

**COLLEGE OF THE MAINLAND**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**Years Ended August 31, 2014 and 2013  
with Independent Auditor's Report**



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**COLLEGE OF THE MAINLAND**

**ORGANIZATIONAL DATA**

**For the Fiscal Year Ended August 31, 2014**

**BOARD OF TRUSTEES**

**OFFICERS AND MEMBERS**

			<b>Term Expires May 31,</b>
Roney McCrary	Chairperson	Santa Fe, Texas	2017
Wayne H. Miles	Vice-Chairperson	League City, Texas	2017
Rosalie R. Kettler	Secretary	Dickinson, Texas	2019
Rachel Delgado	Member	Texas City, Texas	2019
Ralph E. Holm	Member	Texas City, Texas	2015
Bennie Matthews	Member	La Marque, Texas	2019
Nick Stepchinski	Member	Hitchcock, Texas	2015

**PRINCIPAL ADMINISTRATIVE OFFICERS**

Dr. Beth Lewis .....	President
Pamela Ann Millsap, Ph. D. ....	Vice President for Instruction
Vicki Stanfield, Ed. D. ....	Vice President for Student Services
vacant .....	Vice President for College and Financial Services
Trudy Trochesset .....	Interim Controller





## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
College of the Mainland  
Texas City, Texas

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of College of the Mainland (the "College") as of and for the year ended August 31, 2014 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. The College of the Mainland Foundation, the discretely presented component unit, was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of College of the Mainland as of August 31, 2014, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the College of the Mainland's 2013 financial statements, and our report dated December 12, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it was derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Supplemental Schedules A through D as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Schedule of Expenditures of State Awards as required by the State of Texas Single Audit Circular contained in the Governor's Office of Budget and Planning *Uniform Grant Management Standards*, other supplemental schedules as listed in the table of contents, and other information such as the introductory and statistical supplement are also presented for additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules A through D, the schedule of expenditures of federal awards, and schedule of expenditures of state awards and other supplemental schedules, as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedules A through D, the schedule of expenditures of federal awards, and schedule of expenditures of state awards and other supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees  
College of the Mainland

The statistical supplements 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 them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

The financial statements of the College of the Mainland Foundation were not audited in accordance with Government Auditing Standards.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Texas City, Texas  
December 12, 2014

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

The following analysis provides an overview of the College's financial activities for fiscal year 2014. 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 341 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 Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Management's discussion will address all three (3).

**The Statement of Net Position**

The statement of net position represents the financial position of the College and presents all assets and liabilities using the accrual basis of accounting. During 2014, current assets (primarily cash and cash equivalents) decreased by \$1,535,070, which was offset by an increase of \$1,454,360 in restricted cash and cash equivalents.

Current liabilities decreased by \$360,818, which was primarily due to the final payments for both the tax refund payable and bonds payable.

In 2014, noncurrent liabilities increased by \$425,778 due to several factors. The College offered another retirement incentive package in the amount of \$1.5M. The College also made payments for its 2010, 2011 and 2013 incentive packages in the amount of \$842,097.

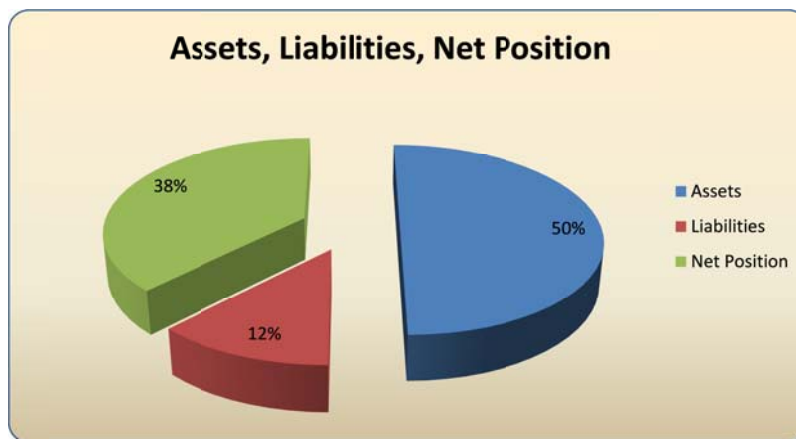
The College offered a retirement incentive package in the amount of \$647,364 in 2013. The College will make annual payments of \$129,473. As of August 31, 2013, the retirement incentive payable is \$1,993,715.

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

Summary data for the Statement of Net Position is provided in the table below for fiscal years 2014, 2013, and 2012.

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Current assets	\$ 17,975,787	\$ 19,510,857	\$ 20,802,501
Capital assets (net)	11,887,586	12,058,979	12,999,780
Other non-current assets	6,649,013	5,196,818	3,870,190
<b>Total Assets</b>	<b>36,512,386</b>	<b>36,766,654</b>	<b>37,672,471</b>
Current liabilities	7,017,127	7,377,945	8,352,697
Non-current liabilities	2,040,541	1,614,763	2,531,895
<b>Total Liabilities</b>	<b>9,057,668</b>	<b>8,992,708</b>	<b>10,884,592</b>
Net investment in capital assets	11,887,586	12,058,979	13,900,509
Restricted net position	5,581,096	4,407,339	2,261,077
Unrestricted net position	9,986,036	11,307,628	10,625,993
<b>Total net position</b>	<b>\$ 27,454,718</b>	<b>\$ 27,773,946</b>	<b>\$ 26,787,579</b>

Assets, liabilities, and net position for fiscal year 2014 can be seen in the following graphical presentation.



**Capital Assets and Long-Term Debt**

The College's capital assets decreased by a total of \$171,393. The College's capital asset additions totaled \$1,174,986, while the accumulated depreciation increased by \$1,346,379. Details about the College's capital assets can be found on page 30.

As noted earlier, the College made its final payments related to the tax refund payable and bonds payable in the amounts of \$105,013 and \$295,000, respectively. Compensated absences payable and the retirement incentive payable increased by a total of \$551,598. Additional details about the College's long-term debt can be found on page 31.

**Statement of Revenues, Expenses, and Changes in Net Position**

This statement represents the operating activity of the College, which results from revenue, expenses, gains and losses during the year. In 2014, operating revenue decreased by \$929,681. This was primarily due to the decrease in private grants of \$1,321,893. Recall that the College was able to recognize its BP grant in the amount of \$1.2M as earned revenue in 2013. The grant program has been completed and any unused funds were recognized as earned revenue during the fiscal year ended August 31, 2013.



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

**Operating Revenue**

The decrease in private grants was offset by an increase in tuition in fees of \$874,271 (net of discounts). Tuition and fees are discounted or reduced for Title IV federal grant remissions. Tuition and fee revenue was \$4,013,377 for 2014 and \$3,139,106 for the prior year. If discounting is removed the tuition and fee revenue for 2014 was \$8,361,836 and \$7,750,187 for 2013 for an increase of \$611,649.

Federal grants and contract revenue decreased by \$325,918 in 2014 compared to the prior year. The decrease was due to the following:

- The TRIO cluster decreased by \$44,946
- Adult Education decreased by \$114,934
- Carl D. Perkins decreased by \$41,881
- Child Care Quality Improvement funds decreased by \$32,779

Enrollment increased slightly, primarily due to both out-of-district and in-district student counts when comparing Fall 2013 and Fall 2012 figures.

**Operating Expenses**

Operating expenses decreased by \$244,056 when compared to the prior year. There were several factors that contributed to this decrease. Instruction decreased by \$155,742. Public Service decreased by \$308,897 in 2014 compared to 2013.

Academic support increased by \$1.0M in 2014 when compared to the prior year. There were several expenditures charged to Academic Support related to Information Technology, salaries and various projects.

Student services expenses decreased in 2014 compared to 2013 by \$1.2M. The decrease is mainly due to reductions in salary costs and related benefits.

Institutional support decreased by \$2.1M. There were several projects that did not re-occur in 2014.

Operation and Maintenance of Plant increased by \$992,661 during fiscal year 2014. The College had budgeted for several repairs and maintenance for plumbing, utility and repair services.

Scholarships and fellowships increased by \$175,720. With the decrease in Pell grant funds the amount of Title IV Federal Grant Remissions also decreased, yielding a larger net scholarships and allowances.

The College also experienced an increase in Auxiliary enterprise expenses in the amount of \$22,492. This was primarily due to an increase in student organization expenses related to the student activity fee.

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

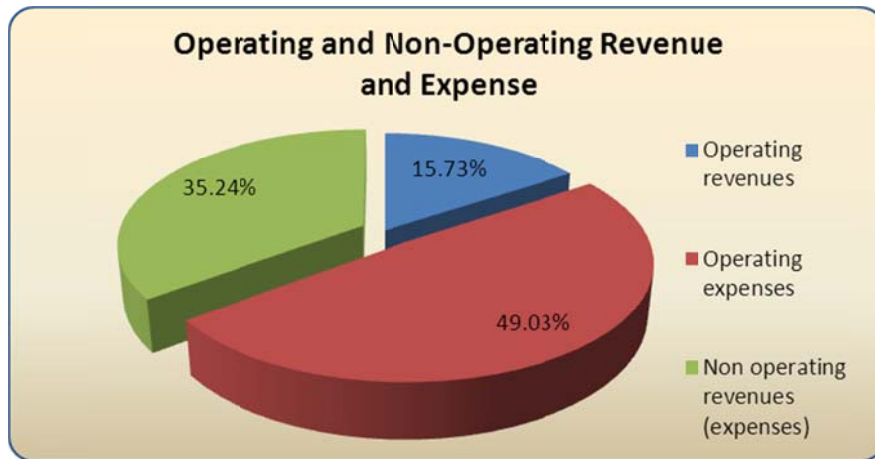
**Non-Operating Revenues (Expenses)**

Non-operating revenues (expenses) decreased by \$389,351 primarily due to the decrease in Pell grant revenue and property tax revenue.

Please see below for the actual revenue and expense figures for fiscal year ending 2014, 2013, and 2012.

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Operating revenues	\$ 7,909,128	\$ 8,838,809	\$ 8,174,791
Operating expenses	(42,320,540)	(42,564,596)	(41,447,004)
Net operating income (loss)	(34,411,412)	(33,725,787)	(33,272,213)
Non-operating revenues (expenses)	34,092,184	34,712,154	35,101,505
Total increase (decrease) in net position	<u>\$ (319,228)</u>	<u>\$ 986,367</u>	<u>\$ 1,829,292</u>

The table data above is graphically depicted below for 2014.

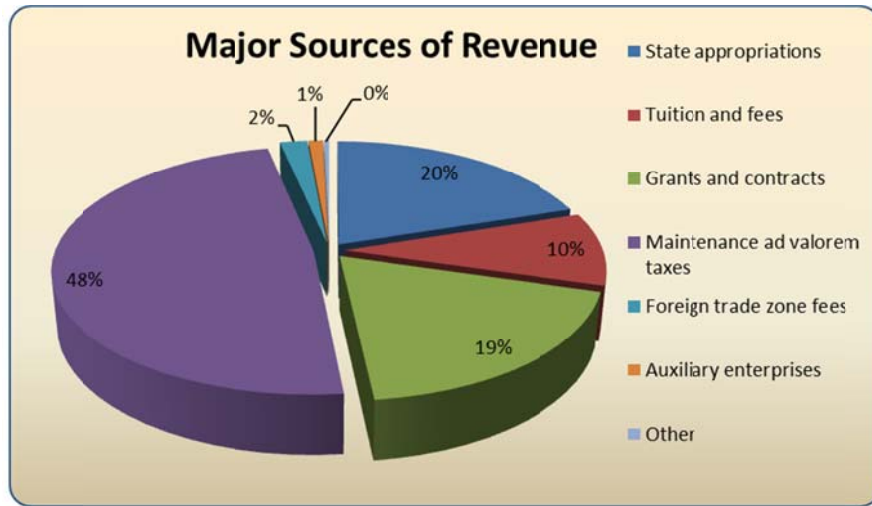


The College's combined operating and non-operating revenues by major source for fiscal years 2014, 2013 and 2012 are shown in the table below.

	<b>2014</b>	<b>2013</b>	<b>2012</b>
State appropriations	\$ 8,398,200	\$ 8,155,461	\$ 8,292,705
Tuition and fees (net of discounts)	4,013,377	3,139,106	3,701,392
Grants and contracts	7,880,835	9,741,990	9,022,483
Maintenance ad valorem taxes	20,303,526	21,031,347	20,772,062
Foreign trade zone fees	817,414	717,198	792,856
Auxiliary enterprises	429,122	483,065	472,190
Other	166,694	302,874	232,404
<b>Total</b>	<u>\$ 42,009,168</u>	<u>\$ 43,571,041</u>	<u>\$ 43,286,092</u>

COLLEGE OF THE MAINLAND  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

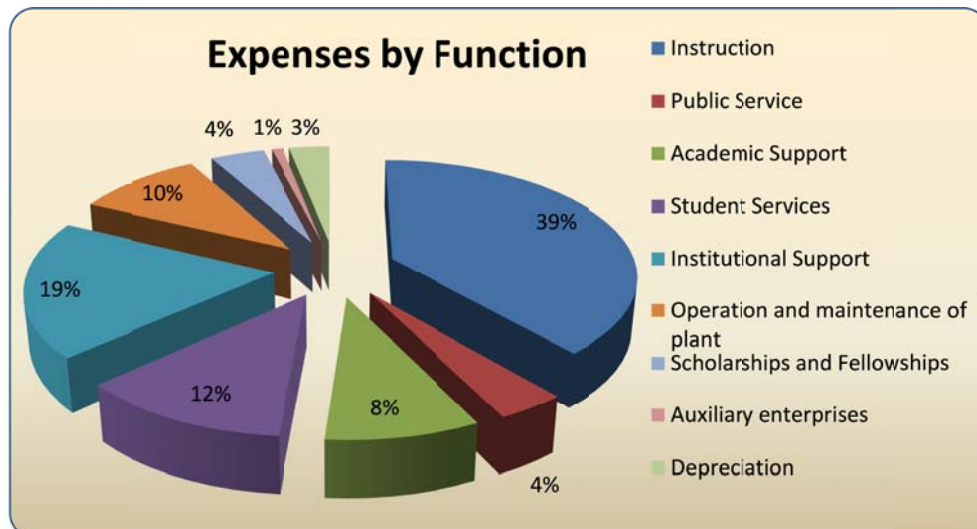
The table data for operating and non-operating for 2014 is shown graphically below.



Operating expenses are reported in the financial statement by functional classification and are presented below in the table for fiscal 2014, 2013, and 2012.

	2014	2013	2012
Instruction	\$ 16,356,186	\$ 16,511,927	\$ 15,945,257
Public Service	1,343,098	1,651,995	2,093,111
Academic Support	4,713,235	3,664,690	3,188,221
Student Services	3,847,892	5,092,799	4,589,659
Institutional Support	7,225,747	8,047,474	7,410,450
Operation and maintenance of plant	5,147,893	4,155,232	4,261,114
Scholarships and Fellowships	1,930,859	1,755,139	2,155,005
Auxiliary enterprises	409,251	386,759	295,214
Depreciation	1,346,379	1,298,581	1,508,973
<b>Total operating expenses</b>	<b>\$ 42,320,541</b>	<b>\$ 42,564,596</b>	<b>\$ 41,447,004</b>

Please the graphical depiction for the table data above for fiscal year 2014.



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

**Statement of Cash Flows**

Cash flows from operating activities indicate the College spent \$774,751 less than the prior year. There were less payments incurred for compensated absences and the retirement incentive. In addition, the change in unearned income of \$377,269 was less than last year's decrease of \$710,174.

Cash flows from noncapital financing for 2014 decreased by \$625,165 compared to 2013. State appropriations and the foreign trade zone receipts increased by \$279,694 and \$100,216, respectively. However, the decrease in Pell grant fund receipts of approximately \$200,000 and the decrease in property taxes of \$798,114 resulted in less cash flow than the previous year.

**Conclusion**

In closing, the future looks solid for College of the Mainland. There was a 9% increase in the number of Associate of Applied Science degrees awarded for 2013-2014 academic year. A total of 193 AAS degrees were awarded, with 89 in Petrochemical Process Technology. The Dual Credit program had a 6.4% increase in the number of students taking classes, for a total of 1,012 students enrolled in fall 2014. College of the Mainland was awarded Hispanic Serving Institution (HSI) status during the 2013-14 year, which indicates that more than 25% of total student enrollment is Hispanic. These accomplishments help with enrollment and thus the financial stability of the college.

The College is very healthy financially, with reserves sufficient to sustain operations, faculty, and staff for a three (3) month period in the event of a catastrophic event. In addition, the College was able to decrease the operating budget by approximately half a million dollars without cutting programs or services.

The Office of Fiscal Affairs has had some recent challenges with vacancies in key administrative positions, the Vice President of Fiscal Affairs and Controller. Recommendations for the candidates selected to fill these two positions will be going to the Board of Trustees for approval within the next month.

There have been big strides made within Information Technology (IT) this year with the important and necessary investment in infrastructure and updated end-user technology. This momentum needs to continue in order to develop a modern network, allowing our institution to take advantage of future cost savings and support academic learning in the 21<sup>st</sup> century.

The major challenge that must be addressed in the near future is the aging facilities campus infrastructure. As College of the Mainland is approximately forty-seven (47) years old, elements of the piping, HVAC and electrical infrastructure are demonstrating their age with intermittent failures.

In conclusion, College of the Mainland has faced challenges in the past year but have had significant success as well. With continued Board support, College of the Mainland will continually strive to support and facilitate student success - academic, personal, and professional achievement and retention.

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 Vice President for Fiscal Affairs at College of the Mainland, 1200 Amburn Road, Texas City, Texas 77591.

## **BASIC FINANCIAL STATEMENTS**

**COLLEGE OF THE MAINLAND**  
**STATEMENT OF NET POSITION**  
*August 31, 2014 and August 31, 2013*

**Exhibit 1**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,905,059	\$ 15,078,561
Accounts receivable (net)	3,542,956	4,076,932
Prepaid expenses	527,772	355,364
<b>Total current assets</b>	<u>17,975,787</u>	<u>19,510,857</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	6,612,703	5,158,343
Loans receivable (net)	36,310	38,475
Capital assets (net), (see notes)	11,887,586	12,058,979
<b>Total noncurrent assets</b>	<u>18,536,599</u>	<u>17,255,797</u>
<b>Total Assets</b>	<u>36,512,386</u>	<u>36,766,654</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	1,292,312	1,098,380
Accrued liabilities	321,962	311,910
Compensated absences and severance payable - current	140,860	147,620
Retirement incentive payable - current	996,139	758,546
Funds held for others	156,170	174,522
Unearned income	4,109,684	4,486,953
Tax refund payable - current portion	-	105,014
Bonds payable - current portion	-	295,000
<b>Total current liabilities</b>	<u>7,017,127</u>	<u>7,377,945</u>
<b>Noncurrent liabilities:</b>		
Compensated absences and severance payable - noncurrent	362,212	379,594
Retirement incentive payable - noncurrent	1,678,329	1,235,169
<b>Total noncurrent liabilities</b>	<u>2,040,541</u>	<u>1,614,763</u>
<b>Total Liabilities</b>	<u>9,057,668</u>	<u>8,992,708</u>
<b>Net Position</b>		
Net Investment in capital assets	11,887,586	12,058,979
Restricted for:		
Expendable:		
Grants and donor restrictions	2,028,220	1,711,271
Loan funds	96,979	96,934
Renewals and replacements	2,762,667	1,904,017
Debt service	693,230	695,117
Unrestricted	9,986,036	11,307,628
<b>Total Net Position (Schedule D)</b>	<u>\$ 27,454,718</u>	<u>\$ 27,773,946</u>

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

**COLLEGE OF THE MAINLAND**  
*DISCRETELY PRESENTED COMPONENT UNIT*  
*STATEMENTS OF FINANCIAL POSITION*

**College of the Mainland Foundation - Fiscal Years August 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 362,950	\$ 224,176
Contributions receivable, net	7,405	13,567
Restricted assets:		
Cash and cash equivalents	381,647	442,516
Investments, at fair value	1,875,322	1,658,869
Prepaid expenses	<u>14,515</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 2,641,839</u>	<u>\$ 2,339,128</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 104,224	\$ 98,421
Unearned income	<u>71,877</u>	<u>200</u>
<b>Total liabilities</b>	<u>176,101</u>	<u>98,621</u>
<b>Net Assets:</b>		
Unrestricted	13,327	17,481
Temporarily restricted	1,134,690	982,856
Permanently restricted	<u>1,317,721</u>	<u>1,240,170</u>
<b>Total Net Assets</b>	<u>2,465,738</u>	<u>2,240,507</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,641,839</u>	<u>\$ 2,339,128</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 POSITION***For the Years Ended August 31, 2014 and August 31, 2013*

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues</b>		
Tuition and fees (net of discounts of \$4,348,459 and \$4,611,081)	\$ 4,013,377	\$ 3,139,106
Federal grants and contracts	1,363,243	1,689,161
State grants and contracts	687,980	651,451
Private grants and contracts	1,255,578	2,577,471
Local grants and contracts	-	16,000
Sales and services of educational activities	20,250	19,874
Auxiliary enterprises (net of discounts)	429,122	483,065
General operating revenues	139,578	262,681
<b>Total operating revenues (Schedule A)</b>	<u>7,909,128</u>	<u>8,838,809</u>
<b>Operating Expenses</b>		
Instruction	16,356,186	16,511,927
Public service	1,343,098	1,651,995
Academic support	4,713,235	3,664,690
Student services	3,847,892	5,092,799
Institutional support	7,225,747	8,047,474
Operation and maintenance of plant	5,147,893	4,155,232
Scholarships and fellowships	1,930,859	1,755,139
Auxiliary enterprises	409,251	386,759
Depreciation expense	1,346,379	1,298,581
<b>Total operating expenses (Schedule B)</b>	<u>42,320,540</u>	<u>42,564,596</u>
<b>Operating income (loss)</b>	(34,411,412)	(33,725,787)
<b>Non-operating revenues (expenses)</b>		
State appropriations	8,398,200	8,155,461
Maintenance ad valorem taxes	20,303,526	21,031,347
Federal revenue, non-operating	4,574,034	4,807,907
Investment income	6,866	20,319
Foreign trade zone fees	817,414	717,198
Interest and fees on capital related debt	(7,856)	(20,078)
<b>Net non-operating revenues (expenses) (Schedule C)</b>	<u>34,092,184</u>	<u>34,712,154</u>
Increase (decrease) in net position	(319,228)	986,367
<b>Net position - beginning of year</b>	<u>27,773,946</u>	<u>26,787,579</u>
<b>Net position - end of year</b>	<u>\$ 27,454,718</u>	<u>\$ 27,773,946</u>

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



**COLLEGE OF THE MAINLAND**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**College of the Mainland Foundation - Fiscal Year August 31, 2014 with Comparative Totals for 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Year Ended August 31,</u>	
				<u>2014</u>	<u>2013</u>
<b>Revenue and Support:</b>					
Contributions	\$ 7,948	\$ 204,533	\$ -	\$ 212,481	\$ 135,250
Grants	-	10,000	-	10,000	30,500
In-kind contributions	70,329	-	-	70,329	67,639
Interest and investment income	-	62,789	-	62,789	66,035
Net realized and unrealized gains on invest	2,162	7,727	77,551	87,440	267
Miscellaneous income	-	-	-	-	50
Net assets released from restrictions	133,215	(133,215)	-	-	-
<b>Total Revenue and Support</b>	<u>213,654</u>	<u>151,834</u>	<u>77,551</u>	<u>443,039</u>	<u>299,741</u>
<b>Expenses:</b>					
Program Expenses:					
Student Scholarships	112,994	-	-	112,994	197,415
Other Program Payments	5,523	-	-	5,523	6,701
<b>Supporting services:</b>					
In-kind personnel and benefits	58,242	-	-	58,242	57,129
In-kind general, facilities and equipment	12,087	-	-	12,087	10,510
Management and general:					
Bad debt	-	-	-	-	16,050
Fundraising	-	-	-	-	2,947
Other management and general	28,962	-	-	28,962	37,895
<b>Total Expenses</b>	<u>217,808</u>	<u>-</u>	<u>-</u>	<u>217,808</u>	<u>328,647</u>
Change in Net Assets	(4,154)	151,834	77,551	225,231	(28,906)
<b>Net Assets, at beginning of year</b>	<u>17,481</u>	<u>982,856</u>	<u>1,240,170</u>	<u>2,240,507</u>	<u>2,269,413</u>
<b>Net Assets, at end of year</b>	<u>\$ 13,327</u>	<u>\$ 1,134,690</u>	<u>\$ 1,317,721</u>	<u>\$ 2,465,738</u>	<u>\$ 2,240,507</u>

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, 2014 and 2013

**Exhibit 3**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Receipts from students and other customers	\$ 4,574,435	\$ 4,247,361
Receipts from grants and contracts	3,272,559	4,188,012
Payments to suppliers for goods and services	(9,107,758)	(9,001,109)
Payments to or on behalf of employees	(26,873,433)	(28,642,035)
Payments for scholarships and fellowships	(1,930,859)	(1,755,139)
Other receipts	139,578	262,681
<b>Net cash (used) by operating activities</b>	<u>(29,925,478)</u>	<u>(30,700,229)</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from state appropriations	6,103,539	5,823,845
Receipts from ad valorem taxes	20,469,704	21,267,818
Receipts from foreign trade zone participants	817,414	717,198
Receipts from Non Operating Federal Revenue	4,389,504	4,589,173
Receipts from student organizations and other agency transactions	156,170	174,522
Payments to student organization and other agency transactions	(156,170)	(170,506)
Net (increase) decrease in loans receivable	2,165	5,441
<b>Net cash provided by non-capital financing activities</b>	<u>31,782,326</u>	<u>32,407,491</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(1,174,986)	(216,574)
Payments on capital debt and leases - principal	(400,014)	(400,014)
Payments on capital debt and leases - interest and fees	(7,856)	(20,078)
<b>Net cash (used) by capital and related financing activities</b>	<u>(1,582,856)</u>	<u>(636,666)</u>
<b>Cash flows from investing activities:</b>		
Investment income	6,866	20,319
<b>Net cash provided by investing activities</b>	<u>6,866</u>	<u>20,319</u>
Increase in cash and cash equivalents	280,858	1,090,915
<b>Cash and cash equivalents, beginning of year</b>	<u>20,236,904</u>	<u>19,145,989</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 20,517,762</u>	<u>\$ 20,236,904</u>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents	\$ 13,905,059	\$ 15,078,561
Restricted cash and cash equivalents	6,612,703	5,158,343
	<u>\$ 20,517,762</u>	<u>\$ 20,236,904</u>
<b>Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:</b>		
<b>Operating income (loss)</b>	\$ (34,411,412)	\$ (33,725,787)
<b>Adjustments:</b>		
Depreciation expense	1,346,379	1,298,581
Payments made directly by state for benefits	2,294,661	2,331,616
Changes in assets and liabilities:		
Receivables, net	533,976	1,054,918
Prepaid expenses	(172,408)	(7,291)
Accounts payable	193,932	(23,236)
Accrued liabilities	10,052	(1,001)
Compensated absences/retirement incentive payable	656,611	(710,174)
Unearned income	(377,269)	(917,855)
<b>Net cash (used) by operating activities</b>	<u>\$ (29,925,478)</u>	<u>\$ (30,700,229)</u>

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

**COLLEGE OF THE MAINLAND**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENTS OF CASH FLOWS**

College of the Mainland Foundation - Fiscal Year August 31, 2014 with Comparative Totals for 2013

	<u>Year Ended August 31,</u>	
	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Cash received from contributions, grants and events	\$ 300,320	\$ 182,613
Cash received from interest earnings	62,789	66,035
Cash received from miscellaneous sources	-	50
Cash paid for scholarships and grants	(112,714)	(196,109)
Cash paid for management and general expenses	(43,477)	(40,842)
<b>Net cash provided by operating activities</b>	<u>206,918</u>	<u>11,747</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	436,874	654,505
Purchases of investments	(565,887)	(502,967)
<b>Net cash provide by (used in) investing activities</b>	<u>(129,013)</u>	<u>151,538</u>
Net change in cash and cash equivalents	77,905	163,285
<b>Cash and cash equivalents at beginning of year</b>	<u>666,692</u>	<u>503,407</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 744,597</u>	<u>\$ 666,692</u>
<b>Presented on statement of financial position as follows:</b>		
Cash and cash equivalents	\$ 362,950	\$ 224,176
Restricted Cash and Cash Equivalents	381,647	442,516
	<u>\$ 744,597</u>	<u>\$ 666,692</u>
<b>Reconciliation of Increase in Net Assets to</b>		
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 225,231	\$ (28,906)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by:		
Net Unrealized and realized (gain) loss in investments	(87,440)	(267)
Bad debt expense	-	16,050
(Increase) decrease in contribution receivables	6,162	16,663
(Increase) decrease in prepaid expenses	(14,515)	-
Increase (decrease) in accounts payable	5,803	8,007
Increase (decrease) in unearned revenue	71,677	200
<b>Net cash provided by operating activities</b>	<u>\$ 206,918</u>	<u>\$ 11,747</u>

See accompanying notes to the financial statements.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*August 31, 2014*

**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 61, *The Financial Reporting Entity: Omnibus* (an amendment of GASB Statements No 14, and No. 34). 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 position 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, 2014*

## **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. 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 Position**

The College's net position categories are classified as follows:

#### ***Net Investment in Capital Assets***

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 net investment in capital assets.

#### ***Restricted Net Position - Expendable***

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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

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

***Unrestricted Net Position***

Unrestricted net position 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.

***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. Renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. 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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

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

***Unearned Revenues***

Tuition, fees, and other revenues received that are related to the period after August 31, 2014, are reported as unearned revenues. Those amounts are as follows:

	<u>2014</u>	<u>2013</u>
Tuition and fees	\$ 2,658,057	\$ 2,937,462
Season tickets - Theater	115,260	57,476
Federal, state and local grants	1,267,324	1,492,015
Other	69,043	-
	<u>\$ 4,109,684</u>	<u>\$ 4,486,953</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.

***Application of Restricted and Unrestricted Resources***

The College's policy is to first apply an expense against restricted resources then toward unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

***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. As of July 2011, the operation of the bookstore is not performed by the College.

***Presentation of State Benefit Payments on Cash Flow Statements***

In response to guidance from the Texas Higher Education Coordinating Board, benefit payments made by the state directly to the Employees' Retirement System of Texas (ERS) on behalf of the College are excluded from cash flows from operating activities on the Statement of Cash Flows. Instead, these payments are now included as reconciling items in the reconciliation of operating loss to net cash used by operating activities.

***New Accounting Standards***

In the current fiscal year, the College implemented the following new standards: GASB Statement 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements ("GASB 62"), which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Implementation of GASB 62 is reflected in the financial statements and notes to the financial statements.

## **COLLEGE OF THE MAINLAND**

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

*August 31, 2014*

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

GASB Statement 65, Items Previously Reported as Assets and Liabilities (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The College did not have any items that required reclassification under this new standard.

#### ***Reclassifications***

Certain amounts for 2013 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, 2014 and 2013, the carrying amount of the College’s deposits was \$2,316,322 and \$2,792,126, respectively, and total bank balances equaled \$2,758,002 and \$3,262,432. Bank balances of \$250,000 are covered by federal depository insurance, and \$2,508,002 and \$3,012,432 were covered by collateral pledged in the College’s name for the years ended August 31, 2014 and 2013.

During the fiscal years 2014 and 2013, 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 position 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, 2014**

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

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 position 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.

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

	<u>2014</u>	<u>2013</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ 2,316,322	\$ 2,792,126
Cash on cash equivalents:		
Petty cash on hand and change funds	3,070	3,020
<b>Total Cash and Deposits</b>	<u>\$ 2,319,392</u>	<u>\$ 2,795,146</u>

Reconciliation of Deposits and Investments to Exhibit 1:

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2014</u>	<u>2013</u>
<i>Investments:</i>		
Government Investment Pools:		
TexPool	\$ 18,198,370	\$ 17,441,758
<b>Total Investments</b>	<u>18,198,370</u>	<u>17,441,758</u>
<b>Total Cash and Deposits</b>	<u>2,319,392</u>	<u>2,795,146</u>
<b>Total Deposits and Investments</b>	<u>\$ 20,517,762</u>	<u>\$ 20,236,904</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 13,905,059	\$ 15,078,561
Restricted cash and cash equivalents	<u>6,612,703</u>	<u>5,158,343</u>
<b>Total Deposits and Investments</b>	<u>\$ 20,517,762</u>	<u>\$ 20,236,904</u>

As of August 31, 2014, the College had the following investments and maturities:

<b>Investment Type:</b>	<u>Fair Value</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investments</u>
Local Government Investment Pools:			
TexPool	\$ 18,198,370	AAAm	100.0%
Total Local Government Investment Pools	<u>18,198,370</u>		<u>100.0%</u>
<b>Total investments</b>	<u>\$ 18,198,370</u>		<u>100.0%</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2014*

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

	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<i>Investments</i>			
Local Government Investment Pools:			
TexPool	\$ 18,198,370	100.0%	48
Total Local Government Investment Pools	<u>18,198,370</u>	<u>100.0%</u>	48
<b>Total investments</b>	<u>\$ 18,198,370</u>	<u>100.0%</u>	48

***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. As of August 31, 2014, 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, 2014.

***Custodial Credit Risk***

The College's deposits are subject to custodial credit risk as \$2,508,002 of total deposits was uninsured but collateralized by securities held by the pledging financial institutions agent in the College's name. The College's deposits were fully collateralized at year-end and through-out the year.

Investment income for 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Interest income	\$ 6,866	\$ 20,319
<b>Total Investment Earnings</b>	<u>\$ 6,866</u>	<u>\$ 20,319</u>

As of August 31, 2014 and 2013, cash and cash equivalents was restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Grants and awards	\$ 2,958,406	\$ 2,550,768
Loans to students	60,669	58,459
Payment of long-term debt and capital purchases/improvements	3,437,458	2,374,594
Student groups	156,170	174,522
<b>Total restricted cash and cash equivalents</b>	<u>\$ 6,612,703</u>	<u>\$ 5,158,343</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

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

Accounts receivable at August 31, 2014 and 2013, consisted of the following:

	<b>2014</b>	<b>2013</b>
Property taxes receivable	\$ 2,476,703	\$ 2,584,664
Allowance for uncollectible property taxes	<u>(1,463,978)</u>	<u>(1,481,330)</u>
Property taxes receivable, net	<u>1,012,725</u>	<u>1,103,334</u>
Tuition and fees receivable	2,590,620	2,841,966
Allowance for uncollectible tuition and fees	<u>(748,545)</u>	<u>(817,588)</u>
Tuition and fees receivable, net	<u>1,842,075</u>	<u>2,024,378</u>
Due from tax collector	8,054	-
Due from other governments for grant awards	304,378	619,032
Due from grantors for private awards	75,276	64,314
Other receivables	<u>300,448</u>	<u>265,874</u>
Total receivables, net	<u><u>\$ 3,542,956</u></u>	<u><u>\$ 4,076,932</u></u>

Accrued liabilities at August 31, 2014 and 2013, consisted of the following:

	<b>2014</b>	<b>2013</b>
Accrued wages payable	\$ 165,338	\$ 142,492
Reserve for incurred but not reported worker's compensation benefits	128,360	164,765
Other accrued liabilities	<u>28,264</u>	<u>4,653</u>
Total accrued liabilities	<u><u>\$ 321,962</u></u>	<u><u>\$ 311,910</u></u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

**Note 6 - Capital Assets**

Capital assets activity for the year ended August 31, 2014, was as follows:

	<u>Balance</u> <u>09/01/13</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>08/31/14</u>
<b>Not depreciated:</b>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	27,046	1,023,823	(210,904)	839,965
<b>Subtotal</b>	<u>399,191</u>	<u>1,023,823</u>	<u>(210,904)</u>	<u>1,212,110</u>
<b>Buildings and other capital assets:</b>				
Buildings and building improvements	15,560,353	-	-	15,560,353
Improvements other than buildings	14,636,625	23,605	210,904	14,871,134
<b>Total buildings and other real estate improvements</b>	<u>30,196,978</u>	<u>23,605</u>	<u>210,904</u>	<u>30,431,487</u>
Furniture, equipment and vehicles	2,702,816	36,604	(30,378)	2,709,042
Telecommunication equipment	4,547,526	38,639	-	4,586,165
Library books	1,563,578	52,315	-	1,615,893
<b>Total buildings and other capital assets</b>	<u>39,010,898</u>	<u>151,163</u>	<u>180,526</u>	<u>39,342,587</u>
<b>Accumulated depreciation:</b>				
Buildings and building improvements	(11,783,688)	(311,208)	-	(12,094,896)
Improvements other than buildings	(8,519,121)	(534,317)	-	(9,053,438)
<b>Total buildings and other real estate improvements</b>	<u>(20,302,809)</u>	<u>(845,525)</u>	<u>-</u>	<u>(21,148,334)</u>
Furniture, equipment and vehicles	(2,007,436)	(166,720)	30,378	(2,143,778)
Telecommunication equipment	(3,837,598)	(285,288)	-	(4,122,886)
Library books	(1,203,267)	(48,846)	-	(1,252,113)
<b>Total Accumulated depreciation</b>	<u>(27,351,110)</u>	<u>(1,346,379)</u>	<u>30,378</u>	<u>(28,667,111)</u>
<b>Net capital assets</b>	<u>\$ 12,058,979</u>	<u>\$ (171,393)</u>	<u>\$ -</u>	<u>\$ 11,887,586</u>

Capital assets activity for the year ended August 31, 2013, was as follows:

	<u>Balance</u> <u>09/01/12</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>08/31/13</u>
<b>Not depreciated:</b>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	22,731	4,315	-	27,046
<b>Subtotal</b>	<u>394,876</u>	<u>4,315</u>	<u>-</u>	<u>399,191</u>
<b>Buildings and other capital assets:</b>				
Buildings and building improvements	15,560,353	-	-	15,560,353
Improvements other than buildings	14,588,005	48,620	-	14,636,625
<b>Total buildings and other real estate improvements</b>	<u>30,148,358</u>	<u>48,620</u>	<u>-</u>	<u>30,196,978</u>
Furniture, equipment and vehicles	2,815,659	-	(112,843)	2,702,816
Telecommunication equipment	4,457,763	175,311	(85,548)	4,547,526
Library books	1,522,534	41,044	-	1,563,578
<b>Total buildings and other capital assets</b>	<u>38,944,314</u>	<u>264,975</u>	<u>(198,391)</u>	<u>39,010,898</u>
<b>Accumulated depreciation:</b>				
Buildings and building improvements	(11,471,589)	(312,099)	-	(11,783,688)
Improvements other than buildings	(7,991,846)	(527,275)	-	(8,519,121)
<b>Total buildings and other real estate improvements</b>	<u>(19,463,435)</u>	<u>(839,374)</u>	<u>-</u>	<u>(20,302,809)</u>
Furniture, equipment and vehicles	(1,934,897)	(176,831)	104,292	(2,007,436)
Telecommunication equipment	(3,688,119)	(235,027)	85,548	(3,837,598)
Library books	(1,253,259)	(47,349)	97,341	(1,203,267)
<b>Total Accumulated depreciation</b>	<u>(26,339,710)</u>	<u>(1,298,581)</u>	<u>287,181</u>	<u>(27,351,110)</u>
<b>Net capital assets</b>	<u>\$ 12,999,480</u>	<u>\$ (1,029,291)</u>	<u>\$ 88,790</u>	<u>\$ 12,058,979</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

**Note 7 - Noncurrent Liabilities**

Noncurrent liabilities activity for the year ended August 31, 2014, was as follows:

	<u>Balance 09/01/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/14</u>	<u>Current Portion</u>
<b>Bonds</b>					
Revenue bonds	\$ 295,000	\$ -	\$ (295,000)	\$ -	\$ -
	<u>295,000</u>	<u>-</u>	<u>(295,000)</u>	<u>-</u>	<u>-</u>
<b>Other liabilities</b>					
Compensated absences payable	527,214	117,290	(141,432)	503,072	140,860
Retirement incentive payable	1,993,715	1,522,850	(842,097)	2,674,468	996,139
Property tax refund payable	105,013	-	(105,013)	-	-
	<u>2,625,942</u>	<u>1,640,140</u>	<u>(1,088,542)</u>	<u>3,177,540</u>	<u>1,136,999</u>
<b>Total noncurrent liabilities</b>	<u>\$ 2,920,942</u>	<u>\$ 1,640,140</u>	<u>\$ (1,383,542)</u>	<u>\$ 3,177,540</u>	<u>\$ 1,136,999</u>

Noncurrent liabilities activity for the year ended August 31, 2013, was as follows:

	<u>Balance 09/01/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/13</u>	<u>Current Portion</u>
<b>Bonds</b>					
Revenue bonds	\$ 580,000	\$ -	\$ (285,000)	\$ 295,000	\$ 295,000
	<u>580,000</u>	<u>-</u>	<u>(285,000)</u>	<u>295,000</u>	<u>295,000</u>
<b>Other liabilities</b>					
Compensated absences payable	1,097,883	470,984	(1,041,653)	527,214	147,620
Retirement incentive payable	1,971,204	651,584	(629,073)	1,993,715	758,546
Property tax refund payable	210,027	-	(105,014)	105,013	105,014
	<u>3,279,114</u>	<u>1,122,568</u>	<u>(1,775,740)</u>	<u>2,625,942</u>	<u>1,011,180</u>
<b>Total noncurrent liabilities</b>	<u>\$ 3,859,114</u>	<u>\$ 1,122,568</u>	<u>\$ (2,060,740)</u>	<u>\$ 2,920,942</u>	<u>\$ 1,306,180</u>

**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.

## **COLLEGE OF THE MAINLAND**

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

*August 31, 2014*

#### **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 state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.4% of the member's annual compensation and a state contribution rate of not less than 6.4% and not more than 10% of the aggregate annual compensation of all members of the College; (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 year 2014, 6.4% for fiscal year 2013, and 6.0% for fiscal year 2012.

#### **Optional Retirement Plan**

*Plan Description.* The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.4%, 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 \$1,021,166 and \$1,042,175 for the fiscal years ended August 31, 2014 and 2013, 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 \$23,138,769 and \$22,487,632 fiscal years 2014 and 2013, respectively. The total payroll of employees covered by the Teacher Retirement System was \$14,570,114 and \$14,534,693 for fiscal years 2014 and 2013, respectively. The total payroll of employees covered by the Optional Retirement System was \$4,278,127 and \$3,961,767 for fiscal years 2014 and 2013, 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.

**COLLEGE OF THE MAINLAND**

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

August 31, 2014

**Note 10 - Compensated Absences**

**Sick Leave** - All 100 percent full-time equivalent employees of the College earn one day of sick leave for each month of service. Sick leave benefits are earned by benefit eligible employees that are less than 100 percent full-time equivalent on a pro-rata basis. The maximum amount employees that are 100 percent full-time equivalent are eligible to accrue is 960 hours.

Effective September 1, 2013, sick leave is no longer paid out when an employee separates their employment with the College.

	<u>2014</u>	<u>2013</u>
Balance, September 1	\$ -	\$ 907,449
Additions	-	-
Payments	-	(907,449)
Balance, August 31	<u>\$ -</u>	<u>\$ -</u>

**Vacation Leave - Employees Hired After June 30, 2012** – All 100 percent full-time equivalent, non-faculty personnel employed on a 12-month basis shall earn vacation time at the rate of seven hours per calendar month of service and are entitled to 10.5 working days of vacation per year. Benefit eligible employees that are less than 100 percent full-time equivalent, non-faculty personnel employed on a 12-month basis shall earn vacation time on a pro-rata basis related to their full-time equivalency, Personnel that are eligible to earn vacation time but are employed for a period less than 12 months will earn vacation time on a pro-rata basis related to their full-time equivalency.

After seven years of continuous service with the College District, a 100 percent full-time equivalent employee working in a position requiring 12 months of services annually shall earn vacation time at the rate of ten hours per calendar month. For positions that are benefit eligible that are less than 100 percent full-time equivalent shall earn vacation time on a pro-rata basis as described above.

**Vacation Leave - Employees Hired Before or by June 30, 2012** – All 100 percent full-time equivalent, non-faculty personnel employed on a 12-month basis shall earn vacation time at the rate of 13.33 hours per calendar month of service and are entitled to 20 working days of vacation per year. Benefit eligible employees that are less than 100 percent full-time equivalent, non-faculty personnel employed on a 12-month basis shall earn vacation time on a pro-rata basis related to their full-time equivalency, Personnel that are eligible to earn vacation time but are employed for a period less than 12 months will earn vacation time on a pro-rata basis related to their full-time equivalency.

All accrued vacation over 240 hours or 30 days must be taken or shall be lost by the employee's anniversary date of service each year unless the employee is prevented from taking vacation for the convenience of the College. The maximum accrual of 240 hours shall be adjusted pro-rata for benefit eligible employees, non-faculty employees that are less than 100 percent full-time equivalent.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

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

The College's vacation leave payable at August 31, 2014 and 2013 was \$503,072 and \$527,214, respectively, and is included in accrued compensable absences on the balance sheet. The following is a summary of changes in vacation leave payable:

	<u>2014</u>	<u>2013</u>
Balance, September 1	\$ 527,214	\$ 190,433
Additions	117,290	470,984
Payments	(141,432)	(134,203)
Balance, August 31	<u>\$ 503,072</u>	<u>\$ 527,214</u>
Current	\$ 140,860	\$ 147,620
Noncurrent	362,212	379,594
	<u>\$ 503,072</u>	<u>\$ 527,214</u>

**Note 11 - Pending Lawsuits and Claims**

On August 31, 2014, 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, 2014. Rental expenditures were paid only from unrestricted current funds during 2014 and 2013 and were \$583,879 and \$736,886, 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**

The College participates 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.



## **COLLEGE OF THE MAINLAND**

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

**August 31, 2014**

#### **Note 14 - Self-Insured Plans (continued)**

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, 2014, the Fund anticipates the College has no additional liability beyond the contractual obligations for payment of contributions.

During the year ended August 31, 2014, the College provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

For the year ended August 31, 2014, 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, 2014 and 2013 amounted to \$128,360 and \$164,765, 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 \$503 to \$984 per month depending upon coverage elected by the employee for the year ended August 31, 2014 and \$470 to \$920 per month for 2013, and totaled \$1,817,425 for the year ended August 31, 2014 (\$1,289,441 for the year ended August 31, 2013). The cost of providing those benefits for 213 retirees cost \$650,447 for August 31, 2014 (benefits for 193 retirees cost \$1,135,930 for August 31, 2013). The cost of providing those benefits for 318 active employees was \$1,166,978 for August 31, 2014 (benefits for 326 employees cost \$153,511 for August 31, 2013).

**COLLEGE OF THE MAINLAND**

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

August 31, 2014

**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.

**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>2014</u>	<u>2013</u>
Assessed Valuation of the District:	\$ 11,437,836,734	\$ 11,357,073,350
Less: Exemptions	<u>(2,148,307,503)</u>	<u>(2,351,862,933)</u>
Net Assessed Valuation of the District	<u>\$ 9,289,529,231</u>	<u>\$ 9,005,210,417</u>

	<u>2014</u>			<u>2013</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	\$ 0.221210	\$ 0.000000	\$ 0.221210	\$ 0.225970	\$ 0.000000	\$ 0.225970

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, 2014 and 2013 amounted to \$19,855,274 and \$20,349,987 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, 2014, were as follows:

	<u>Current Operations</u>	<u>Total</u>
Current taxes collected	\$ 20,117,134	\$ 20,117,134
Delinquent taxes collected, net of refunds	36,914	36,914
Penalties and interest collected	233,101	233,101
Total collections	<u>\$ 20,387,149</u>	<u>\$ 20,387,149</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

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

Tax collections for the year ended August 31, 2013, were as follows:

	<u>Current Operations</u>	<u>Total</u>
Current taxes collected	\$ 20,589,100	\$ 20,589,100
Delinquent taxes collected, net of refunds	255,014	255,014
Penalties and interest collected	293,828	293,828
Total collections	<u>\$ 21,137,942</u>	<u>\$ 21,137,942</u>

Tax collections for the years ended August 31, 2014 and 2013 approximated 98.2% of the current year levy for 2014 and 98.2% for 2013. 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 fiscal years 2011 and 2010, the district offered retirement incentive packages in the amount of \$873,187 and \$1,953,066, respectively. During fiscal year 2013, the College offered another incentive package in the amount of \$651,584. During fiscal year 2014, the College offered an incentive package in the amount of \$1,522,850. As of August 31, 2014, the combined liability for those retirement incentive packages is \$2,674,468 of which \$996,139 is considered current.

Retirement incentives payable were as follows as of August 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Balance, September 1	\$ 1,993,715	\$ 1,971,204
Additions	1,522,850	651,584
Payments	(842,097)	(629,073)
Balance, August 31	<u>\$ 2,674,468</u>	<u>\$ 1,993,715</u>

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

<u>Year Ending August 31,</u>	<u>Retirement Incentives</u>
2015	\$ 996,139
2016	589,226
2017	434,044
2018	434,044
2019	221,015
	<u>\$ 2,674,468</u>

## **COLLEGE OF THE MAINLAND**

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

*August 31, 2014*

#### **Note 19 - 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, 2014 and 2013.

#### **Note 20 - 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.

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, 2014, 2013, and 2012 were \$100,553, \$83,602, and \$83,239 respectively, which equaled the required contributions each year.

#### **Note 21 - Subsequent Events**

No changes are necessary to be made to the financial statements as a result of these events. Management has evaluated subsequent events through December 12, 2014, the date which the financial statements were available to be issued.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

**Note 22 - Disclosures Related to Discretely Presented Component Unit**

**A. Basis of Presentation and Summary of Significant Accounting Policies**

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 COM Foundation is to support and encourage educational excellence through the College of the Mainland. 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.

**Basis of Accounting**

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.

**Net Assets Presentation**

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.

**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.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2014*

**Note 22 - Disclosures Related to Discretely Presented Component Unit (continued)**

**A. Organization and Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in demand deposits and certificates of deposit. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. 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.

At August 31, 2014 and 2013, cash and cash equivalents included \$381,647 and \$442,516, respectively, of permanently restricted contributions for endowment purposes.

**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 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. As of August 31, 2014 and 2013, allowance for doubtful accounts totaled \$75,672 and \$67,672, respectively.

**In-Kind 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 F).

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

**Note 22 - Disclosures Related to Discretely Presented Component Unit (continued)**

**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 .

The Foundation accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of August 31, 2014, management believes there were no uncertain tax positions.

**Use of Estimates**

The Foundation uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the reported revenues and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used. Estimates that have the most impact on financial position and results of operations primarily relate to collectability of receivables and the fair value of investments. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassification had no effect on changes in net assets.

**B. 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 I 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, 2014**

**Note 22 - Disclosures Related to Discretely Presented Component Unit (continued)**

**B. Fair Value Measurements (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, and government and corporate bonds that are currently traded in active markets are classified as Level 1.

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>August 31, 2014</b>			
Fixed income funds	\$ 1,077,090	\$ -	\$ -
Real estate investment trust fund	43,247	-	-
Equity mutual funds	480,649	-	-
Corporate bonds	274,336	-	-
Total	<u>\$ 1,875,322</u>	<u>\$ -</u>	<u>\$ -</u>
<b>August 31, 2013</b>			
Corporate stocks	\$ 19,270	\$ -	\$ -
Fixed income funds	928,340	-	-
Equity mutual funds	460,814	-	-
Corporate bonds	250,445	-	-
Total	<u>\$ 1,658,869</u>	<u>\$ -</u>	<u>\$ -</u>

The following summarizes the investment return in the statements of activities and changes in net assets:

	<u>2014</u>	<u>2013</u>
Dividends and interest income	\$ 62,789	\$ 66,035
Net realized and unrealized gains	87,440	267
Total Investment income	<u>\$ 150,229</u>	<u>\$ 66,302</u>

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 payables) are carried in the financial statements at amounts that reasonably approximate fair value.



**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2014**

**Note 22 - Disclosures Related to Discretely Presented Component Unit (continued)**

**C. Contributions Receivable**

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

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 64,522	\$ 63,672
One to five years	<u>20,000</u>	<u>20,000</u>
Total Contributions receivable	84,522	83,672
Less: Unamortized discount to net present value at 5.34%	(1,445)	(2,433)
Less: Allowance for doubtful amounts	<u>(75,672)</u>	<u>(67,672)</u>
	<u>\$ 7,405</u>	<u>\$ 13,567</u>

**D. Temporary Restrictions on Net Assets**

Temporarily restricted net assets include the following at August 31:

	<u>2014</u>	<u>2013</u>
Scholarships	\$ 543,494	\$ 422,996
Accumulated undistributed earnings on endowments	<u>591,196</u>	<u>559,860</u>
Total	<u>\$ 1,134,690</u>	<u>\$ 982,856</u>

**E. Endowments**

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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
*August 31, 2014*

**Note 22 - Disclosures Related to Discretely Presented Component Unit (continued)**

**E. Endowments (continued)**

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, 2014 and 2013, 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.

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>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, August 31, 2012	\$ 515,434	\$ 1,236,327	\$ 1,751,761
Investment return:			
Investment income	44,426	-	44,426
Net Appreciation of investments	-	3,843	3,843
Endowment net assets, August 31, 2013	559,860	1,240,170	1,800,030
Investment return:			
Investment income	31,336	-	31,336
Net Appreciation of investments	-	77,551	77,551
Endowment net assets, August 31, 2014	<u>\$ 591,196</u>	<u>\$ 1,317,721</u>	<u>\$ 1,908,917</u>

## **COLLEGE OF THE MAINLAND**

*NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)*

*August 31, 2014*

### **Note 22 - Disclosures Related to Discretely Presented Component Unit (continued)**

#### **F. Related Party Transactions**

The College provides office space to the Foundation at no cost. In addition, the Foundation's payroll expenses, all 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, 2014 and 2013, in-kind revenue and expense totaled \$70,329 and \$67,639, respectively.

All student scholarship expenditures are disbursed to the College. These expenses totaled \$112,994 and \$197,415, for the years ended August 31, 2014 and 2013, respectively.

As discussed in Note A, 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.

#### **G. Concentration of Credit Risk**

The Foundation maintains its cash balances in two financial institutions. At various times during the years, the Foundation may have bank deposits significantly in excess of FDIC insurance limits. Management believes the credit risk is low due to the overall financial strength of the financial institutions.

#### **H. Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 12, 2014, the date on which the financial statements were available to be issued.

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**SUPPLEMENTAL SCHEDULES**

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

**Schedule A**

*For the Year Ended August 31, 2014*

*With Memorandum Totals for the Year Ended August 31, 2013*

	Educational Activities			Auxiliary Enterprises	Total	
	Unrestricted	Restricted	Total		2014	2013
<b>Tuition</b>						
State funded credit courses:						
In-district resident tuition	\$ 2,879,119	\$ -	\$ 2,879,119	\$ -	\$ 2,879,119	\$ 2,674,760
Out-of-district resident tuition	1,813,307	-	1,813,307	-	1,813,307	1,461,805
Non-resident tuition	141,252	-	141,252	-	141,252	127,559
TPEG - credit (set aside)*	221,134	-	221,134	-	221,134	221,650
State funded continuing education:						
TPEG - noncredit (set aside)*	508,454	-	508,454	-	508,454	447,116
	32,454	-	32,454	-	32,454	28,539
Non-state funded educational programs	245,393	124,184	369,577	-	369,577	428,855
<b>Total tuition</b>	<b>5,841,113</b>	<b>124,184</b>	<b>5,965,297</b>	<b>-</b>	<b>5,965,297</b>	<b>5,390,284</b>
<b>Fees</b>						
Campus fees	172,854	-	172,854	-	172,854	171,600
Facility fees	867,915	-	867,915	-	867,915	855,090
Laboratory fees	75,630	-	75,630	-	75,630	77,189
Processing fees	533,711	-	533,711	-	533,711	543,284
Student service fees	-	-	-	167,699	167,699	166,990
Other fees	746,429	-	746,429	-	746,429	712,660
<b>Total fees</b>	<b>2,396,539</b>	<b>-</b>	<b>2,396,539</b>	<b>167,699</b>	<b>2,564,238</b>	<b>2,526,813</b>
<b>Scholarship allowances and discounts</b>						
Remissions and exemptions - state	(107,944)	-	(107,944)	-	(107,944)	(95,592)
Remissions and exemptions - local	(991,277)	-	(991,277)	-	(991,277)	(847,717)
Title IV federal grants remissions	(2,885,126)	-	(2,885,126)	-	(2,885,126)	(3,318,073)
TPEG awards	(364,112)	-	(364,112)	-	(364,112)	(349,699)
<b>Total scholarship allowances and discounts</b>	<b>(4,348,459)</b>	<b>-</b>	<b>(4,348,459)</b>	<b>-</b>	<b>(4,348,459)</b>	<b>(4,611,081)</b>
<b>Total net tuition and fees</b>	<b>3,889,193</b>	<b>124,184</b>	<b>4,013,377</b>	<b>167,699</b>	<b>4,181,076</b>	<b>3,306,016</b>
<b>Additional operating revenues</b>						
Federal grants and contracts	85,912	1,264,266	1,350,178	13,065	1,363,243	1,689,161
State grants and contracts	18,262	669,718	687,980	-	687,980	651,451
Local grants and contracts	-	-	-	-	-	16,000
Private grants and contracts	-	1,255,578	1,255,578	-	1,255,578	2,577,471
Sales and services of educational activities	20,250	-	20,250	-	20,250	19,874
General operating revenues	139,578	-	139,578	-	139,578	262,681
<b>Total additional operating revenues</b>	<b>264,002</b>	<b>3,189,562</b>	<b>3,453,564</b>	<b>13,065</b>	<b>3,466,629</b>	<b>5,216,638</b>
<b>Auxiliary Enterprises</b>						
Bookstore	-	-	-	135,299	135,299	
Other auxiliary	-	-	-	126,124	126,124	316,155
<b>Total net auxiliary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,423</b>	<b>261,423</b>	<b>316,155</b>
<b>Total operating revenues</b>	<b>\$ 4,153,195</b>	<b>\$ 3,313,746</b>	<b>\$ 7,466,941</b>	<b>\$ 442,187</b>	<b>\$ 7,909,128</b>	<b>\$ 8,838,809</b>
					(Exhibit 2)	(Exhibit 2)

\*In accordance with Education Code 56.033, \$364,112 and \$349,699 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, 2014*  
*With Memorandum Totals for the Year Ended August 31, 2013*

**Schedule B**

	Operating Expenses			Total		
	Salaries and Wages	Benefits		2014	2013	
		State	Local			Other expenses
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 10,438,736	\$ -	\$ 2,811,505	\$ 649,992	\$ 13,900,233	\$ 13,929,920
Public service	546,939	-	134,571	93,645	775,155	828,475
Academic support	2,641,368	-	827,570	645,353	4,114,291	3,128,633
Student services	2,101,189	-	585,253	204,522	2,890,964	3,920,120
Institutional support	3,549,877	-	962,287	2,297,959	6,810,123	7,622,552
Operation and maintenance of plant	579,575	-	175,586	4,335,316	5,090,477	4,155,232
Scholarships and fellowships	-	-	-	-	-	-
<b>Total Unrestricted Educational Activities</b>	<b>19,857,684</b>	<b>-</b>	<b>5,496,772</b>	<b>8,226,787</b>	<b>33,581,243</b>	<b>33,584,932</b>
<b>Restricted - Educational Activities</b>						
Instruction	891,641	1,146,249	116,343	301,720	2,455,953	2,582,007
Public service	326,485	58,482	45,341	137,634	567,942	823,520
Academic support	163,043	370,740	26,136	39,025	598,944	536,057
Student services	369,206	255,415	80,408	251,900	956,929	1,172,679
Institutional support	-	406,359	-	9,265	415,624	424,923
Operation and maintenance of plant	-	57,416	-	-	57,416	-
Scholarships and fellowships	90,995	-	-	1,839,864	1,930,859	1,755,139
<b>Total Restricted Educational Activities</b>	<b>1,841,370</b>	<b>2,294,661</b>	<b>268,228</b>	<b>2,579,408</b>	<b>6,983,667</b>	<b>7,294,325</b>
<b>Total Educational Activities</b>	<b>21,699,054</b>	<b>2,294,661</b>	<b>5,765,000</b>	<b>10,806,195</b>	<b>40,564,910</b>	<b>40,879,257</b>
<b>Auxiliary Enterprises</b>	<b>100,317</b>	<b>-</b>	<b>28,349</b>	<b>280,585</b>	<b>409,251</b>	<b>386,759</b>
<b>Depreciation Expense:</b>						
Buildings and other real estate improvements	-	-	-	845,525	845,525	839,373
Equipment and furniture	-	-	-	452,008	452,008	411,858
Library books	-	-	-	48,846	48,846	47,349
<b>Total Depreciation Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,346,379</b>	<b>1,346,379</b>	<b>1,298,580</b>
<b>Total Operating Expenses</b>	<b>\$ 21,799,371</b>	<b>\$ 2,294,661</b>	<b>\$ 5,793,349</b>	<b>\$ 12,433,159</b>	<b>\$ 42,320,540</b>	<b>\$ 42,564,596</b>
				(Exhibit 2)	(Exhibit 2)	

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**  
*For the Year Ended August 31, 2014*  
*With Memorandum Totals for the Year Ended August 31, 2013*

**Schedule C**

	Unrestricted	Restricted	Total	Auxiliary enterprises	Total	
					2014	2013
<b>Non-operating revenues</b>						
State appropriations:						
Academic appropriation	\$ 6,103,539	\$ -	\$ 6,103,539	\$ -	\$ 6,103,539	\$ 3,835,970
Workforce appropriation	-	-	-	-	-	1,756,727
Hold harmless	-	-	-	-	-	231,148
State group insurance	-	1,817,164	1,817,164	-	1,817,164	1,289,441
State retirement matching	-	477,497	477,497	-	477,497	1,042,175
<b>Total state appropriations</b>	<u>6,103,539</u>	<u>2,294,661</u>	<u>8,398,200</u>	<u>-</u>	<u>8,398,200</u>	<u>8,155,461</u>
Maintenance ad valorem taxes	20,303,526	-	20,303,526	-	20,303,526	21,031,347
Federal revenue, non-operating		4,574,034	4,574,034	-	4,574,034	4,807,907
Investment income	6,608	132	6,740	126	6,866	20,319
Foreign trade zone fees	817,414	-	817,414	-	817,414	717,198
Fees collected for renewals and replacements	-	867,915	867,915	-	867,915	855,090
Fees collected for debt retirement	-	300,900	300,900	-	300,900	301,293
<b>Total non-operating revenues</b>	<u>27,231,087</u>	<u>8,037,642</u>	<u>35,268,729</u>	<u>126</u>	<u>35,268,855</u>	<u>35,888,615</u>
<b>Non-operating expenses</b>						
Interest and fees on capital related debt	-	7,856	7,856	-	7,856	20,078
Fees transferred for renewals and replacements	867,915	-	867,915	-	867,915	855,090
Fees transferred for debt retirement	300,900	-	300,900	-	300,900	301,293
Other non-operating expenses			-		-	
<b>Total non-operating expenses</b>	<u>1,168,815</u>	<u>7,856</u>	<u>1,176,671</u>	<u>-</u>	<u>1,176,671</u>	<u>1,176,461</u>
<b>Net non-operating revenues (expenses)</b>	<u>\$ 26,062,272</u>	<u>\$ 8,029,786</u>	<u>\$ 34,092,058</u>	<u>\$ 126</u>	<u>\$ 34,092,184</u>	<u>\$ 34,712,154</u>
					(Exhibit 2)	(Exhibit 2)



**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**  
*For the Year Ended August 31, 2014*

**Schedule D**

	Detail by Source				Available for Current	
	Unrestricted	Restricted Expendable	Net Investment in Capital Assets	Total	Yes	No
<b>Current:</b>						
Unrestricted	\$ 8,396,819	\$ -	\$ -	\$ 8,396,819	\$ 8,396,819	\$ -
Grants and donor restrictions	-	2,028,220	-	2,028,220	2,028,220	-
Auxiliary enterprises	1,589,217	-	-	1,589,217	1,589,217	-
Loan funds	-	96,979	-	96,979	-	96,979
<b>Plant:</b>						
Renewals and replacements	-	2,762,667	-	2,762,667	-	2,762,667
Debt service	-	693,230	-	693,230	-	693,230
Investment in plant	-	-	11,887,586	11,887,586	-	11,887,586
<b>Total Net Position, end of year</b>	9,986,036	5,581,096	11,887,586	27,454,718 (Exhibit 1)	12,014,256	15,440,462
<b>Total Net Position, beginning of year</b>	11,307,628	4,407,339	12,058,979	27,773,946 (Exhibit 1)	13,018,889	14,755,047
<b>Net increase (decrease) in net position</b>	\$ (1,321,592)	\$ 1,173,757	\$ (171,393)	\$ (319,228) (Exhibit 2)	\$ (1,004,633)	\$ 685,415

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

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

We have audited, in accordance with the 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 business-type activities and discretely presented component unit of College of the Mainland (the "College"), which collectively comprise the College's basic financial statements as of and for the year ended August 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2014. However, we did not audit the College of the Mainland Foundation in accordance with *Government Auditing Standards*.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2014-001, that we consider to be a significant deficiency.

To the Board of Trustees  
College of the Mainland

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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*.

The College's response to the finding identified in our audit is disclosed in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Texas City, Texas  
December 12, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133*  
*AND STATE OF TEXAS SINGLE AUDIT CIRCULAR***

Independent Auditor's Report

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

**Report on Compliance for Each Major Federal and State Program**

We have audited College of the Mainland's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *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, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Those standards, *OMB Circular A-133*, and *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

To the Board of Trustees  
College of the Mainland

### ***Opinion on Each Major Federal Program***

In our opinion, the College complied, in all material respects, with the types of 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 ended August 31, 2014.

### **Report on Internal Control over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



Texas City, Texas  
December 12, 2014



**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2014*

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes, #2014-001
Noncompliance material to financial statements noted?	No

**Federal Awards**

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
---	---------------------

**US Department of Education**

**Student Financial Assistance Programs Cluster:**

Supplemental Education Opportunity Grant	84.007
Federal College Work-Study Program	84.033
Federal Pell Grant	84.063
Federal Direct Loan Program	84.268

**TRIO Cluster:**

TRIO - Student Support Services	84.042A
TRIO - Upward Bound	84.047A

**Name of State Program**

<b>Nursing Shortage Under 70</b>	N/A
<b>Toward Excellence, Access &amp; Success (Texas) Grant</b>	N/A
<b>Accelerate TX Initiative - Adult Basic Education Innovative Grant (ABEIG)</b>	N/A

Dollar Threshold Considered Between Type A and B:

Federal	\$300,000
State	\$300,000

Auditee qualified as low risk auditee?

Federal	Yes
State	No

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended August 31, 2014**

**II. Financial Statement Findings**

**Significant Deficiency**

**Finding 2014-001 General Ledger Reconciliations and Year-end Close Procedures**

Criteria: Internal controls should be in place to assure that balances reported in the College's financial statements reflect the correct amounts. In addition, the financial close and reporting process should be well designed and implemented with written policies and procedures.

**Condition:** The College had not reconciled its operating bank account for fiscal year 2014 until after August 31, 2014. In addition, several audit adjusting entries were necessary to reflect actual amounts at fiscal year-end for payroll liabilities, on-behalf reconciliations, accounts payable and various other accounts.

**Effect:** If not detected, the financial statements could be materially misstated.

**Cause:** The College had significant turnover in its finance department. The Controller position was vacant for approximately eight months and the Vice President of Finance and Administration position became vacant in September 2014.

**Recommendation:** Management should develop and implement closing procedures and controls that minimize the risk of material misstatement in the financial statements. Someone other than the person responsible for preparing the year-end reconciliations should then be reviewed and approved as well as any necessary adjusting entries to the general ledger. Additionally, monthly bank reconciliations and periodic general ledger reconciliations should be performed.

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

There were no items reported.

**IV. Status of Prior-Year Findings**

There were no prior year findings.

**V. Corrective Action Plan**

**Corrective Action Plan:** Recommendations for the candidates for the Vice President of Fiscal Affairs and Controller will be presented to the Board of Trustees. In addition, it is the College's priority to develop and implement year-end close procedures to ensure material balances and activities are reconciled on a timely basis.

**Responsible Party:** Vice President of Fiscal Affairs

**Date of Implementation:** By August 31, 2015

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2014*

*Schedule E*  
*(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 Department of Agriculture</i>			
<i>USDA Food Program</i>	10.558	02108	\$ 13,065
<b>Total Department of Agriculture</b>			<u>13,065</u>
<b>U.S. Department of Labor</b>			
<b>Pass-Through From:</b>			
<i>Texas Workforce Commission</i>			
<i>Electric Apprenticeship</i>	17.278	2814ATP000	17,122
<b>Total Department of Labor</b>			<u>17,122</u>
<b>U.S. Institute of Museum and Library Services</b>			
<b>Pass-Through From:</b>			
<i>Texas State Library and Archives Commission</i>			
<i>Texas State Library Impact Grant</i>	45.310	LS-00-13-0044-13	10,000
			<u>10,000</u>
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
Student Financial Aid Cluster:			
<i>Supplemental Educational Opportunity Grant</i>	84.007	P007A133984	76,850
<i>Federal College Work Study Program</i>	84.033	P033A133984	90,995
<i>Federal Pell Grant</i>	84.063	P063P113888	4,406,189
<i>Direct Loans</i>	84.268	P268K132888	1,363,832
TRIO Cluster:			
<i>TRIO - Student Support Services</i>	84.042A	P042A100067-13	236,649
<i>TRIO - Student Support Services - Upward Bound</i>	84.047A	P047A120113-13	248,009
<i>Fund for the Improvement of Postsecondary Education</i>	84.116N	P116N10012-13	23,552
<b>Pass-Through From:</b>			
Texas Workforce Commission:			
<i>Adult Education and Family Literacy</i>	84.002	2814ABE003	521,820
<i>Adult Education English Literacy &amp; Civics Ed.</i>	84.002	2814ELC005	112,262
<i>Adult Education Professional Development</i>	84.002	2814ABE003	10,848
<i>Adult Education Corrections Institute</i>	84.002	2814ABE003	7,900
Texas Higher Education Coordinating Board:			
<i>Carl Perkins Vocational Education</i>	84.048	11554	115,262
<i>Statewided Data Systems</i>	84.372	R372A0900010	2,000
<b>Total Department of Education</b>			<u>7,216,168</u>

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2014*

*Schedule E*  
*(2 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 Health and Human Services</b>			
<b>Pass-Through From:</b>			
Texas Workforce Commission:			
<i>Adult Education Temporary Assistance</i>			
<i>for Needy Families</i>	93.558	2814ABE003	\$ 44,754
<b>Total Department of Health and Human Services</b>			<u>44,754</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 7,301,109</u>

\* Clustered programs under OMB Circular A-133.

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

**Note 1 - Federal Assistance Reconciliation**

Note 1: Federal Assistance Reconciliation	
Federal Grants and Contracts revenue - Per Schedule A	\$ 1,363,243
Add: Non Operating Federal Revenue From Schedule C	<u>4,574,034</u>
Total Federal Revenues per Statement of Revenues, Expenses and Changes and Net Assets	5,937,277
Reconciling Item:	
Add: Direct Students Loans	<u>1,363,832</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 7,301,109</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, 2014**

**Schedule F**

<b>Grantor Agency / Program Title</b>	<b>Grantor / Project Number</b>	<b>Expenditures</b>
<b>Texas Higher Education Coordinating Board</b>		
<i>Toward Excellence, Access &amp; Success (Texas) Grant</i>	N/A	\$ 126,728
<i>Texas Education Opportunity Grant</i>	N/A	37,981
<i>Nursing Shortage Reduction Program</i>	N/A	27,680
<i>Nursing Shortage Over 70</i>	N/A	26,660
<i>Nursing Shortage Under 70</i>	N/A	138,311
<i>Nursing Innovation Grant</i>	N/A	500
<i>Accelerate TX Initiative - Adult Basic Education Innovative Grant (ABEIG)</i>	10787	123,787
<b>Total Texas Higher Education Coordinating Board</b>		<u>481,647</u>
<b>Texas Workforce Commission</b>		
<i>Electric Apprenticeship</i>	2814ATP000	24,638
<i>Marathon Consortium</i>	2812SDF007	52,944
<i>Brazosport College</i>	2813SDF000	5,397
<i>Adult Education</i>	2814ABE003	123,354
<b>Total Texas Workforce Commission</b>		<u>206,333</u>
<b>Total Expenditures of State Awards</b>		<u>\$ 687,980</u>

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

**Note 1 -State Assistance Reconciliation**

State Revenues - Per Schedule A	\$ 687,980
Add State Revenues not reported on Schedule A	<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards	<u><u>\$ 687,980</u></u>

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**STATISTICAL SUPPLEMENT**

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 1*

*Net Position by Component*

*Fiscal years 2005 to 2014*

*(unaudited)*

	For the Fiscal Year Ended August 31,										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Net investment in capital assets	\$ 11,887,586	\$ 12,058,979	\$ 13,900,509	\$ 12,324,190	\$ 11,219,258	\$ 10,741,222	\$ 10,998,155	\$ 7,821,726	\$ 8,444,473	\$ 7,289,156	
Restricted - expendable	5,581,096	4,407,339	1,983,137	1,573,013	1,164,927	1,091,418	1,026,983	1,092,266	1,546,439	2,237,329	
Unrestricted	9,986,036	11,307,628	21,328,273	11,061,084	12,295,028	16,263,854	14,986,601	15,519,328	11,480,214	10,328,816	
<b>Total primary government net position</b>	<b>\$ 27,454,718</b>	<b>\$ 27,773,946</b>	<b>\$ 37,211,919</b>	<b>\$ 24,958,287</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>	

**COLLEGE OF THE MAINLAND**  
**Statistical Supplement 2**  
**Revenues by Source**  
**Fiscal years 2005 to 2014**  
**(unaudited)**

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and fees (net of discounts)	\$ 4,013	\$ 3,139	\$ 3,701	\$ 3,422	\$ 3,813	\$ 3,822	\$ 4,318	\$ 3,691	\$ 4,443	\$ 4,362
Governmental grants and contracts:										
Federal grants and contracts	1,363	1,689	1,743	1,796	2,484	2,840	3,465	3,556	2,966	2,960
State grants and contracts	688	651	556	556	562	304	326	292	349	308
Private grants and contracts	1,256	2,577	1,481	2,289	1,966	1,878	1,527	1,144	774	179
Local grants and contracts	-	16	10	-	1	5	-	5	-	-
Sales and services of education activities	20	20	24	25	137	129	123	173	149	156
Auxiliary enterprises	429	483	472	1,396	1,865	1,830	1,718	1,619	2,105	1,509
Other operating revenues	140	263	188	238	89	226	19	59	142	189
<b>Total operating revenues</b>	<b>7,909</b>	<b>8,839</b>	<b>8,175</b>	<b>9,722</b>	<b>10,917</b>	<b>11,034</b>	<b>11,496</b>	<b>10,539</b>	<b>10,928</b>	<b>9,663</b>
State appropriations	8,398	8,155	8,293	9,568	9,728	9,838	9,575	9,384	9,231	8,445
Ad valorem taxes	20,304	21,031	20,772	20,556	18,898	21,367	20,887	19,799	17,978	16,623
Federal revenue, non-operating	4,574	4,808	5,233	5,061	5,885	3,523	3,250	3,052	4,652	4,429
Foreign trade zone fees	817	717	793	736	376	804	534	634	365	247
Investment income	7	20	21	26	36	151	484	678	537	295
Other non-operating revenues	-	-	-	114	2	-	-	43	-	-
<b>Total non-operating revenues</b>	<b>34,100</b>	<b>34,732</b>	<b>35,112</b>	<b>36,061</b>	<b>34,925</b>	<b>35,683</b>	<b>34,730</b>	<b>33,590</b>	<b>32,763</b>	<b>30,039</b>
<b>Total revenues</b>	<b>\$ 42,009</b>	<b>\$ 43,571</b>	<b>\$ 43,287</b>	<b>\$ 45,783</b>	<b>\$ 45,842</b>	<b>\$ 46,717</b>	<b>\$ 46,226</b>	<b>\$ 44,129</b>	<b>\$ 43,691</b>	<b>\$ 39,702</b>
Tuition and fees (net of discounts)	9.55%	7.20%	8.55%	7.47%	8.32%	8.18%	9.34%	8.36%	10.17%	10.99%
Governmental grants and contracts:										
Federal grants and contracts	3.25%	3.88%	4.03%	3.92%	5.42%	6.08%	7.50%	8.06%	6.79%	7.46%
State grants and contracts	1.64%	1.50%	1.28%	1.21%	1.23%	0.65%	0.71%	0.66%	0.80%	0.78%
Private grants and contracts	2.99%	5.92%	3.42%	5.00%	4.29%	4.02%	3.30%	2.59%	1.77%	0.45%
Local grants and contracts	0.00%	0.04%	0.02%	0.00%	0.00%	0.01%	0.00%	0.01%	0.00%	0.00%
Sales and services of education activities	0.05%	0.05%	0.06%	0.05%	0.30%	0.28%	0.27%	0.39%	0.34%	0.39%
Auxiliary enterprises	1.02%	1.11%	1.09%	3.05%	4.07%	3.92%	3.72%	3.67%	4.82%	3.80%
Other operating revenues	0.33%	0.60%	0.43%	0.52%	0.19%	0.48%	0.04%	0.13%	0.33%	0.48%
<b>Total operating revenues</b>	<b>18.83%</b>	<b>20.29%</b>	<b>18.89%</b>	<b>21.23%</b>	<b>23.81%</b>	<b>23.62%</b>	<b>24.87%</b>	<b>23.88%</b>	<b>25.01%</b>	<b>24.34%</b>
State appropriations	19.99%	18.72%	19.16%	20.90%	21.22%	21.06%	20.71%	21.26%	21.13%	21.27%
Ad valorem taxes	48.33%	48.27%	47.99%	44.90%	41.22%	45.74%	45.18%	44.87%	41.15%	41.87%
Federal revenue, non-operating	10.89%	11.03%	12.09%	11.05%	12.84%	7.54%	7.03%	6.92%	10.65%	11.16%
Foreign trade zone fees	1.95%	1.65%	1.83%	1.61%	0.82%	1.72%	1.16%	1.44%	0.84%	0.62%
Investment income	0.02%	0.05%	0.05%	0.06%	0.08%	0.32%	1.05%	1.54%	1.23%	0.74%
Other non-operating revenues	0.00%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%
<b>Total non-operating revenues</b>	<b>81.17%</b>	<b>79.71%</b>	<b>81.11%</b>	<b>78.77%</b>	<b>76.19%</b>	<b>76.38%</b>	<b>75.13%</b>	<b>76.12%</b>	<b>74.99%</b>	<b>75.66%</b>
<b>Total revenues</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>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 3*

*Program Expenses by Function*

*Fiscal years 2005 to 2014*

*(unaudited)*

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	\$ 16,356	\$ 16,512	\$ 15,945	\$ 16,469	\$ 15,954	\$ 14,893	\$ 14,341	\$ 13,095	\$ 12,318	\$ 10,877
Public service	1,343	1,652	2,093	3,434	3,932	3,589	3,791	3,979	3,812	2,930
Academic support	4,713	3,665	3,188	3,651	4,297	4,319	3,982	4,290	4,254	4,195
Student services	3,848	5,093	4,589	4,616	4,603	4,543	4,339	4,229	4,168	4,038
Institutional support	7,226	8,047	7,410	7,807	7,866	7,224	7,421	6,469	5,980	5,429
Operation and maintenance of plant	5,148	4,155	4,261	4,210	4,751	4,933	3,716	3,371	3,421	3,632
Scholarships and fellowships	1,931	1,755	2,155	2,921	1,979	2,618	2,717	2,085	2,390	2,151
Auxiliary enterprises	409	387	295	1,791	1,933	1,846	1,667	1,989	2,063	1,957
Depreciation	1,346	1,299	1,508	1,501	1,493	1,548	1,562	1,470	1,352	969
<b>Total operating expenses</b>	<b>42,320</b>	<b>42,565</b>	<b>41,444</b>	<b>46,400</b>	<b>46,808</b>	<b>45,513</b>	<b>43,536</b>	<b>40,977</b>	<b>39,758</b>	<b>36,178</b>
Interest on capital related debt	8	20	10	51	59	74	110	116	149	185
Other non-operating expenses	-	-	-	-	-	45	-	68	130	180
<b>Total non-operating expenses</b>	<b>8</b>	<b>20</b>	<b>10</b>	<b>51</b>	<b>59</b>	<b>119</b>	<b>110</b>	<b>184</b>	<b>279</b>	<b>365</b>
<b>Total expenses</b>	<b>\$ 42,328</b>	<b>\$ 42,585</b>	<b>\$ 41,454</b>	<b>\$ 46,451</b>	<b>\$ 46,867</b>	<b>\$ 45,632</b>	<b>\$ 43,646</b>	<b>\$ 41,161</b>	<b>\$ 40,037</b>	<b>\$ 36,543</b>
Instruction	38.64%	38.77%	38.46%	35.45%	34.04%	32.64%	32.86%	31.81%	30.77%	29.76%
Public service	3.17%	3.88%	5.05%	7.39%	8.39%	7.87%	8.69%	9.67%	9.52%	8.02%
Academic support	11.13%	8.61%	7.69%	7.86%	9.17%	9.46%	9.12%	10.42%	10.63%	11.48%
Student services	9.09%	11.96%	11.07%	9.94%	9.82%	9.96%	9.94%	10.27%	10.41%	11.05%
Institutional support	17.07%	18.90%	17.88%	16.81%	16.78%	15.83%	17.00%	15.72%	14.94%	14.86%
Operation and maintenance of plant	12.16%	9.76%	10.28%	9.06%	10.14%	10.81%	8.51%	8.19%	8.54%	9.94%
Scholarships and fellowships	4.56%	4.12%	5.20%	6.29%	4.22%	5.74%	6.23%	5.07%	5.97%	5.89%
Auxiliary enterprises	0.97%	0.91%	0.71%	3.86%	4.12%	4.05%	3.82%	4.83%	5.15%	5.36%
Depreciation	3.18%	3.05%	3.64%	3.23%	3.19%	3.39%	3.58%	3.57%	3.38%	2.65%
<b>Total operating expenses</b>	<b>99.98%</b>	<b>99.95%</b>	<b>99.98%</b>	<b>99.89%</b>	<b>99.87%</b>	<b>99.74%</b>	<b>99.75%</b>	<b>99.55%</b>	<b>99.30%</b>	<b>99.00%</b>
Interest on capital related debt	0.02%	0.05%	0.02%	0.11%	0.13%	0.16%	0.25%	0.28%	0.37%	0.51%
Other non-operating expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.17%	0.32%	0.49%
<b>Total non-operating expenses</b>	<b>0.02%</b>	<b>0.05%</b>	<b>0.02%</b>	<b>0.11%</b>	<b>0.13%</b>	<b>0.26%</b>	<b>0.25%</b>	<b>0.45%</b>	<b>0.70%</b>	<b>1.00%</b>
<b>Total expenses</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>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

Academic Year (Fall)	Registration Fee (per student)	Fees per Semester Credit Hour (SCH)										Increase from Prior Year
		Resident					Non-Resident					
		In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District	
2014	45	45	85	30	24.00/SCH	90.00	18.00	747.00	1,227.00	0%	0%	0%
2013	45	45	85	30	24.00/SCH	90.00	18.00	747.00	1,227.00	8.73%	10.84%	8.73%
2012	45	40	75	30	24.00/SCH	90.00	18.00	687.00	1,107.00	36.44%	28.20%	36.44%
2011	30	35	65	-	1.50/SCH	1.50/SCH	1.50/SCH	503.50	863.50	5.01%	0.00%	5.01%
2010	30	33	65	-	1.50/SCH	1.50/SCH	1.50/SCH	479.50	863.50	0.00%	0.00%	0.00%
2009	30	33	65	-	1.50/SCH	1.50/SCH	1.50/SCH	479.50	863.50	5.27%	0.00%	5.27%
2008	30	31	65	-	1.50/SCH	1.50/SCH	1.50/SCH	455.50	863.50	0.00%	0.00%	0.00%
2007	30	31	65	-	1.50/SCH	1.50/SCH	1.50/SCH	455.50	863.50	5.56%	4.35%	5.56%
2006	30	29	62	-	1.50/SCH	1.50/SCH	1.50/SCH	431.50	827.50	9.10%	4.55%	9.10%
2005	30	26	59	-	1.50/SCH	1.50/SCH	1.50/SCH	395.50	791.50	6.46%	4.77%	6.46%

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

Academic Year (Fall)	Registration Fee (per student)	Fees per Semester Credit Hour (SCH)										Increase from Prior Year
		Resident					Non-Resident					
		In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District	
2014	45	115	115	30.00	24 SCH	90.00	18.00	1,587.00	1,587.00	0.00%	0.00%	0.00%
2013	45	115	115	30.00	24 SCH	90.00	18.00	1,587.00	1,587.00	0.00%	0.00%	0.00%
2012	45	115	115	30.00	24 SCH	90.00	18.00	1,587.00	1,587.00	8.44%	8.44%	8.44%
2011	30	115	115	-	1.50/SCH	1.50/SCH	1.50/SCH	1,463.50	1,463.50	8.01%	8.01%	8.01%
2010	30	106	106	-	1.50/SCH	1.50/SCH	1.50/SCH	1,355.00	1,355.00	0.00%	0.00%	0.00%
2009	30	106	106	-	1.50/SCH	1.50/SCH	1.50/SCH	1,355.00	1,355.00	8.62%	8.62%	8.62%
2008	30	97	97	-	1.50/SCH	1.50/SCH	1.50/SCH	1,247.50	1,247.50	0.00%	0.00%	0.00%
2007	30	97	97	-	1.50/SCH	1.50/SCH	1.50/SCH	1,247.50	1,247.50	2.97%	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%	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%	5.50%

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.  
Source: College of the Mainland catalog

College of the Mainland  
Statistical Supplement 5  
Assessed Value and Taxable Assessed Value of Property  
Last Ten Academic Years  
(unaudited)

Tax Year	(amounts expressed in thousands)					Direct Rate		
	Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance and Operations	Debt Service	Total
2013	2013-14	\$ 11,437,837	\$ 2,148,308	\$ 9,289,529	81.22%	0.221210	-	0.221210
2012	2012-13	11,659,067	2,330,876	9,328,192	80.01%	0.225970	-	0.225970
2011	2011-12	11,320,096	2,320,747	8,999,350	79.50%	0.232020	-	0.232020
2010	2010-11	11,065,665	2,238,912	8,826,753	79.77%	0.233890	-	0.233890
2009	2009-10	11,158,147	2,008,350	9,149,797	82.00%	0.221640	-	0.221640
2008	2008-09	12,041,578	2,015,335	10,026,243	83.26%	0.221640	-	0.221640
2007	2007-08	10,773,628	1,645,943	9,127,685	84.72%	0.227380	-	0.227380
2006	2006-07	10,585,712	1,602,227	8,983,485	84.86%	0.233450	-	0.233450
2005	2005-06	8,448,755	1,057,033	7,391,722	87.49%	0.243020	-	0.243020
2004	2004-05	7,697,695	995,858	6,701,837	87.06%	0.245250	-	0.245250

Source: Local Appraisal District - Supplement 9 Tax Year 2013 and FY 2013-2014

Note: Property is assessed at full market value

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
2013-14	6,103,539	9,576	-	1,211,536	569,940	1,781,476	0
2012-13	5,613,845	9,692	579	1,128,392	403,328	1,531,720	4
2011-12	6,028,791	10,020	602	1,221,680	418,000	1,639,680	4
2010-11	5,880,281	10,508	560	1,376,216	584,184	1,960,400	3
2009-10	6,051,336	10,061	601	1,311,504	561,432	1,872,936	3
2008-09	6,357,064	8,855	718	1,146,192	446,488	1,592,680	4
2007-08	6,357,062	8,437	753	1,112,824	436,856	1,549,680	4
2006-07	6,357,061	8,336	763	1,159,936	425,314	1,585,250	4
2005-06	6,358,376	8,984	708	1,260,144	409,421	1,669,565	4
2004-05	6,141,547	9,834	625	1,346,056	436,354	1,782,410	3
2003-04	6,168,089	9,630	641	1,314,528	365,241	1,679,769	4
2002-03	6,001,707	9,006	666	1,225,048	410,659	1,635,707	4
2001-02	6,424,027	8,260	778	1,105,774	370,202	1,475,976	4
2000-01	6,461,360	7,498	862	1,003,496	441,104	1,444,600	4

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

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

Taxpayer		Taxable Assessed Value (TAV)									
Type of Business		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Amoco Oil Company	Refinery										
Amoco Texas Refinery Co.	Refinery			37,891,343			57,266,220	47,261,230	48,050,820	62,944,950	60,217,690
B.A.S.F. Corp	Refinery	1,331,771,287	1,277,843,590								
Biancharad Refining Co., LLC	Refinery				38,500,000	54,600,000	48,930,000				
BP Alternative Energy	Energy	185,987,276	183,917,670	329,000,000	156,054,350	113,991,500	156,628,230		157,694,070	115,789,500	116,689,750
BP Amoco Chemical Co.	Chemical Plant			1,501,444,400	1,433,406,920	1,384,162,860	1,614,861,020	1,789,363,580	1,395,742,784	1,285,559,550	1,096,830,450
BP Products (NA) Inc.	Refinery				26,901,270	26,270,440	26,371,930	26,631,200	26,779,280	26,779,280	55,339,310
Calpine Central LP	Co-generation Plant	26,714,648	27,254,100								
Calumet Specialty Product Part		27,342,755		40,098,300	39,627,030	40,272,490	39,659,930	41,190,490	41,279,030	44,611,060	47,320,960
Centerpoint Energy Inc.	Energy	43,167,343	44,711,330		26,340,670						
CHCA Clear Lake LP	Healthcare										
Dow Chemical Company	Chemical Plant			51,430,590							
Eastman Chemical Texas City, Inc.	Chemical Plant	61,562,728	65,553,370								
Expro Engineering	Engineering	82,564,680	82,475,804								
Galveston Outlets, LLC											
Gruy Petroleum Mgmt Co.	Refinery			27,859,080	26,532,460	27,146,780	27,146,780	29,161,260	27,272,500	30,629,490	20,085,470
GTE Southwest Inc.	Telephone		25,771,040			45,454,710		51,855,660			30,632,550
Houston Refining LP	Refinery								21,798,455		
Hunt Hassie Exploration Co.	Oil & Gas Exploration								71,733,490		
Ineos Styrenics	Chemical Plant				38,650,860	38,540,080	37,823,880	72,640,210		57,185,690	88,783,390
Innovene LLC	Chemical Plant										
ISP Technologies Inc.	Chemical Plant	74,552,435	84,530,130	82,137,740	66,949,790	65,271,480	68,325,860	73,742,970	77,920,620	75,442,710	51,047,810
Komatsu America Corp	Manufacturer of Industrial Equipment	109,980,550	75,405,834	38,431,839							
League City Towne Center, LTD	Development						21,237,070				
Lyondell-Citgo Refining LP	Refinery				178,597,431	129,179,300	165,896,498	165,910,648	23,000,000	25,089,670	35,118,110
Mainland Partner LLC	Healthcare								153,029,740	114,061,464	124,282,559
Marathon Petroleum Company, LP	Refinery	350,183,083	231,446,550	225,230,680							
MHCB (USA) Leasing and Finance	Finance Company										
Monsanto	Chemical Plant							88,038,180	64,897,530	38,633,980	
National Onshore LP	Oil & Gas Exploration										
Oil Tanking Houston, LP	Petroleum Storage	25,752,866	27,772,080	29,243,950	27,189,670	27,596,530	25,562,500	31,324,020			
Praxair Hydrogen Supply Inc.	Gas Production	34,810,632	29,505,201	30,191,231	31,210,110	31,571,250	33,037,150	33,767,220	34,479,770	35,519,120	35,156,650
Praxair Inc.	Gas Production	155,075,134	153,126,735	159,135,043	160,286,940	163,725,260	171,709,470	197,696,500	169,437,210	132,785,620	104,274,000
Reliant Energy	Energy										
Seaway Pipeline Co.	Pipeline	27,354,899									
South Houston Green Power LP	Energy	232,067,861	94,699,310	178,245,350	176,233,690	141,357,090	130,000,000	360,516,630	289,147,190	281,684,910	111,081,430
Southwestern Bell Telephone Co	Telephone										
Sterling Chemicals Inc.	Chemical Plant				44,968,620	49,579,680	55,408,640		130,365,530	155,096,891	177,361,440
Styrolutan America LLC	Chemical Plant	46,068,118	60,035,448	47,616,403							
Texas City Cogeneration LP	Co-generation Plant										
Texas City Terminal Railway Co.	Railway										
Texas Genco II LP	Natural Gas	62,982,758	52,816,310	50,499,830	47,042,490	46,138,610	42,801,710	42,780,450	49,071,220	50,093,290	44,629,450
Texas New Mexico Power Co.	Energy										
Transtexas Gas Corporation	Natural Gas										
Union Carbide Corp.	Chemical Plant	208,584,415	247,110,195	249,931,495	219,396,035	222,133,860	258,253,361	351,643,166	333,732,211	324,324,430	275,301,650
Valero Marketing & Supply Co.	Petroleum Sales	80,130,433	88,644,560	103,130,850	52,137,380	137,871,480		49,945,010			
Valero Refining - Texas LP	Refinery	624,770,014	589,502,230	580,719,090	563,156,260	547,375,970	737,214,130	789,303,970	776,776,680	668,505,350	452,393,770
		3,791,423,915	3,471,352,737	3,955,815,084	3,382,553,956	3,321,186,949	3,744,579,429	4,450,744,765	3,918,331,516	3,572,307,931	2,973,996,319
<b>Total</b>	<b>Total Assessed Taxable Value</b>	<b>9,587,628,660</b>	<b>9,026,362,153</b>	<b>9,341,179,053</b>	<b>9,008,364,038</b>	<b>8,851,052,354</b>	<b>9,162,563,286</b>	<b>9,696,961,580</b>	<b>8,983,485,664</b>	<b>8,493,632,826</b>	<b>7,391,722,614</b>



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

Taxpayer	Type of Business	2014	2012	2011	2010	2009	2008	2007	2006	2005
Amoco Oil Company	Refinery									
Amoco Texas Refinery Co.	Refinery									
B.A.S.F. Corp	Refinery									
Blanchard Refining Co., LLC	Refinery	13.89%	0.41%				0.49%	0.53%	0.74%	0.81%
BP Alternative Energy	Energy		3.52%	0.43%	0.62%					
BP Amoco Chemical Co.	Chemical Plant	1.94%	1.76%	1.73%	1.29%			1.76%	1.36%	1.58%
BP Products (NA) Inc.	Refinery		16.07%	15.91%	15.64%		18.45%	15.54%	15.14%	14.84%
Calpine Central LP	Co-generation Plant	0.28%	0.30%	0.30%	0.30%		0.27%	0.30%	0.32%	0.75%
Calumet Specialty Product Part										
Centerpoint Energy Inc.	Energy	0.29%	0.43%	0.44%	0.46%		0.42%	0.46%	0.53%	0.64%
CHCA Clear Lake LP	Healthcare	0.45%								
Dow Chemical Company	Chemical Plant									
Expro Engineering	Engineering	0.64%								
Galveston Outlets, LLC	Retail									
Gruy Petroleum Mgmt Co.	Refinery	0.86%								
GTE Southwest Inc.	Telephone									
Houston Refining LP	Refinery		0.30%	0.29%	0.31%		0.30%	0.30%	0.36%	0.27%
Hunt Hassie Exploration Co.	Oil & Gas Exploration	0.29%			0.51%		0.53%			0.41%
Ineos Styrenics	Chemical Plant			0.43%	0.44%		0.75%	0.80%	0.67%	
Innovene LLC	Chemical Plant							0.24%		
ISP Technologies Inc.	Chemical Plant	0.94%	0.88%	0.74%	0.74%		0.75%	0.87%	0.89%	1.20%
Komatsu America Copp.	Manufacturing - Industrial									0.69%
League City Towne Center, LTD	Equipment	0.78%								
Lyondell-Citgo Refining LP	Development	1.15%	0.84%					0.23%		
Mainland Partner LLP	Refinery									
Marathon Ashland Petroleum LLC	Healthcare									
MHCB (USA) Leasing and Finance	Refinery		2.56%	1.98%	1.46%		1.71%	1.70%	1.34%	1.68%
Monsanto	Finance Company	3.65%	2.41%	1.98%	1.46%		1.59%	1.59%		
National Onshore LP	Chemical Plant						0.91%	0.72%	0.45%	
Oil Tanking	Oil & Gas Exploration									
Praxair Hydrogen Supply Inc.	Petroleum Storage	0.27%	0.31%	0.30%	0.31%		0.28%	0.26%	0.30%	0.48%
Praxair Inc.	Gas Production	0.36%	0.33%	0.35%	0.36%		0.36%	0.38%	0.42%	0.28%
Reliant Energy	Gas Production	1.62%	1.70%	1.78%	1.85%		1.87%	1.89%	1.56%	1.41%
Seaway Pipeline Co.	Energy									
South Houston Green Power LP	Pipeline	0.29%	1.05%	1.96%	1.60%		3.72%	3.22%	3.32%	1.50%
Southwestern Bell Telephone Co	Energy	2.42%								
Sterling Chemicals Inc.	Telephone									
Texas City Cogeneration LP	Chemical Plant									
Texas City Cogeneration LP	Co-generation Plant									
Texas City Terminal Railway Co.	Railway	0.48%	0.32%	0.33%	0.33%		0.29%	0.29%	0.31%	0.36%
Texas Genco II LP	Natural Gas									
Texas New Mexico Power Co.	Energy		0.59%	0.52%	0.52%		0.44%	0.55%	0.59%	0.60%
Transstexas Gas Corporation	Natural Gas									
Union Carbide Corp.	Chemical Plant	0.66%	2.74%	2.44%	2.51%		2.82%	3.71%	3.82%	3.72%
Valero Refining - Texas LP	Refinery		0.98%	0.58%	0.58%		0.52%	0.52%	7.87%	6.12%
Valero Marketing & Supply Co.	Refinery	2.18%	6.53%	6.25%	6.18%		8.05%	8.65%	8.14%	8.65%
	Petroleum Sales									
	Totals	32%	36.15%	37.26%	37.52%	40.87%	45.90%	43.62%	42.06%	40.23%

College of the Mainland  
Statistical Supplement 8  
Property Tax Levies and Collections  
Last Ten Tax Years  
(unaudited)

Tax Year	Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Levy (b)	Collections Year of Levy (c)	Percentage	PY Collections of Prior Levies (d)	CY Collections of Prior Levies (e)	Total Collections (c+d+e)	Cummulative Collections of Adjusted Levy
2013	2014	\$ 19,855,274	\$ 589,962	\$ 20,445,236	\$ 20,098,065	98.3%	\$ -	\$ -	\$ 20,098,065	98.3%
2012	2013	20,349,987	600,937	20,950,924	20,576,808	98.2%	-	176,618	20,958,952	99.1%
2011	2012	20,107,464	636,141	20,743,605	20,313,790	97.9%	-	208,907	20,728,223	99.3%
2010	2011	20,293,145	230,338	20,523,483	20,073,267	97.8%	205,526	84,315	20,356,953	99.2%
2009	2010	20,315,886	182,778	20,498,664	19,742,023	96.3%	74,779	41,430	19,865,357	96.9%
2008	2009	21,387,842	(539,553)	20,848,289	21,207,192	101.7%	39,019	25,042	21,277,687	102.1%
2007	2008	20,321,060	(347,764)	19,973,296	19,804,906	99.2%	29,065	15,069	19,849,975	99.4%
2006	2007	19,736,777	(369,977)	19,366,800	18,922,497	97.7%	20,027	9,678	18,946,575	97.8%
2005	2006	17,901,679	208	17,901,887	17,363,310	97.0%	9,009	6,369	17,378,434	97.1%
2004	2005	16,455,479	491	16,455,970	15,480,398	94.1%	5,446	4,327	15,490,417	94.1%

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

	For the Year Ended August 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<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	-	285,000	580,000	855,000	1,115,000	1,365,000	1,825,000	2,255,000	2,670,000	3,530,000
Notes	-	-	-	-	6,708	34,864	59,592	83,156	190,040	262,975
Capital lease obligations	-	-	-	-	-	-	18,903	36,012	53,402	10,593
Total Outstanding Debt	-	285,000	580,000	855,000	1,121,708	1,399,864	1,903,495	2,374,168	2,913,442	3,803,568

**General bonded debt ratios**

Per Capita	-	-	-	-	-	-	-	-	-	-
Per FTSE	-	-	-	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

**Total Outstanding Debt Ratios**

Per Capita	n/a	n/a	n/a	\$ 3.80	\$ 5.04	\$ 6.41	\$ 8.68	\$ 11.01	\$ 13.51	\$ 18.21
Per FTSE	-	29.44	57.88	81.37	111.49	158.09	225.61	284.81	324.29	386.78
As a percentage of Taxable Assessed Value	-	0.03	0.06	9.686%	12.259%	13.962%	20.854%	26.428%	39.415%	56.754%

n/a: not available

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

	Amounts Expressed in 000s									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Taxable Assessed Value	\$ 9,289,529	\$ 9,328,192	\$ 8,999,350	\$ 8,826,753	\$ 9,149,797	\$ 10,026,043	\$ 9,127,685	\$ 8,983,485	\$ 7,391,722	\$ 6,701,837
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	46,448	46,641	44,997	44,134	45,749	50,130	45,638	44,917	36,959	33,509
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	-	-	-	-	-	-	-	-	-	-
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  
Last Ten Fiscal Years  
(unaudited)

Revenue Bonds

Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)		
Fiscal Year Ended August 31	Tuition	Continuing Education Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio				
2014	\$ 120	\$ 330	\$ 2	\$ 452	\$ -	\$ -	\$ -	-				
2013	120	330	2	452	295	12	307	1.47				
2012	120	330	2	452	275	34	309	1.46				
2011	120	330	2	452	260	43	302	1.50				
2010	115	350	2	467	250	51	301	1.55				
2009	115	500	2	617	240	59	299	2.06				
2008	135	500	2	637	230	66	296	2.15				
2007	124	400	2	526	220	74	294	1.79				
2006	135	975	2	1,112	215	81	296	3.76				
2005	139	1,240	2	1,381	845	67	297	4.65				

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

Calendar Year	District Population	District Personal			District Unemployment	County Population	County Personal			County Unemployment
		Income (thousands of dollars)	District Personal Income Per Capita	Income Per Capita			Income (thousands of dollars)	Income Per Capita	Unemployment	
2013	233,154	n/a	n/a	6.8	306,782	n/a	n/a	6.8		
2012	228,368	10,375,395	45,433	7.7	300,484	13,651,835	45,433	7.7		
2011	224,768	9,764,914	43,444	9.3	295,747	12,848,571	43,444	9.3		
2010	222,455	9,507,870	42,741	9.2	292,704	12,510,355	42,741	9.2		
2009	218,445	9,176,947	42,010	8.2	287,428	12,074,930	42,010	8.2		
2008	219,369	9,227,682	42,065	5.8	288,643	12,141,687	42,065	5.8		
2007	215,665	9,227,682	38,553	4.6	283,770	11,333,994	39,941	4.6		
2006	212,178	8,613,835	36,284	5.0	279,182	10,365,561	37,128	5.0		
2005	208,853	7,154,557	33,146	5.7	274,806	9,413,891	34,256	5.7		
2004	205,018	6,636,964	32,055	6.9	269,760	8,732,847	32,373	6.9		

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\* and personal income from U.S. Bureau of Economic Analysis.

Unemployment from U.S. Bureau of Labor Statistics.

\*2013 population from U.S. Census Bureau

n/a: not available

College of the Mainland  
 Statistical Supplement 13  
 Principal Employers (Industry Sector)  
 Current Fiscal Year

Employer	Galveston County	
	Employment (2013)	Percent Change from Previous Year
Government	28,152	-1%
Accommodation and Food Services	14,398	8%
Retail Trade	13,254	7%
Health Care and Social Assistance	8,810	3%
Manufacturing	6,400	-4%
Construction	5,294	5%
Finance and Insurance	4,551	5%
Other Services (except Public Administration)	4,411	4%
Transportation and Warehousing	3,235	7%
Administrative and Support and Waste Management and Remediation Services	3,208	0%
Professional, Scientific, and Technical Services	3,179	0%
Arts, Entertainment, and Recreation	2,292	0.00
<i>Wholesale Trade</i>	2,001	6%
Real Estate and Rental and Leasing	1,625	-3%
Educational Services	836	13%
Mining, Quarrying, and Oil and Gas Extraction	693	-15%
Information	635	2%
Utilities	250	-4%
Management of Companies and Enterprises	143	-9%
Crop and Animal Production	87	4%
Unclassified Industry	48	85%

Source:EMS I <http://www.economicmodeling.com/>

College of the Mainland  
 Statistical Supplement 14  
 Faculty, Staff, and Administrators Statistics  
 Last Ten Years as of November 1

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Faculty (Count)</b>										
Full-Time	108	111	114	109	105	100	106	111	92	89
Part-Time	162	191	155	102	137	105	109	115	121	128
Total	270	302	269	211	242	205	215	226	213	217
<b>Faculty (Percent)</b>										
Full-Time	40%	37%	42%	52%	43%	49%	52%	49%	43%	41%
Part-Time	60%	63%	58%	48%	57%	51%	53%	51%	57%	59%
Total	100%	100%	100%	100%	100%	100%	105%	100%	100%	100%
<b>Staff and Administrators (Count)</b>										
Full-Time	220	217	228	241	255	271	265	248	240	215
Part-Time	7	19	26	19	25	21	20	23	28	227
Total	227	236	254	260	280	292	285	271	268	442
<b>Staff (Percent)</b>										
Full-Time	97%	92%	90%	93%	91%	93%	93%	92%	90%	49%
Part-Time	3%	8%	10%	7%	9%	7%	7%	8%	10%	51%
Total	100%	100%	100%	100%	100%	100%	98%	100%	100%	100%

Source: IPEDS



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

Student Classification

	Fall 2014*		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<30 hours	1,669	38.6%	2,608	53.5%	2,504	52.1%	1,516	29.7%	1,190	21.8%
30-72 hours	792	18.3%	941	19.3%	1,018	21.2%	869	17.0%	422	7.7%
> 72 hours	1,218	28.2%	430	8.8%	289	6.0%	1,590	31.1%	2,572	47.0%
Previously earned associate	184	4.3%	209	4.3%	199	4.1%	193	3.8%	168	3.1%
Previously earned baccalaureate or above	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
CE (Non-credit)	461	10.7%	689	14.1%	798	16.6%	940	18.4%	1,115	20.4%
<b>Total</b>	<b>4,324</b>	<b>100.0%</b>	<b>4,877</b>	<b>100.0%</b>	<b>4,808</b>	<b>100.0%</b>	<b>5,108</b>	<b>100.0%</b>	<b>5,467</b>	<b>100.0%</b>

Semester Hour Load (Credit Only)

	Fall 2014*		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	35	0.9%	12	0.3%	24	0.6%	15	0.4%	23	0.5%
3-5 semester hours	792	20.5%	840	20.1%	808	20.1%	826	19.8%	956	22.0%
6-8 semester hours	1,402	36.3%	1,474	35.2%	1,335	33.3%	1,362	32.7%	1,307	30.0%
9-11 semester hours	639	16.5%	741	17.7%	769	19.2%	763	18.3%	765	17.6%
12-14 semester hours	831	21.5%	945	22.6%	919	22.9%	1,020	24.5%	1,109	25.5%
15-17 semester hours	138	3.6%	148	3.5%	143	3.6%	167	4.0%	182	4.2%
18 and over	26	0.7%	28	0.7%	12	0.3%	15	0.4%	10	0.2%
<b>Total</b>	<b>3,863</b>	<b>100.0%</b>	<b>4,188</b>	<b>100.0%</b>	<b>4,010</b>	<b>100.0%</b>	<b>4,168</b>	<b>100.0%</b>	<b>4,352</b>	<b>100.0%</b>

Tuition Status (Credit Only)

	Fall 2014*		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	2,613	67.6%	2,929	69.9%	2,896	72.2%	3,024	72.6%	3,206	73.7%
Out-of-District	1,201	31.1%	1,152	27.5%	1,031	25.7%	1,073	25.7%	1,079	24.8%
Nonresident	49	1.3%	51	1.2%	42	1.0%	41	1.0%	41	0.9%
Exempt	0	0.0%	56	1.3%	41	1.0%	30	0.7%	26	0.6%
<b>Total</b>	<b>3,863</b>	<b>100.0%</b>	<b>4,188</b>	<b>100.0%</b>	<b>4,010</b>	<b>100.0%</b>	<b>4,168</b>	<b>100.0%</b>	<b>4,352</b>	<b>100.0%</b>

Source: CBM001 and CBM00A

\*Fall 2014 data are preliminary as the state reports have not yet been certified. Please note the non-credit data may be an under-estimate as students may still enroll in CE courses.

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

**CREDIT STUDENTS**

Ethnicity	Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,036	52.7%	2,209	52.7%	2,107	52.5%	2,318	51.9%
Black	621	16.1%	680	16.2%	615	15.3%	726	17.5%
Hispanic	1,036	26.8%	1,145	27.3%	1,045	26.1%	955	23.5%
Asian	116	3.0%	120	2.9%	141	3.5%	136	3.7%
Multi-racial	16	0.4%	19	0.5%	24	0.6%	28	0.4%
Other	38	1.0%	15	0.4%	78	1.9%	189	3.0%
<b>Total</b>	<b>3,863</b>	<b>100%</b>	<b>4,188</b>	<b>100%</b>	<b>4,010</b>	<b>100.0%</b>	<b>4,352</b>	<b>100.0%</b>
<b>Gender</b>								
Female	2,256	58.4%	2,447	58.4%	2,360	58.9%	2,512	60.3%
Male	1,607	41.6%	1,741	41.6%	1,650	41.1%	1,760	39.6%
<b>Total</b>	<b>3,863</b>	<b>100%</b>	<b>4,188</b>	<b>100.0%</b>	<b>4,010</b>	<b>100.0%</b>	<b>4,352</b>	<b>100.0%</b>

Source: CBM001

**NON-CREDIT STUDENTS**

Ethnicity	Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	198	43.0%	374	54.3%	383	48.0%	407	43.3%
Black	62	13.4%	86	12.5%	156	19.5%	180	19.1%
Hispanic	104	22.6%	146	21.2%	175	21.9%	180	19.1%
Asian	11	2.4%	15	2.2%	19	2.4%	21	2.2%
Multi-racial	0	0.0%	2	0.3%	3	0.4%	0	0.0%
Other	86	18.7%	66	9.6%	62	7.8%	152	16.2%
<b>Total</b>	<b>461</b>	<b>100%</b>	<b>689</b>	<b>100%</b>	<b>798</b>	<b>100.0%</b>	<b>940</b>	<b>100.0%</b>
<b>Gender</b>								
Female	266	57.7%	326	47.3%	364	45.6%	429	45.6%
Male	195	42.3%	363	52.7%	434	54.4%	511	54.4%
<b>Total</b>	<b>461</b>	<b>100%</b>	<b>689</b>	<b>100.0%</b>	<b>798</b>	<b>100.0%</b>	<b>940</b>	<b>100.0%</b>

Source: CBM001 and CBM00A

\* Fall 2014 numbers are preliminary and have not been certified.

College of the Mainland  
 Statistical Supplement 17  
 Transfers to Senior Institutions  
 2012-2013 Graduates, Completers, and Non-Returners as of Fall 2013  
 (Includes only public senior colleges in Texas)

Rank	Institution	Transfer Student Count - Academic	Transfer Student Count - Technical	Transfer Student Count - Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1	University of Houston - Clear Lake	109	16	0	125	22.60%
2	University of Houston	44	11	0	55	9.95%
3	Texas State University - San Marcos	38	8	1	47	8.50%
4	Texas A&M University	37	9	0	46	8.32%
5	The University of Texas at Austin	30	6	1	37	6.69%
6	Texas A&M University at Galveston	27	8	1	36	6.51%
7	Sam Houston State University	19	4	3	26	4.70%
8	The University of Texas at San Antonio	20	4	0	24	4.34%
9	Texas Tech University	18	3	0	21	3.80%
10	Stephen F. Austin State University	16	3	1	20	3.62%
11	Lamar University	9	5	0	14	2.53%
12	The University of Texas at Arlington	6	4	0	10	1.81%
13	University of North Texas	6	3	0	9	1.63%
14	Prairie View A&M University	6	1	0	7	1.27%
15	Texas Southern University	3	3	0	6	1.08%
16	Tarleton State University	3	1	0	4	0.72%
17	The University of Texas at Dallas	3	1	0	4	0.72%
18	Texas A&M University - Corpus Christi	1	2	0	3	0.54%
19	The University of Texas at El Paso	2	1	0	3	0.54%
20	The University of Texas at Tyler	3	0	0	3	0.54%
21	University of Houston - Downtown	2	1	0	3	0.54%
22	University of Houston - Victoria	2	1	0	3	0.54%
23	Midwestern State University	2	0	0	2	0.36%
24	Texas Woman's University	1	1	0	2	0.36%
25	West Texas A&M University	1	1	0	2	0.36%
26	Angelo State University	1	0	0	1	0.18%
27	Texas A&M University - Commerce	0	1	0	1	0.18%
28	Texas A&M University - Kingsville	0	1	0	1	0.18%
29	The University of Texas at Brownsville	1	0	0	1	0.18%
30	The University of Texas at the Permian Basin	1	0	0	1	0.18%
	Subtotal - Universities	411	99	7	517	93.49%
	<b>Health Science Institutions</b>					
1	The University of Texas Medical Branch at Galveston	22	8	0	30	5.42%
2	Texas Tech University Health Sciences Center	2	0	0	2	0.36%
3	The University of Texas Health Science Center at Houston	2	0	0	2	0.36%
4	Texas A&M University System Health Sciences Center	1	0	0	1	0.18%
5	<b>The University of Texas M.D. Anderson Cancer Center</b>	1	0	0	1	0.18%
	Subtotal - Health Science Institutions	28	8	0	36	6.51%
	<b>Total</b>	<b>439</b>	<b>107</b>	<b>7</b>	<b>553</b>	

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

**College of the Mainland  
Statistical Supplement 18  
Capital Asset Information  
Fiscal Year 2006 to 2014**  
(unaudited)

	Fiscal Year										
	2014	2013	2012	2011	2010	2009	2008	2007	2006		
Academic Buildings	12	12	12	12	12	12	12	12	12	12	12
Square footage	282,202	282,202	282,202	282,202	282,202	282,202	282,202	282,202	282,202	282,202	264,026
Libraries (incl. in Acad. Bldgs)											
Square footage	14,120	14,120	14,120	14,120	14,120	14,120	14,120	14,120	14,120	14,120	14,120
Number of Volumes	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Administrative and Support buildings											
Square footage	5	5	5	5	5	5	5	5	5	5	5
	35,603	35,603	35,603	35,603	35,603	35,603	35,603	35,603	35,603	35,603	33,963
Dining Facilities (incl. in Acad. Bldgs)											
Square footage	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420
Average daily customers	150	150	150	150	150	150	150	150	150	150	150
Athletic Facilities											
Square footage	2	2	2	2	2	2	2	2	2	2	2
Gymnasiums	58,678	58,678	58,678	58,678	58,678	58,678	58,678	58,678	58,678	58,678	58,678
Fitness Center (included in Gym)	1	1	1	1	1	1	1	1	1	1	1
Swimming Pool (included in Gym)											
Racquetball Court	1	1	1	1	1	1	1	1	1	1	1
Plant Facilities											
Square footage	1	1	1	1	1	1	1	1	1	1	1
	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773	2,773
Transportation											
Cars	3	3	3	3	3	4	4	4	4	4	4
Light Trucks/Vans	14	14	14	14	17	13	13	13	13	13	12

**OTHER SUPPLEMENTAL SCHEDULES**

**COLLEGE OF THE MAINLAND**  
**BALANCE SHEET**  
**For the Year Ended August 31, 2014**

Schedule S-1

	Total					Agency	Totals
	Unrestricted	Restricted	Educational and General	Auxiliary	Total Current Funds		
<b>Assets</b>							
Cash and cash equivalents	\$ 12,335,342	\$ -	\$ 12,335,342	\$ 1,569,717	\$ 13,905,059	\$ -	\$ 13,905,059
Accounts receivable (net)	2,947,302	488,124	3,435,426	107,530	3,542,956	-	3,542,956
Loans receivable (net)	-	-	-	-	-	36,310	36,310
Due from other funds	17,863	-	17,863	-	17,863	-	17,863
Prepaid expenses	527,772	-	527,772	-	527,772	-	527,772
Restricted cash and cash equivalents	-	2,958,406	2,958,406	-	2,958,406	60,669	6,612,703
Capital assets	-	-	-	-	-	11,887,586	11,887,586
<b>Total Assets</b>	<b>\$ 15,828,279</b>	<b>\$ 3,446,530</b>	<b>\$ 19,274,809</b>	<b>\$ 1,677,247</b>	<b>\$ 20,952,056</b>	<b>\$ 96,979</b>	<b>\$ 36,530,249</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 1,220,520	\$ 69,223	\$ 1,289,743	\$ 2,569	\$ 1,292,312	\$ -	\$ 1,292,312
Accrued liabilities	267,506	54,043	321,549	413	321,962	-	321,962
Due to other funds	-	17,863	17,863	-	17,863	-	17,863
Unearned revenue	3,640,295	1,267,324	4,907,619	78,765	4,986,384	-	4,986,384
Compensated absences and retirement incentive payable	1,136,999	-	1,136,999	-	1,136,999	2,040,541	3,177,540
Funds held for others	-	-	-	-	-	-	156,170
<b>Total Liabilities</b>	<b>6,265,320</b>	<b>1,408,453</b>	<b>7,673,773</b>	<b>81,747</b>	<b>7,755,520</b>	<b>-</b>	<b>9,952,231</b>
<b>Fund Balance</b>	<b>9,562,959</b>	<b>2,038,077</b>	<b>11,601,036</b>	<b>1,595,500</b>	<b>13,196,536</b>	<b>96,979</b>	<b>26,578,018</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,828,279</b>	<b>\$ 3,446,530</b>	<b>\$ 19,274,809</b>	<b>\$ 1,677,247</b>	<b>\$ 20,952,056</b>	<b>\$ 96,979</b>	<b>\$ 36,530,249</b>

**COLLEGE OF THE MAINLAND**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**For the Year Ended August 31, 2014**

Schedule S-2

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Total
<b>Revenues and Other Additions</b>								
State appropriations	\$ 6,103,539	\$ 2,294,661	\$ 8,398,200	\$ -	\$ 8,398,200	\$ -	\$ -	\$ 8,398,200
Tuition and fees	6,774,319	124,184	6,898,503	167,699	7,066,202	-	-	7,066,202
Maintenance ad valorem taxes	20,387,149	-	20,387,149	-	20,387,149	-	-	20,387,149
Federal grants and contracts	85,912	5,838,171	5,924,083	13,065	5,937,148	-	-	5,937,148
State Grants and Contracts	18,262	669,847	688,109	-	688,109	-	-	688,109
Private grants and contracts	-	1,255,578	1,255,578	-	1,255,578	-	-	1,255,578
Sales and services of educational activities	20,250	-	20,250	-	20,250	-	-	20,250
Investment income	6,608	-	6,608	126	6,734	45	87	6,866
Foreign trade zone fees	817,414	-	817,414	-	817,414	-	-	817,414
Other income	136,389	3,189	139,578	-	139,578	-	-	139,578
Sales and services of auxiliary enterprises	-	-	-	261,423	261,423	-	-	261,423
<b>Total Revenues and Other Additions</b>	<b>34,349,842</b>	<b>10,185,630</b>	<b>44,535,472</b>	<b>442,313</b>	<b>44,977,785</b>	<b>45</b>	<b>87</b>	<b>44,977,917</b>
<b>Expenditures and Other Deductions</b>								
Expenditures (Sch. S-3)	34,304,149	9,858,824	44,162,973	436,030	44,599,003	-	-	44,599,003
Expended for plant facilities	-	-	-	-	-	-	9,265	9,265
Retirement of indebtedness/bonds and notes	210,028	-	210,028	-	210,028	-	295,000	505,028
Interest & fees on Indebtedness	-	-	-	-	-	-	7,856	7,856
Net increase (decrease) in long-term debt	-	-	-	-	-	-	(79,248)	(79,248)
Net (increase) decrease in capital assets	-	-	-	-	-	-	171,393	171,393
<b>Total Expenditures and Other Deductions</b>	<b>34,514,177</b>	<b>9,858,824</b>	<b>44,373,001</b>	<b>436,030</b>	<b>44,809,031</b>	<b>-</b>	<b>404,266</b>	<b>45,213,297</b>
<b>Transfers-Additions/(Deductions)</b>								
Renewals and replacements	(867,915)	-	(867,915)	-	(867,915)	-	867,915	-
Retirement of indebtedness	(300,900)	-	(300,900)	-	(300,900)	-	300,900	-
<b>Total Transfers-Additions/(Deductions)</b>	<b>(1,168,815)</b>	<b>-</b>	<b>(1,168,815)</b>	<b>-</b>	<b>(1,168,815)</b>	<b>-</b>	<b>1,168,815</b>	<b>-</b>
<b>Net Increase (Decrease) for the Fiscal Year</b>	<b>(1,333,150)</b>	<b>326,806</b>	<b>(1,006,344)</b>	<b>6,283</b>	<b>(1,000,061)</b>	<b>45</b>	<b>764,636</b>	<b>(235,380)</b>
<b>Fund Balances, beginning</b>	<b>10,896,109</b>	<b>1,711,271</b>	<b>12,607,380</b>	<b>1,589,217</b>	<b>14,196,597</b>	<b>96,934</b>	<b>12,519,867</b>	<b>26,813,398</b>
<b>Fund Balances, ending</b>	<b>\$ 9,562,959</b>	<b>\$ 2,038,077</b>	<b>\$ 11,601,036</b>	<b>\$ 1,595,500</b>	<b>\$ 13,196,536</b>	<b>\$ 96,979</b>	<b>\$ 13,284,503</b>	<b>\$ 26,578,018</b>

**COLLEGE OF THE MAINLAND**  
**STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES**  
**For the Years Ended August 31, 2014 and 2013**

	Totals (Memorandum Only)					
	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2014	2013
<b>Revenues</b>						
State appropriations	\$ 6,103,539	\$ 2,294,661	\$ 8,398,200	\$ -	\$ 8,398,200	\$ 8,155,461
Tuition and fees	6,774,319	124,184	6,898,503	167,699	7,066,202	6,624,089
Maintenance ad valorem taxes	20,387,149	-	20,387,149	-	20,387,149	21,137,942
Sales and services of educational activities	20,250	-	20,250	-	20,250	19,874
Sales and services of auxiliary enterprises	-	-	-	261,423	261,423	316,155
Federal grants and contracts	85,840	5,838,171	5,924,011	13,065	5,937,076	6,497,068
State grants and contracts	18,262	669,847	688,109	-	688,109	651,451
Local grants and contracts	-	-	-	-	-	16,000
Private grants and contracts	-	1,255,578	1,255,578	-	1,255,578	2,577,471
Investment income	6,608	-	6,608	126	6,734	19,964
Foreign trade zone fees	817,414	-	817,414	-	817,414	717,198
Other income	136,461	3,189	139,650	-	139,650	262,681
<b>Total Current Funds Revenues</b>	<b>34,349,842</b>	<b>10,185,630</b>	<b>44,535,472</b>	<b>442,313</b>	<b>44,977,785</b>	<b>46,995,354</b>
<b>Expenditures and Mandatory Transfers</b>						
<b>Educational &amp; General:</b>						
Instruction	13,843,203	2,455,249	16,298,453	-	16,298,453	16,598,561
Public Service	762,262	567,942	1,330,205	-	1,330,205	1,660,870
Academic support	4,804,999	588,944	5,393,943	-	5,393,943	3,673,569
Student services	2,823,199	956,929	3,780,127	-	3,780,127	5,101,679
Institutional support	6,833,937	406,359	7,240,296	-	7,240,296	8,102,850
Operation and maintenance of plant	5,131,430	57,416	5,188,846	-	5,188,846	4,159,547
Scholarships and fellowships	-	4,815,985	4,815,985	-	4,815,985	5,073,212
Capital outlay	105,119	10,000	115,119	-	115,119	216,574
<b>Total Educational and General Expenditures</b>	<b>34,304,149</b>	<b>9,858,824</b>	<b>44,162,973</b>	<b>-</b>	<b>44,162,973</b>	<b>44,586,862</b>
<b>Auxiliary Enterprise Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436,030</b>	<b>436,030</b>	<b>386,759</b>
<b>Mandatory Transfers</b>						
Retirement of indebtedness	300,900	-	300,900	-	300,900	301,293
Renewals and Replacements	867,915	-	867,915	-	867,915	855,090
<b>Total Mandatory Transfers</b>	<b>1,168,815</b>	<b>-</b>	<b>1,168,815</b>	<b>-</b>	<b>1,168,815</b>	<b>1,156,383</b>
<b>Total Expenditures and Mandatory Transfers</b>	<b>35,472,964</b>	<b>9,858,824</b>	<b>45,331,788</b>	<b>436,030</b>	<b>45,767,818</b>	<b>46,130,004</b>
<b>Other Transfers and Additions/(Deductions)</b>						
Debt Service Expenditures	(210,028)	-	(210,028)	-	(210,028)	(487,681)
<b>Total Other Transfers and Additions/(Deductions)</b>	<b>(210,028)</b>	<b>-</b>	<b>(210,028)</b>	<b>-</b>	<b>(210,028)</b>	<b>(487,681)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (1,333,150)</b>	<b>\$ 326,806</b>	<b>\$ (1,006,344)</b>	<b>\$ 6,283</b>	<b>\$ (1,000,061)</b>	<b>\$ 377,669</b>



COLLEGE OF THE MAINLAND  
 SCHEDULE OF CHANGES IN FUND BALANCES  
 UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES  
 For the Year Ended August 31, 2014

	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	Japan Study Tour	TOTAL
<b>Revenues</b>										
Sales and services of auxiliary enterprises	\$ 135,299	\$ 96,899	\$ 25,540	\$ -	\$ 360	\$ -	\$ -	\$ 3,325	\$ -	\$ 261,423
Tuition and fees	-	-	-	-	-	167,699	-	-	-	167,699
Federal grants and contracts	-	-	-	13,065	-	-	-	-	-	13,065
Investment Income	126	-	-	-	-	-	-	-	-	126
<b>Total revenue</b>	<u>135,425</u>	<u>96,899</u>	<u>25,540</u>	<u>13,065</u>	<u>360</u>	<u>167,699</u>	<u>-</u>	<u>3,325</u>	<u>-</u>	<u>442,313</u>
<b>Expenditures</b>										
Salaries and wages	-	58,625	-	-	-	35,387	-	-	-	94,012
Employee benefits	-	20,377	-	-	-	14,277	-	-	-	34,654
Contracted services	2,086	-	7,927	-	-	4,341	-	-	-	14,354
Supplies	-	12,900	5,475	13,065	51,925	52,933	-	-	-	136,298
Other operating expenses	3,063	482	-	-	4,806	118,312	-	3,270	-	129,933
Capital outlay	-	-	-	-	-	26,779	-	-	-	26,779
<b>Total Expenditures</b>	<u>5,149</u>	<u>92,384</u>	<u>13,402</u>	<u>13,065</u>	<u>56,731</u>	<u>252,029</u>	<u>-</u>	<u>3,270</u>	<u>-</u>	<u>436,030</u>
Excess revenue over expenditures	130,276	4,515	12,138	-	(56,371)	(84,330)	-	55	-	6,283
<b>Interfund Transfers</b>										
In	-	-	-	-	39,160	-	-	-	-	39,160
Out	(27,022)	-	(12,138)	-	-	-	-	-	-	(39,160)
<b>Fund balances, beginning</b>	<u>1,288,420</u>	<u>3,001</u>	<u>7,003</u>	<u>504</u>	<u>68,248</u>	<u>155,560</u>	<u>42,200</u>	<u>24,103</u>	<u>178</u>	<u>1,589,217</u>
<b>Fund balances, ending</b>	<u>\$ 1,391,674</u>	<u>\$ 7,516</u>	<u>\$ 7,003</u>	<u>\$ 504</u>	<u>\$ 51,037</u>	<u>\$ 71,230</u>	<u>\$ 42,200</u>	<u>\$ 24,158</u>	<u>\$ 178</u>	<u>\$ 1,595,500</u>