement by functional classification and are presented below for fiscal years 2010 and 2009.

	Current Year	Prior Year	Change
Instruction	\$ 15,953,601	\$ 14,892,764	\$ 1,060,837
Public Service	3,932,031	3,589,406	342,625
Academic support	4,297,227	4,318,833	(21,606)
Student services	4,602,640	4,543,424	59,216
Institutional support	7,866,291	7,224,124	642,167
Operation and maintenance of plant	4,751,034	4,932,675	(181,641)
Scholarships and fellowships	4,373,655	2,618,423	1,755,232
Auxiliary enterprises	1,933,409	1,846,049	87,360
Depreciation expense	1,493,484	1,547,625	(54,141)
<b>Total operating expenses</b>	<b>\$ 49,203,372</b>	<b>\$ 45,513,323</b>	<b>\$ 3,690,049</b>

**COLLEGE OF THE MAINLAND**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

Expenses by functional classification for fiscal year 2010 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. Some of the more significant cash increases were from operating activities in grants and contracts in the amount of \$5,237,656, and grants and contracts from non-operating activities in the amount of \$654,679. Overall there was a reduction in cash and cash equivalents of \$867,649.

**Conclusion**

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 \$2,820,841 on renovations, major repairs, deferred maintenance, capital outlay, and other facility projects.

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.



**COLLEGE OF THE MAINLAND**  
**MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

The plan includes building a new Allied Health Center, a new Process Technology Building, and a renovated Math/Science Building to provide new labs, expansion of the Student Center, and renovation of the Technical Vocational Building, renovation of the Learning Resource Center, renovation of Fine Arts, Wellness Center addition, and a Workforce Training Center addition.

In order to implement the Master Plan, the College's Board of Trustees unanimously agreed to hold a bond election in May 2011 for a proposition of \$86,173,555 to complete the projects stated above.

The 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**

**Exhibit 1**

**STATEMENT OF NET ASSETS**

*August 31, 2010 and 2009*

	<u>Current year</u>	<u>Prior year</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 14,608,602	\$ 14,140,339
Accounts receivable (net)	5,132,489	8,168,165
Due from agency funds	-	53,114
Inventories	859,606	637,377
Prepaid expenses	318,199	325,447
<b>Total current assets</b>	<u>20,918,896</u>	<u>23,324,442</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	1,628,856	1,785,352
Notes receivable (net)	48,946	45,843
Deferred charges	10,021	15,748
Capital assets (net), (see notes)	12,786,743	12,561,139
<b>Total noncurrent assets</b>	<u>14,474,566</u>	<u>14,408,082</u>
<b>Total Assets</b>	<u>35,393,462</u>	<u>37,732,524</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	766,777	1,514,723
Accrued liabilities	541,394	397,920
Compensated absences and severance payable - current	715,203	176,910
Accrued interest payable	38,625	38,625
Funds held for others	189,379	240,579
Unearned income	4,011,698	3,564,177
Tax refund payable - current portion	105,013	-
Notes payable - current portion	6,708	25,939
Bonds payable - current portion	260,000	250,000
<b>Total current liabilities</b>	<u>6,634,797</u>	<u>6,208,873</u>
<b>Noncurrent liabilities:</b>		
Compensated absences and severance payable - noncurrent	2,909,413	1,883,179
Tax refund payable - noncurrent	315,039	420,053
Notes and capital leases payable	-	8,925
Bonds payable	855,000	1,115,000
<b>Total noncurrent liabilities</b>	<u>4,079,452</u>	<u>3,427,157</u>
<b>Total Liabilities</b>	<u>10,714,249</u>	<u>9,636,030</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	11,219,258	10,741,222
Restricted for:		
Grants and donor restrictions	36,477	40,893
Loan funds	92,965	90,408
Unexpended bond proceeds	37,923	116,631
Renewals and replacements	321,704	163,921
Debt service	675,858	679,565
Unrestricted	12,295,028	16,263,854
<b>Total Net Assets (Schedule D)</b>	<u>\$ 24,679,213</u>	<u>\$ 28,096,494</u>

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

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

**College of the Mainland Foundation - Fiscal Year August 31, 2010**

	ASSETS	
	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 309,218	\$ 329,523
Contributions Receivable, Net	131,756	131,506
Prepaid Expenses	<u>-</u>	<u>700</u>
Total Current Assets	440,974	461,729
LONG-TERM ASSETS:		
Cash and Cash Equivalents	268,073	76,839
Investments, at Fair Value	<u>1,635,625</u>	<u>1,623,382</u>
TOTAL ASSETS	<u>\$ 2,344,672</u>	<u>\$ 2,161,950</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 280,119	\$ 130,091
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	18,339	31,323
Temporarily Restricted	935,778	1,050,779
Permanently Restricted	<u>1,110,436</u>	<u>949,757</u>
Total Net Assets	<u>2,064,553</u>	<u>2,031,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,344,672</u>	<u>\$ 2,161,950</u>

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

**COLLEGE OF THE MAINLAND**

**Exhibit 2**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

*For the Years Ended August 31, 2010 and 2009*

	<u>Current year</u>	<u>Prior year</u>
<b>Operating Revenues</b>		
Tuition and fees (net of discounts of \$2,394,547 and \$1,778,705)	\$ 3,813,204	\$ 3,821,717
Federal grants and contracts	6,588,684	5,238,152
State grants and contracts	562,132	304,189
Private grants and contracts	1,966,080	1,877,808
Local grants and contracts	1,016	5,000
Sales and services of educational activities	137,097	129,087
Auxiliary enterprises (net of discounts)	1,865,467	1,830,156
General operating revenues	88,883	226,284
<b>Total operating revenues (Schedule A)</b>	<u>15,022,563</u>	<u>13,432,393</u>
<b>Operating Expenses</b>		
Instruction	15,953,601	14,892,764
Public service	3,932,031	3,589,406
Academic support	4,297,227	4,318,833
Student services	4,602,640	4,543,424
Institutional support	7,866,291	7,224,124
Operation and maintenance of plant	4,751,034	4,932,675
Scholarships and fellowships	4,373,655	2,618,423
Auxiliary enterprises	1,933,409	1,846,049
Depreciation expense	1,493,484	1,547,625
<b>Total operating expenses (Schedule B)</b>	<u>49,203,372</u>	<u>45,513,323</u>
<b>Operating income (loss)</b>	<u>(34,180,809)</u>	<u>(32,080,930)</u>
<b>Non-operating revenues (expenses)</b>		
State appropriations	9,729,721	9,837,793
Maintenance ad valorem taxes	18,897,807	21,367,349
Federal revenue, non-operating	1,779,835	1,125,156
Investment income	35,930	150,801
Foreign trade zone fees	376,398	803,588
Interest and fees on capital related debt	(58,594)	(74,009)
Other non-operating revenues	2,431	-
Other non-operating expenses	-	(44,993)
<b>Net non-operating revenues (expenses) (Schedule C)</b>	<u>30,763,528</u>	<u>33,165,685</u>
Increase (decrease) in net assets	(3,417,281)	1,084,755
<b>Net assets - beginning of year</b>	<u>28,096,494</u>	<u>27,011,739</u>
<b>Net assets - end of year</b>	<u>\$ 24,679,213</u>	<u>\$ 28,096,494</u>

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

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

**College of the Mainland Foundation - Fiscal Year August 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
REVENUE AND SUPPORT:					
Donations	\$ 18,757	\$ 70,854	\$ 98,298	\$ 187,909	160,736
Grants	-	179,421	-	179,421	9,875
Net Realized and Unrealized Gains (Losses) on Investments	1,493	(1,631)	62,381	62,243	(20,485)
Interest and Dividends	59	70,996	-	71,055	72,615
In-Kind Revenue	133,243	-	-	133,243	134,756
<b>TOTAL REVENUE AND SUPPORT</b>	<b>153,552</b>	<b>319,640</b>	<b>160,679</b>	<b>633,871</b>	<b>357,497</b>
RESTRICTIONS RELEASED:					
Program Expenditures	434,641	(434,641)	-	-	-
<b>TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS</b>	<b>588,193</b>	<b>(115,001)</b>	<b>160,679</b>	<b>633,871</b>	<b>357,497</b>
EXPENSES:					
Program Services:					
Student Scholarships	235,896	-	-	235,896	114,034
Other Program Payments	180,606	-	-	180,606	48,500
Total Program Services	416,502	-	-	416,502	162,534
Non-Program Services:					
Bad Debt Expense	6,957	-	-	6,957	20,075
Fundraising	10,298	-	-	10,298	6,574
Salaries	126,748	-	-	126,748	122,488
General and Administrative	40,672	-	-	40,672	50,760
<b>TOTAL EXPENSES</b>	<b>601,177</b>	<b>-</b>	<b>-</b>	<b>601,177</b>	<b>362,431</b>
<b>CHANGE IN NET ASSETS</b>	<b>(12,984)</b>	<b>(115,001)</b>	<b>160,679</b>	<b>32,694</b>	<b>(4,934)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>31,323</b>	<b>1,050,779</b>	<b>949,757</b>	<b>2,031,859</b>	<b>2,036,793</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 18,339</b>	<b>\$ 935,778</b>	<b>\$ 1,110,436</b>	<b>\$ 2,064,553</b>	<b>2,031,859</b>

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

**COLLEGE OF THE MAINLAND**

**STATEMENT OF CASH FLOWS**

*For the Years Ended August 31, 2010 and 2009*

**Exhibit 3**

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities:</b>		
Receipts from students and other customers	\$ 6,010,761	\$ 5,884,043
Receipts of grants and contracts	11,588,641	6,350,985
Payments to or on behalf of employees	(28,940,829)	(28,088,764)
Payments to suppliers for goods or services	(11,477,647)	(9,946,174)
Payments for scholarships and fellowships	(4,377,995)	(2,520,450)
Other operating receipts	30,194	151,603
<b>Net cash provided (used) by operating activities</b>	<u>(27,166,875)</u>	<u>(28,168,757)</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts of state allocations	7,177,789	7,696,260
Receipts from ad valorem taxes	20,154,262	21,314,899
Receipts from foreign trade zone participants	376,398	803,588
Receipts from federal grants from non-operating activities	1,779,835	1,125,156
Receipts from student organizations and other agency transactions	172,170	164,304
Payments to student organization and other agency transactions	(170,255)	(129,689)
Net (increase) decrease in loans receivable	(3,103)	7,607
<b>Net cash provided (used) by non-capital financing activities</b>	<u>29,487,096</u>	<u>30,982,125</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(1,719,088)	(1,208,907)
Payments on capital debt and leases - principal	(278,156)	(501,837)
Payments on capital debt and leases - interest and fees	(47,140)	(74,009)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,044,384)</u>	<u>(1,784,753)</u>
<b>Cash flows from investing activities:</b>		
Investment income	35,930	150,801
<b>Net cash provided (used) by investing activities</b>	<u>35,930</u>	<u>150,801</u>
Increase (decrease) in cash and cash equivalents	311,767	1,179,416
<b>Cash and cash equivalents, beginning of year</b>	<u>15,925,691</u>	<u>14,746,275</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 16,237,458</u>	<u>\$ 15,925,691</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by</b>		
<b>Operating income (loss)</b>	\$ (34,180,809)	\$ (32,080,930)
<b>Adjustments:</b>		
Depreciation expense	1,493,484	1,547,625
Payments made directly by state for benefits	2,548,417	2,138,088
Changes in assets and liabilities:		
Receivables, net	1,779,454	(1,339,634)
Inventories	(222,229)	36,555
Prepaid expenses	7,248	(28,909)
Accounts payable	(754,166)	1,008,054
Accrued liabilities	1,714,205	325,889
Unearned income	447,521	224,505
<b>Net cash provided (used) by operating activities</b>	<u>\$ (27,166,875)</u>	<u>\$ (28,168,757)</u>

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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*August 31, 2010*

**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.



**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**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 BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**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 BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**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 costs 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.

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, 2010 are reported as deferred revenues. Those amounts are as follows:

	<b>2010</b>	<b>2009</b>
Tuition and fees	\$ 2,292,683	\$ 1,960,031
Season tickets - Theater	63,926	61,854
Federal, state and local grants	1,655,332	1,542,370
Other	(243)	(78)
	<u>\$ 4,011,698</u>	<u>\$ 3,564,177</u>

***Estimates***

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

***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 BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Reclassification***

Certain amounts for 2009 have been reclassified to conform to current year reporting requirements.

**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, 2010 and 2009, the carrying amount of the College's deposits was \$858,333 and \$281,669 , respectively, and total bank balances equaled \$1,560,943 and \$1,285,242 . Bank balances of \$250,000 are covered by federal depository insurance, and \$1,310,943 and \$1,035,242 were covered by collateral pledged in the College's name for the years ended August 31, 2010 and 2009.

During the fiscal years 2010 and 2009, the College held investments in TexPool, a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the "Trust Company") to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of or obligations guaranteed by the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; commercial paper and fully collateralized direct repurchase agreements secured by U.S. Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer upon authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep and invests public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at cost, which approximates fair value.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 4 - Deposits and Investments (continued)**

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

	<u>2010</u>	<u>2009</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ 858,333	\$ 281,669
Cash on cash equivalents:		
Petty cash on hand and change funds	20,351	20,270
<b>Total Cash and Deposits</b>	<u>\$ 878,684</u>	<u>\$ 301,939</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2010</u>	<u>2009</u>
<i>Investments:</i>		
Government Investment Pools:		
Texpool	\$ 15,358,774	\$ 15,623,752
<b>Total Investments</b>	<u>15,358,774</u>	<u>15,623,752</u>
<b>Total Cash and Deposits</b>	<u>878,684</u>	<u>301,939</u>
<b>Total Deposits and Investments</b>	<u>\$ 16,237,458</u>	<u>\$ 15,925,691</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 14,608,602	\$ 14,140,339
Restricted cash and cash equivalents	1,628,856	1,785,352
<b>Total Deposits and Investments</b>	<u>\$ 16,237,458</u>	<u>\$ 15,925,691</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 4 - Deposits and Investments (continued)**

As of August 31, 2010, the College had the following investments and maturities.

<b>Investment Type:</b>	<u><b>Fair Value</b></u>	<u><b>Credit Quality Rating</b></u>	<u><b>Percentage of Investments</b></u>
Local Government Investment Pools:			
Texpool	\$ 15,358,774	AAAm	100.0%
Total Local Government Investment Pools	<u>15,358,774</u>		<u>100.0%</u>
<b>Total investments</b>	<u><u>\$ 15,358,774</u></u>		<u><u>100.0%</u></u>

<i>Investments</i>	<u><b>Fair Value</b></u>	<u><b>Percentage of Investments</b></u>	<u><b>Weighted Average Maturity (Days)</b></u>
Local Government Investment Pools:			
TexPool	\$ 15,358,774	100.0%	29
Total Local Government Investment Pools	<u>15,358,774</u>	<u>100.0%</u>	<u>29</u>
<b>Total investments</b>	<u><u>\$ 15,358,774</u></u>	<u><u>100.0%</u></u>	<u><u>29</u></u>

***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, 2010, the College's investment in Texpool (a public funds 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, 2010.

***Custodial Credit Risk***

The College's deposits are subject to custodial credit risk as \$1,310,943 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.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 4 - Deposits and Investments (continued)**

*Investment income* for 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Interest income	\$ 35,930	\$ 150,801
<b>Total Investment Earnings</b>	<u>\$ 35,930</u>	<u>\$ 150,801</u>

As of August 31, 2010 and 2009 cash and cash equivalents was restricted for the following purposes:

	<u>2010</u>	<u>2009</u>
Grants and awards	\$ 359,278	\$ -
Loans to students	44,019	86,898
Payment of long-term debt and capital purchases/improvements	1,038,364	1,460,060
Student groups	187,195	238,394
<b>Total restricted cash and cash equivalents</b>	<u>\$ 1,628,856</u>	<u>\$ 1,785,352</u>

**Note 5 - Disaggregation of Receivables and Payables Balances**

Accounts receivable at August 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Property taxes receivable	\$ 2,704,327	\$ 4,583,873
Allowance for uncollectible property taxes	(1,439,173)	(2,062,264)
Property taxes receivable, net	<u>1,265,154</u>	<u>2,521,609</u>
Tuition and fees receivable	2,516,899	2,131,448
Allowance for uncollectible tuition and fees	(169,201)	(158,316)
Tuition and fees receivable, net	<u>2,347,698</u>	<u>1,973,132</u>
Due from tax collector	9,320	13,323
Due from other governments for grant awards	797,829	3,097,310
Due from grantors for private awards	502,791	361,729
Other receivables	209,697	201,062
Total receivables, net	<u>\$ 5,132,489</u>	<u>\$ 8,168,165</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 5 - Disaggregation of Receivables and Payables Balances (continued)**

Accrued liabilities at August 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Accrued wages payable	\$ 234,885	\$ 171,475
Reserve for incurred but not reported worker's compensation benefits	312,713	226,445
Other accrued liabilities	(6,204)	(4,841)
<b>Total accrued liabilities</b>	<u>\$ 541,394</u>	<u>\$ 397,920</u>

**Note 6 - Capital Assets**

Capital assets activity for the year ended August 31, 2010 was as follows:

	<u>Balance 09/01/09</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance 08/31/10</u>
<b>Not depreciated:</b>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	832,135	272,665	(825,818)	278,982
<b>Subtotal</b>	<u>1,204,280</u>	<u>272,665</u>	<u>(825,818)</u>	<u>651,127</u>
<b>Buildings and other capital assets:</b>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	10,787,166	688,520	825,818	12,301,504
<b>Total buildings and other real estate improvements</b>	<u>26,127,202</u>	<u>688,520</u>	<u>825,818</u>	<u>27,641,540</u>
Furniture, equipment and vehicles	2,554,184	83,637	(92,184)	2,545,637
Telecommunication equipment	3,429,226	621,390	(156,028)	3,894,588
Leased assets under capital lease	-	-	-	-
Library books	1,378,989	52,876	-	1,431,865
<b>Total buildings and other capital assets</b>	<u>33,489,601</u>	<u>1,446,423</u>	<u>577,606</u>	<u>35,513,630</u>
<b>Accumulated depreciation:</b>				
Buildings and building improvements	(10,546,779)	(306,802)	-	(10,853,581)
Improvements other than buildings	(6,136,806)	(577,217)	-	(6,714,023)
<b>Total buildings and other real estate improvements</b>	<u>(16,683,585)</u>	<u>(884,019)</u>	<u>-</u>	<u>(17,567,604)</u>
Furniture, equipment and vehicles	(1,567,186)	(160,670)	92,184	(1,635,672)
Telecommunication equipment	(2,767,098)	(402,724)	156,028	(3,013,794)
Leased assets under capital lease	-	-	-	-
Library books	(1,114,873)	(46,071)	-	(1,160,944)
<b>Total Accumulated depreciation</b>	<u>(22,132,742)</u>	<u>(1,493,484)</u>	<u>248,212</u>	<u>(23,378,014)</u>
<b>Net capital assets</b>	<u>\$ 12,561,139</u>	<u>\$ 225,604</u>	<u>\$ -</u>	<u>\$ 12,786,743</u>



**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 6 - Capital Assets (continued)**

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

	<b>Balance 09/01/08</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Balance 08/31/09</b>
<b>Not depreciated:</b>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	-	813,385	18,750	832,135
<b>Subtotal</b>	<u>372,145</u>	<u>813,385</u>	<u>18,750</u>	<u>1,204,280</u>
<b>Buildings and other capital assets:</b>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	10,671,163	116,003	-	10,787,166
<b>Total buildings and other real estate improvements</b>	<u>26,011,199</u>	<u>116,003</u>	<u>-</u>	<u>26,127,202</u>
Furniture, equipment and vehicles	2,411,276	136,394	6,514	2,554,184
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
<b>Total buildings and other capital assets</b>	<u>33,156,592</u>	<u>395,522</u>	<u>(62,513)</u>	<u>33,489,601</u>
<b>Accumulated depreciation:</b>				
Buildings and building improvements	(10,239,977)	(306,802)	-	(10,546,779)
Improvements other than buildings	(5,600,348)	(536,458)	-	(6,136,806)
<b>Total buildings and other real estate improvements</b>	<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)	13,814	(1,567,186)
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)
<b>Total Accumulated depreciation</b>	<u>(20,628,880)</u>	<u>(1,547,625)</u>	<u>43,763</u>	<u>(22,132,742)</u>
<b>Net capital assets</b>	<u>\$ 12,899,857</u>	<u>\$ (338,718)</u>	<u>\$ -</u>	<u>\$ 12,561,139</u>

**Note 7 - Noncurrent Liabilities**

Noncurrent liabilities activity for the year ended August 31, 2010 was as follows:

	<b>Balance 09/01/09</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 08/31/10</b>	<b>Current Portion</b>
<b>Bonds</b>					
Revenue bonds	\$ 1,365,000	\$ -	\$ (250,000)	\$ 1,115,000	\$ 260,000
	<u>1,365,000</u>	<u>-</u>	<u>(250,000)</u>	<u>1,115,000</u>	<u>260,000</u>
<b>Notes and capital leases</b>					
Notes payable	34,864	-	(28,156)	6,708	6,708
	<u>34,864</u>	<u>-</u>	<u>(28,156)</u>	<u>6,708</u>	<u>6,708</u>
<b>Other liabilities</b>					
Compensated absences payable	1,711,426	124,436	(445,997)	1,389,865	254,857
Retirement incentive payable	348,663	1,953,066	(66,978)	2,234,751	460,346
Property tax refund payable	420,053	-	-	420,053	105,013
	<u>2,480,142</u>	<u>2,077,502</u>	<u>(512,975)</u>	<u>4,044,669</u>	<u>820,216</u>
<b>Total noncurrent liabilities</b>	<u>\$ 3,880,006</u>	<u>\$ 2,077,502</u>	<u>\$ (791,131)</u>	<u>\$ 5,166,377</u>	<u>\$ 1,086,924</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 7 - Noncurrent Liabilities (continued)**

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

	<u>Balance 09/01/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/09</u>	<u>Current Portion</u>
<b>Bonds</b>					
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>
<b>Notes and capital leases</b>					
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>
<b>Other liabilities</b>					
Compensated absences payable	1,751,861	33,280	(73,715)	1,711,426	116,589
Retirement incentive payable	68,539	348,663	(68,539)	348,663	60,321
Property tax refund payable	-	420,053	-	420,053	-
	<u>1,820,400</u>	<u>801,996</u>	<u>(142,254)</u>	<u>2,480,142</u>	<u>176,910</u>
<b>Total noncurrent liabilities</b>	<u>\$ 3,722,101</u>	<u>\$ 801,996</u>	<u>\$ (644,091)</u>	<u>\$ 3,880,006</u>	<u>\$ 452,849</u>

**Bonds Payable**

	<b>Revenue Bonds</b>
	<b>Series 2004</b>
Purpose:	To implement new administrative software and hardware, update existing infrastructure, and develop disaster recover solutions
Date issued:	08/01/04
Amount of original issue - all authorized bonds have been issued	\$ 2,500,000
Amounts outstanding, end of year	\$ 1,115,000
Interest rates	3.00% to 4.00%
Maturity dates serially, beginning/ending	May 1, 2005/2014
Interest payment dates	May 1/November 1
Source of revenue for debt service	Pledged revenues derived from a portion of tuition and certain fees collected

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 7 - Noncurrent Liabilities (continued)**

For the 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 \$200,000 to \$295,000, 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:

<u>Year Ending</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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>\$ 1,115,000</u>	<u>\$ 111,450</u>	<u>\$ 1,226,450</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, 2010.

**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.

<u>Year Ending</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 6,708	\$ 53	\$ 6,761
	<u>\$ 6,708</u>	<u>\$ 53</u>	<u>\$ 6,761</u>

Total notes and loans payable:

		<u>Principal</u>		
<u>Current</u>	<u>Noncurrent</u>			<u>Total</u>
\$ 6,708	\$ -			\$ 6,708
<u>\$ 6,708</u>	<u>\$ -</u>			<u>\$ 6,708</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 7 - Noncurrent Liabilities (continued)**

***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.

**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](http://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 2010, 2009, and 2008, and a state contribution rate of 6.644% for fiscal year 2010 (6.58% for 2009 and 2008). In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution for fiscal year 2009 and 6.58% for September 1 through December 31, 2010, increasing to 6.644% as of January 1, 2010.

**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.

## COLLEGE OF THE MAINLAND

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

August 31, 2010

#### Note 8 - Employees Retirement Plan (continued)

*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 \$1,184,753 and \$1,162,960 for the fiscal years ended August 31, 2010 and 2009, 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 \$24,236,066 and \$24,304,299 fiscal years 2010 and 2009, respectively. The total payroll of employees covered by the Teacher Retirement System was \$15,596,906 and \$15,517,058 for fiscal years 2010 and 2009, respectively. The total payroll of employees covered by the Optional Retirement System was \$5,984,466 and \$5,324,671 for fiscal years 2010 and 2009, 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.

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, 2010 and 2009 was \$915,169 and \$1,089,145, respectively, and is included in accrued compensable absences on the statement of net assets.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 10 - Compensated Absences (continued)**

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

	<u>2010</u>	<u>2009</u>
Balance, September 1	\$ 1,089,145	\$ 1,084,646
Additions	102,647	74,739
Payments	(276,623)	(70,240)
Balance, August 31	<u>\$ 915,169</u>	<u>\$ 1,089,145</u>
Current	\$ 168,432	\$ 84,293
Noncurrent	746,737	1,004,852
	<u>\$ 915,169</u>	<u>\$ 1,089,145</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, 2010 and 2009 was \$915,169 and \$1,089,145, respectively, and is included in accrued compensable absences on the balance sheet.

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

	<u>2010</u>	<u>2010</u>
Balance, September 1	\$ 622,281	\$ 667,216
Additions	21,790	(41,460)
Payments	(169,375)	(3,475)
Balance, August 31	<u>\$ 474,696</u>	<u>\$ 622,281</u>
Current	\$ 86,425	\$ 32,296
Noncurrent	388,271	589,985
	<u>\$ 474,696</u>	<u>\$ 622,281</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 11 - Pending Lawsuits and Claims**

On August 31, 2010, 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, 2010. Rental expenditures were paid only from unrestricted current funds during 2010 and 2009 were \$724,970 and \$712,637, 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, 2010, 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, 2010, the Fund anticipates the College has no additional liability beyond the contractual obligations for payment of contributions.

During the year ended August 31, 2010, 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.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 14 - Self-Insured Plans (Continued)**

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.

For the year ended August 31, 2010, 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, 2010 and 2009 amounted to \$312,713 and \$226,445, 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 \$385 to \$753 per month depending upon coverage elected by the employee for the year ended August 31, 2010 and \$361 to \$705 per month for 2009, and totaled \$2,548,417 for the year ended August 31, 2010 (\$2,138,088 for the year ended August 31, 2009). The cost of providing those benefits for 156 retirees cost \$747,004 for August 31, 2010 (benefits for 136 retirees cost \$678,437 for August 31, 2009). The cost of providing those benefits for 390 active employees was \$1,801,413,385 for August 31, 2010 (benefits for 391 employees cost \$1,459,651,361 for August 31, 2009).

**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 BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**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>2010</u>	<u>2009</u>
Assessed Valuation of the District:	\$ 11,158,147,943	\$ 12,041,578,178
Less: Exemptions	<u>(2,008,350,974)</u>	<u>(2,015,334,504)</u>
Net Assessed Valuation of the District	<u>\$ 9,149,796,969</u>	<u>\$ 10,026,243,674</u>

	<u>2010</u>			<u>2009</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	\$ 0.221640	\$ 0.000000	\$ 0.221640

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, 2010 and 2009 amounted to \$20,210,481 and \$22,229,539, 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, 2010 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 19,746,026	\$ -	\$ 19,746,026
Delinquent taxes collected, net of refunds	325,789	-	325,789
Penalties and interest collected	241,793	-	241,793
Total collections	<u>\$ 20,313,608</u>	<u>\$ -</u>	<u>\$ 20,313,608</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 17 - Property Tax (continued)**

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	\$ 21,206,853	\$ -	\$ 21,206,853
Delinquent taxes collected, net of refunds	314,038	-	314,038
Penalties and interest collected	239,853	-	239,853
Total collections	<u>\$ 21,760,744</u>	<u>\$ -</u>	<u>\$ 21,760,744</u>

Tax collections for the years ended August 31, 2010 and 2009 approximated 99.31% of the current year levy for 2010 and 96.81% for 2009. 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, 2010, a retirement incentive was made available to employees who qualified for retirement based on a set of defined criteria. This retirement incentive has one (1) option which was to receive the employee's 2010-2011 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 must be made between August 3, 2010 and December 15, 2010. The effective date of the retirement must have occurred between September 1, 2010 and August 31, 2011 and on a date that is mutually agreed upon by the College and the employee. As of August 31, 2010 one employee signed an agreement committing to retirement representing a retirement incentive payable of \$34,823 as of August 31, 2010 of which \$6964 is a current liability.

During fiscal year 2010, thirty-two (32) employees signed agreements committing to retirement. This 2009 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. As of August 31, 2010, the retirement incentive payable is \$2,199,927 of which \$453,382 represents a current liability.

Retirement incentives payable were as follows as of August 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Balance, September 1	\$ 348,663	\$ 68,538
Additions	1,953,066	348,664
Payments	(66,978)	(68,539)
Balance, August 31	<u>\$ 2,234,751</u>	<u>\$ 348,663</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 18 - Retirement Incentive Packages (continued)**

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

<b>Year Ending August 31,</b>	<b>Retirement Incentives</b>
2011	\$ 460,346
2012	460,346
2013	460,346
2014	460,348
2015	393,365
	<u>\$ 2,234,751</u>

**Note 19 – Subsequent Events**

Management has evaluated subsequent events through December 31, 2010, which is the date the financial statements were available to be issued.

**Note 20 – Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2010 and 2009.

**Note 21 – Postemployment Benefits Other than Pensions**

*Plan Description.* The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

*Funding Policy.* Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 21 – Postemployment Benefits Other than Pensions (continued)**

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years.

The College's contributions to SRHP for the years ended August 31, 2010, 2009, and 2008 were \$35,879 , \$32,586, and \$31,419, respectively, which equaled the required contributions each year.

**Note 22 - Disclosures Related To Discretely Presented Component Units**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The College of the Mainland Foundation (the Foundation) was established in 1972 as a separate 501(c)(3) tax exempt organization to provide funding for student and college needs. The mission of the Foundation is to support and encourage educational excellence through the College of the Mainland (the College). The Foundation seeks to heighten community awareness of the mission and accomplishments of the College and to facilitate the creation of a student-centered learning community dedicated to excellence in education.

The Foundation provides student scholarships to the College's students based on financial need or academic merit.

Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – These are net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – These are net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – These are net assets that are required to be maintained in perpetuity with only the income to be used for operating activities due to donor-imposed restrictions.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

Fair Value Considerations

The Foundation uses fair value to measure financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Foundation did not elect the fair value option for the measurement of any eligible assets or liabilities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less at date of purchase to be cash equivalents.

Contributions Receivable and Promises to Give

Contributions receivable are amounts recorded from unconditional promises to give by third parties. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Conditional promises to give are recorded as refundable advances when received, and are recognized as revenue when the conditions have been met.

If contributions receivable become doubtful of collection, allowances are made to the extent the amounts are determined to be doubtful, and are charged to expense. If doubtful amounts are subsequently determined to be uncollectible, they are written off against allowances in the period determined. The Foundation considers contributions receivable to be fully collectible. As of August 31, 2010 and 2009, allowance for doubtful accounts totaled \$27,082 and \$20,590, respectively.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

Investments and Investment Return

Investments are recorded at fair value. Investment return includes interest, dividends, capital gain distributions and realized and unrealized gains and losses. Investment return is reported in the statements of activities and changes in net assets as a change in unrestricted net assets unless the use of the income is limited by donor imposed restrictions. Investment return whose use is restricted by the donor is reported as a change in temporarily restricted net assets until expended in accordance with donor imposed restrictions.

Contributions and Donated Services

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

The Foundation recognizes donated services at their fair market value in the period received if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation receives donated services from unpaid volunteers who assist with program services and fundraising. The value of the contributed time is not reflected in the accompanying financial statements because it does not require a specialized skill or create or enhance a nonfinancial asset.

The College performs various administrative functions on behalf of the Foundation. The value of these services is recorded as in-kind revenue in the statements of activities (see Note 6).

Federal Income Taxes

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

In 2010, the Foundation adopted a new accounting standard that clarifies the accounting for uncertainty in income taxes recognized for financial statement reporting purposes as applied to nonprofit organizations. Based on its evaluation, the Foundation has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Foundation's evaluation was performed for the tax periods ended August 31, 2007 through August 31, 2010 for U.S. Federal tax years which principally remain subject to examination by major tax jurisdictions as of August 31, 2010.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the fair value of investments and the allocation of functional expenses. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Reclassifications

When the Foundation adopted Texas Uniform Prudent Management of Institutional Funds Act, the Foundation reported \$385,241 as designated unrestricted net assets instead of as temporarily restricted net assets. Certain other reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Total net assets and changes in total net assets are unchanged due to these reclassifications.

Subsequent Events

The Foundation has evaluated subsequent events through December 15, 2010, which is the date the financial statements were available to be issued. No matters were identified affecting the accompanying financial statements

NOTE 2 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

**COLLEGE OF THE MAINLAND**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

August 31, 2010

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

The Foundation utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Investments in corporate stocks, money market funds, public real estate investment trusts and commodities that are currently traded in active markets are classified as Level 1.

The value of assets and liabilities measured at fair value on a recurring basis is as follows:

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
August 31, 2010:			
Corporate Stocks	\$ 15,965	\$ -	\$ -
Fixed Income Funds	37,769	-	-
Equity Mutual Funds	616,625	-	-
Government Bonds	151,876	-	-
Corporate Bonds	<u>813,390</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,635,625</u>	\$ <u>-</u>	\$ <u>-</u>
August 31, 2009:			
Corporate Stocks	\$ 14,471	\$ -	\$ -
Fixed Income Funds	37,126	-	-
Equity Mutual Funds	580,696	-	-
Government Bonds	157,548	-	-
Corporate Bonds	<u>833,541</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,623,382</u>	\$ <u>-</u>	\$ <u>-</u>

The following summarizes the investment return in the statement of activities:

	<u>2010</u>	<u>2009</u>
Dividends and Interest Income	\$ 71,055	\$ 72,615
Net Realized and Unrealized Gains (Losses)	<u>62,243</u>	<u>(20,485)</u>
Total Investment Loss	\$ <u>133,298</u>	\$ <u>52,130</u>



**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

**NOTE 2 – FAIR VALUE MEASUREMENTS – CONTINUED**

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

The Foundation's remaining financial instruments (primarily cash and cash equivalents, receivables and certificates of deposit) are carried in the financial statements at amounts that reasonably approximate fair value.

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions are due to be collected as follows at August 31:

	<u>2010</u>	<u>2009</u>
Less than One Year	\$ 115,947	\$ 98,768
One to Five Years	40,000	10,000
More Than Five Years	<u>10,000</u>	<u>60,000</u>
Total Contributions Receivable	165,947	168,768
Less: Unamortized Discount to Net Present Value at 5.34%	(7,109)	(16,672)
Less: Allowance of Doubtful Amounts	<u>(27,082)</u>	<u>(20,590)</u>
Contributions Receivable, Net	\$ <u>131,756</u>	\$ <u>131,506</u>

**NOTE 4 – TEMPORARY RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets include the following at August 31:

	<u>2010</u>	<u>2009</u>
Scholarships	\$ 508,109	\$ 665,538
Accumulated Undistributed Earnings on Endowments	<u>427,669</u>	<u>385,241</u>
Total	\$ <u>935,778</u>	\$ <u>1,050,779</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2010**

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

NOTE 5 – ENDOWMENT

The Foundation has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The Foundation is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) which has been enacted by the state of Texas. The Board has interpreted TUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by TUPMIFA.

In accordance with TUPMIFA, the Foundation considers the following factors in making determination to distribute accumulated donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (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 Foundation
- (7) The investment policies and objectives of the Foundation

The Foundation has not adopted an 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. At August 31, 2010 and 2009, the endowments funds were held and managed by Bank of America, N.A.

The Foundation 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.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2010*

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

NOTE 5 – ENDOWMENT – CONTINUED

The endowment funds consist of a multitude of named endowments. The principal balance of the permanently restricted endowments will remain in perpetuity and all earnings will be distributed as scholarships.

Changes in endowment net assets are as follows:

	<u>Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Total</u>
Endowment Net Assets, August 31, 2008	\$ 443,433	\$ 877,904	\$ 1,321,337
Contributions	-	-	-
Investment Return:			
Investment Income	4,343	50,338	54,681
Net Appreciation (Depreciation) of Investments	(62,535)	31,715	(30,820)
Amounts Appropriated for Expenditures	<u>-</u>	<u>(10,200)</u>	<u>(10,200)</u>
Endowment Net Assets, August 31, 2009	\$ 385,241	\$ 949,757	\$ 1,334,998
Contributions		98,298	98,298
Investment Return:			
Investment Income	42,428	-	42,428
Net Appreciation of Investments	-	62,172	62,172
Amounts Appropriated for Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, August 31, 2010	\$ <u>427,669</u>	\$ <u>1,110,227</u>	\$ <u>1,537,896</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The College provides office space to the Foundation at no cost. In addition, the Foundation's payroll expenses, all other employee benefits, and certain supplies are paid for by the College. The Foundation does not reimburse the College for these costs. As such, in-kind revenue and expense are recorded in the statement of activities for these costs. For the years ended August 31, 2010 and 2009, in-kind revenue and expense totaled \$133,243 and \$134,756, respectively.

All student scholarship expenditures are disbursed to the College. These expenses totaled \$235,896 and \$114,034 for the years ended August 31, 2010 and 2009, respectively.

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

**COLLEGE OF THE MAINLAND**

*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

*August 31, 2010*

**Note 22 - Disclosures Related To Discretely Presented Component Units (continued)**

**NOTE 7 – CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash balances in two financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. Total uninsured cash balances at August 31, 2010 and 2009 were \$133,052 and \$58,579, respectively.

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## **Supplemental Schedules**

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF OPERATING REVENUES**

Schedule A

For the Year Ended August 31, 2010

(With Memorandum Totals for the Year Ended August 31, 2009)

	Educational Activities			Auxiliary Enterprises	Total	
	Unrestricted	Restricted	Total		Current Year	Prior Year
<b>Tuition</b>						
State funded credit courses:						
In-district resident tuition	\$ 2,334,648	\$ -	\$ 2,334,648	\$ -	\$ 2,334,648	\$ 2,230,939
Out-of-district resident tuition	1,172,444	-	1,172,444	-	1,172,444	774,626
Non-resident tuition	101,412	-	101,412	-	101,412	74,570
TPEG - credit (set aside)*	168,254	-	168,254	-	168,254	150,988
State funded continuing education:						
TPEG - noncredit (set aside)*	848,024	-	848,024	-	848,024	564,669
Non-state funded educational programs	54,129	-	54,129	-	54,129	31,588
Non-state funded educational programs	363,380	-	363,380	-	363,380	613,794
<b>Total tuition</b>	<b>5,042,291</b>	<b>-</b>	<b>5,042,291</b>	<b>-</b>	<b>5,042,291</b>	<b>4,441,174</b>
<b>Fees</b>						
Campus fees	175,676	-	175,676	-	175,676	160,764
Facility fees	157,783	-	157,783	-	157,783	143,341
Laboratory fees	66,242	-	66,242	-	66,242	59,763
Processing fees	367,397	-	367,397	-	367,397	334,228
Student service fees	-	-	-	99,655	99,655	90,326
Other fees	298,707	-	298,707	-	298,707	370,826
<b>Total fees</b>	<b>1,065,805</b>	<b>-</b>	<b>1,065,805</b>	<b>99,655</b>	<b>1,165,460</b>	<b>1,159,248</b>
<b>Scholarship allowances and discounts</b>						
Remissions and exemptions - state	(32,695)	-	(32,695)	-	(32,695)	(27,534)
Remissions and exemptions - local	(397,687)	-	(397,687)	-	(397,687)	(413,765)
Title IV federal grants remissions	(1,779,835)	-	(1,779,835)	-	(1,779,835)	(1,125,156)
TPEG awards	(184,330)	-	(184,330)	-	(184,330)	(212,250)
<b>Total scholarship allowances and discounts</b>	<b>(2,394,547)</b>	<b>-</b>	<b>(2,394,547)</b>	<b>-</b>	<b>(2,394,547)</b>	<b>(1,778,705)</b>
<b>Total net tuition and fees</b>	<b>3,713,549</b>	<b>-</b>	<b>3,713,549</b>	<b>99,655</b>	<b>3,813,204</b>	<b>3,821,717</b>
<b>Additional operating revenues</b>						
Federal grants and contracts	135,995	6,437,019	6,573,014	15,670	6,588,684	5,238,152
State grants and contracts	3,642	558,490	562,132	-	562,132	304,189
Local grants and contracts	-	1,016	1,016	-	1,016	5,000
Private grants and contracts	63,081	1,902,999	1,966,080	-	1,966,080	1,877,808
Sales and services of educational activities	137,097	-	137,097	-	137,097	129,087
General operating revenues	88,883	-	88,883	-	88,883	226,284
<b>Total additional operating revenues</b>	<b>428,698</b>	<b>8,899,524</b>	<b>9,328,222</b>	<b>15,670</b>	<b>9,343,892</b>	<b>7,780,520</b>
<b>Auxiliary Enterprises</b>						
Bookstore	-	-	-	1,704,777	1,704,777	1,662,807
Other auxiliary	-	-	-	160,690	160,690	167,349
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,865,467</b>	<b>1,865,467</b>	<b>1,830,156</b>
<b>Total operating revenues</b>	<b>\$ 4,142,247</b>	<b>\$ 8,899,524</b>	<b>\$ 13,041,771</b>	<b>\$ 1,980,792</b>	<b>\$ 15,022,563</b>	<b>\$ 13,432,393</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$222,383 and \$182,576 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, 2010**  
*(With Memorandum Totals for the Year Ended August 31, 2009)*

Schedule B

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other expenses	Current Year	Prior year
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 10,898,344	\$ -	\$ 1,367,925	\$ 826,967	\$ 13,093,236	\$ 12,417,852
Public service	1,061,189	-	125,527	183,156	1,369,872	1,317,603
Academic support	2,375,414	-	378,257	238,020	2,991,691	2,963,601
Student services	2,675,285	-	363,998	234,429	3,273,712	3,346,116
Institutional support	3,551,795	-	559,977	2,716,593	6,828,365	6,497,686
Operation and maintenance of plant	1,399,475	-	364,931	2,985,612	4,750,018	4,850,496
<b>Total Unrestricted Educational Activities</b>	<b>21,961,502</b>	<b>-</b>	<b>3,160,615</b>	<b>7,184,777</b>	<b>32,306,894</b>	<b>31,393,354</b>
<b>Restricted - Educational Activities</b>						
Instruction	241,624	1,826,640	544,414	247,687	2,860,365	2,474,912
Public service	1,621,864	167,619	134,385	638,291	2,562,159	2,271,803
Academic support	366,680	505,098	208,761	224,997	1,305,536	1,355,232
Student services	377,858	486,059	197,324	267,687	1,328,928	1,197,308
Institutional support	-	747,754	205,555	84,617	1,037,926	726,438
Operation and maintenance of plant	-	-	-	1,016	1,016	82,179
Scholarships and fellowships	96,824	-	-	4,276,831	4,373,655	2,618,423
<b>Total Restricted Educational Activities</b>	<b>2,704,850</b>	<b>3,733,170</b>	<b>1,290,439</b>	<b>5,741,126</b>	<b>13,469,585</b>	<b>10,726,295</b>
<b>Total Educational Activities</b>	<b>24,666,352</b>	<b>3,733,170</b>	<b>4,451,054</b>	<b>12,925,903</b>	<b>45,776,479</b>	<b>42,119,649</b>
<b>Auxiliary Enterprises</b>	<b>295,583</b>	<b>-</b>	<b>64,836</b>	<b>1,572,990</b>	<b>1,933,409</b>	<b>1,846,049</b>
<b>Depreciation Expense:</b>						
Buildings and other real estate improvements	-	-	-	884,019	884,019	843,260
Equipment and furniture	-	-	-	563,394	563,394	660,013
Library books	-	-	-	46,071	46,071	44,352
<b>Total Depreciation Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,493,484</b>	<b>1,493,484</b>	<b>1,547,625</b>
<b>Total Operating Expenses</b>	<b>\$ 24,961,935</b>	<b>\$ 3,733,170</b>	<b>\$ 4,515,890</b>	<b>\$ 15,992,377</b>	<b>\$ 49,203,372</b>	<b>\$ 45,513,323</b>
				(Exhibit 2)	(Exhibit 2)	



**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2010**  
*(With Memorandum Totals for the Year Ended August 31, 2009)*

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Auxiliary</u>	<u>Total</u> <u>Current Year</u>	<u>Prior Year</u>
<b>Non-operating revenues</b>						
State appropriations:						
Academic appropriation	\$ 3,323,277	\$ -	\$ 3,323,277	\$ -	\$ 3,323,277	\$ 3,866,889
Workforce appropriation	2,621,334	-	2,621,334	-	2,621,334	2,490,175
Natural disasters	-	-	-	-	-	176,236
Professional Nursing Shortage	-	3,515	3,515	-	3,515	3,445
Alternative Teacher Certification	39,742	-	39,742	-	39,742	-
Enrollment growth	8,683	-	8,683	-	8,683	-
State group insurance	-	2,548,417	2,548,417	-	2,548,417	2,138,088
State retirement matching	-	1,184,753	1,184,753	-	1,184,753	1,162,960
<b>Total state appropriations</b>	<u>5,993,036</u>	<u>3,736,685</u>	<u>9,729,721</u>	<u>-</u>	<u>9,729,721</u>	<u>9,837,793</u>
Maintenance ad valorem taxes	18,897,807	-	18,897,807	-	18,897,807	21,367,349
Federal revenue, non-operating	1,779,835	-	1,779,835	-	1,779,835	1,125,156
Investment income	33,576	2,354	35,930	-	35,930	150,801
Foreign trade zone fees	376,398	-	376,398	-	376,398	803,588
Fees collected for debt retirement	-	459,508	459,508	-	459,508	674,364
Other non-operating revenues	-	2,431	2,431	-	2,431	-
<b>Total non-operating revenues</b>	<u>27,080,652</u>	<u>4,200,978</u>	<u>31,281,630</u>	<u>-</u>	<u>31,281,630</u>	<u>33,959,051</u>
<b>Non-operating expenses</b>						
Interest and fees on capital related debt	1,142	57,452	58,594	-	58,594	74,009
Fees transferred for debt retirement	459,508	-	459,508	-	459,508	674,364
Other non-operating expenses	-	-	-	-	-	44,993
<b>Total non-operating expenses</b>	<u>460,650</u>	<u>57,452</u>	<u>518,102</u>	<u>-</u>	<u>518,102</u>	<u>793,366</u>
<b>Net non-operating revenues (expenses)</b>	<u>\$ 26,620,002</u>	<u>\$ 4,143,526</u>	<u>\$ 30,763,528</u>	<u>\$ -</u>	<u>\$ 30,763,528</u> (Exhibit 2)	<u>\$ 33,165,685</u> (Exhibit 2)

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**  
*For the Year Ended August 31, 2010*

Schedule D

	Detail by Source				Available for Current	
	Unrestricted	Capital Assets Net of		Total	Yes	No
		Restricted Expendable	Depreciation & Related Debt			
<b>Current:</b>						
Unrestricted	\$ 10,905,710	\$ -	\$ -	\$ 10,905,710	\$ 10,905,710	\$ -
Grants and donor restrictions	-	36,477	-	36,477	36,477	-
Auxiliary enterprises	1,389,318	-	-	1,389,318	1,389,318	-
Loan funds	-	92,965	-	92,965	-	92,965
<b>Plant:</b>						
Unexpended bond proceeds	-	37,923	-	37,923	-	37,923
Renewals and replacements	-	321,704	-	321,704	-	321,704
Debt service	-	675,858	-	675,858	-	675,858
Investment in plant	-	-	11,219,258	11,219,258	-	11,219,258
<b>Total Net Assets, end of year</b>	<b>12,295,028</b>	<b>1,164,927</b>	<b>11,219,258</b>	<b>24,679,213</b> (Exhibit 1)	<b>12,331,505</b>	<b>12,347,708</b>
<b>Total Net Assets, beginning of year</b>	<b>16,263,863</b>	<b>1,091,408</b>	<b>10,741,223</b>	<b>28,096,494</b> (Exhibit 1)	<b>16,304,746</b>	<b>11,791,747</b>
<b>Net increase (decrease) in net assets</b>	<b>\$ (3,968,835)</b>	<b>\$ 73,519</b>	<b>\$ 478,035</b>	<b>\$ (3,417,281)</b> (Exhibit 2)	<b>\$ (3,973,241)</b>	<b>\$ 555,961</b>

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**Overall Compliance, Internal Controls  
and Federal and State Awards Section**

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**Independent Auditors' 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, 2010, and have issued our report thereon dated January 01, 2011. 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 opinion 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.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***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, 2010, no instances of noncompliance were found.

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.

A handwritten signature in black ink that reads "Nell Larson, AC". The signature is written in a cursive, flowing style.

Texas City, Texas  
January 01, 2011

**Independent Auditors' Report on Compliance with the Requirements that  
Could have a Direct and Material Effect on each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133  
and the State of Texas Single Audit Circular**

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

***Compliance***

We have audited College of the Mainland's (the "College") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2010. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or 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 of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year end August 31, 2010.

***Internal Control over Compliance***

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 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.



*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Closing**

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

A handwritten signature in black ink that reads "Nell Larson, AC". The signature is written in a cursive, flowing style.

Texas City, Texas  
January 01, 2011

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2010*

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? No

**Federal and State Awards**

Internal control over major programs:

Material weakness(es) identified? No

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:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Numbers</b>
<b>US Department of Education</b>	
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
CBJTG	17.269
<b>Name of State Program</b>	
Adult Education	
Nursing Shortage Under 70	
Nursing Shortage Reduction Program	
Dollar Threshold Considered Between Type A and Type B :	
Federal	\$300,000
State	\$300,000
Auditee qualified as low-risk auditee?	No

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended August 31, 2010**

**II. Financial Statement Findings**

None noted.

**III. Federal Awards Findings and Questioned Costs**

No questioned costs were identified.

**IV. Status of Prior Year Findings**

<u>Finding #</u>	<u>Corrective Action Taken</u>
09-01      Period-End Closing Procedures	The College has developed a year-end procedures checklist for each significant area.

**V. Corrective Action Plan**

N/A

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2010**

*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>
<b>U.S. Department of Agriculture</b>			
<b>Pass-Through From:</b>			
<i>Texas Health and Human Services Commission</i>			
<i>Childcare Food Program</i>	10.558	75-04005	\$ 15,670
<b>Total Department of Agriculture</b>			<u>15,670</u>
<b>U.S. Department of Labor</b>			
<b>Pass-Through From:</b>			
<i>Texas Workforce Commission via San Jacinto</i>			
<i>Community College:</i>			
<i>Meeting Dndustries' Critical Workforce Needs/Aero</i>	17.258	TWC213396002	8,583
<i>Gulf Coast Petrochemical Information Network</i>			
<i>CBJTG</i>	17.269		172,170
<b>Total Department of Labor</b>			<u>180,753</u>
<b>National Science Foundation</b>			
<b>Direct Programs:</b>			
<i>Center for the Advancement of Process Technology</i>	47.076		455,466
<b>Total National Science Foundation</b>			<u>455,466</u>
<b>Environmental Protection Agency</b>			
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
<i>Student Financial Aid Cluster</i>			
<i>Supplemental Educational Opportunity Grant</i>	84.007		71,223
<i>Federal College Work Study Program</i>	84.033		91,460
<i>Federal Pell Grant</i>	84.063		3,926,409
<i>Academic Competitiveness Grant</i>	84.375		15,425
<i>TRIO Cluster</i>			
<i>TRIO - Student Support Services</i>	84.042A		297,486
<i>TRIO - Student Support Services - Upward Bound</i>	84.047		260,376
<i>Title III, Developmental Studies</i>	84.031A		59,407
<i>Transition to Teach Grant</i>	84.350A		1,590

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2010**

*Schedule E*  
*Page 2 of 2*

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
<b>U.S. Department of Education (continued)</b>			
<b>Pass-Through From:</b>			
Texas Education Agency:			
<i>Adult Education and Family Literacy</i>	84.002A	094100017110227	\$ 613,180
<i>Adult Education English Literacy &amp; Civics Ed.</i>	84.002A	094100087110296	103,971
Texas Higher Education Coordinating Board:			
<i>Leveraging Educational Assistance Partnershiups</i>	84.069A		2,901
<i>SLEAP</i>	84.069B		3,729
<i>Carl Perkins Vocational Education</i>	84.243	84212	150,971
<i>College Access Challenge Grant</i>	84.378	1158-01	-
<i>Collegiate G-Force Work-Study Mentorship Program</i>	84.378	THECB944	45,378
<i>ARRA - State Fiscal Stabilization Fund - Government</i>	84.397A		99,579
Trustees of the California State University:			
<i>The MERLOT Faculty ELIXER Project</i>	84.116B	P116B060223	3,515
Gulf Coast Tech-Prep:			
<i>Tech Prep Grant</i>	84.243		3,497
<i>Tech Prep Area Coordinator</i>	84.243		116,669
<b>Total Department of Education</b>			5,866,766
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-Through From:</b>			
Texas Education Agency:			
<i>Temporary Assistance for Needy Families</i>	93.558	083625017110136	70,029
<b>Total Department of Health and Human Services</b>			70,029
<b>Total Expenditures of Federal Awards</b>			\$ 6,588,684

**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	\$ 6,588,684
Add Federal Grants and Contracts not reported on Schedule A	<u>-</u>
 Total Federal Revenues per Schedule of Expenditures of Federal Awards	 <u><u>\$ 6,588,684</u></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, 2010**

**Schedule F**

<b>Grantor Agency / Program Title</b>	<b>Grantor / Project Number</b>	<b>Expenditures</b>
<b>Texas Education Agency</b>		
<i>Adult Education</i>	090100017110227	\$ 134,215
<b>Total Texas Education Agency</b>		<u>134,215</u>
 <b>Texas Higher Education Coordinating Board</b>		
<i>Texas College Work Study</i>		8,925
<i>Texas Grant Program</i>		55,180
<i>CAL Loans</i>		83,166
<i>Texas Education Opportunity Grant</i>		34,710
<i>College Readiness</i>		23,810
<i>Professional Nursing Scholarship Program</i>		3,631
<i>Vacational Nursing Scholarship Program</i>		311
<i>Nursing Shortage Reduction Program</i>		32,095
<i>Nursing Shortage Under 70</i>		137,119
<i>Jobs and Education for Texans (JET) Grant</i>		20,612
<b>Total Texas Higher Education Coordinating Board</b>		<u>399,559</u>
 <b>Texas Workforce Commission</b>		
<i>TWC Electrician Apprentice</i>		28,358
<b>Total Texas Workforce Commission</b>		<u>28,358</u>
 <b>Total Expenditures of State Awards</b>		<u>\$ 562,132</u>

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	\$	562,132
Add State Revenues not reported on Schedule A		<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards	\$	<u><u>562,132</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.



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## **Statistical Supplement**

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 1*

*Net Assets by Component*

*Fiscal Years 2002 to 2010*

*(unaudited)*

	For the Fiscal Year Ended August 31,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 11,219,258	\$ 10,741,222	\$ 10,998,155	\$ 7,821,726	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509	\$ 11,307,517	\$ 10,465,588
Restricted - expendable	1,164,927	1,091,418	1,026,983	1,092,266	1,546,439	2,237,329	3,477,110	73,310	-
Unrestricted	12,295,028	16,263,854	14,986,601	15,519,328	11,480,214	10,328,816	6,204,258	5,333,987	6,775,066
<b>Total primary government net assets</b>	<b>\$ 24,679,213</b>	<b>\$ 28,096,494</b>	<b>\$ 27,011,739</b>	<b>\$ 24,433,320</b>	<b>\$ 21,471,126</b>	<b>\$ 19,855,301</b>	<b>\$ 18,639,877</b>	<b>\$ 16,714,814</b>	<b>\$ 17,240,654</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2010 are available.

**COLLEGE OF THE MAINLAND**  
*Statistical Supplement 2*  
**Revenues by Source**  
*Fiscal Year 2002 to 2010*  
*(unaudited)*

For the Fiscal Year Ended August 31,									
(amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	\$ 3,813	\$ 3,822	\$ 4,318	\$ 3,691	\$ 4,443	\$ 4,362	\$ 3,769	\$ 2,492	\$ 2,619
Governmental grants and contracts:									
Federal grants and contracts	6,589	5,238	5,842	5,269	6,455	6,122	5,105	4,259	3,334
State grants and contracts	562	304	326	292	349	308	388	511	622
Private grants and contracts	1,966	1,878	1,527	1,144	774	179	474	682	350
Local grants and contracts	1	5	-	5	-	-	-	-	-
Sales and services of educational activities	137	129	123	173	149	156	237	104	95
Auxiliary enterprises	1,865	1,830	1,718	1,619	2,105	1,509	1,631	1,092	1,245
Other operating revenues	89	226	19	59	142	189	268	350	726
<b>Total operating revenues</b>	<b>15,022</b>	<b>13,432</b>	<b>13,873</b>	<b>12,252</b>	<b>14,417</b>	<b>12,827</b>	<b>11,873</b>	<b>9,490</b>	<b>8,991</b>
State appropriations	9,728	9,838	9,575	9,384	9,231	8,445	8,404	8,509	8,772
Ad valorem taxes	18,898	21,367	20,887	19,799	17,978	16,623	15,036	12,572	13,577
Federal revenue, non-operating	1,780	1,125	873	1,339	1,163	1,267	816	683	172
Investment income	36	151	484	678	537	295	149	255	297
Other non-operating revenues	379	804	534	635	532	(1)	189	-	-
<b>Total non-operating revenues</b>	<b>30,821</b>	<b>33,285</b>	<b>32,353</b>	<b>31,835</b>	<b>29,441</b>	<b>26,628</b>	<b>24,593</b>	<b>22,019</b>	<b>22,818</b>
<b>Total revenues</b>	<b>\$ 45,843</b>	<b>\$ 46,717</b>	<b>\$ 46,226</b>	<b>\$ 44,087</b>	<b>\$ 43,858</b>	<b>\$ 39,455</b>	<b>\$ 36,465</b>	<b>\$ 31,509</b>	<b>\$ 31,809</b>

For the Fiscal Year Ended August 31,									
(amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	8.32%	8.19%	9.52%	8.63%	10.41%	11.42%	10.57%	8.08%	8.28%
Governmental grants and contracts:									
Federal grants and contracts	14.88%	11.72%	12.88%	12.33%	15.12%	16.03%	14.32%	13.82%	10.54%
State grants and contracts	1.23%	0.66%	0.72%	0.68%	0.82%	0.81%	1.09%	1.66%	1.97%
Private grants and contracts	4.29%	4.02%	3.37%	2.68%	1.81%	0.47%	1.33%	2.21%	1.11%
Local grants and contracts	0.01%	0.02%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Sales and services of educational activities	0.30%	0.28%	0.27%	0.40%	0.35%	0.41%	0.67%	0.34%	0.30%
Auxiliary enterprises	4.07%	3.92%	3.79%	3.79%	4.93%	3.95%	4.58%	3.54%	3.94%
Other operating revenues	0.20%	0.49%	0.04%	0.14%	0.33%	0.49%	0.75%	1.14%	2.29%
<b>Total operating revenues</b>	<b>33.30%</b>	<b>29.30%</b>	<b>30.59%</b>	<b>28.66%</b>	<b>33.77%</b>	<b>33.59%</b>	<b>33.30%</b>	<b>30.79%</b>	<b>28.42%</b>
State appropriations	21.56%	21.56%	21.11%	21.95%	21.62%	22.11%	23.57%	27.60%	27.73%
Ad valorem taxes	41.93%	46.44%	46.06%	46.32%	42.11%	43.53%	42.18%	40.78%	42.91%
Investment income	3.89%	2.41%	1.07%	1.59%	1.26%	0.77%	0.42%	0.83%	0.94%
Other non-operating revenues	0.08%	0.33%	1.18%	1.49%	1.25%	0.00%	0.53%	0.00%	0.00%
<b>Total non-operating revenues</b>	<b>67.46%</b>	<b>70.74%</b>	<b>69.41%</b>	<b>71.34%</b>	<b>66.23%</b>	<b>66.41%</b>	<b>66.70%</b>	<b>69.21%</b>	<b>71.58%</b>
<b>Total revenues</b>	<b>100.76%</b>	<b>100.04%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2010 are available.

**COLLEGE OF THE MAINLAND**  
**Statistical Supplement 3**  
**Program Expenses by Function**  
**Fiscal Year 2002 to 2010**  
**(unaudited)**

	For the Fiscal Year Ended August 31,								
	(amounts expressed in thousands)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 15,954	\$ 14,893	\$ 14,341	\$ 13,095	\$ 12,318	\$ 10,877	\$ 9,531	\$ 9,414	\$ 9,390
Public service	3,932	3,589	3,791	3,979	3,812	2,930	6,002	5,195	5,179
Academic support	4,297	4,319	3,982	4,290	4,254	4,195	1,381	1,316	1,267
Student services	4,603	4,543	4,339	4,229	4,168	4,038	2,173	2,142	2,095
Institutional support	7,866	7,224	7,421	6,469	5,980	5,429	6,057	5,341	5,200
Operation and maintenance of plant	4,751	4,933	3,716	3,371	3,421	3,632	4,000	3,844	3,928
Scholarships and fellowships	4,374	2,618	2,717	2,085	4,017	3,348	2,618	2,248	1,640
Auxiliary enterprises	1,933	1,846	1,667	1,989	2,063	1,957	1,918	1,418	1,680
Depreciation	1,493	1,548	1,562	1,470	1,352	969	956	940	9
Total operating expenses	49,203	45,513	43,536	40,977	41,385	37,375	34,636	31,858	30,388
Interest on capital related debt	59	74	110	116	149	185	182	178	211
Other non-operating expenses	-	45	-	68	130	180	95	-	-
Total non-operating expenses	59	119	110	184	279	365	277	178	211
Total expenses	\$ 49,262	\$ 45,632	\$ 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)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	32.39%	32.64%	32.86%	31.81%	29.57%	28.82%	27.30%	29.39%	30.69%
Public service	7.98%	7.87%	8.69%	9.67%	9.15%	7.76%	17.19%	16.22%	16.93%
Academic support	8.72%	9.46%	9.12%	10.42%	10.21%	11.12%	3.96%	4.11%	4.14%
Student services	9.34%	9.96%	9.94%	10.27%	10.00%	10.70%	6.22%	6.69%	6.85%
Institutional support	15.97%	15.83%	17.00%	15.72%	14.35%	14.39%	17.35%	16.67%	16.99%
Operation and maintenance of plant	9.64%	10.81%	8.51%	8.19%	8.21%	9.62%	11.46%	12.00%	12.84%
Scholarships and fellowships	8.88%	5.74%	6.23%	5.07%	9.64%	8.87%	7.50%	7.02%	5.36%
Auxiliary enterprises	3.92%	4.05%	3.82%	4.83%	4.95%	5.19%	5.49%	4.43%	5.49%
Depreciation	3.03%	3.39%	3.58%	3.57%	3.25%	2.57%	2.74%	2.93%	0.03%
Total operating expenses	99.88%	99.74%	99.75%	99.55%	99.33%	99.03%	99.21%	99.44%	99.31%
Interest on capital related debt	0.12%	0.16%	0.25%	0.28%	0.36%	0.49%	0.52%	0.56%	0.69%
Other non-operating expenses	0.00%	0.10%	0.00%	0.17%	0.31%	0.48%	0.27%	0.00%	0.00%
Total non-operating expenses	0.12%	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%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2010 are available.

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 4*

*Tuition and Fees*

*Last Ten Academic Years*

*(unaudited)*

<b>Resident</b>
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12	Cost for 12	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
								SCH In-District	SCH Out-of-District		
2010	30	33	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	479.50	863.50	-	-
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	20.56%	20.56%
1996	-	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	212.50	401.50		

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

Source: College of the Mainland catalog

<b>Non-Resident</b>
Fees per Semester Credit Hour (SCH)

Academic Year	Registration	Non-Resident	Non-Resident	Technology	Student Activity	Facility Use	Campus Fee	Cost for 12	Cost for 12	Increase from	Increase from
2010	30	106	106	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,355.00	1,355.00	-	-
2009	30	106	106	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,355.00	1,355.00	8.60%	8.60%
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%
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%
1997	-	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	581.50	581.50	-	-

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

Source: College of the Mainland catalog

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 5*

*Assessed Value and Taxable Assessed Value of Property*

*Last Ten Fiscal Years*

*(unaudited)*

**(amounts expressed in thousands)**

**Direct Rate**

Fiscal Year	Assessed Valuation		Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance and Debt Service		Total
	of Property					Operations (a)	(a)	
2009-10	\$ 11,158,060	\$ 2,008,351	\$ 9,149,709	82.00%	0.221640	\$ -	0.221640	
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
2009-10	\$ 6,051,336	\$ 10,061	\$ 601	1,311,504	561,432	1,872,936	\$ 3.23
2008-09	6,357,064	8,855	718	1,146,192	446,488	1,592,680	3.99
2007-08	6,357,062	8,437	753	1,112,824	436,856	1,549,680	4.10
2006-07	6,357,061	8,336	763	1,159,936	425,314	1,585,250	4.01
2005-06	6,358,376	8,984	708	1,260,144	409,421	1,669,565	3.81
2004-05	6,141,547	9,834	625	1,346,056	436,354	1,782,410	3.45
2003-04	6,168,089	9,630	641	1,314,528	365,241	1,679,769	3.67
2002-03	6,001,707	9,006	666	1,225,048	410,659	1,635,707	3.67
2001-02	6,424,027	8,260	778	1,105,774	370,202	1,475,976	4.35
2000-01	6,461,360	7,498	862	1,003,496	441,104	1,444,600	4.47
1999-00	6,299,342	6,783	929	999,408	474,560	1,473,968	4.27

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 8*

*Property Tax Levies and Collections*

*Last Ten Tax Years*

*(unaudited)*

Fiscal Year Ended August 31	Levy	(a)	Cumulative Levy Adjustments	Adjusted Levy (b)	Collections - Year of Levy c	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cummulative Collections of Adjusted Levy
2010	\$ 20,027,699		\$ 182,778	\$ 20,210,477	\$ 19,742,023	97.7%	\$ -	\$ -	\$ 19,742,023	97.7%
2009	21,387,842		(539,553)	20,848,289	21,207,192	101.7%	50,817	237,370	21,495,379	103.1%
2008	20,321,060		(347,764)	19,973,296	19,804,906	99.2%	8,692	105,209	19,918,807	99.7%
2007	19,736,777		(369,977)	19,366,800	18,922,497	97.7%	3,813	(44,436)	18,881,874	97.5%
2006	17,901,679		208	17,901,887	17,363,310	97.0%	1,628	20,624	17,385,562	97.1%
2005	16,455,479		491	16,455,970	15,480,398	94.1%	1,207	13,251	15,494,856	94.2%
2004	15,763,553		(604)	15,762,949	15,207,960	96.5%	914	7,443	15,216,317	96.5%
2003	14,072,767		(436)	14,072,331	13,392,757	95.2%	495	3,991	13,397,243	95.2%
2002	13,493,371		(362)	13,493,009	13,064,324	96.8%	261	3,111	13,067,696	96.8%
2001	12,545,811		(335)	12,545,476	12,174,854	97.0%	194	2,119	12,177,167	97.1%

# COLLEGE OF THE MAINLAND

## Statistical Supplement 9

### Ratios of Outstanding Debt

#### Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Bonded Debt</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
<b>Other Debt</b>										
Revenue bonds	1,115,000	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
Notes	8,925	34,864	59,592	83,156	190,040	262,975	436,947	601,843	758,136	906,276
Capital lease obligations	-	-	18,903	36,012	53,402	10,593	15,832	20,723	-	-
Total Outstanding Debt	\$ 1,123,925	\$ 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
<b>General bonded debt ratios</b>										
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%
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 5.16	\$ 6.42	\$ 8.69	\$ 11.00	\$ 13.52	\$ 18.03	\$ 23.35	\$ 15.20	\$ 19.08	\$ 23.08
Per FTSE	112	158	226	285	324	387	501	342	458	596
As a percentage of Taxable Assessed Value	12.284%	13.962%	20.854%	26.428%	39.415%	56.754%	80.723%	54.251%	61.121%	77.405%

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 10*

*Legal Debt Margin Information*

*Last Ten Fiscal Years*

*(unaudited)*

*Amounts Expressed in 000s*

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Taxable Assessed Value	\$ 9,149,709	\$ 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
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	45,749	50,131	45,638	44,917	36,959	33,509	29,903	28,410	30,948	28,882
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	\$ 45,749	\$ 50,131	\$ 45,638	\$ 44,917	\$ 36,959	\$ 33,509	\$ 29,903	\$ 28,410	\$ 30,948	\$ 28,882
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
2010	\$ 115	\$ 350	\$ 30	\$ 495	\$ 250	\$ 51	\$ 301	\$ 1.64
2009	115	500	500	1,115	460	70	530	2.10
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*

*(unaudited)*

Calendar Year	District Population	District Personal	District Personal	District	County Population	County	County	County
		Income (thousands of dollars)	Income Per Capita	Unemployment (%)		Personal Income (thousands of dollars)	Personal Income Per Capita	Unemployment (%)
2009	217,979	n/a	n/a	8.2	286,814	n/a	n/a	8.2
2008	219,062	8,925,875	40,711	5.8	288,239	11,744,572	40,711	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

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*

*(unaudited)*

<b>Employer</b>	<b>Galveston County</b>	
	<b>Employment (1st Qtr - 2008)</b>	<b>Percent Change from Previous Year (%)</b>
Government	28,403	-2.00
Trade, Transport, & Utilities	22,384	2.00
Leisure & Hospitality	16,132	-3.00
Financial Activities	14,296	-2.00
Prof., Business & Other Services	13,338	-2.00
Education & Health Services	11,270	0.00
Construction	10,552	-7.00
Manufacturing	7,382	-5.00
Other Services	7,152	1.00
Agriculture, Natural Resources, & Mining	2,573	-6.00
Information	1,109	2.00

*Source: EMSI <http://www.economicmodeling.com/>*



**COLLEGE OF THE MAINLAND**  
*Statistical Supplement 14*  
*Faculty, Staff, and Administrators Statistics*  
*Last Ten Fiscal Years*  
*(unaudited)*

<b>Faculty (Count)</b>	<b>2010*</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Full-Time</b>	106	105	100	106	111	92	89	85	89	89
<b>Part-Time</b>	107	137	105	109	115	121	128	112	118	123
<b>Total</b>	213	242	205	215	226	213	217	197	207	212
<b>Faculty (Percent)</b>										
<b>Full-Time</b>	50%	43%	49%	49%	49%	43%	41%	43%	43%	42%
<b>Part-Time</b>	50%	57%	51%	51%	51%	57%	59%	57%	57%	58%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Staff and Administrators (Count)</b>										
<b>Full-Time</b>	242	255	271	265	248	240	215	228	218	212
<b>Part-Time</b>	19	25	21	20	23	28	227	151	112	134
<b>Total</b>	261	280	292	285	271	268	442	379	330	346
<b>Staff (Percent)</b>										
<b>Full-Time</b>	93%	91%	93%	93%	92%	90%	49%	60%	66%	61%
<b>Part-Time</b>	7%	9%	7%	7%	8%	10%	51%	40%	34%	39%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Source: IPEDS and COM Fact Books*  
**\*Note:** 2010 numbers are preliminary

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 15*

*Enrollment Details*

*Last Five Fiscal Years*

*(unaudited)*

**Student Classification**

	Fall 2010*		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<30 hours	1,190	22.4%	1,619	32.6%	1,215	28.3%	1,028	23.3%	1,492	30.6%
30-72 hours	422	8.0%	662	13.3%	798	18.6%	796	18.0%	811	16.6%
> 72 hours	2,572	48.5%	1,478	29.8%	1,375	32.0%	1,561	35.3%	1,333	27.3%
Previously earned associate	168	3.2%	157	3.2%	173	4.0%	136	3.1%	127	2.6%
Previously earned baccalaureate or above	0	0.0%	0	0.0%	0	0.0%	0	0.0%	71	1.5%
CE (Non-credit)	949	17.9%	1,052	21.2%	733	17.1%	895	20.3%	1,043	21.4%
<b>Total</b>	<b>5,301</b>	<b>100.0%</b>	<b>4,968</b>	<b>100.0%</b>	<b>4,294</b>	<b>100.0%</b>	<b>4,416</b>	<b>100.0%</b>	<b>4,877</b>	<b>100.0%</b>

**Semester Hour Load (Credit Only)**

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	23	0.5%	33	0.8%	34	1.0%	38	1.1%	38	1.0%
3-5 semester hours	956	22.0%	820	20.9%	733	20.6%	739	21.0%	807	21.0%
6-8 semester hours	1,307	30.0%	1,129	28.8%	1,106	31.1%	1,108	31.5%	1,064	27.8%
9-11 semester hours	765	17.6%	702	17.9%	595	16.7%	577	16.4%	651	17.0%
12-14 semester hours	1,109	25.5%	1,025	26.2%	912	25.6%	882	25.0%	1,087	28.4%
15-17 semester hours	182	4.2%	186	4.7%	165	4.6%	144	4.1%	168	4.4%
18 and over	10	0.2%	21	0.5%	16	0.4%	33	0.9%	19	0.5%
<b>Total</b>	<b>4,352</b>	<b>100.0%</b>	<b>3,916</b>	<b>100.0%</b>	<b>3,561</b>	<b>100.0%</b>	<b>3,521</b>	<b>100.0%</b>	<b>3,834</b>	<b>100.0%</b>

**Tuition Status (Credit Only)**

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	3,206	73.7%	2,992	76.4%	2,706	76.0%	2,751	78.1%	2,990	78.0%
Out-of-District	1,079	24.8%	873	22.3%	827	23.2%	755	21.4%	830	21.6%
Nonresident	26	0.6%	36	0.9%	7	0.2%	15	0.4%	14	0.4%
Exempt	41	0.9%	15	0.4%	21	0.6%	0	0.0%	0	0.0%
<b>Total</b>	<b>4,352</b>	<b>100.0%</b>	<b>3,916</b>	<b>100.0%</b>	<b>3,561</b>	<b>100.0%</b>	<b>3,521</b>	<b>100.0%</b>	<b>3,834</b>	<b>100.0%</b>

Source: CBM001 and CBM00A

\* CE Fall 2010 numbers are preliminary and have not been certified.

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 16*

*Student Profile*

*Last Five Fiscal Years*

*(unaudited)*

**CREDIT STUDENTS**

Ethnicity	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>White</b>	2,318	53.3%	2,120	54.1%	2,017	56.6%	2,013	57.2%	2,199	57.4%
<b>Black</b>	726	16.7%	717	18.3%	676	19.0%	625	17.8%	659	17.2%
<b>Hispanic</b>	955	21.9%	763	19.5%	707	19.9%	711	20.2%	741	19.3%
<b>Asian/Pacific Islander</b>	136	3.1%	112	2.9%	89	2.5%	78	2.2%	106	2.8%
<b>Multi-racial</b>	28	0.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Other</b>	189	4.3%	204	5.2%	72	2.0%	94	2.7%	129	3.4%
<b>Total</b>	4,352	100.0%	3,916	100.0%	3,561	100.0%	3,521	100.0%	3,834	100.0%
<b>Gender</b>										
<b>Female</b>	2,592	59.6%	2,391	61.1%	2,141	60.1%	2,161	61.4%	2,359	61.5%
<b>Male</b>	1,760	40.4%	1,525	38.9%	1,420	39.9%	1,360	38.6%	1,475	38.5%
<b>Total</b>	4,352	100.0%	3,916	100.0%	3,561	100.0%	3,521	100.0%	3,834	100.0%

Source: CBM001

**NON-CREDIT STUDENTS**

Ethnicity	Fall 2010*		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>White</b>	421	44.4%	477	45.3%	397	54.2%	492	55.0%	605	58.5%
<b>Black</b>	156	16.4%	131	12.5%	109	14.9%	157	17.6%	193	18.7%
<b>Hispanic</b>	177	18.7%	189	18.0%	143	19.5%	185	20.7%	173	16.7%
<b>Asian/Pacific Islander</b>	13	1.4%	24	2.3%	26	3.5%	15	1.7%	18	1.7%
<b>Multi-racial</b>	3	0.3%	5	0.5%	3	0.4%	6	0.7%	5	0.5%
<b>Unknown</b>	179	18.9%	226	21.5%	55	7.5%	39	4.4%	40	3.9%
<b>Total</b>	949	100.0%	1,052	100.0%	733	100.0%	894	100.0%	1,034	100.0%
<b>Gender</b>										
<b>Female</b>	430	45.3%	433	41.2%	261	35.6%	369	41.2%	471	45.2%
<b>Male</b>	519	54.7%	619	58.8%	472	64.4%	526	58.8%	572	54.8%
<b>Total</b>	949	100.0%	1,052	100.0%	733	100.0%	895	100.0%	1,043	100.0%

Source: CBM00A

\* CE Fall 2010 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)*

*(unaudited)*

<b>Rank</b>	<b>Institution</b>	<b>Transfer Student Count - Academic</b>	<b>Transfer Student Count - Technical</b>	<b>Transfer Student Count - Tech-Prep</b>	<b>Total of all Sample Transfer Students</b>	<b>% of all Sample Transfer Students</b>
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%
<b>Subtotal - Universities</b>		<b>440</b>	<b>108</b>	<b>16</b>	<b>564</b>	<b>95.43%</b>
<b>Health Science Institutions</b>						
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%
<b>Subtotal - Health Science Institutions</b>		<b>17</b>	<b>10</b>	<b>0</b>	<b>27</b>	<b>4.57%</b>
<b>Total</b>		<b>457</b>	<b>118</b>	<b>16</b>	<b>591</b>	<b>100.00%</b>

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

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 18*

*Capital Asset Information*

*Fiscal Year 2005 to 2010*

*(unaudited)*

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

## **Other Supplemental Schedules**

**COLLEGE OF THE MAINLAND**  
**BALANCE SHEET**  
**August 31, 2010**

Schedule S-1

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total Educational and General</b>	<b>Auxiliary</b>	<b>Total Current Funds</b>	<b>Loan</b>	<b>Plant</b>	<b>Agency</b>	<b>Totals</b>
<b>Assets</b>									
Cash and cash equivalents	\$ 14,084,056	\$ -	\$ 14,084,056	\$ 524,546	\$ 14,608,602	\$ -	\$ -	\$ -	\$ 14,608,602
Accounts receivable	3,654,779	1,415,158	5,069,937	60,368	5,130,305	-	-	2,184	5,132,489
Notes receivable (net)	-	-	-	-	-	48,946	-	-	48,946
Due from other funds	-	-	-	-	-	-	25,725	-	25,725
Prepaid expenses	318,199	-	318,199	-	318,199	-	-	-	318,199
Restricted cash and cash equivalents	-	359,278	359,278	-	359,278	44,019	1,038,364	187,195	1,628,856
Deferred charges	-	-	-	-	-	-	10,021	-	10,021
Inventories for resale	-	-	-	859,606	859,606	-	-	-	859,606
Capital assets	-	-	-	-	-	-	12,786,743	-	12,786,743
<b>Total Assets</b>	<b>\$ 18,057,034</b>	<b>\$ 1,774,436</b>	<b>\$ 19,831,470</b>	<b>\$ 1,444,520</b>	<b>\$ 21,275,990</b>	<b>\$ 92,965</b>	<b>\$ 13,860,853</b>	<b>\$ 189,379</b>	<b>\$ 35,419,187</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 731,153	\$ 34,826	\$ 765,979	\$ 783	\$ 766,762	\$ -	\$ -	\$ -	\$ 766,762
Accrued liabilities	494,544	47,801	542,345	(951)	541,394	-	-	-	541,394
Accrued interest payable	-	-	-	-	-	-	38,625	-	38,625
Due to other funds	25,725	-	25,725	-	25,725	-	-	-	25,725
Deferred revenues	3,486,193	1,655,332	5,141,525	55,370	5,196,895	-	-	-	5,196,895
Compensated absences and retirement incentive payable	715,203	-	715,203	-	715,203	-	2,909,413	-	3,624,616
Bonds payable - short-term	-	-	-	-	-	-	260,000	-	260,000
Bonds payable - long-term	-	-	-	-	-	-	855,000	-	855,000
Notes payable - short-term	-	-	-	-	-	-	6,708	-	6,708
Other debt payable - current	-	-	-	-	-	-	105,013	-	105,013
Other debt payable - long-term	-	-	-	-	-	-	315,039	-	315,039
Funds held in custody for others	-	-	-	-	-	-	-	189,379	189,379
<b>Total Liabilities</b>	<b>5,452,818</b>	<b>1,737,959</b>	<b>7,190,777</b>	<b>55,202</b>	<b>7,245,979</b>	<b>-</b>	<b>4,489,798</b>	<b>189,379</b>	<b>11,925,156</b>
<b>Fund Balance</b>	<b>12,604,216</b>	<b>36,477</b>	<b>12,640,693</b>	<b>1,389,318</b>	<b>14,030,011</b>	<b>92,965</b>	<b>9,371,055</b>	<b>-</b>	<b>23,494,031</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,057,034</b>	<b>\$ 1,774,436</b>	<b>\$ 19,831,470</b>	<b>\$ 1,444,520</b>	<b>\$ 21,275,990</b>	<b>\$ 92,965</b>	<b>\$ 13,860,853</b>	<b>\$ 189,379</b>	<b>\$ 35,419,187</b>

**COLLEGE OF THE MAINLAND**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
For the Year Ended August 31, 2010

Schedule S-2

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Total
<b>Revenues and Other Additions</b>								
State appropriations	\$ 5,993,036	\$ 3,736,685	\$ 9,729,721	\$ -	\$ 9,729,721	\$ -	\$ -	\$ 9,729,721
Tuition and fees	5,493,384	-	5,493,384	99,655	5,593,039	-	-	5,593,039
Maintenance ad valorem taxes	20,129,219	-	20,129,219	-	20,129,219	-	-	20,129,219
Federal grants and contracts	135,995	6,437,019	6,573,014	15,670	6,588,684	-	-	6,588,684
State Grants and Contracts	3,642	558,490	562,132	-	562,132	-	-	562,132
Local Grants and Contracts	-	1,016	1,016	-	1,016	-	-	1,016
Private grants and contracts	63,081	1,902,999	1,966,080	-	1,966,080	-	-	1,966,080
Sales and services of educational activities	137,097	-	137,097	-	137,097	-	-	137,097
Foreign trade zone fees	376,398	-	376,398	-	376,398	-	-	376,398
Investment income	33,576	-	33,576	-	33,576	126	2,228	35,930
Other income	88,883	-	88,883	-	88,883	2,431	-	91,314
Auxiliary enterprises	-	-	-	1,865,467	1,865,467	-	-	1,865,467
<b>Total Revenues and Other Additions</b>	<b>32,454,311</b>	<b>12,636,209</b>	<b>45,090,520</b>	<b>1,980,792</b>	<b>47,071,312</b>	<b>2,557</b>	<b>2,228</b>	<b>47,076,097</b>
<b>Expenditures and Other Deductions</b>								
Expenditures (Sch. S-3)	33,776,712	12,613,704	46,390,416	1,933,409	48,323,825	-	-	48,323,825
Expended for plant facilities	-	-	-	-	-	-	78,916	78,916
Retirement of indebtedness/bonds and notes	28,156	-	28,156	-	28,156	-	250,000	278,156
Interest & fees on Indebtedness	1,142	-	1,142	-	1,142	-	57,452	58,594
Net increase (decrease) in long-term employee benefits	-	-	-	-	-	-	1,026,234	1,026,234
Net increase (decrease) in other long-term debt	-	-	-	-	-	-	(278,158)	(278,158)
Current year additions to capital assets	-	-	-	-	-	-	(1,719,088)	(1,719,088)
Depreciation expense	-	-	-	-	-	-	1,493,484	1,493,484
<b>Total Expenditures and Other Deductions</b>	<b>33,806,010</b>	<b>12,613,704</b>	<b>46,419,714</b>	<b>1,933,409</b>	<b>48,353,123</b>	<b>-</b>	<b>908,840</b>	<b>49,261,963</b>
<b>Transfers-Additions/(Deductions)</b>								
Non-mandatory transfers	-	(26,921)	(26,921)	26,921	-	-	-	-
Renewals and replacements	(157,783)	-	(157,783)	-	(157,783)	-	157,783	-
Retirement of indebtedness	(301,725)	-	(301,725)	-	(301,725)	-	301,725	-
<b>Total Transfers-Additions/(Deductions)</b>	<b>(459,508)</b>	<b>(26,921)</b>	<b>(486,429)</b>	<b>26,921</b>	<b>(459,508)</b>	<b>-</b>	<b>459,508</b>	<b>-</b>
<b>Net Increase (Decrease) for the Fiscal Year</b>	<b>(1,811,207)</b>	<b>(4,416)</b>	<b>(1,815,623)</b>	<b>74,304</b>	<b>(1,741,319)</b>	<b>2,557</b>	<b>(447,104)</b>	<b>(2,185,866)</b>
<b>Fund Balances, beginning</b>	<b>14,415,423</b>	<b>40,893</b>	<b>14,456,316</b>	<b>1,315,014</b>	<b>15,771,330</b>	<b>90,408</b>	<b>9,818,159</b>	<b>25,679,897</b>
<b>Fund Balances, ending</b>	<b>\$ 12,604,216</b>	<b>\$ 36,477</b>	<b>\$ 12,640,693</b>	<b>\$ 1,389,318</b>	<b>\$ 14,030,011</b>	<b>\$ 92,965</b>	<b>\$ 9,371,055</b>	<b>\$ 23,494,031</b>



**COLLEGE OF THE MAINLAND**

Schedule S-3

**STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES**

For the Year Ended August 31, 2010

With Memorandum Totals at August 31, 2009

					<b>Totals</b> <b>(Memorandum Only)</b>	
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total Educational Activities</b>	<b>Auxiliary Enterprises</b>	<b>Current Year</b>	<b>Prior Year</b>
<b>Revenues</b>						
State appropriations	\$ 5,993,036	\$ 3,736,685	\$ 9,729,721	\$ -	\$ 9,729,721	\$ 9,837,793
Tuition and fees	5,493,384	-	5,493,384	99,655	5,593,039	4,976,547
Maintenance ad valorem taxes	20,129,219	-	20,129,219	-	20,129,219	21,601,218
Sales and services of educational activities	137,097	-	137,097	-	137,097	129,087
Sales and services of auxiliary enterprises	-	-	-	1,865,467	1,865,467	1,830,156
Federal grants and contracts	135,995	6,437,019	6,573,014	15,670	6,588,684	5,238,152
State grants and contracts	3,642	558,490	562,132	-	562,132	304,189
Local grants and contracts	-	1,016	1,016	-	1,016	5,000
Private grants and contracts	63,081	1,902,999	1,966,080	-	1,966,080	1,877,808
Foreign trade zone fees	376,398	-	376,398	-	376,398	803,588
Investment income	33,576	-	33,576	-	33,576	135,396
Other income	88,883	-	88,883	-	88,883	226,284
<b>Total Current Funds Revenues</b>	<b>32,454,311</b>	<b>12,636,209</b>	<b>45,090,520</b>	<b>1,980,792</b>	<b>47,071,312</b>	<b>46,965,218</b>
<b>Expenditures and Mandatory Transfers</b>						
<b>Educational &amp; General:</b>						
Instruction	13,093,236	2,358,229	15,451,465	-	15,451,465	14,730,651
Public service	1,369,872	2,516,081	3,885,953	-	3,885,953	3,574,530
Academic support	2,991,691	1,166,686	4,158,377	-	4,158,377	4,274,006
Student services	3,273,712	1,195,312	4,469,024	-	4,469,024	4,500,287
Institutional support	6,828,365	832,371	7,660,736	-	7,660,736	7,157,761
Operation and maintenance of plant	4,750,018	1,016	4,751,034	-	4,751,034	4,932,675
Scholarships and fellowships	-	4,373,655	4,373,655	-	4,373,655	2,618,423
Capital outlay	1,469,818	170,354	1,640,172	-	1,640,172	1,146,703
<b>Total Educational and General Expenditures</b>	<b>33,776,712</b>	<b>12,613,704</b>	<b>46,390,416</b>	<b>-</b>	<b>46,390,416</b>	<b>42,935,036</b>
<b>Auxiliary Enterprise Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,933,409</b>	<b>1,933,409</b>	<b>1,846,049</b>
<b>Mandatory Transfers for:</b>						
Retirement of Indebtedness	301,725	-	301,725	-	301,725	531,025
Renewals and Replacements	157,783	-	157,783	-	157,783	143,339
<b>Total Expenditures and Mandatory Transfers</b>	<b>34,236,220</b>	<b>12,613,704</b>	<b>46,849,924</b>	<b>1,933,409</b>	<b>48,783,333</b>	<b>45,455,449</b>
<b>Other Transfers and Additions/(Deductions)</b>						
Non-Mandatory Transfers	-	(26,921)	(26,921)	26,921	-	-
Proceeds from Debt Issuance	-	-	-	-	-	-
Debt Service Expenditures	(29,298)	-	(29,298)	-	(29,298)	(44,821)
<b>Total Other Transfers and Additions/(Deductions)</b>	<b>(29,298)</b>	<b>(26,921)</b>	<b>(56,219)</b>	<b>26,921</b>	<b>(29,298)</b>	<b>(44,821)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (1,811,207)</b>	<b>\$ (4,416)</b>	<b>\$ (1,815,623)</b>	<b>\$ 74,304</b>	<b>\$ (1,741,319)</b>	<b>\$ 1,464,948</b>

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF CHANGES IN FUND BALANCES**  
**UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES**  
For the Year Ended August 31, 2010

Schedule S-4

	Bookstore	Child Care Center	Food Service	USDA Food Program	President's Fund	Student Activity Fee	Center for Advancement of Process Technology	CE Mexico Study Tour	TOTAL
<b>Revenues</b>									
Sales and services of auxiliary enterprises	1,704,777	\$ 107,055	\$ 33,836	\$ -	\$ 183	\$ -	\$ 3,689	\$ 15,927	\$ 1,865,467
Tuition and fees	-	-	-	-	-	99,655	-	-	99,655
Federal grants and contracts	-	-	-	15,670	-	-	-	-	15,670
Other income	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<u>1,704,777</u>	<u>107,055</u>	<u>33,836</u>	<u>15,670</u>	<u>183</u>	<u>99,655</u>	<u>3,689</u>	<u>15,927</u>	<u>1,980,792</u>
<b>Expenditures</b>									
Salaries and wages	203,482	71,244	-	-	-	20,857	-	-	295,583
Employee benefits	34,460	21,109	-	-	-	9,267	-	-	64,836
Contracted services	9,284	-	15,040	-	(18,125)	886	-	-	7,085
Supplies	1,380,645	5,792	779	15,166	66,410	202	-	-	1,468,994
Other operating expenses	27,333	851	55	-	10,380	50,690	350	7,252	96,911
Capital outlay	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>1,655,204</u>	<u>98,996</u>	<u>15,874</u>	<u>15,166</u>	<u>58,665</u>	<u>81,902</u>	<u>350</u>	<u>7,252</u>	<u>1,933,409</u>
Excess revenue over expenditures	49,573	8,059	17,962	504	(58,482)	17,753	3,339	8,675	47,383
<b>Interfund Transfers</b>									
In	-	-	-	-	55,463	-	26,921	-	82,384
Out	(10,000)	(27,502)	(17,961)	-	-	-	-	-	(55,463)
<b>Fund balances, beginning</b>	1,192,314	2,173	7,001	-	92,992	16,135	(17,570)	21,969	1,315,014
Reclassification	-	-	-	-	-	-	-	-	-
<b>Fund balances, ending</b>	<u>\$ 1,231,887</u>	<u>\$ (17,270)</u>	<u>\$ 7,002</u>	<u>\$ 504</u>	<u>\$ 89,973</u>	<u>\$ 33,888</u>	<u>\$ 12,690</u>	<u>\$ 30,644</u>	<u>\$ 1,389,318</u>