



College *of the* Mainland

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Year Ended August 31, 2008



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**COLLEGE OF THE MAINLAND
ORGANIZATIONAL DATA
FOR THE YEAR ENDED AUGUST 31, 2008**

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

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

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

**COLLEGE OF THE MAINLAND
ANNUAL FINANCIAL AND COMPLIANCE REPORT
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Independent Auditors' Report

Board of Trustees
College of the Mainland
Texas City, Texas

Members of the Board:

We have audited the accompanying financial statements of College of the Mainland (the "College") and the discretely presented component unit as of and for the year ended August 31, 2008, as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the State of Texas Governor's Office of Budget and Planning Uniform Grant Management Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and the discretely presented component unit as of August 31, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules required by the Coordinating Board are listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the College. The accompanying schedules of expenditures of federal and state awards are presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Single Audit Circular and are also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

NULL-LAIRSON, PC

Null-Lairson, PC

Texas City, Texas
December 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

In June 1999, the Governmental Accounting Standards Board (“GASB”) released Statement No. 34, “Basic Financial Statements and Management Discussion and Analysis for State and Local Governments,” which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, “Basic Financial Statements and Management’s Discussion and Analysis for Public 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 2008. 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 392 full time staff and several hundred part-time staff and student workers.

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

The Statement of Net Assets

The statement of net assets represents the financial position of the College and presents all assets and liabilities using the accrual basis of accounting. The College is financially sound and has been able to increase net assets each year since the adverse ruling of a lawsuit between BP Amoco and the Galveston County Central Appraisal District in 2003. The ruling resulted in a \$2,000,000 tax refund due to BP Amoco from the College which the College has made the fourth of four payments in the amount of \$456,394, with the final payment made in December 31, 2007.

Current assets increased by \$2,579,977 due to an increase in cash and cash equivalents and accounts receivable with an overall increase in total assets of \$1,849,740. In addition, the College was able to reduce their liabilities by \$800,761 primarily due to payments made on the 1996 and the 2004 revenue bonds outstanding and the retirement incentive. During 2008 the College was able to increase net assets by \$2,578,419 when compared to the prior year.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Current assets	\$ 21,158,416	\$ 18,578,439	\$ 2,579,977
Capital assets	12,899,857	13,702,848	(802,991)
Other Non-Current assets	<u>1,078,219</u>	<u>1,005,465</u>	<u>72,754</u>
Total assets	<u>35,136,492</u>	<u>33,286,752</u>	<u>1,849,740</u>
Current liabilities	5,173,027	5,245,877	(72,850)
Non-current liabilities	<u>2,951,726</u>	<u>3,607,555</u>	<u>(655,829)</u>
Total liabilities	<u>8,124,753</u>	<u>8,853,432</u>	<u>(728,679)</u>
Invested in capital assets, net of related debt	7,894,431	7,821,726	72,705
Restricted net assets	1,094,697	1,094,867	(170)
Unrestricted net assets	<u>18,022,611</u>	<u>15,516,727</u>	<u>2,505,884</u>
Total net assets	<u>\$ 27,011,739</u>	<u>\$ 24,433,320</u>	<u>\$ 2,578,419</u>

Statement of Revenues, Expenses and Changes in Net Assets

This statement represents the operating activity of the College, which results from revenue, expenses, gains and losses during the year. In 2008, operating revenue increased by \$1,816,660. This was due to an increase in tuition and fees of \$627,349, an increase in grant and contract revenue of \$1,172,965, and an increase in auxiliary revenue primarily related to the Bookstore in the amount of \$98,992. The grant and contract revenue increase was due to a timing difference in the prior year of when Pell was transmitted, and by the contracts with British Petroleum.

The College experienced an increase of \$980,579 in non-operating revenue, which was due to an increase of \$188,359 in state appropriations, and an increase of \$1,087,783 in tax revenue. There were also decreases of \$195,056 in investment income because of interest rates being lower, and a decrease of \$100,507 in foreign trade zone income. The current year activity resulted in an increase in net assets of \$2,578,419, which is very favorable because of the significant deferred maintenance projects needed on campus.

On the expense side a large variance of \$1,097,500 is noted in Scholarships and Fellowships when comparing the current fiscal year to the prior year. This variance was caused primarily by a timing difference of when Pell funds were expended. This timing difference was related to our Datatel administrative software implementation in the prior year and will not be an issue going forward.

Another material increase was in Instructional expenses, which increased by \$1,280,695. The increase was primarily due to a \$794,277 increase in payroll, of which \$256,273 relates to the Safety Institute and all contract training. There was an increase of \$63,095 in Contract & Professional Services. Another significant increase in expenditures was noted in Institutional Support. Over half of the increase was due to salaries, but of that amount \$179,000 were budgets that were transferred out of Student Services to Institutional Support. There was also an increase in legal fees of \$284,488, with a total of \$365,235 being spent on legal fees. Approximately half of this was spent on litigation against CAPT, Inc., and the remainder was spent on personnel issues and public information requests.

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues	\$ 14,061,518	\$ 12,244,858	\$ 1,816,660
Operating expenses	<u>(42,850,380)</u>	<u>(39,638,690)</u>	<u>(3,211,690)</u>
Net Operating income (loss)	(28,788,862)	(27,393,832)	(1,395,030)
Non-operating revenues (expenses)	<u>31,367,281</u>	<u>30,356,026</u>	<u>1,011,255</u>
Total increase (decrease) in net assets	<u>\$ 2,578,419</u>	<u>\$ 2,962,194</u>	<u>\$ (383,775)</u>

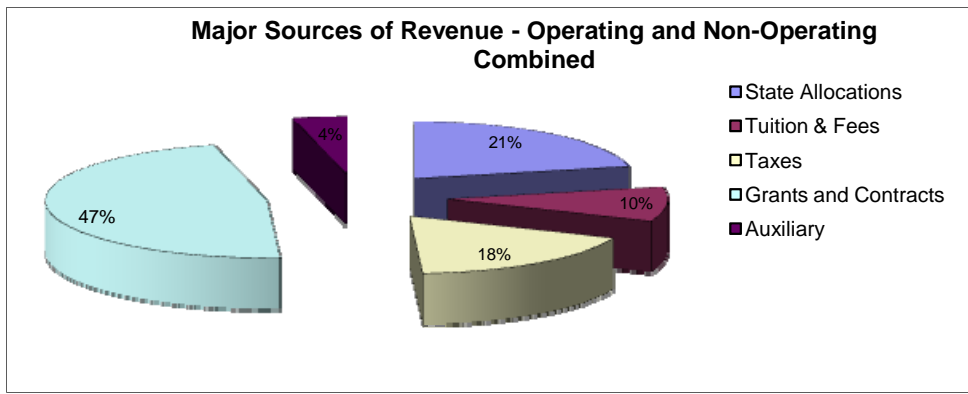
The College's major sources of revenue, categorized as operating and non-operating, are as follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenues:			
Tuition and fees	\$ 4,317,845	\$ 3,690,496	\$ 627,349
Federal grants and contracts	6,031,169	5,268,750	762,419
State grants and contracts	325,809	292,384	33,425
Non-governmental grants and contracts	1,526,432	1,149,311	377,121
Sales and services of educational activities	123,226	173,141	(49,915)
Auxiliary enterprises (net of discounts)	1,718,214	1,619,222	98,992
General operating revenues	<u>18,823</u>	<u>51,554</u>	<u>(32,731)</u>
Total operating revenues	<u>14,061,518</u>	<u>12,244,858</u>	<u>1,816,660</u>
Non-operating revenues:			
State appropriations	9,572,171	9,383,812	188,359
Maintenance ad valorem taxes	20,887,193	19,799,410	1,087,783
Investment income	483,496	678,552	(195,056)
Foreign trade zone fees	533,967	634,474	(100,507)
Other non-operating revenue	<u>278</u>	<u>43,895</u>	<u>(43,617)</u>
Total non-operating revenues	<u>31,477,105</u>	<u>30,540,143</u>	<u>980,579</u>
Total revenues	<u>\$ 45,538,623</u>	<u>\$ 42,785,001</u>	<u>\$ 2,797,239</u>

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

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

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
State allocations	\$ 9,572,171	\$ 9,383,812	\$ 188,359
Tuition and fees	4,317,845	3,690,496	627,349
Grants and contracts	7,883,410	6,710,445	1,172,965
Taxes	20,887,193	19,799,410	1,087,783
Auxiliary enterprises	1,718,214	1,619,222	98,992
Total revenues	<u>\$ 44,378,833</u>	<u>\$ 41,203,385</u>	<u>\$ 3,175,448</u>

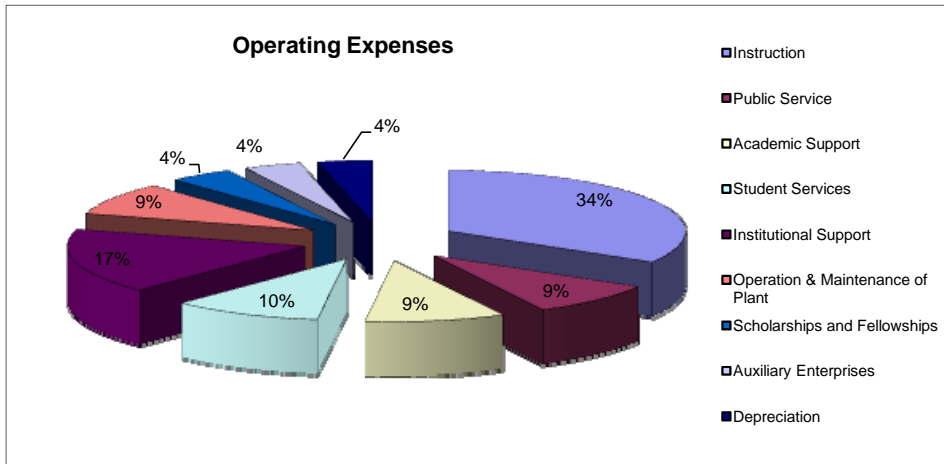


Operating expenses are reported in the Financial Statement by functional classification and are presented below for fiscal years 2008 and 2007.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Instruction	\$ 14,375,869	\$ 13,095,174	\$ 1,280,695
Public service	3,805,389	3,979,672	(174,283)
Academic support	4,082,179	4,289,910	(207,731)
Student services	4,376,707	4,229,359	147,348
Institutional support	7,421,276	6,468,943	952,333
Operation and maintenance of plant	3,716,353	3,371,011	345,342
Scholarships and fellowships	1,843,706	746,206	1,097,500
Auxiliary enterprises	1,666,765	1,988,814	(322,049)
Depreciation expense	1,562,136	1,469,601	92,535
Total operating expenses	<u>\$ 42,850,380</u>	<u>\$ 39,638,690</u>	<u>\$ 3,211,690</u>

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

Operating expenses for fiscal year 2008 can be seen in the following graphical presentation:



Statement of Cash Flows

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

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

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

	Current Year	Prior Year	Change
Net cash provided by (used in) operating activities	\$ (27,700,904)	\$ (26,044,467)	\$ (1,656,437)
Net cash provided by (used in) non-capital financing activities	30,675,850	29,947,194	728,656
Net cash provided by (used in) capital and related financing activities	782,009	(2,606,636)	3,388,645
Net cash provided by (used in) investing activities	483,496	678,552	(195,056)
Increase (decrease) in cash and cash equivalents	4,240,451	1,974,643	2,265,808
Cash and cash equivalents, beginning of year	13,069,842	11,095,199	1,974,643
Cash and cash equivalents, end of year	<u>\$ 17,310,293</u>	<u>\$ 13,069,842</u>	<u>\$ 4,240,451</u>

COLLEGE OF THE MAINLAND

MANAGEMENT DISCUSSION AND ANALYSIS

During the year the College leased a new facility at Gulfway Plaza, Suite 15007 – 15013 Delaney Road in La Marque, Texas. The Cosmetology Program relocated their program to the new site and as a result they will be able to expand their program in terms of enrollment and services provided.

The Center for Advanced Skill Training (CAST) on Delaney Road in La Marque, Texas has moved most of its programs out of the CAST center to the main campus in order to more effectively utilize facilities. The CAST programs include training for welding, pipefitting, HVAC and electrical. Since that move the College has located the Gulf Coast Safety Institute to the Delaney Road location. The Safety Institute is a College program that is funded by British Petroleum (BP) and provides OSHA and other safety training.

A major factor in maintaining viable academic programs is the quality of the College's capital assets. During the year, the College spent approximately \$915,000 on deferred maintenance and renovation projects. Some projects completed during the year were the Phase II of our central plant boiler replacement, remodeling of the leased facility for Cosmetology, hot and chilled water line replacements due to failure, new exhaust system for the pool, Library lighting project, and Childcare remodeling.

Conclusion

Looking to the future, management has some challenges that must be addressed. Currently the College is engaged in a presidential search. The Board of Trustees has an interim president in place, but hopes to select a new president early in 2009.

One of the most pressing issues for the new president is the facilities master plan implementation. The plan includes building new facilities and renovating existing facilities in order to promote the concept of a learning-centered and student-centered environment. The primary goal of the plan is to provide and maintain a foundation for improving the entire college environment, both physical and academic.

The plan includes building a new Medical and Health Occupation Center, a new Process Technology Building, expansion of the existing Math/Science Building to provide new labs, expansion of the Student Center to allow all Student Service functions to reside in one building, renovation of the Technical Vocational Building, renovation of the Learning Resource Center, and significant deferred maintenance issues will be addressed. It is anticipated that the facilities master plan will be implemented over a period of seven (7) to ten (10) years.

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

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

COLLEGE OF THE MAINLAND
MANAGEMENT DISCUSSION AND ANALYSIS

Another challenge that the College faces is the uncertainty of funding for group health insurance by the state. During the last biennium the legislature did not fund group health insurance for the 2009 fiscal year. That action was an attempt to implement proportionality for community colleges, which would limit funding for group health insurance in proportion to the amount of state appropriations when compared to the total revenue stream of the college. The state contributions for group health insurance are approximately \$2 million per year. At this time the Governor has assured community colleges that in the upcoming legislative session in January 2009 that he would ask the legislature to restore the 2009 fiscal year group health insurance that was not funded in the prior session.

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

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BASIC FINANCIAL STATEMENTS

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COLLEGE OF THE MAINLAND
STATEMENT OF NET ASSETS
August 31, 2008 and 2007

Exhibit 1

	<u>Current year</u>	<u>Prior year</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,782,247	\$ 12,207,735
Accounts receivable (net)	6,352,586	5,365,844
Due from agency funds	53,113	53,113
Inventories	673,932	640,775
Prepaid expenses	296,538	310,972
Total current assets	<u>21,158,416</u>	<u>18,578,439</u>
Noncurrent assets		
Restricted cash and cash equivalents	964,028	862,107
Notes receivable (net)	98,443	121,884
Deferred charges	15,748	21,474
Capital assets (net), (see notes)	12,899,857	13,702,848
Total noncurrent assets	<u>13,978,076</u>	<u>14,708,313</u>
Total Assets	<u>35,136,492</u>	<u>33,286,752</u>
LIABILITIES		
Current liabilities		
Accounts payable	506,670	606,042
Accrued liabilities	311,719	254,109
Compensated absences and severance payable - current	268,539	426,980
Accrued interest payable	38,625	28,533
Funds held for others	205,964	166,867
Deferred revenues	3,339,673	2,834,485
Tax refund payable - current portion	-	456,394
Notes payable - current portion	41,837	42,467
Bonds payable - current portion	460,000	430,000
Total current liabilities	<u>5,173,027</u>	<u>5,245,877</u>
Noncurrent liabilities		
Compensated absences and severance payable - noncurrent	1,551,862	1,705,854
Notes and capital leases payable	34,864	76,701
Bonds payable	1,365,000	1,825,000
Total noncurrent liabilities	<u>2,951,726</u>	<u>3,607,555</u>
Total Liabilities	<u>8,124,753</u>	<u>8,853,432</u>
NET ASSETS		
Invested in capital assets, net of related debt	7,894,431	7,821,726
Restricted for:		
Grants and donor restrictions	28,003	28,006
Loan funds	134,711	132,107
Unexpended bond proceeds	177,016	292,585
Renewals and replacements	20,582	-
Debt service	666,671	639,568
Unrestricted	18,090,325	15,519,328
Total Net Assets (Schedule D)	<u>\$ 27,011,739</u>	<u>\$ 24,433,320</u>

See Notes to Basic Financial Statements

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

College of the Mainland Foundation - Fiscal Year August 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Current Year 8/31/2008</u>	<u>Prior Year 8/31/2007</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 24,078	\$ 291,371	\$ -	\$ 315,449	\$ 203,688
Investments at cost	1,170	338,985	-	340,155	298,894
Allowance for unrealized gain/ (loss) in market value of securities	11,815	2,793	-	14,608	10,064
Donations receivable net allowance for uncollectible amounts of \$0	167	80,261	-	80,428	217,401
Student loans receivable net of allowance for uncollectible amounts of \$515	-	-	-	-	-
Inventory	-	-	-	-	739
Total current assets	<u>37,230</u>	<u>713,410</u>	<u>-</u>	<u>750,640</u>	<u>730,786</u>
Noncurrent assets:					
Cash and cash equivalents	-	-	44,423	44,423	124,691
Investments at cost (restricted)	-	-	1,278,637	1,278,637	763,412
Allowance for unrealized gain/(loss) in market value of securities	-	-	(1,723)	(1,723)	88,278
Donations receivable net allowance for uncollectible amounts of \$0	-	-	-	-	67,725
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,321,337</u>	<u>1,321,337</u>	<u>1,044,106</u>
Total assets	<u>\$ 37,230</u>	<u>\$ 713,410</u>	<u>\$ 1,321,337</u>	<u>\$ 2,071,977</u>	<u>\$ 1,774,892</u>
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ -	\$ 35,184	\$ -	\$ 35,184	\$ -
Sales tax payable	-	-	-	-	5
Total liabilities	<u>-</u>	<u>35,184</u>	<u>-</u>	<u>35,184</u>	<u>5</u>
Net assets	25,415	675,433	1,323,060	2,023,908	1,675,675
Unrealized gain/(loss) in fair market value of securities	11,815	2,793	(1,723)	12,885	99,212
Total net assets	<u>37,230</u>	<u>678,226</u>	<u>1,321,337</u>	<u>2,036,793</u>	<u>1,774,887</u>
Total liabilities and net assets	<u>\$ 37,230</u>	<u>\$ 713,410</u>	<u>\$ 1,321,337</u>	<u>\$ 2,071,977</u>	<u>\$ 1,774,892</u>

See Notes to Basic Financial Statements

COLLEGE OF THE MAINLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended August 31, 2008 and 2007

Exhibit 2

	<u>Current year</u>	<u>Prior year</u>
Operating Revenues		
Tuition and fees (net of discounts of \$1,391,618 and \$1,797,589)	\$ 4,317,845	\$ 3,690,496
Federal grants and contracts	5,842,430	5,268,750
State grants and contracts	325,809	292,384
Private grants and contracts	1,527,108	1,144,469
Local grants and contracts	-	4,842
Sales and services of educational activities	123,226	173,141
Auxiliary enterprises (net of discounts)	1,718,214	1,619,222
General operating revenues	<u>18,823</u>	<u>51,554</u>
Total operating revenues (Schedule A)	<u>13,873,455</u>	<u>12,244,858</u>
Operating Expenses		
Instruction	14,339,985	13,095,174
Public service	3,790,402	3,979,672
Academic support	3,982,412	4,289,910
Student services	4,339,282	4,229,359
Institutional support	7,421,276	6,468,943
Operation and maintenance of plant	3,716,353	3,371,011
Scholarships and fellowships	1,843,706	746,206
Auxiliary enterprises	1,666,765	1,988,814
Depreciation expense	<u>1,562,136</u>	<u>1,469,601</u>
Total operating expenses (Schedule B)	<u>42,662,317</u>	<u>39,638,690</u>
Operating income (loss)	<u>(28,788,862)</u>	<u>(27,393,832)</u>
Non-operating revenues (expenses)		
State appropriations	9,572,171	9,383,812
Maintenance ad valorem taxes	20,887,193	19,799,410
Investment income	483,496	678,552
Foreign trade zone fees	533,967	634,474
Interest and fees on capital related debt	(109,824)	(116,193)
Other non-operating revenues	278	43,895
Other non-operating expenses	<u>-</u>	<u>(67,924)</u>
Net non-operating revenues (expenses) (Schedule C)	<u>31,367,281</u>	<u>30,356,026</u>
Increase (decrease) in net assets	2,578,419	2,962,194
Net assets - beginning of year	<u>24,433,320</u>	<u>21,471,126</u>
Net assets - end of year	<u>\$ 27,011,739</u>	<u>\$ 24,433,320</u>

See Notes to Basic Financial Statements

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

College of the Mainland Foundation - Fiscal Year August 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted (Endowment)</u>	<u>Current Year 8/31/08</u>	<u>Prior Year 8/31/07</u>
Public Support, Revenue, and Reclassifications:					
Contributions endowed	\$ -	\$ -	\$ 165,369	\$ 165,369	\$ 30,757
Contributions non-endowed	19,822	83,723	-	103,545	328,671
College of the Mainland contributions for salaries and supplies	128,807	-	-	128,807	119,776
Grants	-	153,000	-	153,000	7,863
Interest, dividends, and capital gain distributions	1,133	23,582	60,350	85,065	50,801
Gain (loss) on sale of investments	-	622	22,651	23,273	(424)
Assets restricted by board	(17,000)	(124,500)	141,500	-	-
Net assets released from restrictions in satisfaction of purpose restrictions	<u>158,460</u>	<u>(136,692)</u>	<u>(21,768)</u>	<u>-</u>	<u>-</u>
Total public support, revenues, and reclassifications	<u>291,222</u>	<u>(265)</u>	<u>368,102</u>	<u>659,059</u>	<u>537,444</u>
Expenses:					
Programs:					
Scholarships Endowed	12,155	-	-	12,155	10,108
Scholarships Non-Endowed	96,988	-	-	96,988	72,769
Payments to College of the Mainland	5,098	-	-	5,098	-
Other Program Payments	<u>31,284</u>	<u>-</u>	<u>-</u>	<u>31,284</u>	<u>22,890</u>
Total programs	145,525	-	-	145,525	105,767
Administration	39,405	-	-	39,405	42,322
Salaries	117,878	-	-	117,878	106,629
Fundraising expenses	<u>8,018</u>	<u>-</u>	<u>-</u>	<u>8,018</u>	<u>4,797</u>
Total expenses	<u>310,826</u>	<u>-</u>	<u>-</u>	<u>310,826</u>	<u>259,515</u>
Change in net assets	(19,604)	(265)	368,102	348,233	277,929
NET ASSETS, beginning of year	53,645	677,136	1,044,106	1,774,887	1,447,512
Change in unrealized gain or (loss) in market value of securities	<u>3,189</u>	<u>1,355</u>	<u>(90,871)</u>	<u>(86,327)</u>	<u>49,446</u>
NET ASSETS, end of year	<u>\$ 37,230</u>	<u>\$ 678,226</u>	<u>\$ 1,321,337</u>	<u>\$ 2,036,793</u>	<u>\$ 1,774,887</u>

See Notes to Basic Financial Statements

COLLEGE OF THE MAINLAND
STATEMENT OF CASH FLOWS
For the Years Ended August 31, 2008 and 2007

Exhibit 3

	<u>Current year</u>	<u>Prior year</u>
Cash flows from operating activities:		
Receipts from students and other customers	\$ 6,920,780	\$ 6,266,175
Receipts of grants and contracts	7,925,869	7,969,252
Payments to or on behalf of employees	(29,473,206)	(28,555,145)
Payments to suppliers for goods or services	(10,593,057)	(9,973,348)
Payments for scholarships and fellowships	(2,481,290)	(1,751,401)
Net cash provided (used) by operating activities	<u>(27,700,904)</u>	<u>(26,044,467)</u>
Cash flows from non-capital financing activities:		
Receipts of state allocations	9,572,171	9,383,812
Receipts from ad valorem taxes	20,506,899	19,785,148
Receipts from foreign trade zone participants	533,967	634,474
Receipts from student organizations and other agency transactions	154,932	168,929
Payments to student organization and other agency transactions	(115,835)	(125,062)
Net (increase) decrease in loans receivable	23,441	99,893
Other non-capital financing activities	275	-
Net cash provided (used) by non-capital financing activities	<u>30,675,850</u>	<u>29,947,194</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(759,144)	(1,519,300)
Proceeds from sale of capital assets	-	21,864
Payments on capital debt and leases - principal	(899,491)	(995,667)
Payments on capital debt and leases - interest and fees	(123,374)	(113,533)
Net cash provided (used) by capital and related financing activities	<u>(1,782,009)</u>	<u>(2,606,636)</u>
Cash flows from investing activities:		
Investment income	483,496	678,552
Net cash provided (used) by investing activities	<u>483,496</u>	<u>678,552</u>
Increase (decrease) in cash and cash equivalents	1,676,433	1,974,643
Cash and cash equivalents, beginning of year	13,069,842	11,095,199
Cash and cash equivalents, end of year	<u>\$ 14,746,275</u>	<u>\$ 13,069,842</u>
Reconciliation of operating income (loss) to net cash provided (used) by		
Operating income (loss)	\$ (28,788,862)	\$ (27,393,832)
Adjustments:		
Depreciation expense	1,562,136	1,469,601
Changes in assets and liabilities:		
Receivables, net	(606,448)	(223,898)
Inventories	(33,157)	13,940
Prepaid expenses	14,434	(147,302)
Accounts payable	(99,371)	(267,292)
Accrued liabilities	(254,823)	(292,187)
Deferred revenues	505,187	796,503
Net cash provided (used) by operating activities	<u>\$ (27,700,904)</u>	<u>\$ (26,044,467)</u>

See Notes to Basic Financial Statements

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 1 - REPORTING ENTITY

College of the Mainland (the “College”) was established in 1962, in accordance with the laws of the State of Texas, to serve the educational needs of Texas City and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (“GASB”) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements and all applicable Financial Accounting Standards Board ("FASB") statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

Title IV, Higher Education Act Program Funds

Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Texas Public Education Grants

Certain tuition amounts are required to be set aside for the use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG) is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Section 56.0333). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition discounts. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

The basic financial statements of the College have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Net Assets

The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Net Assets – Expendable

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

Unrestricted Net Assets

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

Budgetary Data

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

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months, but less than one year at the time of purchase. Long-term investments have an original maturity of greater than one year at the time of acquisition.

Inventories

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

The College reports depreciation under a single line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following estimated useful lives are used:

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

Deferred Revenues

Tuition, fees, and other revenues received that are related to the period after August 31, 2008 are reported as deferred revenues. Those amounts are as follows:

	<u>2008</u>	<u>2007</u>
Tuition and fees	\$ 1,797,211	\$ 1,750,464
Season tickets - Theater	69,480	55,360
Federal, state and local grants	1,446,868	995,742
Other	26,113	32,919
	<u>\$ 3,339,672</u>	<u>\$ 2,834,485</u>

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Accordingly, actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain amounts for 2007 have been reclassified to conform to current year reporting requirements.

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations*. The College had no unrelated business income tax liability for the year ended August 31, 2008.

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, 2008 and 2007, the carrying amount of the College's deposits was \$325,094 and \$664,355 , respectively, and total bank balances equaled \$1,260,422 and \$1,708,232 . Bank balances of \$100,000 are covered by federal depository insurance, and \$1,160,422 and \$1,608,232 were covered by collateral pledged in the College's name for the years ended August 31, 2008 and 2007.

During the fiscal years 2008 and 2007The College invested in Texpool, a local government investment pool. Texpool is duly chartered and overseen by the State Comptroller's Office and administered by Lehman Brothers and Federated Investors, Inc. The State Street Bank is the custodial bank.

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

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

	<u>2008</u>	<u>2007</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ 325,094	\$ 664,355
Cash on cash equivalents:		
Petty cash on hand and change funds	20,270	20,170
Total Cash and Deposits	<u>\$ 345,364</u>	<u>\$ 684,525</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2008</u>	<u>2007</u>
<i>Investments:</i>		
Governmental Investment Pools:		
Texpool	\$ 14,400,911	\$ 12,385,317
Total investments	<u>14,400,911</u>	<u>12,385,317</u>
<i>Total Cash and Deposits</i>	<u>345,364</u>	<u>684,525</u>
Total cash and investments	<u>\$ 14,746,275</u>	<u>\$ 13,069,842</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 13,782,247	\$ 12,207,735
Restricted cash and cash equivalents	<u>964,028</u>	<u>862,107</u>
Total cash and temporary investments	<u>\$ 14,746,275</u>	<u>\$ 13,069,842</u>

As of August 31, 2008, the College had the following investments and maturities.

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investments</u>
Local Government Investment Pools			
Texpool	\$ 14,400,911	AAAm	100.0%
Total Local Government Investment Pools	<u>14,400,911</u>		<u>100.0%</u>
Total investments	<u>\$ 14,400,911</u>		<u>100.0%</u>
	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<i>Investments</i>			
Local Government Investment Pools			
TexPool	\$ 12,832,425	100.0%	46
Total Local Government Investment Pools	<u>12,832,425</u>	<u>100.0%</u>	46
Total investments	<u>\$ 12,832,425</u>	<u>100.0%</u>	46

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The College has a formal investment policy that further limits investments to those that do not operate in, or invest in companies that operate in, the country of South Africa. As of August 31, 2008, the College's investment in Texpool (a state investment pool) was rated AAAM by Standard and Poors.

Concentration of Credit Risk

The College places no limit on the amount that may be invested in any one issuer. One hundred percent (100%) of the College's investments was in Texpool as of August 31, 2008.

Custodial Credit Risk

The College's deposits are subject to custodial credit risk as \$1,160,422 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 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Interest income	\$ 483,496	\$ 678,552
Net decrease in investment values	-	-
Total Investment Earnings	<u>\$ 483,496</u>	<u>\$ 678,552</u>

NOTE 5 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES)

Accounts receivable at August 31, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Property taxes receivable	\$ 4,347,903	\$ 3,804,483
Allowance for uncollectible property taxes	(1,937,804)	(1,774,678)
Property taxes receivable, net	<u>2,410,099</u>	<u>2,029,805</u>
Tuition and fees receivable	1,750,093	1,542,058
Allowance for uncollectible tuition and fees	(152,678)	(152,678)
Tuition and fees receivable, net	<u>1,597,415</u>	<u>1,389,380</u>
Due from tax collector	12,984	75,850
Due from other governments for grant awards	1,600,069	1,570,609
Due from grantors for private awards	492,863	228,512
Other receivables	239,156	71,688
Total receivables, net	<u>\$ 6,352,586</u>	<u>\$ 5,365,844</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

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

Accrued liabilities at August 31, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Accrued wages payable	\$ 144,684	\$ 88,669
Reserve for incurred but not reported worker's compensation benefits	162,069	162,069
Other accrued liabilities	4,966	3,371
Total accrued liabilities	<u>\$ 311,719</u>	<u>\$ 254,109</u>

NOTE 6 – CAPITAL ASSETS

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

	<u>Balance 09/01/07</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance 08/31/08</u>
<u>Not depreciated:</u>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Subtotal	<u>372,145</u>	<u>-</u>	<u>-</u>	<u>372,145</u>
<u>Buildings and other capital assets:</u>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	<u>10,234,781</u>	<u>436,382</u>	<u>-</u>	<u>10,671,163</u>
Total buildings and other real estate improvements	25,574,817	436,382	-	26,011,199
Furniture, equipment and vehicles	2,478,694	80,959	(148,377)	2,411,276
Telecommunication equipment	3,236,147	185,901	(74,447)	3,347,601
Leased assets under capital lease	56,161	-	-	56,161
Library books	<u>1,274,452</u>	<u>55,903</u>	<u>-</u>	<u>1,330,355</u>
Total buildings and other capital assets	<u>32,620,271</u>	<u>759,145</u>	<u>(222,824)</u>	<u>33,156,592</u>
<u>Accumulated depreciation:</u>				
Buildings and building improvements	(9,933,175)	(306,802)	-	(10,239,977)
Improvements other than buildings	<u>(5,077,699)</u>	<u>(522,649)</u>	<u>-</u>	<u>(5,600,348)</u>
Total buildings and other real estate improvements	(15,010,874)	(829,451)	-	(15,840,325)
Furniture, equipment and vehicles	(1,426,082)	(149,593)	148,377	(1,427,298)
Telecommunication equipment	(1,860,495)	(490,648)	74,447	(2,276,696)
Leased assets under capital lease	(8,424)	(5,616)	-	(14,040)
Library books	<u>(983,693)</u>	<u>(86,828)</u>	<u>-</u>	<u>(1,070,521)</u>
Total Accumulated depreciation	<u>(19,289,568)</u>	<u>(1,562,136)</u>	<u>222,824</u>	<u>(20,628,880)</u>
Net capital assets	<u>\$ 13,702,848</u>	<u>\$ (802,991)</u>	<u>\$ -</u>	<u>\$ 12,899,857</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 6 – CAPITAL ASSETS (continued)

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

	Balance 09/01/06	Additions	Retirements and Transfers	Balance 08/31/07
<u>Not depreciated:</u>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Subtotal	372,145	-	-	372,145
<u>Buildings and other capital assets:</u>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	9,685,941	548,840	-	10,234,781
Total buildings and other real estate improvements	25,025,977	548,840	-	25,574,817
Furniture, equipment and vehicles	2,108,848	521,738	(151,892)	2,478,694
Telecommunication equipment	2,842,942	393,205	-	3,236,147
Leased assets under capital lease	56,161	-	-	56,161
Library books	1,218,937	55,515	-	1,274,452
Total buildings and other capital assets	31,252,865	1,519,298	(151,892)	32,620,271
<u>Accumulated depreciation:</u>				
Buildings and building improvements	(9,626,373)	(306,802)	-	(9,933,175)
Improvements other than buildings	(4,579,679)	(522,020)	-	(5,077,699)
Total buildings and other real estate improvements	(14,206,052)	(828,822)	-	(15,010,874)
Furniture, equipment and vehicles	(1,446,658)	(131,316)	151,892	(1,426,082)
Telecommunication equipment	(1,415,762)	(444,733)	-	(1,860,495)
Leased assets under capital lease	(2,808)	(5,616)	-	(8,424)
Library books	(900,579)	(83,114)	-	(983,693)
Total Accumulated depreciation	(17,971,859)	(1,493,601)	151,892	(19,289,568)
Net capital assets	\$ 13,653,151	\$ 25,697	\$ -	\$ 13,702,848

NOTE 7 – NONCURRENT LIABILITIES

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

	Balance 09/01/07	Additions	Retirements	Balance 08/31/08	Current Portion
Bonds					
Revenue bonds	\$ 2,255,000	\$ -	\$ (430,000)	\$ 1,825,000	\$ 460,000
	2,255,000	-	(430,000)	1,825,000	460,000
Notes and capital leases					
Notes payable	83,156	-	(23,564)	59,592	24,728
Capital lease payable	36,012	-	(18,903)	17,109	17,109
	119,168	-	(42,467)	76,701	41,837
Other liabilities					
Compensated absences payable	1,837,621	62,658	(148,418)	1,751,862	200,000
Retirement incentive payable	295,213	6,773	(233,447)	68,539	68,539
Property tax refund payable	456,395	-	(456,395)	-	-
	2,589,229	69,431	(838,260)	1,820,401	268,539
	-	-	-	-	-
Total noncurrent liabilities	\$ 4,963,397	\$ 69,431	\$ (1,310,727)	\$ 3,722,102	\$ 770,376

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 7 – NONCURRENT LIABILITIES (Continued)

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

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

Bonds Payable

	Refunding Revenue Bonds Series 1996	Revenue Bonds Series 2004
Purpose:	To refund all outstanding Revenue Bonds, Series 1988, at to partially refund Revenue Bonds, Series 1990	To implement new administrative software and hardware, update existing infrastructure, and develop disaster recover solutions
Date issued:	12/01/96	08/01/04
Amount of original issue - all authorized bonds have been issued	\$ 2,780,000	\$ 2,500,000
Amounts outstanding, end of year	\$ 220,000	\$ 1,605,000
Interest rates	4.15% to 5.00%	3.00% to 4.00%
Maturity dates serially, beginning/ending	May 1, 1997/2009	May 1, 2005/2014
Interest payment dates	May 1/November 1	May 1/November 1
Source of revenue for debt service	Pledged revenues derived from a portion of tuition and certain fees collected	Pledged revenues derived from a portion of tuition and certain fees collected

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 7 – NONCURRENT LIABILITIES (Continued)

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

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

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

Year Ending August 31,	Principal	Interest	Totals
2009	\$ 460,000	\$ 70,175	\$ 530,175
2010	250,000	51,375	301,375
2011	260,000	42,938	302,938
2012	275,000	33,513	308,513
2013	285,000	23,200	308,200
2013-2014	295,000	11,800	306,800
	<u>\$ 1,825,000</u>	<u>\$ 233,000</u>	<u>\$ 2,058,000</u>

There are a number of limitations and restrictions contained in the revenue bond indentures. The College is in compliance with all significant limitations and restrictions at August 31, 2008.

Notes and Loans Payable

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

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

Year Ending August 31,	Principal	Interest	Totals
2009	24,728	2,317	\$ 27,044
2010	25,939	1,106	27,044
2011	8,925	89	9,015
	<u>\$ 59,592</u>	<u>\$ 3,512</u>	<u>\$ 63,104</u>

Total notes and loans payable:

Principal		Total
Current	Noncurrent	
\$ 24,728	\$ 34,864	\$ 59,592
<u>\$ 24,728</u>	<u>\$ 34,864</u>	<u>\$ 59,592</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 7 – NONCURRENT LIABILITIES (Continued)

Capital Leases Payable

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

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

Year Ending	Principal
<u>August 31,</u>	
2009	\$ 17,776
Total minimum lease payments	17,776
Less: amount representing interest costs	(667)
Present value of minimum lease payments	<u>\$ 17,109</u>

Tax Refund Payable

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

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

NOTE 8 - DEFEASED BONDS OUTSTANDING

In prior years, the College issued refunding bonds that defeased selected general obligation bonds from the original issues of 1988 and 1990. All future debt service payments on the original bonds have been provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for defeased bonds are not included in the College’s basic financial statements. As of August 31, 2008, the amount of defeased debt outstanding but removed from noncurrent liabilities amounted to \$590,000.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 9 – EMPLOYEES RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas.

Teacher Retirement System of Texas

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2008 and 2007 and a state contribution rate of 6.58% for fiscal year 2008 and 6.0% for fiscal year 2007. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal year 2008 and 6.00% for fiscal year 2007.

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 6.0% and 6.65%, respectively. The College contributes 8.5% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the College was \$13,992,587 and \$13,142,533 for the fiscal years ended August 31, 2008 and 2007, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 10 - DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

NOTE 11 - COMPENSATED ABSENCES

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

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

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

The College's sick leave payable at August 31, 2008 and 2007 was \$1,084,646 and \$1,085,321, respectively, and is included in accrued compensable absences on the statement of net assets.

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

	<u>2008</u>	<u>2007</u>
Balance, September 1	\$ 1,085,321	\$ 1,062,727
Additions	97,670	120,939
Payments	(98,345)	(98,345)
Balance, August 31	<u>\$ 1,084,646</u>	<u>\$ 1,085,321</u>
Current	\$ 125,000	\$ 125,000
Noncurrent	959,646	960,321
	<u>\$ 1,084,646</u>	<u>\$ 1,085,321</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 11 - COMPENSATED ABSENCES (continued)

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

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

The College's vacation leave payable at August 31, 2008 and 2007 was \$667,216 and \$752,300, respectively, and is included in accrued compensable absences on the balance sheet.

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

	<u>2008</u>	<u>2008</u>
Balance, September 1	\$ 752,300	\$ 614,434
Additions	(23,968)	202,223
Payments	(61,116)	(64,357)
Balance, August 31	<u>\$ 667,216</u>	<u>\$ 752,300</u>
Current	\$ 75,000	\$ 75,000
Noncurrent	592,216	677,300
	<u>\$ 667,216</u>	<u>\$ 752,300</u>

NOTE 12 - PENDING LAWSUITS AND CLAIMS

On August 31, 2008, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

NOTE 13 - OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

Commitments under operating lease agreements for facilities and equipment are cancelable at any time. The College is therefore not obligated for minimum future rental payments at August 31, 2008. Rental expenditures were paid only from unrestricted current funds during 2008 and 2007 were \$316,648 and \$349,125, respectively.

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 14 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Funds received, but not expended during the reporting period, are deferred. Revenues are recognized on Exhibit 2 as funds are actually expended. For federal and state contract and grant awards, funds expended, but not collected, are reported as Due from Other Governments, which is a portion of total receivables. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

NOTE 15 - SELF-INSURED PLANS

For the year ended August 31, 2008, 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, 2008 and 2007 amounted to \$162,069 each year.

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

NOTE 16 - POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee ranged from \$361 per month to \$705 per month depending upon coverage elected by the employee for the year ended August 31, 2008 (\$316 per month to \$616 per month for August 31, 2007) and totaled \$678,437 for the year ended August 31, 2008 (\$678,514 for the year ended August 31, 2007). The cost of providing those benefits for 350 retirees cost \$1,459,651 for August 31, 2008 (benefits for 377 retirees cost \$1,381,602 for August 31, 2007). The cost of providing those benefits for 350 active employees was \$1,459,651 for August 31, 2008 (benefits for 377 employees cost \$1,381,602 for August 31, 2007).

NOTE 17 - RELATED PARTIES

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 18 - 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>2008</u>	<u>2007</u>
Assessed Valuation of the District:	\$ 10,773,628,104	\$ 9,962,302,309
Less: Exemptions	<u>(1,645,942,843)</u>	<u>(1,472,036,792)</u>
Net Assessed Valuation of the District	<u>\$ 9,127,685,261</u>	<u>\$ 8,490,265,517</u>

	<u>2008</u>			<u>2007</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	0.227380	\$ 0.000000	# \$ 0.227380	0.233450	\$ 0.000000	# \$ 0.233450

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, 2008 and 2007 amounted to \$20,651,670 and \$19,736,776, 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, 2008 were as follows:

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

NOTE 18 - PROPERTY TAX (continued)

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

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 19,150,474	\$ -	\$ 19,150,474
Delinquent taxes collected, net of refunds	465,640	-	465,640
Penalties and interest collected	183,296	-	183,296
Total collections	<u>\$ 19,799,410</u>	<u>\$ -</u>	<u>\$ 19,799,410</u>

Tax collections for the years ended August 31, 2008 and 2007 approximated 99% of the current year levy for each year. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

NOTE 20 – RETIREMENT INCENTIVE PACKAGES

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

Retirement incentives payable were as follows as of August 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Balance, September 1	\$ 295,213	\$ 535,130
Additions	-	-
Payments	(226,674)	(239,917)
Balance, August 31	<u>\$ 68,539</u>	<u>\$ 295,213</u>

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

<u>Year Ending August 31,</u>	<u>Retirement Incentives</u>
2009	\$ 68,539
	<u>\$ 68,539</u>

NOTE 21– DISCLOSURES RELATED TO DISCRETELY PRESENTED COMPONENT UNITS

Note 1 - Summary of Significant Accounting Policies

Public Support and Revenue

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

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

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. At August 31, 2008 and 2007 cash balances that were in excess of federal insured amounts were \$201,580 and \$52,580 respectfully.

Investments

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

Estimates

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

Allowance for uncollectible amounts

The Foundation has provided allowances for uncollectible amounts of donations receivable and student emergency loans based on expected collections after August 31, 2008.

Organization

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

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

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

Note 2 - Investments

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

	Cost	Carrying Value	Fair Value
Unrestricted Fund (TIB Stock)	\$ 1,170	\$ 12,985	\$ 12,985
Temporarily Restricted Fund (corporate bonds)	199,666	201,720	201,720
Temporarily Restricted Fund (fixed income bonds)	37,353	36,824	36,824
Temporarily Restricted Fund (government bonds)	101,966	103,235	103,235
Permanently Restricted Fund (corporate bonds)	551,572	542,881	542,881
Permanently Restricted Fund (equity fund)	627,290	632,458	632,458
Permanently Restricted Fund (government bonds)	99,775	101,575	101,575
	<u>\$ 1,618,792</u>	<u>\$ 1,631,678</u>	<u>\$ 1,631,678</u>

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Specific scholarships, grants and program restrictions	\$678,226
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donor.

Specific scholarships, grants and program restrictions	\$ 133,370
Bank charges	3,322
	<u>\$ 136,692</u>

Note 4 - Permanently Restricted Net Assets

Permanently restricted net assets are available for the following purposes:

Endowed scholarships	\$1,321,337
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Net assets were released from restrictions for the purposes summarized below. Scholarships and bank charges were paid out of investment earnings.

Endowed scholarships	\$ 12,155
Bank charges	9,613
	<u>\$ 21,768</u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

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

Note 5 - Donated Services

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

Note 6 - Related Party Transactions

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

The Foundation paid \$109,143 directly to the College to provide scholarships

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

Note 7 – Source of Significant Contributions and Grants

The sources of significant contributions for the year ended August 31, 2008 are as follows:

College of the Mainland (salaries & supplies)	\$ 128,807
Brown Foundation	90,000
McConnel (bequest)	61,880
BP	60,000
Carolyn Robinson	30,000
Dow Chemical & Foundation	8,280
COM Unity	8,000
Ray Bass	7,000
Exxon Mobile Fondation	6,000
	<u>399,967</u>
All other contributions & grants	<u>150,754</u>
Total contributions and grants	<u><u>\$ 550,721</u></u>

COLLEGE OF THE MAINLAND
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008

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

Note 8 – Promise to Give

Unconditional promises to give for scholarships at August 31, 2008 are as follows:

Receivable in less than one year				\$ 5,720
Receivable in one to five				4,000
Receivable in more than five years				90,000
Total unconditional promises to give				99,720
Less discounts to net present value				(18,777)
Less allowance for uncollectible promises				(515)
Net unconditional promises to give at August 31,				<u>\$ 80,428</u>

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

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SUPPLEMENTAL SCHEDULES

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COLLEGE OF THE MAINLAND
 SCHEDULE OF OPERATING REVENUES
 For the Year Ended August 31, 2008
 (With Memorandum Totals for the Year Ended August 31, 2007)

Schedule A

	Educational Activities			Auxiliary	Total Current	Prior Year
	Unrestricted	Restricted	Total			
Tuition						
State funded credit courses						
In-district resident tuition	\$ 2,076,156	\$ -	\$ 2,076,156	\$ -	\$ 2,076,156	\$ 2,016,769
Out-of-district resident tuition	948,716	-	948,716	-	948,716	926,494
Non-resident tuition	51,323	-	51,323	-	51,323	41,354
TPEG - credit (set aside)*	143,948	-	143,948	-	143,948	177,264
State funded continuing education	257,188	-	257,188	-	257,188	458,110
TPEG - noncredit (set aside)*	15,431	-	15,431	-	15,431	29,378
Non-state funded educational programs	1,127,767	-	1,127,767	-	1,127,767	771,500
Total tuition	<u>4,620,529</u>	<u>-</u>	<u>4,620,529</u>	<u>-</u>	<u>4,620,529</u>	<u>4,420,869</u>
Fees						
Campus fees	155,432	-	155,432	-	155,432	157,431
Facility fees	140,615	-	140,615	-	140,615	143,141
Laboratory fees	58,165	-	58,165	-	58,165	64,642
Processing fees	322,595	-	322,595	-	322,595	322,554
Student service fees	-	-	-	89,254	89,254	107,465
Other fees	322,873	-	322,873	-	322,873	271,983
Total fees	<u>999,680</u>	<u>-</u>	<u>999,680</u>	<u>89,254</u>	<u>1,088,934</u>	<u>1,067,216</u>
Scholarship allowances and discounts						
Remissions and exemptions - state	(23,385)	-	(23,385)	-	(23,385)	(22,385)
Remissions and exemptions - local	(352,950)	-	(352,950)	-	(352,950)	(318,166)
Title IV federal grants remissions	(873,528)	-	(873,528)	-	(873,528)	(1,339,486)
TPEG awards	(141,755)	-	(141,755)	-	(141,755)	(117,552)
Total scholarship allowances and discounts	<u>(1,391,618)</u>	<u>-</u>	<u>(1,391,618)</u>	<u>-</u>	<u>(1,391,618)</u>	<u>(1,797,589)</u>
Total net tuition and fees	<u>4,228,591</u>	<u>-</u>	<u>4,228,591</u>	<u>89,254</u>	<u>4,317,845</u>	<u>3,690,496</u>
Additional operating revenues						
Federal grants and contracts	205,573	5,626,950	5,832,523	9,907	5,842,430	5,268,750
State grants and contracts	-	325,809	325,809	-	325,809	292,384
Local grants and contracts	-	-	-	-	-	4,842
Private grants and contracts	-	1,527,108	1,527,108	-	1,527,108	1,144,469
Sales and services of educational activities	123,226	-	123,226	-	123,226	173,141
General operating revenues	18,823	-	18,823	-	18,823	51,554
Total additional operating revenues	<u>347,622</u>	<u>7,479,867</u>	<u>7,827,489</u>	<u>9,907</u>	<u>7,837,396</u>	<u>6,935,140</u>
Auxiliary Enterprises						
Bookstore	-	-	-	1,515,648	1,515,648	1,524,402
Other auxiliary	-	-	-	202,566	202,566	94,820
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,718,214</u>	<u>1,718,214</u>	<u>1,619,222</u>
Total operating revenues	<u>\$ 4,576,213</u>	<u>\$ 7,479,867</u>	<u>\$ 12,056,080</u>	<u>\$ 1,817,375</u>	<u>\$ 13,873,455</u>	<u>\$ 12,244,858</u>

* In accordance with Education Code 56.033, \$159,379 and \$206,642 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, 2008
(With Memorandum Totals for the Year Ended August 31, 2007)

Schedule B

	Operating Expenses					Total Current Year	Prior year
	Salaries and Wages	Benefits		Other expenses			
		State	Local				
Unrestricted - Educational Activities							
Instruction	\$ 9,448,225	\$ -	\$ 1,132,801	\$ 963,317	\$ 11,544,343	\$ 11,101,110	
Public service	1,090,347	-	130,728	241,082	1,462,157	1,651,383	
Academic support	2,134,272	-	255,890	304,669	2,694,831	2,781,466	
Student services	2,601,677	-	311,930	377,973	3,291,580	3,315,436	
Institutional support	3,486,919	-	447,455	2,884,058	6,818,432	5,962,732	
Operation and maintenance of plant	1,398,864	-	88,857	2,228,632	3,716,353	3,371,011	
Scholarships and fellowships	-	-	-	(731,773)	(731,773)	(1,124,582)	
Total unrestricted educational activities	<u>20,160,304</u>	<u>-</u>	<u>2,367,661</u>	<u>6,267,958</u>	<u>28,795,923</u>	<u>27,058,556</u>	
Restricted - Educational Activities							
Instruction	495,561	1,619,122	\$ 93,148	587,811	2,795,642	1,994,064	
Public service	1,281,451	186,851	137,276	722,667	2,328,245	2,328,289	
Academic support	561,494	365,746	111,366	248,975	1,287,581	1,508,444	
Student services	308,622	445,844	61,195	232,041	1,047,702	913,923	
Institutional support	5,218	597,546	-	80	602,844	506,211	
Scholarships and fellowships	145,273	-	-	2,430,206	2,575,479	1,870,788	
Total restricted educational activities	<u>2,797,619</u>	<u>3,215,109</u>	<u>402,985</u>	<u>4,221,780</u>	<u>10,637,493</u>	<u>9,121,719</u>	
Total educational activities	<u>22,957,923</u>	<u>3,215,109</u>	<u>2,770,646</u>	<u>10,489,738</u>	<u>39,433,416</u>	<u>36,180,275</u>	
Auxiliary enterprises	<u>242,365</u>	<u>-</u>	<u>32,340</u>	<u>1,392,060</u>	<u>1,666,765</u>	<u>1,988,814</u>	
Depreciation expense:							
Buildings and other real estate improvements	-	-	-	829,451	829,451	804,822	
Equipment and furniture	-	-	-	645,857	645,857	581,665	
Library books	-	-	-	86,828	86,828	83,114	
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,562,136</u>	<u>1,562,136</u>	<u>1,469,601</u>	
Total operating expenses	<u>\$ 23,200,288</u>	<u>\$ 3,215,109</u>	<u>\$ 2,802,986</u>	<u>\$ 13,443,934</u>	<u>\$ 42,662,317</u>	<u>\$ 39,638,690</u>	
					(Exhibit 2)	(Exhibit 2)	

COLLEGE OF THE MAINLAND
 SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2008
 (With Memorandum Totals for the Year Ended August 31, 2007)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Auxiliary</u>	<u>Total Current</u>	<u>Prior Year</u>
NON-OPERATING REVENUES:						
State appropriations						
Academic appropriation	\$ 3,877,810	\$ -	\$ 3,877,810	\$ -	\$ 3,877,810	\$ 3,877,809
Workforce appropriation	2,479,252	-	2,479,252	-	2,479,252	2,479,252
State group insurance	-	2,138,088	2,138,088	-	2,138,088	2,060,116
State retirement matching	-	1,077,021	1,077,021	-	1,077,021	966,635
Total state appropriations	<u>6,357,062</u>	<u>3,215,109</u>	<u>9,572,171</u>	<u>-</u>	<u>9,572,171</u>	<u>9,383,812</u>
Maintenance ad valorem taxes	20,887,193	-	20,887,193	-	20,887,193	19,799,410
Investment income	428,113	55,383	483,496	-	483,496	678,552
Foreign trade zone fees	533,967	-	533,967	-	533,967	634,474
Fees collected for debt retirement	-	657,553	657,553	-	657,553	662,075
Other non-operating revenues	-	278	278	-	278	43,895
Total non-operating revenues	<u>28,206,335</u>	<u>3,928,323</u>	<u>32,134,658</u>	<u>-</u>	<u>32,134,658</u>	<u>31,202,218</u>
NON-OPERATING EXPENSES:						
Interest and fees on capital related debt	5,781	104,043	109,824	-	109,824	116,193
Fees transferred for debt retirement	657,553	-	657,553	-	657,553	662,075
Other non-operating expenses	-	-	-	-	-	67,924
Total non-operating expenses	<u>663,334</u>	<u>104,043</u>	<u>767,377</u>	<u>-</u>	<u>767,377</u>	<u>846,192</u>
Net non-operating revenues (expenses)	<u>\$ 27,543,001</u>	<u>\$ 3,824,280</u>	<u>\$ 31,367,281</u>	<u>\$ -</u>	<u>\$ 31,367,281</u>	<u>\$ 30,356,026</u>

COLLEGE OF THE MAINLAND
 SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
 For the Year Ended August 31, 2008

Schedule D

	Detail by Source				Available for Current	
	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
	Unrestricted	Expendable				
Current:						
Unrestricted	\$ 16,857,676	\$ -	\$ -	\$ 16,857,676	\$ 16,857,676	\$ -
Grants and donor restrictions	-	28,003	-	28,003	28,003	-
Auxiliary enterprises	1,232,649	-	-	1,232,649	1,232,649	-
Loan funds	-	134,711	-	134,711	-	134,711
Plant:						
Unexpended bond proceeds	-	177,016	-	177,016	-	177,016
Renewals and replacements	-	20,582	-	20,582	-	20,582
Debt service	-	666,671	-	666,671	-	666,671
Investment in plant	-	-	7,894,431	7,894,431	-	7,894,431
Total Net Assets, end of year	18,090,325	1,026,983	7,894,431	27,011,739 (Exhibit 1)	18,118,328	8,893,411
Total Net Assets, beginning of year	14,879,761	997,020	8,556,539	24,433,320 (Exhibit 1)	14,907,766	9,525,554
Net increase (decrease) in net assets	<u>\$ 3,210,564</u>	<u>\$ 29,963</u>	<u>\$ (662,108)</u>	<u>\$ 2,578,419</u> (Exhibit 2)	<u>\$ 3,210,562</u>	<u>\$ (632,143)</u>

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

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***Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards***

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

We have audited the financial statements of College of the Mainland (the “College”) as of and for the year ended August 31, 2008, and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the provisions of the State of Texas Governor’s Office of Budget and Planning Uniform Grant Management Standards, and the provisions of the Public Funds Investment Act (Sec. 2256, Texas Government Code). The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the College of the Mainland’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College of the Mainland’s internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects College of the Mainland’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding #08-01 to be a significant deficiency in internal control over financial reporting

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

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

Compliance and Other Matters

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

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

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

Null-Lairson, PC

Texas City, Texas
December 15, 2008



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***Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133***

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

Compliance

We have audited the compliance of College of the Mainland (the “College”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas Governor’s Office of Budget and Planning *Uniform Grant Management Standards* that are applicable to each of its major federal and state programs for the year ended August 31, 2008. The College’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of College administrators. Our responsibility is to express an opinion on the College’s compliance based on our audit.

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

In our opinion, College of the Mainland complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008

Internal Control over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College of the Mainland's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

Null-Lairson, PC

Texas City, Texas
December 15, 2008

COLLEGE OF THE MAINLAND
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2008

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes - #08-01
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 noted
Type of auditors' report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) 2-7 OMB Circular A-133?	No

Identification of major programs

Name of Federal Program or Cluster CFDA Numbers

US Department of Education

Student Financial Assistance Programs Cluster:	
Federal Supplemental Education Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Academic Competitiveness Grant	84.375
Student Support Services - TRIO	84.042A
Student Support Services - TRIO-Upward Bound	84.047
Title III, Developmental Studies	84.031A

US Department of Labor

Community-Based Job Training	17.261
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National Science Foundation

Consortium for the Advancement of Process Technology	47.076
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- | | |
|---|-----------|
| 1. Dollar Threshold Considered Between Type A and Type B Federal Programs | \$300,000 |
| 2. Auditee qualified as low-risk auditee? | No |

COLLEGE OF THE MAINLAND
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2008

II. FINANCIAL STATEMENT FINDINGS

Finding #08-01 Journal Entry Procedures

Criteria: All journal entries should be approved and properly supported with documentation.

Condition: Journal entries are not always approved and do not always have proper documentation attached to them.

Context: From a sample of 25 journal entries selected for testing, 17 were not properly approved prior to posting, and 4 did not have adequate documentation to support the entries.

Effect: With no approval process and no documentation requirement, there is a risk of improper journal entries being made.

Cause: There are no formal procedures established for processing journal entries

Recommendation: Management should develop procedures for processing journal entries that include the requirements for proper approval prior to posting, and adequate documentation to support the entries.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

N/A

IV. STATUS OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Corrective Action Taken</u>
07-01 Noncompliance of NSF CAPT program income	Internal controls over auxiliary revenue were properly implemented; lost revenues continue to be recovered; NSF administrative staff changes were made.
07-02 Health insurance expenditures	Monthly reconciliations are performed and procedures are in place to verify monthly payments for health insurance premiums before year-end accruals are booked.
07-03 Supporting documentation for credit card charges	Training was provided and procedures implemented to credit card charges being paid without proper supporting documentation.
07-04 Equipment purchases made without proper approval	Procedures have been implemented to verify whether requisitions are allowable equipment purchases per DOL budget before approval. Also, the grant accountant and program administrator meet regularly to review expenditures prior to completion of expense reports and draw-downs.

COLLEGE OF THE MAINLAND
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2008

IV. STATUS OF PRIOR YEAR FINDINGS (continued)

07-05	Controls over travel related expenditures	The College's travel advance form was revised to allow a payroll deduction for any travel advances that are not cleared within ten days from return of the related travel event. Accounts payable staff reconcile travel advances on a routine basis and do not process any travel or other expenditures without proper documentation.
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V. CORRECTIVE ACTION PLAN

Finding #

08-01 Journal entry procedures

Corrective Action Taken

Contact person: David Rac, AVP of Financial Services

Response: We concur with the recommendation. Although the Business Office can document the validity of each journal entry tested, the decentralized method of maintaining the documentation impaired the efficiency of the audit testing. The College's Director of IT Applications is designing a centralized method of processing journal entries that will utilize the College's ERP software to electronically document journal entry approval. In addition, supporting documentation will be maintained electronically by implementing the College's imaging software system to centrally organize and maintain records supporting journal entries posted to the system.

Estimated completion date:

Electronic approval of journal entries: 01/15/2009

Design and documentation of imaging system:
02/29/2009

Training of Business Office staff on use of imaging system: 03/31/2009

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

Schedule E
Page 1 of 2

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through From:			
Texas Health and Human Services Commission			
Childcare Food Program	10.558		\$ 9,907
Total Department of Agriculture			<u>9,907</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Direct Programs:			
Consortium for the Advancement of Process Technology	47.076		649,891
Total National Science Foundation			<u>649,891</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Supplemental Educational Opportunity Grant*	84.007		155,153
Title III, Developmental Studies	84.031A		371,085
Federal College Work Study Program*	84.033		137,622
Student Support Services	84.042A		212,265
Student Support Services - Upward Bound	84.047		218,223
Federal Pell Grant*	84.063		2,077,001
Transition to Teach Grant	84.350A		68,079
Tech Prep Demonstration Grant	84.353A		190,640
Academic Competitiveness Grant*	84.375		7,125
Texas Education Agency			
Adult Education and Family Literacy	84.002A	084100017110148	503,091
Adult Education and Family Literacy	84.002A	084100017110148	28,186
Adult Education and Family Literacy	84.002A	084100017110148	114,000
Texas 21st Century Learning Centers	84.287C	056950017110049	6,606
Texas Higher Education Coordinating Board			
Leveraging Educational Assistance Partnerships	84.069A		3,779
SLEAP	84.069B		5,012
Carl Perkins Vocational Education	84.243	84212	177,805
North Harris Montgomery Community College District			
Vocational Education - Tech. Prep.	84.278E	81713	3,390
Vocational Education - Tech. Prep. Area Coordinator	84.243		104,092
Stephen F. Austin University			
Articulated Internet Teacher Education Program	84.116	P116b060283	1,680
Total Department of Education			<u>4,384,834</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through From:			
Texas Education Agency			
Temporary Assistance for Needy Families	93.558	083625017110136	\$ 38,608
Total Department of Health and Human Services			<u>38,608</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs:			
Community-Based Job Training Grant	17.261		688,897
Pass-Through From:			
The Worksource			
AWIN	17.258		70,293
Total Department of Labor			<u>759,190</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,842,430</u>

* Clustered programs under OMB Circular A-133.

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

Note 1 – Federal Assistance Reconciliation

Federal Grants and Contracts revenue - Per Schedule A	
Federal Grants and Contracts revenue - Per Schedule A	\$ 5,842,430
Add Federal Grants and Contracts not reported on Schedule A	<u>-</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 5,842,430</u>

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

The expenditures included in Schedule E are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported on Schedule E represent funds that have been expended by the College for the purposes of the award. The expenditures reported on Schedule E may not have been reimbursed by the funding agencies as of the end of the fiscal year. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3 – Expenditures not subject to federal single audit.

None noted.

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

Schedule F

<u>Grantor Agency / Program Title</u>	<u>Grantor / Project Number</u>	<u>Expenditures</u>
<u>Texas Education Agency</u>		
Adult Education	080100017110148	\$ 97,041
Temporary Assistance for Needy Families	080110017110136	21,225
Total Texas Education Agency		<u>118,266</u>
<u>Texas Higher Education Coordinating Board</u>		
Texas College Work Study		14,532
Texas Grant I		12,110
CAL Loans		148,013
Texas Education Opportunity Grant		29,510
College Readiness		626
Vocational Nursing		191
Professional Nurse Scholarship		2,561
Total Texas Higher Education Coordinating Board		<u>207,543</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 325,809</u>

Notes to schedule on following page.

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

Note 1 – State Assistance Reconciliation

State revenues - per Schedule A	
State financial assistance per schedule of expenditures of state awards	<u>\$ 325,809</u>
Total state revenues per Schedule A	<u><u>\$ 325,809</u></u>

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

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

STATISTICAL SUPPLEMENT

**College of the Mainland
Statistical Supplement 1
Net Assets by Component
Fiscal Year 2002 to 2008**

(unaudited)

	For the Fiscal Year Ended August 31,						
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Invested in capital assets, net of related debt	\$ 7,894,431	\$ 7,821,726	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509	\$ 11,307,517	\$ 10,465,588
Restricted - expendable	1,026,983	1,092,266	1,546,439	2,237,329	3,477,110	73,310	-
Unrestricted	<u>18,090,325</u>	<u>15,519,328</u>	<u>11,480,214</u>	<u>10,328,816</u>	<u>6,204,258</u>	<u>5,333,987</u>	<u>6,775,066</u>
Total primary government net assets	<u>\$ 24,433,320</u>	<u>\$ 24,433,320</u>	<u>\$ 21,471,126</u>	<u>\$ 19,855,301</u>	<u>\$ 18,639,877</u>	<u>\$ 16,714,814</u>	<u>\$ 17,240,654</u>

College of the Mainland
Statistical Supplement 2
Revenues by Source
Fiscal Year 2002 to 2008
(unaudited)

	For the Fiscal Year Ended August 31,						
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition and fees (net of discounts)	\$ 4,318	\$ 3,691	\$ 4,443	\$ 4,362	\$ 3,769	\$ 2,492	\$ 2,619
Governmental grants and contracts							
Federal grants and contracts	5,842	5,269	6,455	6,122	5,105	4,259	3,334
State grants and contracts	326	292	349	308	388	511	622
Private grants and contracts	1,527	1,144	774	179	474	682	350
Local grants and contracts	-	5	-	-	-	-	-
Sales and services of educational activities	123	173	149	156	237	104	95
Auxiliary enterprises	1,718	1,619	2,105	1,509	1,631	1,092	1,245
Other operating revenues	19	59	142	189	268	350	726
Total operating revenues	<u>13,873</u>	<u>12,252</u>	<u>14,417</u>	<u>12,827</u>	<u>11,873</u>	<u>9,490</u>	<u>8,991</u>
State appropriations	9,572	9,384	9,231	8,445	8,404	8,509	8,772
Ad valorem taxes	20,887	19,799	17,978	16,623	15,036	12,572	13,577
Investment income	484	678	537	295	149	255	297
Other non-operating revenues	535	635	532	(1)	189	-	-
Total non-operating revenues	<u>31,478</u>	<u>30,496</u>	<u>28,278</u>	<u>25,361</u>	<u>23,777</u>	<u>21,336</u>	<u>22,646</u>
Total revenues	<u>\$ 45,351</u>	<u>\$ 42,748</u>	<u>\$ 42,695</u>	<u>\$ 38,188</u>	<u>\$ 35,649</u>	<u>\$ 30,826</u>	<u>\$ 31,637</u>

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

**College of the Mainland
Statistical Supplement 3
Program Expenses by Function
Fiscal Year 2002 to 2008**

(unaudited)

	For the Fiscal Year Ended August 31,						
	(amounts expressed in thousands)						
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction	\$ 14,340	\$ 13,095	\$ 12,318	\$ 10,877	\$ 9,531	\$ 9,414	\$ 9,390
Public service	3,791	3,979	3,812	2,930	6,002	5,195	5,179
Academic support	3,982	4,290	4,254	4,195	1,381	1,316	1,267
Student services	4,339	4,229	4,168	4,038	2,173	2,142	2,095
Institutional support	7,421	6,469	5,980	5,429	6,057	5,341	5,200
Operation and maintenance of plant	3,716	3,371	3,421	3,632	4,000	3,844	3,928
Scholarships and fellowships	1,844	746	2,854	2,081	1,802	1,565	1,640
Auxiliary enterprises	1,667	1,989	2,063	1,957	1,918	1,418	1,508
Depreciation	1,562	1,470	1,352	969	956	940	855
Total operating expenses	<u>42,662</u>	<u>39,638</u>	<u>40,222</u>	<u>36,108</u>	<u>33,820</u>	<u>31,175</u>	<u>31,062</u>
Interest on capital related debt	110	116	149	185	182	178	211
Other non-operating expenses	-	68	130	180	95	-	-
Total non-operating expenses	<u>-</u>	<u>184</u>	<u>279</u>	<u>365</u>	<u>277</u>	<u>178</u>	<u>211</u>
Total expenses	<u>\$ 42,662</u>	<u>\$ 39,822</u>	<u>\$ 40,501</u>	<u>\$ 36,473</u>	<u>\$ 34,097</u>	<u>\$ 31,353</u>	<u>\$ 31,273</u>

	For the Fiscal Year Ended August 31,						
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction	33.61%	32.88%	30.41%	29.82%	27.95%	30.03%	30.03%
Public service	8.89%	9.99%	9.41%	8.03%	17.60%	16.57%	16.56%
Academic support	9.33%	10.77%	10.50%	11.50%	4.05%	4.20%	4.05%
Student services	10.17%	10.62%	10.29%	11.07%	6.37%	6.83%	6.70%
Institutional support	17.39%	16.24%	14.77%	14.88%	17.76%	17.04%	16.63%
Operation and maintenance of plant	8.71%	8.47%	8.45%	9.96%	11.73%	12.26%	12.56%
Scholarships and fellowships	4.32%	1.87%	7.05%	5.71%	5.28%	4.99%	5.24%
Auxiliary enterprises	3.91%	4.99%	5.09%	5.37%	5.63%	4.52%	4.82%
Depreciation	<u>3.66%</u>	<u>3.69%</u>	<u>3.34%</u>	<u>2.66%</u>	<u>2.80%</u>	<u>3.00%</u>	<u>2.73%</u>
Total operating expenses	<u>100.00%</u>	<u>99.54%</u>	<u>99.31%</u>	<u>99.00%</u>	<u>99.19%</u>	<u>99.43%</u>	<u>99.33%</u>
Interest on capital related debt	0.26%	0.29%	0.37%	0.51%	0.53%	0.57%	0.67%
Other non-operating expenses	<u>0.00%</u>	<u>0.17%</u>	<u>0.32%</u>	<u>0.49%</u>	<u>0.28%</u>	<u>0.00%</u>	<u>0.00%</u>
Total non-operating expenses	<u>0.26%</u>	<u>0.46%</u>	<u>0.69%</u>	<u>1.00%</u>	<u>0.81%</u>	<u>0.57%</u>	<u>0.67%</u>
Total expenses	<u>100.26%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2007	30	31	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	455.50	863.50	5.56%	4.35%
2006	30	29	62	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	431.50	827.50	9.10%	4.55%
2005	30	26	59	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	395.50	791.50	6.46%	4.77%
2004	30	24	56	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	371.50	755.50	10.73%	10.53%
2003	30	22	51	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	335.50	683.50	26.37%	38.50%
2002	20	17	36	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	265.50	493.50	-	-
2001	20	17	36	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	265.50	493.50	20.96%	20.81%
2000	10	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	219.50	408.50	-	-
1999	10	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	219.50	408.50	-	-
1998	10	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	219.50	408.50	3.29%	1.74%
1997	-	14	29.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	212.50	401.50	-	-

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

Non-Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Facility Use Fee	Campus Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2007	30	97	97	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,247.50	1,247.50	2.97%	2.97%
2006	30	94	94	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,211.50	1,211.50	5.21%	5.21%
2005	30	89	89	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,151.50	1,151.50	5.50%	5.50%
2004	30	84	84	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,091.50	1,091.50	9.97%	9.97%
2003	30	76.75	76.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	992.50	992.50	39.89%	39.89%
2002	20	54	54	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	709.50	709.50	-	-
2001	20	54	54	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	709.50	709.50	20.56%	20.56%
2000	10	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	588.50	588.50	-	-
1999	10	44.75	44.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	588.50	588.50	-	-

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

Source: College of the Mainland catalog

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

(unaudited)

(amounts expressed in thousands)				Direct Rate			
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance and Operations (a)	Debt Service (a)	Total (a)
2007-08	\$ 10,585,712	\$ 1,602,226	\$ 8,983,486	84.86%	0.227380	-	0.227380
2006-07	9,660,633	1,429,313	8,231,320	85.20%	0.233450	-	0.233450
2005-06	8,448,755	1,057,033	7,391,722	87.49%	0.243020	-	0.243020
2004-05	7,697,695	995,858	6,701,837	87.06%	0.245250	-	0.245280
2003-04	6,825,486	844,787	5,980,699	87.62%	0.263060	-	0.263060
2002-03	6,474,099	792,036	5,682,063	87.77%	0.231870	-	0.231870
2001-02	7,327,139	1,137,519	6,189,620	84.48%	0.218000	-	0.218000
2000-01	6,702,767	926,313	5,776,454	86.18%	0.215760	-	0.215760
1999-00	6,610,093	955,632	5,654,461	85.54%	0.198815	-	0.198815
1998-99	6,554,935	869,275	5,685,660	86.74%	0.191468	0.007347	0.198815
1997-98	6,528,706	865,797	5,662,909	86.74%	0.180725	0.007450	0.188175

Source: Local Appraisal District

Notes: Property is assessed at full market value

(a) per \$100 Taxable Assessed Valuation

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

Fiscal Year	State Appropriations	FTSE (a)	State Appropriations per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriations per Contact Hour
2007-08	\$ 6,357,062	8,437	753	1,112,824	436,856	1,549,680	4
2006-07	6,357,061	8,336	763	1,159,936	425,314	1,585,250	4
2005-06	6,358,376	8,984	708	1,260,144	409,421	1,669,565	4
2004-05	6,141,547	9,834	625	1,346,056	436,354	1,782,410	3
2003-04	6,168,089	9,630	641	1,314,528	365,241	1,679,769	4
2002-03	6,001,707	9,006	666	1,225,048	410,659	1,635,707	4
2001-02	6,424,027	8,260	778	1,105,774	370,202	1,475,976	4
2000-01	6,461,360	7,498	862	1,003,496	441,104	1,444,600	4
1999-00	6,299,342	6,783	929	999,408	474,560	1,473,968	4
1998-99	6,899,324	6,863	1,005	962,776	525,736	1,488,512	5

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

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV)									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	
Amoco Oil Company	Refinery										\$25,480,110
Amoco Texas Refinery Co.	Refinery									1,175,390,860	986,242,300
B.A.S.F. Corp	Refinery	47,261,230	48,050,820	62,944,950	60,217,690	28,182,920	40,510,230	30,360,530	51,542,280	37,816,270	
BP Amoco Chemical Co.	Chemical Plant		157,694,070	115,789,500	116,689,750	184,770,250	157,487,829	166,791,626	186,604,400	329,311,200	
BP Products (NA) Inc.	Refinery	1,789,363,580	1,395,742,784	1,285,559,550	1,096,830,450	795,538,460	644,300,880	618,830,043	24,814,810		
Calpine Central LP	Co-generation Plant	26,379,600	26,631,200	26,779,280	55,339,310	64,760,470	71,642,310				
Centerpoint Energy Inc.	Energy	41,190,490	41,279,030	44,611,060	47,320,960	46,609,910	44,067,590	102,658,120			
Dow Chemical Company	Chemical Plant						47,797,890	59,033,860	55,664,720		
Expro Engineering	Engineering							19,143,800	27,462,960		
Gruy Petroleum Mgmt Co.	Refinery				20,085,470						
GTE Southwest Inc.	Telephone	29,161,260	27,272,500	30,629,490	30,632,550	21,177,780	21,031,850	21,676,500			21,259,900
Houston Refining LP	Refinery	51,855,660									
Hunt Hassie Exploration Co.	Oil & Gas Exploration		21,798,455			19,250,940					
Ineos Styrenics	Chemical Plant	72,640,210	71,733,490	57,185,690							
Innovene LLC	Chemical Plant				88,783,390						
ISP Technologies Inc.	Chemical Plant	73,742,970	77,920,620	75,442,710	51,047,810	46,827,270	47,693,200	48,983,990	50,520,110	49,606,780	
Lyondell-Citgo Refining LP	Refinery			25,089,670	35,118,110						
Mainland Partner LLC	Healthcare		23,000,000	21,299,510	21,000,000	23,499,990	22,685,360	21,000,000			22,500,000
Marathon Petroleum LLC	Refinery	165,910,648	153,029,740	114,061,464	124,282,559	110,753,850	85,524,300	72,646,570	77,841,150	85,264,800	
MHCB (USA) Leasing and Finance	Finance Company	153,746,670				240,000,000	32,861,200				
Monsanto	Chemical Plant	88,038,180							35,835,900		
National Onshore LP	Oil & Gas Exploratio	54,477,301	64,897,530	38,633,980							
Oil Tanking	Petroleum Storage	31,324,020									
Praxair Hydrogen Supply Inc.	Gas Production	33,767,220	34,479,770	35,519,120	35,156,650	34,008,020	33,749,900	33,772,300	37,365,650	39,964,600	
Praxair Inc.	Gas Production	197,696,500	169,437,210	132,785,620	104,274,000	78,830,860	46,366,230	47,701,650	50,489,660	39,678,180	
Reliant Energy	Energy								125,051,660	190,318,490	
Seaway Pipeline Co.	Pipeline									22,943,440	
South Houston Green Power LP	Energy	360,516,630	289,147,190	281,684,910	111,081,430	119,028,140	67,423,690		108,103,680		
Southwestern Bell Telephone Co	Telephone							20,833,440	21,393,900	22,204,500	
Sterling Chemicals Inc.	Chemical Plant		130,365,530	155,096,891	177,361,440	174,791,980	197,820,050	197,662,650	244,061,730	293,156,080	
Texas City Cogeneration LP	Co-generation Plant							81,129,900	84,129,900	84,641,710	
Texas City Terminal Railway Co.	Railway		26,271,466	26,271,466	26,449,880	26,143,050	26,153,740	26,084,970	26,134,110	26,111,970	
Texas Genco II LP	Natural Gas						29,807,150				
Texas New Mexico Power Co.	Energy	42,780,450	49,071,220	50,093,290	44,629,450	47,229,960	43,151,690	38,460,860	36,574,890	41,495,510	
Transtexas Gas Corporation	Natural Gas					30,058,690		48,491,810	58,393,740	63,157,230	
Union Carbide Corp.	Chemical Plant	351,643,166	333,732,211	324,324,430	275,301,650	323,858,720	289,066,050	371,724,990		515,503,290	
Valero Marketing & Supply Co.	Petroleum Sales	49,945,010									
Valero Refining - Texas LP	Refinery	789,303,970	776,776,680	668,505,350	452,393,770	211,919,380	226,593,580	209,500,930		227,152,330	
	Totals	4,450,744,765	3,918,331,516	3,572,307,931	2,973,996,319	2,627,240,640	2,175,734,719	2,236,488,539	2,477,376,110	3,123,808,690	
Total	Total Assessed Taxable Value	9,696,961,580	8,983,485,664	8,493,632,826	7,391,722,614	6,701,837,219	5,980,698,779	5,682,062,359	6,189,619,624	5,776,454,587	

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

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

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cummulative Collections of Adjusted Levy
2008	\$ 20,321,060	\$ 330,610	\$ 20,651,670	\$ 19,804,906	95.9%	\$ -	\$ -	\$ 19,804,906	95.9%
2007	19,736,777	(37,195)	19,699,582	18,922,497	96.1%	-	260,162	19,182,659	97.4%
2006	17,901,679	(15,251)	17,886,428	17,363,310	97.1%	285,117	87,047	17,735,474	99.2%
2005	16,455,479	(17,401)	16,438,078	15,480,398	94.2%	357,926	41,558	15,879,882	96.6%
2004	15,763,553	(52,824)	15,710,729	15,207,960	96.8%	375,297	28,270	15,611,527	99.4%
2003	14,072,767	(165,459)	13,907,308	13,392,757	96.3%	425,988	11,596	13,830,341	99.4%
2002	13,493,371	(9,736)	13,483,635	13,064,324	96.9%	348,774	6,751	13,419,849	99.5%
2001	12,545,811	(215,706)	12,330,105	12,174,854	98.7%	96,196	4,208	12,275,258	99.6%
2000	12,194,141	(310,321)	11,883,820	11,725,597	98.7%	109,089	3,445	11,838,131	99.6%
1999	11,282,391	4,159	11,286,550	10,960,545	97.1%	282,401	2,514	11,245,460	99.6%

Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years

(unaudited)

	For the Year Ended August 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
Other Debt										
Revenue bonds	1,825,000	2,255,000	2,670,000	3,530,000	4,375,000	2,460,000	3,025,000	3,565,000	4,080,000	4,575,000
Notes	59,592	83,156	190,040	262,975	436,947	601,843	758,136	906,276	1,136,686	1,359,772
Capital lease obligations	18,903	36,012	53,402	10,593	15,832	20,723	-	-	30,126	58,613
Total Outstanding Debt	\$ 1,903,495	\$ 2,374,168	\$ 2,913,442	\$ 3,803,568	\$ 4,827,779	\$ 3,082,566	\$ 3,783,136	\$ 4,471,276	\$ 5,246,812	\$ 5,993,385
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	\$ 11.02	\$ 13.52	\$ 18.03	\$ 23.35	\$ 15.20	\$ 19.08	\$ 23.08	\$ 27.53	\$ 31.68
Per FTSE	226	285	324	387	501	342	458	596	774	873
As a percentage of Taxable Assessed Value	21.189%	28.843%	39.415%	56.754%	80.723%	54.251%	61.121%	77.405%	92.791%	105.412%

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

Amounts Expressed in 000s)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Taxable Assessed Value (in 000s)	\$ 8,983,486	\$ 8,231,320	\$ 7,391,722	\$ 6,701,837	\$ 5,980,699	\$ 5,682,063	\$ 6,189,620	\$ 5,776,454	\$ 5,654,461	\$ 5,685,660
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	44,917	41,157	36,959	33,509	29,903	28,410	30,948	28,882	28,272	28,428
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	<u>\$ 44,917</u>	<u>\$ 41,157</u>	<u>\$ 36,959</u>	<u>\$ 33,509</u>	<u>\$ 29,903</u>	<u>\$ 28,410</u>	<u>\$ 30,948</u>	<u>\$ 28,882</u>	<u>\$ 28,272</u>	<u>\$ 28,428</u>
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
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)				Debt Service Requirements (\$000 omitted)			
	Tuition	Continuing Education Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2008	\$ 135	\$ 500	\$ 503	\$ 1,138	\$ 430	\$ 87	\$ 517	2.20
2007	124	400	579	1,103	415	104	519	2.12
2006	135	975	441	1,550	860	102	962	1.61
2005	139	1,240	230	1,610	845	157	1,002	1.61
2004	133	900	120	1,154	585	117	702	1.64
2003	129	806	235	1,170	565	141	706	1.66
2002	118	770	253	1,141	540	164	704	1.62
2001	117	691	382	1,190	515	189	704	1.69
2000	116	734	359	1,209	495	212	707	1.71
1999	117	677	244	1,038	275	178	453	2.29
1998	125	773	-	897	165	159	324	2.77

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

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment	County Population	County Personal Income (thousands of dollars)	County Personal Income Per Capita	County Unemployment
2007	215,830	\$ n/a	\$ n/a	4.6	283,987	\$ n/a	\$ n/a	4.6
2006	215,499	7,710,175	36,284	5.0	283,551	10,144,967	36,284	5.0
2005	210,948	6,986,107	33,146	5.7	277,563	9,192,246	33,146	5.7
2004	206,738	6,626,963	32,055	6.9	272,024	8,719,688	32,055	6.9
2003	202,812	6,350,753	31,313	7.2	266,858	8,356,254	31,313	7.2
2002	198,227	6,053,294	30,537	6.6	260,825	7,964,860	30,537	6.6
2001	193,741	5,834,661	30,116	5.3	254,923	7,677,185	30,116	5.3
2000	190,575	5,612,317	29,449	4.9	250,757	7,384,627	29,449	4.9
1999	189,159	5,111,048	27,020	6.7	248,893	6,725,063	27,020	6.7
1998	186,689	4,925,121	26,381	6.8	245,644	6,480,422	26,381	6.8
1997	184,461	4,546,443	24,647	8.1	242,712	5,982,162	24,647	8.1

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

Sources:

Population from U.S. Census Bureau

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

Unemployment from Bureau of Labor Statistics.

n/a: not available

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

	<u>Galveston Co</u>
Employer	<u>Employment (1st Qtr - 2007)</u>
Education & Health Services	30,831
Trade, Transport, & Utilities	15,984
Leisure & Hospitality Group	14,127
Construction	7,049
Manufacturing	6,493
Prof., Business & Other Services	5,931
Financial Activities Group	5,884
Public Administration	3,513
Other Services	2,619
Information	815
Natural Resources & Mining	635
Nonclassified	71

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

**College of the Mainland
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Faculty (Count)										
Full-Time	106	111	92	89	85	89	89	89	90	87
Part-Time	109	115	121	128	112	118	123	126	297	174
Total	215	226	213	217	197	207	212	215	387	261
Faculty (Percent)										
Full-Time	49%	49%	43%	41%	43%	43%	42%	41%	23%	33%
Part-Time	51%	51%	57%	59%	57%	57%	58%	59%	77%	67%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Staff and Administrators (Count)										
Full-Time	265	248	240	215	228	218	212	208	n/a	n/a
Part-Time	20	23	28	227	151	112	134	312	n/a	n/a
Total	285	271	268	442	379	330	346	520	194	190
Staff (Percent)										
Full-Time	93%	92%	90%	49%	60%	66%	61%	40%	n/a	n/a
Part-Time	7%	8%	10%	51%	40%	34%	39%	60%	n/a	n/a
Total	100%	100%	100%	100%	100%	100%	100%	100%	n/a	n/a

Source: IPEDS and COM Fact Books

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

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

<u>Student Classification</u>	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<30 hours	1,028	28.5%	1,492	30.6%	2,591	52.7%	2,506	46.8%	2,243	43.0%
30-72 hours	796	22.0%	811	16.6%	1,061	21.6%	1,054	19.7%	1,171	22.4%
> 72 hours	1,561	43.2%	1,333	27.3%	269	5.5%	278	5.2%	383	7.3%
Previously earned associate	136	3.8%	127	2.6%	23	0.5%	45	0.8%	36	0.7%
Previously earned baccalaureate or above	0	0.0%	71	1.5%	55	1.1%	65	1.2%	86	1.6%
CE (Non-credit)	89	2.5%	1,043	21.4%	914	18.6%	1,405	26.2%	1,302	24.9%
Total	3,610	100.0%	4,877	100.0%	4,913	100.0%	5,353	100.0%	5,221	100.0%

<u>Semester Hour Load (Credit Only)</u>	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	38	1.1%	38	1.0%	30	0.8%	47	1.2%	50	1.3%
3-5 semester hours	739	21.0%	807	21.0%	736	18.4%	771	19.5%	733	18.7%
6-8 semester hours	1,108	31.5%	1,064	27.8%	1,172	29.3%	1,035	26.2%	1,057	27.0%
9-11 semester hours	577	16.4%	651	17.0%	679	17.0%	631	16.0%	598	15.3%
12-14 semester hours	882	25.0%	1,087	28.4%	1,139	28.5%	1,174	29.7%	1,169	29.8%
15-17 semester hours	144	4.1%	168	4.4%	199	5.0%	231	5.9%	254	6.5%
18 and over	33	0.9%	19	0.5%	44	1.1%	59	1.5%	58	1.5%
Total	3,521	100.0%	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%

<u>Tuition Status (Credit Only)</u>	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	2,751	78.0%	2,990	78.0%	3,053	76.3%	3,101	78.5%	3,094	78.9%
Out-of-District	755	21.6%	830	21.6%	929	23.2%	832	21.1%	819	20.9%
Nonresident	15	0.4%	14	0.4%	17	0.4%	15	0.4%	6	0.2%
Total	3,521	100.0%	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%

Source: CBM001 and CBM00A

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

CREDIT STUDENTS

Ethnicity	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,013	57.2%	2,199	57.4%	2,346	58.7%	2,326	58.9%	2,277	58.1%
Black	625	17.8%	659	17.2%	644	16.1%	680	17.2%	720	18.4%
Hispanic	711	20.2%	741	19.3%	782	19.6%	729	18.5%	717	18.3%
Asian/Pacific Islander	78	2.2%	106	2.8%	99	2.5%	89	2.3%	84	2.1%
American Indian	27	0.8%	21	0.5%	26	0.7%	31	0.8%	26	0.7%
International	5	0.1%	7	0.2%	4	0.1%	5	0.1%	9	0.2%
Unknown	62	1.7%	101	2.6%	98	2.5%	88	2.2%	86	2.2%
Total	3,521	100.0%	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%
Gender										
Female	2,161	61.4%	2,359	61.5%	2,359	59.0%	2,376	60.2%	2,404	61.3%
Male	1,360	38.6%	1,475	38.5%	1,640	41.0%	1,572	39.8%	1,515	38.7%
Total	3,521	100.0%	3,834	100.0%	3,999	100.0%	3,948	100.0%	3,919	100.0%

Source: CBM001

NON-CREDIT STUDENTS

Ethnicity	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	492	55.0%	605	58.0%	643	70.4%	1,001	71.2%	936	71.9%
Black	157	17.5%	193	18.5%	93	10.2%	200	14.2%	139	10.7%
Hispanic	185	20.7%	173	16.6%	158	17.3%	179	12.7%	189	14.5%
Asian/Pacific Islander	15	1.7%	18	1.7%	14	1.5%	15	1.1%	28	2.2%
American Indian	6	0.7%	5	0.5%	2	0.2%	5	0.4%	5	0.4%
International	1	0.1%	9	0.9%	4	0.4%	5	0.4%	5	0.4%
Unknown	39	4.3%	40	3.8%	0	0.0%	0	0.0%	0	0.0%
Total	895	100.0%	1,043	100.0%	914	100.0%	1,405	100.0%	1,302	100.0%
Gender										
Female	369	41.2%	471	45.2%	566	61.9%	690	49.1%	621	47.7%
Male	526	58.8%	572	54.8%	348	38.1%	715	50.9%	681	52.3%
Total	895	100.0%	1,043	100.0%	914	100.0%	1,405	100.0%	1,302	100.0%

Source: CBM00A

College of the Mainland
Statistical Supplement 17
Transfers to Senior Institutions
2006-2007 Graduates, Completers, and Non-Returners as of Fall 2007
(Includes only public senior colleges in Texas)
 (unaudited)

Rank	Institution	Transfer Student Count - Academic	Transfer Student Count - Technical	Transfer Student Count - Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
Universities						
1	University of Houston at Clear Lake	127	19	3	149	23.46%
2	University of Houston	81	6	5	92	14.49%
3	Texas A&M University	57	9	0	66	10.39%
4	Sam Houston State University	37	7	1	45	7.09%
5	The University of Texas at Austin	37	5	2	44	6.93%
6	Texas State University	37	5	0	42	6.61%
7	Texas A&M University at Galveston	26	2	0	28	4.41%
8	Stephen F. Austin State University	22	4	0	26	4.09%
9	Texas Tech University	15	1	1	17	2.68%
10	The University of Texas at San Antonio	15	1	1	17	2.68%
11	Lamar University	6	6	0	12	1.89%
12	Texas Southern University	10	0	0	10	1.57%
13	University of North Texas	9	1	0	10	1.57%
14	Texas Woman's University	6	2	0	8	1.26%
15	Texas A&M University at Corpus Christi	6	1	0	7	1.10%
16	Prairie View A&M University	2	3	0	5	0.79%
17	The University of Texas at Arlington	2	3	0	5	0.79%
18	Midwestern State University	4	0	1	4	0.63%
19	The University of Texas at Tyler	3	1	0	4	0.63%
20	The University of Texas at Dallas	3	0	0	3	0.47%
21	University of Houston - Downtown	2	1	0	3	0.47%
22	Angelo State University	2	0	0	2	0.31%
23	Sul Ross State University	0	0	0	0	0.00%
24	Texas A&M International University	0	0	0	0	0.00%
Health Science Institutions						
1	The University of Texas Medical Branch at Galveston	23	8	1	32	5.04%
2	Texas Tech University Health Science Center	2	0	0	2	0.31%
3	The University of Texas Health Science Center at Houston	1	1	0	2	0.31%
Subtotal – Health Science Institutions		26	9	1	36	5.67%
Total		535	86	15	635	

College of the Mainland
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2003 to 2008
(unaudited)

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Academic Buildings	12	12	12	12	12	12
Square footage	282,202	282,202	264,026	264,026	264,026	264,026
Libraries (incl. in Acad. Bldgs)						
Square footage	14120	14120	14120	14120	14120	14120
Number of Volumes	50000	50000	50000	50000	50000	50000
Administrative and Support buildings	5	5	5	4	4	4
Square footage	35603	35603	33963	32703	32703	32703
Dining Facilities (incl. in Acad. Bldgs)						
Square footage	5420	5420	5420	5420	5420	5420
Average daily customers	150	150	150	150	150	150
Athletic Facilities	2	2	2	2	2	2
Square footage	58678	58678	58678	58678	58678	58678
Gymnasiums	1	1	1	1	1	1
Fitness Center (included in Gym)						
Swimming Pool (included in Gym)						
Racquetball Court	1	1	1	1	1	1
Plant Facilities	1	1	1	1	1	1
Square footage	2773	2773	2773	2773	2773	2773
Transportation						
Cars	4	4	4	4	4	3
Light Trucks/Vans	13	13	12	12	11	10

OTHER SUPPLEMENTAL SCHEDULES

**COLLEGE OF THE MAINLAND
BALANCE SHEET
August 31, 2008**

Schedule S-1

	Total									
	Unrestricted	Restricted	Educational and General	Auxiliary	Total Current Funds		Loan	Plant	Agency	Totals
ASSETS										
Cash and cash equivalents	\$ 13,159,689	\$ (848,876)	\$ 12,310,813	\$ 622,558	\$ 12,933,371	\$ 78,601	\$ 1,530,523	\$ 203,780	\$ 14,746,275	
Accounts receivable	4,097,148	2,212,852	6,310,000	40,402	6,350,402	-	-	2,184	6,352,586	
Notes receivable (net)	-	-	-	-	-	98,443	-	-	98,443	
Due from other funds	662,463	110,895	773,358	12,571	785,929	-	72,189	-	858,118	
Prepaid expenses	296,538	-	296,538	-	296,538	-	-	-	296,538	
Deferred charges	-	-	-	-	-	-	15,748	-	15,748	
Inventories for resale	-	-	-	673,932	673,932	-	-	-	673,932	
Capital assets	-	-	-	-	-	-	12,899,857	-	12,899,857	
TOTAL ASSETS	\$ 18,215,838	\$ 1,474,871	\$ 19,690,709	\$ 1,349,463	\$ 21,040,172	\$ 177,044	\$ 14,518,317	\$ 205,964	\$ 35,941,497	
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 456,263	\$ -	\$ 456,263	\$ 44,841	\$ 501,104	\$ -	\$ 5,566	\$ -	\$ 506,670	
Accrued liabilities	311,719	-	311,719	-	311,719	-	38,625	-	350,344	
Due to other funds	50,256	-	50,256	2,413	52,669	42,333	710,000	53,114	858,116	
Deferred revenues	4,083,344	1,446,868	5,530,212	69,560	5,599,772	-	-	-	5,599,772	
Compensated absences payable	268,539	-	268,539	-	268,539	-	1,551,862	-	1,820,401	
Bonds Payable	-	-	-	-	-	-	1,825,000	-	1,825,000	
Notes payable	-	-	-	-	-	-	76,701	-	76,701	
Funds held in custody for others	-	-	-	-	-	-	-	152,850	152,850	
Total Liabilities	<u>5,170,121</u>	<u>1,446,868</u>	<u>6,616,989</u>	<u>116,814</u>	<u>6,733,803</u>	<u>42,333</u>	<u>4,207,754</u>	<u>205,964</u>	<u>11,189,854</u>	
Fund Balance	<u>13,045,717</u>	<u>28,003</u>	<u>13,073,720</u>	<u>1,232,649</u>	<u>14,306,369</u>	<u>134,711</u>	<u>10,310,563</u>	<u>-</u>	<u>24,751,643</u>	
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,215,838	\$ 1,474,871	\$ 19,690,709	\$ 1,349,463	\$ 21,040,172	\$ 177,044	\$ 14,518,317	\$ 205,964	\$ 35,941,497	

COLLEGE OF THE MAINLAND
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 2008

Schedule S-2

	Total		Educational		Total Current		Plant	Total
	Unrestricted	Restricted	and General	Auxiliary	Funds	Loan		
REVENUES AND OTHER ADDITIONS:								
State appropriations	6,357,062	\$ 3,215,109	\$ 9,572,171	\$ -	\$ 9,572,171	\$ -	\$ -	\$ 9,572,171
Tuition and fees	5,084,495	-	5,084,495	89,254	5,173,749	-	-	5,173,749
Maintenance ad valorem taxes	20,370,530	-	20,370,530	-	20,370,530	-	-	20,370,530
Federal Grants and Contracts	205,573	5,626,950	5,832,523	9,907	5,842,430	-	-	5,842,430
State Grants and Contracts	-	325,809	325,809	-	325,809	-	-	325,809
Private grants and contracts	-	1,527,108	1,527,108	-	1,527,108	-	-	1,527,108
Sales and services of educational activities	123,226	-	123,226	-	123,226	-	-	123,226
Foreign trade zone fees	533,967	-	533,967	-	533,967	-	-	533,967
Investment income	428,113	-	428,113	-	428,113	2,329	53,054	483,496
Other income	18,823	-	18,823	-	18,823	275	3	19,101
Auxiliary enterprises	-	-	-	1,718,214	1,718,214	-	-	1,718,214
Total Revenues and Other Additions	<u>33,121,789</u>	<u>10,694,976</u>	<u>43,816,765</u>	<u>1,817,375</u>	<u>45,634,140</u>	<u>2,604</u>	<u>53,057</u>	<u>45,689,801</u>
EXPENDITURES AND OTHER DEDUCTIONS:								
Expenditures (Sch. S-3)	30,221,904	10,694,978	40,916,882	1,666,765	42,583,647	-	-	42,583,647
Expended for Plant Facilities	-	-	-	-	-	-	145,588	145,588
Retirement of Indebtedness/Bonds and Notes	42,467	-	42,467	-	42,467	-	430,000	472,467
Interest & fees on Indebtedness	5,781	-	5,781	-	5,781	-	104,043	109,824
Net Decrease (Increase) in Long-Term Debt	-	-	-	-	-	-	(626,459)	(626,459)
Current Year Additions to Capital Assets	-	-	-	-	-	-	(759,145)	(759,145)
Depreciation Expense	-	-	-	-	-	-	1,562,136	1,562,136
Other Deductions	-	-	-	-	-	-	3,618	3,618
Total Expenditures and Other Deductions	<u>30,270,152</u>	<u>10,694,978</u>	<u>40,965,130</u>	<u>1,666,765</u>	<u>42,631,895</u>	<u>-</u>	<u>859,781</u>	<u>43,491,676</u>
TRANSFERS-ADDITIONS/(DEDUCTIONS):								
Renewals and replacements	(140,615)	-	(140,615)	-	(140,615)	-	140,615	-
Retirement of Indebtedness	(516,938)	-	(516,938)	-	(516,938)	-	516,938	-
Total Transfers-Additions/(Deductions)	<u>(657,553)</u>	<u>-</u>	<u>(657,553)</u>	<u>-</u>	<u>(657,553)</u>	<u>-</u>	<u>657,553</u>	<u>-</u>
NET INCREASE/(DECREASE) FOR THE								
FISCAL YEAR	2,194,084	(2)	2,194,082	150,610	2,344,692	2,604	(149,171)	2,198,125
FUND BALANCES, beginning	<u>10,851,633</u>	<u>28,005</u>	<u>10,879,638</u>	<u>1,082,039</u>	<u>11,961,677</u>	<u>132,107</u>	<u>10,459,734</u>	<u>22,553,518</u>
FUND BALANCES, ending	<u>\$ 13,045,717</u>	<u>\$ 28,003</u>	<u>\$ 13,073,720</u>	<u>\$ 1,232,649</u>	<u>\$ 14,306,369</u>	<u>\$ 134,711</u>	<u>\$ 10,310,563</u>	<u>\$ 24,751,643</u>

COLLEGE OF THE MAINLAND
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Year Ended August 31, 2008
With Memorandum Totals at August 31, 2007

Schedule S-3

	TOTALS					
	(MEMORANDUM ONLY)					
			Total			
	Unrestricted	Restricted	Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
REVENUES:						
State appropriations	\$ 6,357,062	\$ 3,215,109	\$ 9,572,171	\$ -	\$ 9,572,171	\$ 9,383,812
Tuition and fees	5,084,495	-	5,084,495	89,254	5,173,749	4,940,892
Maintenance ad valorem taxes	20,370,530	-	20,370,530	-	20,370,530	19,572,072
Sales and services of educational activities	123,226	-	123,226	-	123,226	173,141
Sales and services of auxiliary enterprises	-	-	-	1,718,214	1,718,214	1,619,222
Federal grants and contracts	205,573	5,626,950	5,832,523	9,907	5,842,430	5,268,750
State grants and contracts	-	325,809	325,809	-	325,809	292,384
Local grants and contracts	-	-	-	-	-	4,842
Private grants and contracts	-	1,527,108	1,527,108	-	1,527,108	1,144,469
Foreign trade zone fees	533,967	-	533,967	-	533,967	634,474
Investment income	428,113	-	428,113	-	428,113	579,151
Other income	18,823	-	18,823	-	18,823	59,097
Total Current Funds Revenues	<u>33,121,789</u>	<u>10,694,976</u>	<u>43,816,765</u>	<u>1,817,375</u>	<u>45,634,140</u>	<u>43,672,306</u>
EXPENDITURES AND MANDATORY TRANSFERS:						
Educational & General:						
Instruction	11,544,343	2,795,642	14,339,985	-	14,339,985	12,979,618
Public service	1,462,157	2,328,245	3,790,402	-	3,790,402	3,964,806
Academic support	2,694,831	1,287,581	3,982,412	-	3,982,412	4,261,639
Student services	3,291,580	1,047,702	4,339,282	-	4,339,282	4,196,264
Institutional support	6,818,432	599,226	7,417,658	-	7,417,658	6,430,414
Operation and maintenance of plant	3,716,353	-	3,716,353	-	3,716,353	3,371,011
Scholarships and fellowships	141,755	2,575,479	2,717,234	-	2,717,234	2,084,586
Capital outlay	552,453	61,103	613,556	-	613,556	792,594
Total Educational and General Expenditures	<u>30,221,904</u>	<u>10,694,978</u>	<u>40,916,882</u>	<u>-</u>	<u>40,916,882</u>	<u>38,080,932</u>
Auxiliary Enterprise Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,666,765</u>	<u>1,666,765</u>	<u>2,006,174</u>
Mandatory Transfers for:						
Retirement of Indebtedness	516,938	-	516,938	-	516,938	518,934
Renewals and Replacements	140,615	-	140,615	-	140,615	143,141
Total Expenditures and Mandatory Transfers	<u>30,879,457</u>	<u>10,694,978</u>	<u>41,574,435</u>	<u>1,666,765</u>	<u>43,241,200</u>	<u>40,749,181</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):						
Non-Mandatory Transfers	-	-	-	-	-	49,125
Debt Service Expenditures	(48,248)	-	(48,248)	-	(48,248)	(591,575)
Total Other Transfers and Additions/(Deductions)	<u>(48,248)</u>	<u>-</u>	<u>(48,248)</u>	<u>-</u>	<u>(48,248)</u>	<u>(542,450)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>2,194,084</u>	<u>(2)</u>	<u>2,194,082</u>	<u>150,610</u>	<u>2,344,692</u>	<u>2,380,675</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF CHANGES IN FUND BALANCES
UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES
For the Year Ended August 31, 2008

Schedule S-4

	Bookstore	Child Care Center	Food Service	USDA Food Program	President's Fund	Student Activity Fee	Center for Advancement of Process Technology	CE Mexico Study Tour	TOTAL
Revenues									
Sales and services	1,515,648	\$ 112,020	\$ 12,224	\$ -	\$ -	\$ -	\$ 55,022	\$ 23,300	\$ 1,718,214
Student service fees	-	-	-	-	-	89,254	-	-	89,254
Federal grants	-	-	-	9,907	-	-	-	-	9,907
Other income	-	-	-	-	-	-	-	-	-
Total revenue	<u>1,515,648</u>	<u>112,020</u>	<u>12,224</u>	<u>9,907</u>	<u>-</u>	<u>89,254</u>	<u>55,022</u>	<u>23,300</u>	<u>1,817,375</u>
Expenditures									
Salaries and wages	152,563	69,582	-	-	-	20,220	-	-	242,365
Employee benefits	26,640	1,330	-	-	-	4,370	-	-	32,340
Contracted services	6,797	-	8,365	-	-	4	-	-	15,166
Supplies	1,168,067	7,251	2,166	9,907	34,243	300	-	-	1,221,934
Other operating expenses	21,787	588	131	-	43,279	71,451	6	17,718	154,960
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,375,854</u>	<u>78,751</u>	<u>10,662</u>	<u>9,907</u>	<u>77,522</u>	<u>96,345</u>	<u>6</u>	<u>17,718</u>	<u>1,666,765</u>
Excess revenue over expenditures	139,794	33,269	1,562	-	(77,522)	(7,091)	55,016	5,582	150,610
Interfund Transfers									
In	-	7,553	-	-	78,683	-	-	-	86,236
Out	-	(72,553)	(6,130)	(7,553)	-	-	-	-	(86,236)
Balances, beginning of year	<u>1,083,352</u>	<u>33,769</u>	<u>11,568</u>	<u>7,553</u>	<u>6,737</u>	<u>23,935</u>	<u>(102,780)</u>	<u>17,905</u>	<u>1,082,039</u>
Balances, end of year	<u>1,223,146</u>	<u>\$ 2,038</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 7,898</u>	<u>\$ 16,844</u>	<u>\$ (47,764)</u>	<u>\$ 23,487</u>	<u>\$ 1,232,649</u>

