

COLLEGE OF THE MAINLAND

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

**Years Ended August 31, 2013 and 2012
with Independent Auditor's Report**

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COLLEGE OF THE MAINLAND

ORGANIZATIONAL DATA

For the Fiscal Year Ended August 31, 2013

BOARD OF TRUSTEES

OFFICERS AND MEMBERS

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

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Beth Lewis	President
Amy E. Locklear, Ph. D.	Vice President for Instruction
Vicki Stanfield, Ed. D.	Vice President for Student Services
Lisa Templer, CPA	Vice President for College and Financial Services
Laurie Alexander	Controller

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
College of the Mainland
Texas City, Texas

We have audited the accompanying financial statements of College of the Mainland (the "College") as of and for the year ended August 31, 2013 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We also audited the financial statements of the College of the Mainland Foundation

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements of the College of the Mainland and the College of the Mainland Foundation referred to above present fairly, in all material respects, the financial position of the College, as of August 31, 2013, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the College of the Mainland's 2012 financial statements, and our report dated December 7, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013, is consistent, in all material respects, with the audited financial statements from which it was derived. The 2012 financial statements of the College of the Mainland Foundation were audited by other auditors.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The statistical supplements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Board of Trustees
College of the Mainland

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

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

Texas City, Texas
December 12, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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COLLEGE OF THE MAINLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following analysis provides an overview of the College's financial activities for fiscal year 2013. The purpose of this overview is to present an "objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions." The analysis conforms to topics covered in GASB Statement 34, paragraph 4, and reflects transactions, events, legislation and conditions that are presented in the College's financial report.

The College is a comprehensive public community college funded primarily through state appropriations, tuition and fees, taxes, and grant income. The College district is coterminous with the boundaries of five school districts; Dickinson ISD, Hitchcock ISD, La Marque ISD, Santa Fe ISD, and Texas City ISD. It has a service area that covers the whole of mainland Galveston County, Texas. The College employs approximately 341 full time staff and several hundred part-time staff and student workers.

Three financial statements are required to be presented under the new GASB requirements and they are: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Management's discussion will address all three (3).

The Statement of Net Position

The statement of net position represents the financial position of the College and presents all assets and liabilities using the accrual basis of accounting. During 2013, current assets (primarily cash and cash equivalents) decreased by \$1,291,644, which was offset by an increase of \$ 1,334,932 in restricted cash and cash equivalents.

Current liabilities decreased by \$974,752, which was primarily due to the change in unearned revenue. The College was able to recognize a BP grant as earned during the year in the amount of \$1.2 million.

Noncurrent liabilities decreased by \$917,132 due to several factors. The College reduced its liability related to the two (2) retirement incentives by making their annual payout of \$628,019 over five (5) years. In addition, the College made its annual payment of \$105,014 related to the Valero Tax Refund. Bonds payable was reduced during the current year by \$285,000. The College also changed its policy related to its sick leave payable whereby the College will not compensate employees for sick leave. The noncurrent portion of the sick leave payable at the beginning of the year was \$725,124.

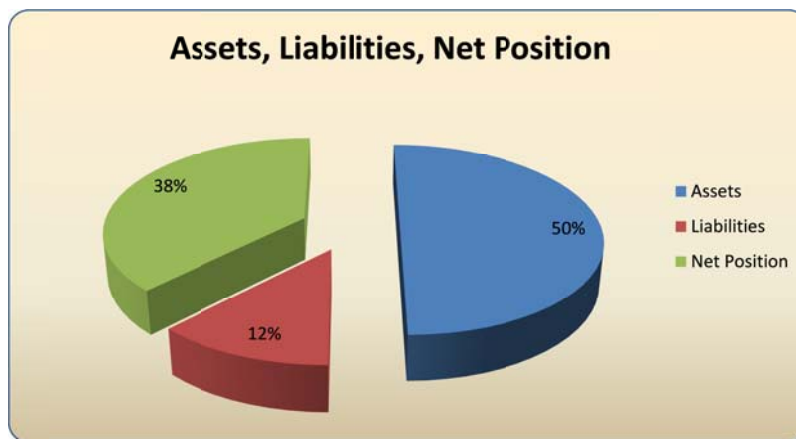
The College offered another retirement incentive package in the amount of \$647,364. The College will make annual payments of \$129,473. As of August 31, 2013, the retirement incentive payable is \$1,993,715. There is one (1) annual payment remaining for the Valero tax refund and one (1) more bond payment for a total bond principal amount outstanding of \$295,000.

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

Summary data for the Statement of Net Position is provided in the table below for fiscal years 2013, 2012, and 2011.

	2013	2012	2011
Current assets	\$ 19,510,857	\$ 20,802,501	\$ 21,017,108
Capital assets (net)	12,058,979	12,999,780	13,223,375
Other non-current assets	5,196,818	3,870,190	2,580,794
Total Assets	<u>36,766,654</u>	<u>37,672,471</u>	<u>36,821,277</u>
Current liabilities	7,377,945	8,352,697	8,243,077
Non-current liabilities	1,614,763	2,531,895	3,619,913
Total Liabilities	<u>8,992,708</u>	<u>10,884,592</u>	<u>11,862,990</u>
Net investment in capital assets	12,058,979	13,900,509	12,324,190
Restricted net position	4,407,339	2,261,077	1,573,013
Unrestricted net position	11,307,628	10,625,993	11,061,084
Total net position	<u>\$ 27,773,946</u>	<u>\$ 26,787,579</u>	<u>\$ 24,958,287</u>

Assets, liabilities, and net position for fiscal year 2013 can be seen in the following graphical presentation.



Statement of Revenues, Expenses, and Changes in Net Position

This statement represents the operating activity of the College, which results from revenue, expenses, gains and losses during the year. In 2013 operating revenue increased by \$631,120. This was primarily due to the increase in private grants of \$1,096,160. Recall that the College was able to recognize its BP grant in the amount of \$1.2M as earned revenue. The grant program has been completed and any unused funds have been recognized as earned revenue during the fiscal year ended August 31, 2013.

Operating Revenue

The increase in private grants was offset by a decrease in tuition in fees of \$395,376 (net of discounts). Tuition and fees are discounted or reduced for Title IV federal grant remissions. Tuition and fee revenue was \$3,306,016 for 2013 and \$3,701,392 for the prior year for a decrease of \$395,376. If discounting is removed the tuition and fee revenue for 2013 was \$7,917,097 and \$8,086,329 for 2012 for a decrease of \$169,232. This is primarily due to a decrease in state-funded continuing education and out-of-district resident tuition in the amount of \$67,661 and \$114,506, respectively.

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

Federal grants and contract revenue decreased by \$53,449 in 2013 compared to the prior year. The decrease was due to the following:

- Adult Education Family and Literacy funds decreased by \$64,303
- CBJTG grant funds decreased by \$134,031.

It should be noted that Direct Loans increased by \$150,301. The College also received more funds under the Temporary Assistance for Needy Families grant in the amount of \$30,992. Harris County Department of Education granted the College \$30,500 in fiscal year 2013.

Enrollment decreased slightly, primarily due to the out-of-district and non-resident student counts.

Operating Expenses

Operating expenses increased by \$1,117,592 when compared to the prior year. This was primarily due to the additional amount of Teacher's Retirement System (TRS) of Texas due and payable as of fiscal year 2013 in the amount of \$1,447,831. This additional amount was related to the General Appropriations Act, 83rd Texas Legislature, Regular Session, Article III, Public Community/Junior Colleges, Rider 22. This additional expense primarily affected instruction related expenses, which increased by \$566,670.

Public Service decreased \$441,116 in 2013 compared to 2012. The most significant decrease occurred in Grant Non-State Funded activities for a total of \$274,931, and the Teacher's Alternative Certification program in the amount of \$137,214.

Academic support increased by \$476,469 in 2013 when compared to the prior year. There were several capital expenditures charged to Academic Support in the amount of \$41,044 and approximately \$187,000 of the additional TRS liability was allocated to this cost element. Expenses related to unrestricted activities increased by \$78,162.

Student services expenses increased in 2013 compared to 2012 by \$503,140. Approximately, \$231,000 of the increase was attributable to the additional TRS liability. Expenses related to activities funded by the TRIO federal grant increased by approximately \$49,000. The College spent approximately \$153,000 using Gulf Coast PASS private grant funds.

Institutional support increased by \$637,024. Approximately \$260,000 of the TRS liability was allocated to institutional support expenses. Expenses also increased due to approved Information Technology projects, energy management and emergency management expenses, and copier expenses.

Operation and Maintenance of Plant decreased by \$105,882 during fiscal year 2013. In the prior year, the College had budgeted for several repairs and maintenance and were not considered capital outlay.

Scholarships and fellowships decreased by \$399,866 due to a decrease in Pell funds and other federal grants and contracts.

The College also experienced an increase in Auxiliary enterprise expenses in the amount of \$91,545. This was primarily due to an increase in employee travel in the amount of \$18,272 and student development events in the amount of \$32,575. There were other increases that contributed to the overall increase in auxiliary enterprise expenses.

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

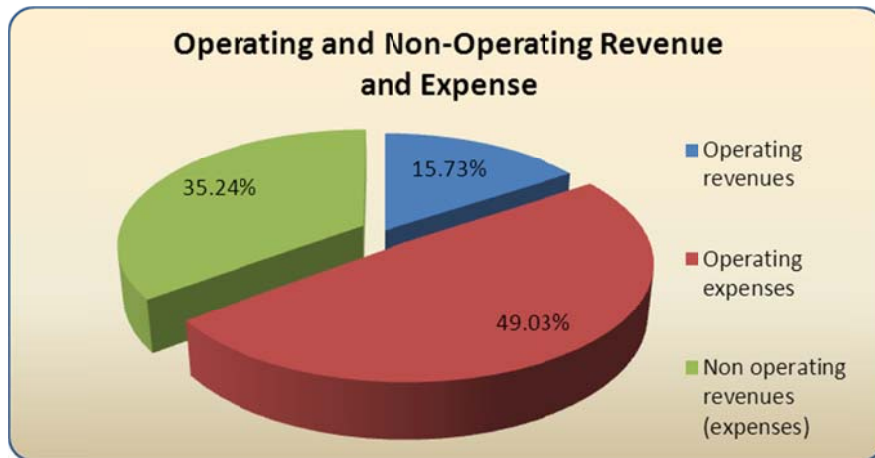
Non-Operating Revenues (Expenses)

Non-operating revenues (expenses) decreased by \$389,351 due to the decrease in Pell grant revenue in the amounts of \$394,923.

Please see below for the actual revenue and expense figures for fiscal year ending 2013, 2012, and 2011.

	2013	2012	2011
Operating revenues	\$ 8,838,809	\$ 8,174,791	\$ 9,721,195
Operating expenses	(42,564,596)	(41,447,004)	(45,453,471)
Net operating income (loss)	(33,725,787)	(33,272,213)	(35,732,276)
Non-operating revenues (expenses)	34,712,154	35,101,505	36,011,350
Total increase (decrease) in net position	<u>\$ 986,367</u>	<u>\$ 1,829,292</u>	<u>\$ 279,074</u>

The table data above is graphically depicted below for 2013.

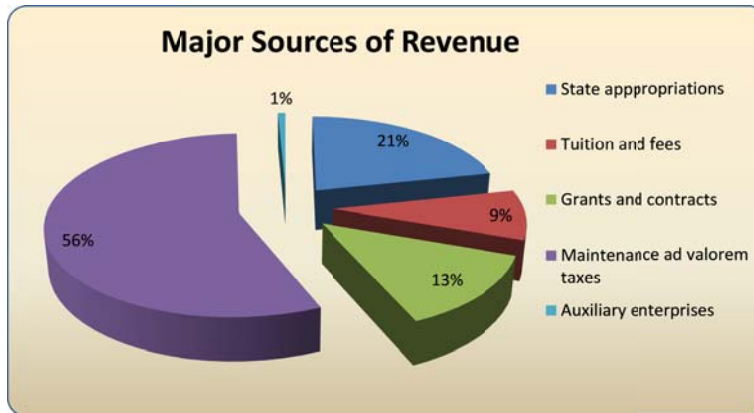


The College's combined operating and non-operating revenues by major source for fiscal years 2013, 2012 and 2011 are shown in the table below.

	2013	2012	2011
State appropriations	\$ 8,155,461	\$ 8,292,705	\$ 9,567,978
Tuition and fees (net of discounts)	3,306,016	3,701,392	3,422,249
Grants and contracts	4,934,083	3,789,495	4,640,437
Maintenance ad valorem taxes	21,031,347	20,772,062	20,556,458
Auxiliary enterprises	316,155	472,190	1,395,743
Total	<u>\$ 37,743,062</u>	<u>\$ 37,027,844</u>	<u>\$ 39,582,865</u>

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

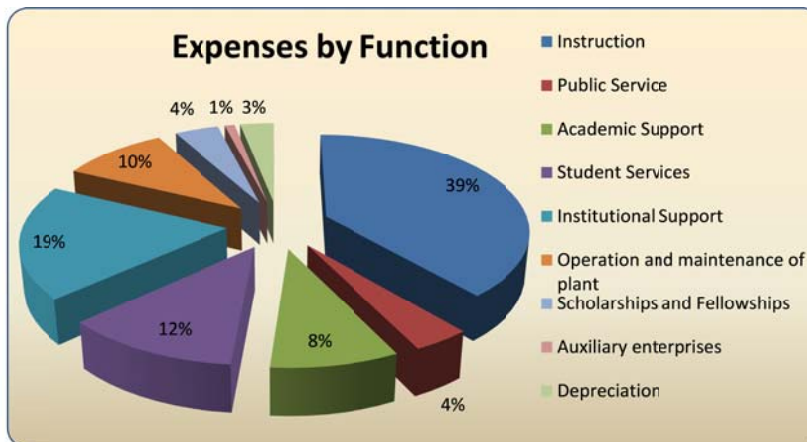
The table data for operating and non-operating for 2013 is shown graphically below.



Operating expenses are reported in the financial statement by functional classification and are presented below in the table for fiscal 2013, 2012, and 2011.

	2013	2012	2011
Instruction	\$ 16,511,927	\$ 15,945,257	\$ 16,987,181
Public Service	1,651,995	2,093,111	2,395,556
Academic Support	3,664,690	3,188,221	3,537,669
Student Services	5,092,799	4,589,659	4,483,115
Institutional Support	8,047,474	7,410,450	7,626,816
Operation and maintenance of plant	4,155,232	4,261,114	4,210,472
Scholarships and Fellowships	1,755,139	2,155,005	2,921,133
Auxiliary enterprises	386,759	295,214	1,790,852
Depreciation	1,298,581	1,508,973	1,500,677
Total operating expenses	\$ 42,564,596	\$ 41,447,004	\$ 45,453,471

Please the graphical depiction for the table data above for fiscal year 2013.



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

Statement of Cash Flows

Cash flows from operating activities show that in 2013 we used \$702,722 more than we did in 2012. This primarily due to the additional TRS payment of \$1.4 million made during the fiscal year. This was offset by a decrease in scholarships and fellowships of approximately \$400,000.

Cash flows from non-capital financing provided for a decrease in cash receipts of approximately \$262,000 compared to 2012. This was primarily due to compared to lower State Allocations. Federal grants and contracts decreases as well due to less Pell funds and other federal funds such as the Adult Education and CBJT programs received in 2013.

Cash flows from capital and related financing activities used was much less than the amount used in 2012. This is primarily due primarily to a decrease in capital outlay in the amount of approximately \$1 million.

Conclusion

Looking to the future the College has some challenges that must be addressed. One of the major challenges is the aging infrastructure of our campus. We are approaching our 50 year anniversary and there are over \$30 million of deferred maintenance projects that must be addressed. While the Board of Trustees has designated over \$6 million of reserves over the last five years to address major repair projects, it is evident that we must go to the voters in the taxing district with a bond election for additional funding.

The College is very healthy financially with reserves sufficient to sustain operations, faculty, and staff for a three (3) month period in the event of a catastrophic event. In addition, the College was able to decrease the operating budget by almost \$2 million dollars over the last two years without cutting programs or services. Efficient operations are critical at this time because of the changes in state law that has adversely impacted the State of Texas match for Group Health benefits and Retirement by requiring community colleges to match 50% of retirement and health benefits out of local funding.

Another goal that the Board and the President are striving for is to decrease our cost per student ratio. To that end the College will engage a consulting firm to develop a compensation system that reflects market value for positions, recommends the appropriate number of faculty and staff for each department, and recommends staff placement on the new compensation salary schedule to maintain internal equity.

The Board is clearly working together and has placed financial efficiency as a priority as well as ensuring that competent faculty and staff are hired. The Board's ultimate goal is to serve students in the most cost effective way possible while improving success indicators of our students and instruction.

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

BASIC FINANCIAL STATEMENTS

COLLEGE OF THE MAINLAND
STATEMENT OF NET POSITION
August 31, 2013 and August 31, 2012

Exhibit 1

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,078,561	\$ 15,322,578
Accounts receivable (net)	4,076,932	5,131,850
Inventories	-	-
Prepaid expenses	355,364	348,073
Total current assets	<u>19,510,857</u>	<u>20,802,501</u>
Noncurrent assets:		
Restricted cash and cash equivalents	5,158,343	3,823,411
Loans receivable (net)	38,475	43,916
Prepaid items	-	2,863
Capital assets (net), (see notes)	12,058,979	12,999,480
Total noncurrent assets	<u>17,255,797</u>	<u>16,869,670</u>
Total Assets	<u>36,766,654</u>	<u>37,672,171</u>
Liabilities		
Current liabilities:		
Accounts payable	1,098,380	1,121,616
Accrued liabilities	311,910	328,548
Compensated absences and severance payable - current	147,620	309,187
Retirement incentive payable - current	758,546	628,019
Funds held for others	174,522	170,506
Unearned income	4,486,953	5,404,808
Tax refund payable - current portion	105,014	105,013
Bonds payable - current portion	295,000	285,000
Total current liabilities	<u>7,377,945</u>	<u>8,352,697</u>
Noncurrent liabilities:		
Compensated absences and severance payable - noncurrent	379,594	788,695
Retirement incentive payable - noncurrent	1,235,169	1,343,186
Tax refund payable - noncurrent	-	105,014
Bonds payable	-	295,000
Total noncurrent liabilities	<u>1,614,763</u>	<u>2,531,895</u>
Total Liabilities	<u>8,992,708</u>	<u>10,884,592</u>
Net Position		
Net Investment in capital assets	12,058,979	13,900,509
Restricted for:		
Expendable:		
Grants and donor restrictions	1,711,271	406,416
Loan funds	96,934	96,877
Renewals and replacements	1,904,017	1,048,927
Debt service	695,117	708,857
Unrestricted	11,307,628	10,625,993
Total Net Position (Schedule D)	<u>\$ 27,773,946</u>	<u>\$ 26,787,579</u>

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

COLLEGE OF THE MAINLAND
AFFILIATED ORGANIZATION
STATEMENT OF FINANCIAL POSITION

College of the Mainland Foundation - Fiscal Years August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 224,176	\$ 212,451
Contributions Receivable, Net	<u>13,567</u>	<u>30,230</u>
Total Current Assets	<u>237,743</u>	<u>242,681</u>
Noncurrent Assets:		
Cash and Cash Equivalents	442,516	290,956
Investments, at Fair Value	<u>1,658,869</u>	<u>1,826,190</u>
Total Noncurrent Assets	<u>2,101,385</u>	<u>2,117,146</u>
Total Assets	<u>\$ 2,339,128</u>	<u>\$ 2,359,827</u>
Liabilities and Net Position		
Current Liabilities:		
Accounts Payable	\$ 98,421	\$ 90,414
Unearned income	<u>200</u>	<u>-</u>
Total Liabilities	<u>98,621</u>	<u>90,414</u>
Net Position:		
Unrestricted	17,481	33,441
Temporarily Restricted	982,856	999,645
Permanently Restricted	<u>1,240,170</u>	<u>1,236,327</u>
Total Net Position	<u>2,240,507</u>	<u>2,269,413</u>
Total Liabilities and Net Position	<u>\$ 2,339,128</u>	<u>\$ 2,359,827</u>

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

COLLEGE OF THE MAINLAND**Exhibit 2****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION***For the Years Ended August 31, 2013 and August 31, 2012*

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Tuition and fees (net of discounts of \$4,611,081 and \$4,384,937)	\$ 3,306,016	\$ 3,701,392
Federal grants and contracts	1,689,161	1,742,610
State grants and contracts	651,451	555,574
Private grants and contracts	2,577,471	1,481,311
Local grants and contracts	16,000	10,000
Sales and services of educational activities	19,874	23,727
Auxiliary enterprises (net of discounts)	316,155	472,190
General operating revenues	262,681	187,987
Total operating revenues (Schedule A)	<u>8,838,809</u>	<u>8,174,791</u>
Operating Expenses		
Instruction	16,511,927	15,945,257
Public service	1,651,995	2,093,111
Academic support	3,664,690	3,188,221
Student services	5,092,799	4,589,659
Institutional support	8,047,474	7,410,450
Operation and maintenance of plant	4,155,232	4,261,114
Scholarships and fellowships	1,755,139	2,155,005
Auxiliary enterprises	386,759	295,214
Depreciation expense	1,298,581	1,508,973
Total operating expenses (Schedule B)	<u>42,564,596</u>	<u>41,447,004</u>
Operating income (loss)	(33,725,787)	(33,272,213)
Non-operating revenues (expenses)		
State appropriations	8,155,461	8,292,705
Maintenance ad valorem taxes	21,031,347	20,772,062
Federal revenue, non-operating	4,807,907	5,232,988
Investment income	20,319	20,690
Foreign trade zone fees	717,198	792,856
Interest and fees on capital related debt	(20,078)	(9,796)
Other non-operating revenues	-	-
Net non-operating revenues (expenses) (Schedule C)	<u>34,712,154</u>	<u>35,101,505</u>
Increase (decrease) in net position	986,367	1,829,292
Net position - beginning of year	<u>26,787,579</u>	<u>24,958,287</u>
Net position - end of year	<u>\$ 27,773,946</u>	<u>\$ 26,787,579</u>

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

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

College of the Mainland Foundation - Fiscal Year August 31, 2013 with Comparative Totals for 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2013</u>	<u>2012</u>
Revenue and Support:					
Contributions	\$ 11,227	\$ 124,023	\$ -	\$ 135,250	\$ 213,125
Grants	-	30,500	-	30,500	22,500
In-kind contributions	67,639	-	-	67,639	154,657
Interest and investment income	52	65,983	-	66,035	66,544
Net realized and unrealized gains on invest	-	(3,576)	3,843	267	67,036
Miscellaneous income	50	-	-	50	-
Net assets released from restrictions	233,719	(233,719)	-	-	-
Total Revenue and Support	<u>312,687</u>	<u>(16,789)</u>	<u>3,843</u>	<u>299,741</u>	<u>523,862</u>
Expenses:					
Program Expenses:					
Student Scholarships	197,415	-	-	197,415	180,039
Other Program Payments	6,701	-	-	6,701	19,966
Supporting services:					
In-kind personnel and benefits	57,129	-	-	57,129	142,266
In-kind facilities and equipment	10,510	-	-	10,510	11,203
Management and general:					
Bad debt	16,050	-	-	16,050	14,520
Fundraising	2,947	-	-	2,947	7,325
Other management and general	37,895	-	-	37,895	32,247
Total Expenses	<u>328,647</u>	<u>-</u>	<u>-</u>	<u>328,647</u>	<u>407,566</u>
Change in Net Position	(15,960)	(16,789)	3,843	(28,906)	116,296
Net Position at beginning of year	<u>33,441</u>	<u>999,645</u>	<u>1,236,327</u>	<u>2,269,413</u>	<u>2,153,117</u>
Net Position at end of year	<u>\$ 17,481</u>	<u>\$ 982,856</u>	<u>\$ 1,240,170</u>	<u>\$ 2,240,507</u>	<u>\$ 2,269,413</u>

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

COLLEGE OF THE MAINLAND
STATEMENT OF CASH FLOWS
For the Years Ended August 31, 2013 and 2012

Exhibit 3

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from students and other customers	\$ 4,247,361	\$ 4,084,633
Receipts from grants and contracts	4,188,012	4,397,591
Payments to suppliers for goods and services	(9,001,109)	(29,058,544)
Payments to or on behalf of employees	(29,931,476)	(8,743,610)
Payments for scholarships and fellowships	(1,755,139)	(2,155,005)
Other receipts	262,681	187,987
Net cash provided (used) by operating activities	<u>(31,989,670)</u>	<u>(31,286,948)</u>
Cash flows from non-capital financing activities:		
Receipts from state appropriations	6,866,020	7,116,633
Receipts from ad valorem taxes	21,267,818	20,805,879
Receipts from foreign trade zone participants	717,198	792,856
Receipts from Non Operating Federal Revenue	4,836,439	5,232,988
Receipts from student organizations and other agency transactions	174,522	171,684
Payments to student organization and other agency transactions	(170,506)	(163,203)
Net (increase) decrease in loans receivable	5,441	2,404
Net cash provided (used) by non-capital financing activities	<u>33,696,932</u>	<u>33,959,241</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(216,574)	(1,285,079)
Payments on capital debt and leases - principal	(400,014)	(397,497)
Payments on capital debt and leases - interest and fees	(20,078)	(9,796)
Net cash provided (used) by capital and related financing activities	<u>(636,666)</u>	<u>(1,692,372)</u>
Cash flows from investing activities:		
Investment income	20,319	20,690
Net cash provided (used) by investing activities	<u>20,319</u>	<u>20,690</u>
Increase (decrease) in cash and cash equivalents	1,090,915	1,000,611
Cash and cash equivalents, beginning of year	<u>19,145,989</u>	<u>18,145,378</u>
Cash and cash equivalents, end of year	<u>\$ 20,236,904</u>	<u>\$ 19,145,989</u>
Components of cash and cash equivalents		
Cash and cash equivalents	\$ 15,078,561	\$ 15,322,578
Restricted cash and cash equivalents	5,158,343	3,823,411
	<u>\$ 20,236,904</u>	<u>\$ 19,145,989</u>
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (33,725,787)	\$ (33,272,213)
Adjustments:		
Depreciation expense	1,298,581	1,508,973
Payments made directly by state for benefits	1,042,175	1,040,750
Changes in assets and liabilities:		
Receivables, net	1,054,918	60,210
Inventories	-	2,639
Prepaid expenses	(7,291)	(20,442)
Accounts payable	(23,236)	(337,119)
Accrued liabilities	(1,001)	(224,847)
Compensated absences/retirement incentive payable	(710,174)	599,444
Unearned income	(917,855)	(644,343)
Net cash provided (used) by operating activities	<u>\$ (31,989,670)</u>	<u>\$ (31,286,948)</u>

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS
August 31, 2013

Note 1 - Reporting Entity

College of the Mainland (the “College”) was established in 1962, in accordance with the laws of the State of Texas, to serve the educational needs of Texas City and the surrounding communities. The College is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (“GASB”) Statement 61, *The Financial Reporting Entity: Omnibus* (an amendment of GASB Statements No 14, and No. 34). While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

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

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

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

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

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

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

COLLEGE OF THE MAINLAND

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

August 31, 2013

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

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

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

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

Basis of Accounting

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

Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position - Expendable

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Unrestricted Net Position

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

Budgetary Data

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

Cash and Cash Equivalents

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

Investments

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following estimated useful lives are used:

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Unearned Revenues

Tuition, fees, and other revenues received that are related to the period after August 31, 2013, are reported as unearned revenues. Those amounts are as follows:

	<u>2013</u>	<u>2012</u>
Tuition and fees	\$ 2,907,242	\$ 3,146,993
Season tickets - Theater	57,476	54,852
Federal, state and local grants	<u>1,492,015</u>	<u>2,202,963</u>
	<u>\$ 4,456,733</u>	<u>\$ 5,404,808</u>

Estimates

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

Application of Restricted and Unrestricted Resources

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

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. As of July 2011, the operation of the bookstore is not performed by the College.

Presentation of State Benefit Payments on Cash Flow Statements

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

New Accounting Standards

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

COLLEGE OF THE MAINLAND

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

August 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (“GASB 63”), amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. Implementation of GASB 63 is reflected in the financial statements.

GASB Statement 65, Items Previously Reported as Assets and Liabilities (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 will be implemented in fiscal year 2014.

Reclassifications

Certain amounts for 2012 have been reclassified to conform to current year reporting requirements.

Note 3 - Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

Note 4 - Deposits and Investments

At August 31, 2013 and 2012, the carrying amount of the College’s deposits was \$2,792,126 and \$1,773,969, respectively, and total bank balances equaled \$3,262,432 and \$2,535,614. Bank balances of \$250,000 are covered by federal depository insurance, and \$3,012,432 and \$2,285,614 were covered by collateral pledged in the College’s name for the years ended August 31, 2013 and 2012.

During the fiscal years 2013 and 2012, the College held investments in TexPool, a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the “Trust Company”) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of or obligations guaranteed by the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; commercial paper and fully collateralized direct repurchase agreements secured by U.S. Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer upon authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep and invests public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 4 - Deposits and Investments (continued)

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

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

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

	<u>2013</u>	<u>2012</u>
<i>Cash and Deposits:</i>		
Bank Deposits:		
Demand deposits	\$ 2,792,126	\$ 1,773,969
Cash on cash equivalents:		
Petty cash on hand and change funds	3,020	3,320
Total Cash and Deposits	<u>\$ 2,795,146</u>	<u>\$ 1,777,289</u>

Reconciliation of Deposits and Investments to Exhibit 1:

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2013</u>	<u>2012</u>
<i>Investments:</i>		
Government Investment Pools:		
TexPool	\$ 17,441,758	\$ 17,368,700
Total Investments	<u>17,441,758</u>	<u>17,368,700</u>
Total Cash and Deposits	<u>2,795,146</u>	<u>1,777,289</u>
Total Deposits and Investments	<u>\$ 20,236,904</u>	<u>\$ 19,145,989</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 15,078,561	\$ 15,322,578
Restricted cash and cash equivalents	5,158,343	3,823,411
Total Deposits and Investments	<u>\$ 20,236,904</u>	<u>\$ 19,145,989</u>

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 4 - Deposits and Investments (continued)

As of August 31, 2013, the College had the following investments and maturities:

	<u>Fair Value</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investments</u>
Investment Type:			
Local Government Investment Pools:			
TexPool	\$ 17,441,758	AAAm	100.0%
Total Local Government Investment Pools	<u>17,441,758</u>		<u>100.0%</u>
Total investments	<u>\$ 17,441,758</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	\$ 17,441,758	100.0%	49
Total Local Government Investment Pools	<u>17,441,758</u>	<u>100.0%</u>	49
Total investments	<u>\$ 17,441,758</u>	<u>100.0%</u>	49

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of August 31, 2013, the College's investment in TexPool (a public funds investment pool) was rated AAAM by Standard and Poors.

Concentration of Credit Risk

The College places no limit on the amount that may be invested in any one issuer. One hundred percent (100%) of the College's investments was in TexPool as of August 31, 2013.

Custodial Credit Risk

The College's deposits are subject to custodial credit risk as \$3,012,432 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 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Interest income	\$ 20,319	\$ 20,690
Total Investment Earnings	<u>\$ 20,319</u>	<u>\$ 20,689</u>

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 4 - Deposits and Investments (continued)

As of August 31, 2013 and 2012, cash and cash equivalents was restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Grants and awards	\$ 2,550,768	1,863,439
Loans to students	58,459	55,145
Payment of long-term debt and capital purchases/improvements	2,374,594	1,736,505
Student groups	174,522	168,322
Total restricted cash and cash equivalents	<u>\$ 5,158,343</u>	<u>\$ 3,823,411</u>

Note 5 - Disaggregation of Receivables and Payables Balances

Accounts receivable at August 31, 2013 and 2012, consisted of the following:

	<u>2013</u>	<u>2012</u>
Property taxes receivable	\$ 2,584,664	\$ 2,715,467
Allowance for uncollectible property taxes	(1,481,330)	(1,505,536)
Property taxes receivable, net	<u>1,103,334</u>	<u>1,209,931</u>
Tuition and fees receivable	2,841,966	3,429,251
Allowance for uncollectible tuition and fees	(817,588)	(448,070)
Tuition and fees receivable, net	<u>2,024,378</u>	<u>2,981,181</u>
Due from tax collector	-	23,279
Due from other governments for grant awards	619,032	588,531
Due from grantors for private awards	173,732	99,660
Other receivables	156,456	229,268
Total receivables, net	<u>\$ 4,076,932</u>	<u>\$ 5,131,850</u>

Accrued liabilities at August 31, 2013 and 2012, consisted of the following:

	<u>2013</u>	<u>2012</u>
Accrued wages payable	\$ 144,422	\$ 158,281
Reserve for incurred but not reported worker's compensation benefits	164,765	159,066
Other accrued liabilities	2,723	11,202
Total accrued liabilities	<u>\$ 311,910</u>	<u>\$ 328,549</u>

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 6 - Capital Assets

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

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 6 - Capital Assets (continued)

Capital assets activity for the year ended August 31, 2012, was as follows:

	Balance 09/01/11	Additions	Retirements and Transfers	Balance 08/31/12
Not depreciated:				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	133,879	737,795	(848,943)	22,731
Subtotal	<u>506,024</u>	<u>737,795</u>	<u>(848,943)</u>	<u>394,876</u>
Buildings and other capital assets:				
Buildings and building improvements	15,494,825	65,528	-	15,560,353
Improvements other than buildings	13,711,377	27,685	848,943	14,588,005
Total buildings and other real estate improvements	<u>29,206,202</u>	<u>93,213</u>	<u>848,943</u>	<u>30,148,358</u>
Furniture, equipment and vehicles	2,803,741	38,549	(26,631)	2,815,659
Telecommunication equipment	4,084,293	373,470	-	4,457,763
Library books	1,480,483	42,051	-	1,522,534
Total buildings and other capital assets	<u>37,574,719</u>	<u>547,283</u>	<u>822,312</u>	<u>38,944,314</u>
Accumulated depreciation:				
Buildings and building improvements	(11,160,382)	(311,207)	-	(11,471,589)
Improvements other than buildings	(7,318,581)	(673,265)	-	(7,991,846)
Total buildings and other real estate improvements	<u>(18,478,963)</u>	<u>(984,472)</u>	<u>-</u>	<u>(19,463,435)</u>
Furniture, equipment and vehicles	(1,778,108)	(183,420)	26,631	(1,934,897)
Telecommunication equipment	(3,393,155)	(294,964)	-	(3,688,119)
Library books	(1,207,142)	(46,117)	-	(1,253,259)
Total Accumulated depreciation	<u>(24,857,368)</u>	<u>(1,508,973)</u>	<u>26,631</u>	<u>(26,339,710)</u>
Net capital assets	<u>\$ 13,223,375</u>	<u>\$ (223,895)</u>	<u>\$ -</u>	<u>\$ 12,999,480</u>

Note 7 - Noncurrent Liabilities

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

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 7 - Noncurrent Liabilities (continued)

Noncurrent liabilities activity for the year ended August 31, 2012, was as follows:

	<u>Balance 09/01/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/12</u>	<u>Current Portion</u>
Bonds					
Revenue bonds	\$ 855,000	\$ -	\$ (275,000)	\$ 580,000	\$ 285,000
	<u>855,000</u>	<u>-</u>	<u>(275,000)</u>	<u>580,000</u>	<u>285,000</u>
Other liabilities					
Compensated absences payable	1,114,206	218,379	(234,702)	1,097,883	309,187
Retirement incentive payable	2,599,223	-	(628,019)	1,971,204	628,019
Property tax refund payable	315,040	-	(105,013)	210,027	105,013
	<u>4,028,469</u>	<u>218,379</u>	<u>(967,734)</u>	<u>3,279,114</u>	<u>1,042,219</u>
Total noncurrent liabilities	<u>\$ 4,883,469</u>	<u>\$ 218,379</u>	<u>\$ (1,242,734)</u>	<u>\$ 3,859,114</u>	<u>\$ 1,327,219</u>

Bonds Payable

	<u>Revenue Bonds Series 2004</u>
Purpose:	To implement new administrative software and hardware, update existing infrastructure, and develop disaster recover solutions
Date issued:	08/01/04
Amount of original issue - all authorized bonds have been issued	\$2,500,000
Amounts outstanding, end of year	\$295,000
Interest rates	3.00% to 4.00%
Maturity dates serially, beginning/ending	May 1, 2005/2014
Interest payment dates	May 1/November 1

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 7 - Noncurrent Liabilities (continued)

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

Bonds payable are due in annual installments varying from \$275,000 to \$295,000, with interest rates from 3.0% to 4.0%, with the final installment due in 2014.

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

<u>Year Ending</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 295,000	\$ 11,800	\$ 306,800
	<u>\$ 295,000</u>	<u>\$ 11,800</u>	<u>\$ 306,800</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, 2013.

Tax Refund Payable

During the year ended August 31, 2009, a lawsuit filed by one of the College's larger taxpayer was completed and the College was required to pay a tax refund in the amount of \$420,053 over a four year period beginning in December 2010. The annual payments are \$105,013 beginning December 10, 2010. The outstanding balance at August 31, 2013, was \$105,014.

Note 8 - Employees Retirement Plan

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

Teacher Retirement System of Texas

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 8 - Employees Retirement Plan (continued)

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.4% of the member's annual compensation and a state contribution rate of not less than 6.4% and not more than 10% of the aggregate annual compensation of all members of the College; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2013, 6.0% for fiscal year 2012, and 6.644% for fiscal year 2011.

Optional Retirement Plan

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

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

The retirement expense to the State for the College was \$1,042,175 and \$1,040,750 for the fiscal years ended August 31, 2013 and 2012, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all college employees was \$22,487,632 and \$23,031,538 fiscal years 2013 and 2012, respectively. The total payroll of employees covered by the Teacher Retirement System was \$14,534,693 and \$15,419,131 for fiscal years 2013 and 2012, respectively. The total payroll of employees covered by the Optional Retirement System was \$3,961,767 and \$4,271,483 for fiscal years 2013 and 2012, respectively.

Note 9 - Deferred Compensation Program

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 10 - Compensated Absences

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

Effective September 1, sick leave is no longer paid out when an employee separates their employment with the College. The College's sick leave payable at August 31, 2013 and 2012 was \$0 and \$907,449, respectively.

	<u>2013</u>	<u>2012</u>
Balance, September 1	\$ 907,449	\$ 912,953
Additions		112,131
Payments	(907,449)	(117,635)
Balance, August 31	<u>\$ -</u>	<u>\$ 907,449</u>
Current	\$ -	\$ 182,325
Noncurrent	-	725,124
	<u>\$ -</u>	<u>\$ 907,449</u>

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

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

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

All accrued vacation over 120 hours or 15 days must be taken or shall be lost by the employee's anniversary date of service each year unless the employee is prevented from taking vacation for the convenience of the College. The maximum accrual of 120 hours shall be adjusted pro-rata for benefit eligible employees, non-faculty employees that are less than 100 percent full-time equivalent.

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 10 - Compensated Absences (continued)

The College's vacation leave payable at August 31, 2013 and 2012 was \$527,214 and \$190,433, respectively, and is included in accrued compensable absences on the balance sheet. The following is a summary of changes in vacation leave payable:

	<u>2013</u>	<u>2012</u>
Balance, September 1	\$ 190,433	\$ 201,253
Additions	470,984	106,247
Payments	(134,204)	(117,067)
Balance, August 31	<u>\$ 527,214</u>	<u>\$ 190,433</u>
Current	\$ 147,620	\$ 126,862
Noncurrent	379,594	63,571
	<u>\$ 527,214</u>	<u>\$ 190,433</u>

Note 11 - Pending Lawsuits and Claims

On August 31, 2013, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Note 12 - Operating Lease Commitments and Rental Agreements

Commitments under operating lease agreements for facilities and equipment are cancelable at any time. The College is therefore not obligated for minimum future rental payments at August 31, 2013. Rental expenditures were paid only from unrestricted current funds during 2013 and 2012 and were \$736,886 and \$711,610, respectively.

Note 13 - Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Funds received, but not expended during the reporting period, are deferred. Revenues are recognized on Exhibit 2 as funds are actually expended. For federal and state contract and grant awards, funds expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements.

Note 14 - Self-Insured Plans

During the year ended August 31, 2011, the College participated in the TASB Risk Management Fund's (the Fund's) Property Casualty Program with coverage in Auto Liability, Auto Physical Damage, General Liability, Property, Sexual Misconduct Endorsement, and SP Legal Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

COLLEGE OF THE MAINLAND

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

August 31, 2013

Note 14 - Self-Insured Plans (continued)

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2013, the Fund anticipates the College has no additional liability beyond the contractual obligations for payment of contributions.

During the year ended August 31, 2013, the College provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

For the year ended August 31, 2013, 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, 2013 and 2012 amounted to \$164,765 and \$159,066, respectively.

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

Note 15 - Post Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee ranged from \$470 to \$920 per month depending upon coverage elected by the employee for the year ended August 31, 2013 and \$438 to \$857 per month for 2012, and totaled \$1,289,441 for the year ended August 31, 2013 (\$1,223,164 for the year ended August 31, 2012). The cost of providing those benefits for 193 retirees cost \$1,135,930 for August 31, 2013 (benefits for 156 retirees cost \$1,067,319 for August 31, 2012). The cost of providing those benefits for 326 active employees was \$153,511 for August 31, 2013 (benefits for 351 employees cost \$155,845 for August 31, 2012).

COLLEGE OF THE MAINLAND

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

August 31, 2013

Note 16 - Related Parties

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

Note 17 - Property Tax

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

	<u>2013</u>	<u>2012</u>
Assessed Valuation of the District:	\$ 11,357,073,350	\$ 11,320,096,000
Less: Exemptions	(2,351,862,933)	(2,320,747,000)
Net Assessed Valuation of the District	<u>\$ 9,005,210,417</u>	<u>\$ 8,999,349,000</u>

	<u>2013</u>			<u>2012</u>		
	<u>Current</u>	<u>Debt</u>		<u>Current</u>	<u>Debt</u>	
	<u>Operations</u>	<u>Service</u>	<u>Total</u>	<u>Operations</u>	<u>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	\$ 0.225970	\$ 0.000000	\$ 0.225970	\$ 0.232020	\$ 0.000000	\$ 0.232020

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, 2013 and 2012 amounted to \$20,349,987 and \$20,741,034 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, 2013, were as follows:

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 17 - Property Tax (continued)

Tax collections for the year ended August 31, 2012, were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 20,313,791	\$ -	\$ 20,313,791
Delinquent taxes collected, net of refunds	403,085	-	403,085
Penalties and interest collected	248,000	-	248,000
Total collections	<u>\$ 20,964,876</u>	<u>\$ -</u>	<u>\$ 20,964,876</u>

Tax collections for the years ended August 31, 2013 and 2012 approximated 98.2% of the current year levy for 2013 and 97.9% for 2012. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

Note 18 - Retirement Incentive Packages

During fiscal years 2011 and 2010, the district offered retirement incentive packages in the amount of \$873,187 and \$1,953,066, respectively. During fiscal year 2013, the College offered another incentive package in the amount of \$651,584. As of August 31, 2013, the combined liability for those retirement incentive packages is \$1,993,715 of which \$758,546 is considered current.

Retirement incentives payable were as follows as of August 31, 2012 and 2011.

	<u>2013</u>	<u>2012</u>
Balance, September 1	\$ 1,971,204	\$ 2,599,223
Additions	651,584	-
Payments	(629,073)	(628,019)
Balance, August 31	<u>\$ 1,993,715</u>	<u>\$ 1,971,204</u>

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

<u>Year Ending August 31,</u>	<u>Retirement Incentives</u>
2014	\$ 758,546
2015	758,546
2016	305,165
2017	171,458
	<u>\$ 1,993,715</u>

Note 19 - Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2013 and 2012.

COLLEGE OF THE MAINLAND

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

August 31, 2013

Note 20 - Postemployment Benefits Other than Pensions

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

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

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

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

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

The College's contributions to SRHP for the years ended August 31, 2013, 2012, and 2011 were \$83,602, \$83,239, and \$141,476 respectively, which equaled the required contributions each year.

Note 21 - Subsequent Events

In September 2013, the College offered its 2013-2014 retirement incentive package. To be eligible, employees must submit their signed retirement declaration between September 1, 2013 and December 13, 2013. An employee's effective date of retirement must be between September 1, 2013 and August 31, 2014. Contract employees must select a date that is mutually agreed upon by the College and the employee.

No changes are necessary to be made to the financial statements as a result of these events. Management has evaluated subsequent events through December 12, 2013, the date which the financial statements were available to be issued.

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

Note 22 - Disclosures Related to Discretely Presented Component Units

A. Basis of Presentation and Summary of Significant Accounting Policies

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

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

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets Presentation

The Foundation's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

Fair Value Considerations

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

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in demand deposits and certificates of deposit. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less at date of purchase to be cash equivalents.

At August 31, 2013 and 2012, cash and cash equivalents included \$442,516 and \$290,956, respectively, of permanently restricted contributions for endowment purposes.

Investments and Investment Return

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

Contributions Receivable and Promises to Give

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

If contributions receivable become doubtful of collection, allowances are made to the extent the amounts are determined to be doubtful, and are charged to expense. If doubtful amounts are subsequently determined to be uncollectible, they are written off against allowances in the period determined. As of August 31, 2013 and 2012, allowance for doubtful accounts totaled \$67,672 and \$51,972, respectively.

In-Kind Services

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

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

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

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

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

Federal Income Taxes

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

The Foundation accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of August 31, 2013, management believes there were no uncertain tax positions.

Use of Estimates

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

Reclassifications

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

B. Fair Value Measurements

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

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level I inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity.

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

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

B. Fair Value Measurements (continued)

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

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2013			
Corporate stocks	\$ 19,270	\$ -	\$ -
Fixed income funds	928,340	-	-
Equity mutual funds	460,814	-	-
Corporate bonds	250,445	-	-
Total	<u>\$ 1,658,869</u>	<u>\$ -</u>	<u>\$ -</u>
August 31, 2012			
Corporate stocks	\$ 19,270	\$ -	\$ -
Fixed income funds	569,174	-	-
Equity mutual funds	710,703	-	-
Corporate bonds	527,043	-	-
Total	<u>\$ 1,826,190</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>2013</u>	<u>2012</u>
Dividends and interest income	\$ 66,035	\$ 66,544
Net realized and unrealized gains	267	67,036
Total Investment income	<u>\$ 66,302</u>	<u>\$ 133,580</u>

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

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

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

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

C. Contributions Receivable

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

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 63,672	\$ 45,142
One to five years	<u>20,000</u>	<u>40,000</u>
Total Contributions receivable	83,672	85,142
Less: Unamortized discount to net present value at 5.34%	(2,433)	(2,940)
Less: Allowance for doubtful amounts	<u>(67,672)</u>	<u>(51,972)</u>
	<u>\$ 13,567</u>	<u>\$ 30,230</u>

D. Temporary Restrictions on Net Assets

Temporarily restricted net assets include the following at August 31:

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 422,996	\$ 484,211
Accumulated undistributed earnings on endowments	<u>559,860</u>	<u>515,434</u>
Total	<u>\$ 982,856</u>	<u>\$ 999,645</u>

E. Endowments

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

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

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies and objectives of the Foundation

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

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

E. Endowments (continued)

The Foundation has not adopted an investment and spending policies specific to endowment assets. However, the assets are managed in a manner that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment as well as capital appreciation, which exceeds the annual distributions with acceptable levels of risk. Endowment assets are investment in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions as needed, while growing the funds if possible. There is not an established expectation of an average rate of return. Investment risk is measured in terms of total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. At August 31, 2013 and 2012, the endowments funds were held and managed by Bank of America, N.A.

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

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

Changes in endowment net assets are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 31, 2011	\$ 475,058	\$ 1,181,545	\$ 1,656,603
Investment return:			
Investment income	40,376	-	40,376
Net Appreciation of investments	-	54,782	54,782
Endowment net assets, August 31, 2012	515,434	1,236,327	1,751,761
Investment return:			
Investment income	44,426	-	44,426
Net Appreciation of investments	-	3,843	3,843
Endowment net assets, August 31, 2013	<u>\$ 559,860</u>	<u>\$ 1,240,170</u>	<u>\$ 1,800,030</u>

COLLEGE OF THE MAINLAND
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)
August 31, 2013

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

F. Related Party Transactions

The College provides office space to the Foundation at no cost. In addition, the Foundation's payroll expenses, all employee benefits, and certain supplies are paid for by the College. The Foundation does not reimburse the College for these costs. As such, in-kind revenue and expense are recorded in the statement of activities for these costs. For the years ended August 31, 2013 and 2012, in-kind revenue and expense totaled \$67,639 and \$154,657, respectively.

All student scholarship expenditures are disbursed to the College. These expenses totaled \$197,415 and \$180,039, for the years ended August 31, 2013 and 2012, respectively.

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

G. Concentration of Credit Risk

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

H. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 12, 2013, the date on which the financial statements were available to be issued.

In September 2013, the Foundation hired a new Executive Director. There were no other subsequent events that were required to be recognized or disclosed in the financial statements through that date.

SUPPLEMENTAL SCHEDULES

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

Schedule A

For the Year Ended August 31, 2013

With Memorandum Totals for the Year Ended August 31, 2012

	Educational Activities			Auxiliary Enterprises	Total	
	Unrestricted	Restricted	Total		2013	2012
Tuition						
State funded credit courses:						
In-district resident tuition	\$ 2,674,760	\$ -	\$ 2,674,760	\$ -	\$ 2,674,760	\$ 2,678,149
Out-of-district resident tuition	1,461,805	-	1,461,805	-	1,461,805	1,576,311
Non-resident tuition	127,559	-	127,559	-	127,559	139,671
TPEG - credit (set aside)*	221,650	-	221,650	-	221,650	201,837
State funded continuing education:	447,116	-	447,116	-	447,116	514,777
TPEG - noncredit (set aside)*	28,539	-	28,539	-	28,539	32,858
Non-state funded educational programs	428,855	-	428,855	-	428,855	426,198
Total tuition	5,390,284	-	5,390,284	-	5,390,284	5,569,801
Fees						
Campus fees	171,600	-	171,600	-	171,600	176,834
Facility fees	855,090	-	855,090	-	855,090	875,258
Laboratory fees	77,189	-	77,189	-	77,189	72,170
Processing fees	543,284	-	543,284	-	543,284	579,947
Student service fees	-	-	-	166,990	166,990	169,512
Other fees	712,660	-	712,660	-	712,660	642,807
Total fees	2,359,823	-	2,359,823	166,990	2,526,813	2,516,528
Scholarship allowances and discounts						
Remissions and exemptions - state	(95,592)	-	(95,592)	-	(95,592)	(81,160)
Remissions and exemptions - local	(847,717)	-	(847,717)	-	(847,717)	(776,507)
Title IV federal grants remissions	(3,318,073)	-	(3,318,073)	-	(3,318,073)	(3,291,345)
TPEG awards	(349,699)	-	(349,699)	-	(349,699)	(235,925)
Total scholarship allowances and discounts	(4,611,081)	-	(4,611,081)	-	(4,611,081)	(4,384,937)
Total net tuition and fees	3,139,026	-	3,139,026	166,990	3,306,016	3,701,392
Additional operating revenues						
Federal grants and contracts	122,161	1,553,566	1,675,727	13,434	1,689,161	1,742,610
State grants and contracts	21,267	630,184	651,451	-	651,451	555,574
Local grants and contracts	-	16,000	16,000	-	16,000	10,000
Private grants and contracts	-	2,577,471	2,577,471	-	2,577,471	1,481,311
Sales and services of educational activities	19,874	-	19,874	-	19,874	23,727
General operating revenues	262,681	-	262,681	-	262,681	187,987
Total additional operating revenues	425,983	4,777,221	5,203,204	13,434	5,216,638	4,001,209
Auxiliary Enterprises						
Bookstore	-	-	-	-	-	60,192
Other auxiliary	-	-	-	316,155	316,155	411,998
Total net auxiliary	-	-	-	316,155	316,155	472,190
Total operating revenues	\$ 3,565,009	\$ 4,777,221	\$ 8,342,230	\$ 496,579	\$ 8,838,809	\$ 8,174,791
					(Exhibit 2)	(Exhibit 2)

*In accordance with Education Code 56.033, \$349,699 and \$235,925 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, 2013
With Memorandum Totals for the Year Ended August 31, 2012

Schedule B

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other expenses	2013	2012
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 10,172,877	\$ -	\$ 3,021,099	\$ 735,944	\$ 13,929,920	\$ 13,228,473
Public service	569,782	-	181,794	76,899	828,475	1,049,339
Academic support	2,098,412	-	799,513	230,708	3,128,633	2,699,845
Student services	2,726,875	-	958,658	234,587	3,920,120	3,616,770
Institutional support	2,926,196	-	1,101,096	3,595,260	7,622,552	6,931,119
Operation and maintenance of plant	951,239	-	62,330	3,141,663	4,155,232	4,021,071
Total Unrestricted Educational Activities	19,445,381	-	6,124,489	8,015,061	33,584,931	31,546,617
Restricted - Educational Activities						
Instruction	954,982	1,155,896	104,381	366,748	2,582,007	2,716,783
Public service	504,719	70,605	76,226	171,970	823,520	1,043,772
Academic support	176,908	309,102	29,101	20,946	536,057	488,376
Student services	423,302	371,090	85,130	293,157	1,172,679	972,889
Institutional support	-	424,923	-	-	424,923	479,332
Operation and maintenance of plant	-	-	-	-	-	240,043
Scholarships and fellowships	81,288	-	-	1,673,851	1,755,139	2,155,005
Total Restricted Educational Activities	2,141,199	2,331,616	294,838	2,526,672	7,294,325	8,096,200
Total Educational Activities	21,586,580	2,331,616	6,419,327	10,541,733	40,879,256	39,642,817
Auxiliary Enterprises	157,765	-	10,492	218,502	386,759	295,214
Depreciation Expense:						
Buildings and other real estate improvements	-	-	-	839,374	839,374	984,472
Equipment and furniture	-	-	-	411,858	411,858	478,384
Library books	-	-	-	47,349	47,349	46,117
Total Depreciation Expense	-	-	-	1,298,581	1,298,581	1,508,973
Total Operating Expenses	\$ 21,744,345	\$ 2,331,616	\$ 6,429,819	\$ 12,058,816	\$ 42,564,596	\$ 41,447,004
				(Exhibit 2)	(Exhibit 2)	

COLLEGE OF THE MAINLAND
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
For the Year Ended August 31, 2013
With Memorandum Totals for the Year Ended August 31, 2012

Schedule C

	Unrestricted	Restricted	Total	Auxiliary enterprises	Total	
					2013	2012
Non-operating revenues						
State appropriations:						
Academic appropriation	\$ 3,835,970	\$ -	\$ 3,835,970	\$ -	\$ 3,835,970	\$ 3,554,174
Workforce appropriation	1,756,727	-	1,756,727	-	1,756,727	2,474,617
Hold harmless	231,148	-	231,148	-	231,148	-
State group insurance	-	1,289,441	1,289,441	-	1,289,441	1,223,164
State retirement matching	-	1,042,175	1,042,175	-	1,042,175	1,040,750
Total state appropriations	5,823,845	2,331,616	8,155,461	-	8,155,461	8,292,705
Maintenance ad valorem taxes	21,031,347	-	21,031,347	-	21,031,347	20,772,062
Federal revenue, non-operating	4,807,907	-	4,807,907	-	4,807,907	5,232,988
Investment income	19,833	355	20,188	131	20,319	20,690
Foreign trade zone fees	717,198	-	717,198	-	717,198	792,856
Fees collected for renewals and replacements	-	855,090	855,090	-	855,090	875,258
Fees collected for debt retirement	-	301,293	301,293	-	301,293	308,863
Total non-operating revenues	32,400,130	3,488,354	35,888,484	131	35,888,615	36,295,422
Non-operating expenses						
Interest and fees on capital related debt	922	19,156	20,078	-	20,078	9,796
Fees transferred for renewals and replacements	855,090	-	855,090	-	855,090	875,258
Fees transferred for debt retirement	301,293	-	301,293	-	301,293	308,863
Total non-operating expenses	1,157,305	19,156	1,176,461	-	1,176,461	1,193,917
Net non-operating revenues (expenses)	\$ 31,242,825	\$ 3,469,198	\$ 34,712,023	\$ 131	\$ 34,712,154	\$ 35,101,505
					(Exhibit 2)	(Exhibit 2)

COLLEGE OF THE MAINLAND
 SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
 For the Year Ended August 31, 2013

Schedule D

	Detail by Source				Available for Current	
	Capital Assets				Yes	No
	Unrestricted	Restricted Expendable	Net of Depreciation & Related Debt	Total		
Current:						
Unrestricted	\$ 9,718,411	\$ -	\$ -	\$ 9,718,411	\$ 9,718,411	\$ -
Grants and donor restrictions	-	1,711,271	-	1,711,271	1,711,271	-
Auxiliary enterprises	1,589,217	-	-	1,589,217	1,589,217	-
Loan funds	-	96,934	-	96,934	-	96,934
Plant:						
Renewals and replacements	-	1,904,017	-	1,904,017	-	1,904,017
Debt service	-	695,117	-	695,117	-	695,117
Investment in plant	-	-	12,058,979	12,058,979	-	12,058,979
Total Net Position, end of year	11,307,628	4,407,339	12,058,979	27,773,946 (Exhibit 1)	13,018,899	14,755,047
Total Net Position, beginning of year	10,625,993	2,261,077	13,900,509	26,787,579 (Exhibit 1)	11,032,409	15,755,170
Net increase (decrease) in net position	\$ 681,635	\$ 2,146,262	\$ (1,841,530)	\$ 986,367 (Exhibit 2)	\$ 1,986,490	\$ (1,000,123)

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of College of the Mainland (the "College"), which comprise the statement of financial position as of August 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2013. However, we did not audit the College of the Mainland in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
College of the Mainland

Compliance and Other Matters

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

Purpose of this Report

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

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

Texas City, Texas
December 12, 2013

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited College of the Mainland's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2013. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

To the Board of Trustees
College of the Mainland

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2013.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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



Texas City, Texas
December 12, 2013

COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2013

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards and State Awards

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
US Department of Education	
Student Financial Assistance Programs Cluster:	
Supplemental Education Opportunity Grant	84.007
Federal College Work-Study Program	84.033
Federal Pell Grant	84.063
Federal Direct Loan Program	84.268
Carl D. Perkins	84.048

Name of State Program

Adult Education – State	N/A
Nursing Shortage Reduction	N/A
Nursing Shortage Under 70	N/A
Texas College Work Study	N/A

COLLEGE OF THE MAINLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2013

I. Summary of Auditors' Results (continued)

Dollar Threshold Considered Between Type A and B:		
Federal		\$300,000
State		\$300,000
Auditee qualified as low risk auditee?		
Federal		Yes
State		No

II. Financial Statement Findings

There were no items reported.

III. Federal and State Award Findings and Questioned Costs

There were no items reported.

IV. Status of Prior-Year Findings

There were no prior year findings.

V. Corrective Action Plan

There were no items reported.

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2013

Schedule E
(1 of 2)

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
U.S. Department of Agriculture			
Direct Program:			
Lil Farmers	10.579	N/A	\$ 8,000
Pass-Through From:			
<i>Texas Department of Agriculture</i>			
<i>USDA Food Program</i>	10.558	75-G4005	<u>13,434</u>
Total Department of Agriculture			<u>21,434</u>
U.S. Department of Labor			
Pass-Through From:			
<i>Texas Workforce Commission</i>			
<i>WIA-Dislocated Workers</i>	17.260	2813ATP000	12,960
<i>Harris County Department of Education</i>			
<i>Counseling to Careers</i>	17.267	TEA323-12	10,000
<i>WIA</i>	17.267	N/A	20,500
<i>Texas Workforce Commission via San Jacinto</i>			
<i>Community College:</i>			
<i>CBJTG</i>	17.269	DOL531708002	49,275
<i>Lee Community College:</i>			
<i>CBJTG</i>	17.269	CB182260960A48	<u>12,725</u>
Total Department of Labor			<u>105,460</u>
U.S. Department of Education			
Direct Programs:			
<i>Student Financial Aid Cluster:</i>			
<i>Supplemental Educational Opportunity Grant</i>	84.007	P007A123984	100,000
<i>Federal College Work Study Program</i>	84.033	P033A123984	84,665
<i>Federal Pell Grant</i>	84.063	P063P112888	4,623,242
<i>Direct Loans</i>	84.268	P268K132888	1,542,680
<i>TRIO Cluster:</i>			
<i>TRIO - Student Support Services</i>	84.042A	P042A100067-12	269,086
<i>TRIO - Student Support Services - Upward Bound</i>	84.047	P047A120113	260,518
<i>Fund for the Improvement of Postsecondary Education</i>	84.116	P116N10012	29,530
Pass-Through From:			
<i>Texas Education Agency:</i>			
<i>Adult Education and Family Literacy</i>	84.002A	134100017110480	647,062
<i>Adult Education English Literacy & Civics Ed.</i>	84.002A	134100087110475	120,700
<i>Texas Higher Education Coordinating Board:</i>			
<i>Carl Perkins Vocational Education</i>	84.048	134226	<u>157,143</u>
Total Department of Education			<u>7,834,626</u>

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2013

Schedule E
(2 of 2)

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. Department of Health and Human Services			
Pass-Through From:			
Texas Education Agency:			
<i>Temporary Assistance for Needy Families</i>	93.558	133625017110453	\$ 45,449
Texas Workforce Commission			
Child Care Quality Improvement	93.596	TWC2812CCMC40	32,779
Total Department of Health and Human Services			<u>78,228</u>
Total Expenditures of Federal Awards			<u>\$ 8,039,748</u>

* Clustered programs under OMB Circular A-133.

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

Note 1 - Federal Assistance Reconciliation

Note 1: Federal Assistance Reconciliation	
Federal Grants and Contracts revenue - Per Schedule A	\$ 1,689,161
Add: Non Operating Federal Revenue From Schedule C	<u>4,807,907</u>
Total Federal Revenues per Statement of Revenues, Expenses and Changes and Net Assets	6,497,068
Reconciling Item:	
Add: Direct Students Loans	<u>1,542,680</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 8,039,748</u></u>

Note 2 - Significant accounting policies used in preparing the schedule

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

Note 3 - Expenditures not subject to federal single audit

N/A

Note 4 - Student Loans Processed and Administrative Costs Recovered

N/A

Note 5 - Nonmonetary federal assistance received

N/A

Note 6 - Amounts passed through by the College

N/A

COLLEGE OF THE MAINLAND
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

Schedule F

<u>Grantor Agency / Program Title</u>	<u>Grantor / Project Number</u>	<u>Expenditures</u>
Texas Department of Agriculture		
<i>WE CAN!</i>	E3E-12-105	\$ 4,520
Texas Department of Agriculture		<u>4,520</u>
Texas Education Agency		
<i>Adult Education</i>	130100017110480	123,042
Total Texas Education Agency		<u>123,042</u>
Texas Higher Education Coordinating Board		
<i>Texas College Work Study</i>	N/A	7,992
<i>Texas Grant Program</i>	N/A	95,225
<i>Texas Education Opportunity Grant</i>	N/A	57,082
<i>Nursing Shortage Reduction Program</i>	N/A	32,388
<i>Nursing Shortage Under 70</i>	N/A	167,934
<i>Accelerate TX - ABEIG</i>	10787	16,667
Total Texas Higher Education Coordinating Board		<u>377,288</u>
Texas Workforce Commission		
<i>Electrician Apprentice</i>	2813ATP000	24,300
<i>Marathon Consortium</i>	2812SDF007	104,992
<i>Brazosport College</i>	2813SDF000	17,309
Total Texas Workforce Commission		<u>146,601</u>
Total Expenditures of State Awards		<u>\$ 651,451</u>

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

Note 1 -State Assistance Reconciliation

State Revenues - Per Schedule A	\$ 651,451
Add State Revenues not reported on Schedule A	<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards	<u><u>\$ 651,451</u></u>

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STATISTICAL SUPPLEMENT

COLLEGE OF THE MAINLAND

Statistical Supplement 1

Net Position by Component

Fiscal years 2004 to 2013

(unaudited)

	For the Fiscal Year Ended August 31,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net investment in capital assets	\$ 12,058,979	\$ 13,900,509	\$ 12,324,190	\$ 11,219,258	\$ 10,741,222	\$ 10,998,155	\$ 7,821,726	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509
Restricted - expendable	4,407,339	1,983,137	1,573,013	1,164,927	1,091,418	1,026,983	1,092,266	1,546,439	2,237,329	3,477,110
Unrestricted	11,307,628	21,328,273	11,061,084	12,295,028	16,263,854	14,986,601	15,519,328	11,480,214	10,328,816	6,204,258
Total primary government net position	<u>\$ 27,773,946</u>	<u>\$ 37,211,919</u>	<u>\$ 24,958,287</u>	<u>\$ 24,679,213</u>	<u>\$ 28,096,494</u>	<u>\$ 27,011,739</u>	<u>\$ 24,433,320</u>	<u>\$ 21,471,126</u>	<u>\$ 19,855,301</u>	<u>\$ 18,639,877</u>

COLLEGE OF THE MAINLAND
Statistical Supplement 2
Revenues by Source
Fiscal years 2004 to 2013
(unaudited)

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tuition and fees (net of discounts)	\$ 3,306	\$ 3,701	\$ 3,422	\$ 3,813	\$ 3,822	\$ 4,318	\$ 3,691	\$ 4,443	\$ 4,362	\$ 3,769
Governmental grants and contracts:										
Federal grants and contracts	1,689	1,743	1,796	2,484	2,840	3,465	3,556	2,966	2,960	2,633
State grants and contracts	651	556	556	562	304	326	292	349	308	388
Private grants and contracts	2,577	1,481	2,289	1,966	1,878	1,527	1,144	774	179	474
Local grants and contracts	16	10	-	1	5	-	5	-	-	-
Sales and services of education activities	20	24	25	137	129	123	173	149	156	237
Auxiliary enterprises	316	472	1,396	1,865	1,830	1,718	1,619	2,105	1,509	1,631
Other operating revenues	263	188	238	89	226	19	59	142	189	268
Total operating revenues	8,839	8,175	9,722	10,917	11,034	11,496	10,539	10,928	9,663	9,400
State appropriations	8,155	8,293	9,568	9,728	9,838	9,575	9,384	9,231	8,445	8,404
Ad valorem taxes	21,031	20,772	20,556	18,898	21,367	20,887	19,799	17,978	16,623	15,036
Federal revenue, non-operating	4,808	5,233	5,061	5,885	3,523	3,250	3,052	4,652	4,429	3,288
Foreign trade zone fees	717	793	736	376	804	534	634	365	247	454
Investment income	20	21	26	36	151	484	678	537	295	149
Other non-operating revenues	-	-	114	2	-	-	43	-	-	189
Total non-operating revenues	34,732	35,112	36,061	34,925	35,683	34,730	33,590	32,763	30,039	27,520
Total revenues	\$ 43,571	\$ 43,287	\$ 45,783	\$ 45,842	\$ 46,717	\$ 46,226	\$ 44,129	\$ 43,691	\$ 39,702	\$ 36,920
Tuition and fees (net of discounts)	7.59%	8.55%	7.47%	8.32%	8.18%	9.34%	8.36%	10.17%	10.99%	10.21%
Governmental grants and contracts:										
Federal grants and contracts	3.88%	4.03%	3.92%	5.42%	6.08%	7.50%	8.06%	6.79%	7.46%	7.13%
State grants and contracts	1.50%	1.28%	1.21%	1.23%	0.65%	0.71%	0.66%	0.80%	0.78%	1.05%
Private grants and contracts	5.92%	3.42%	5.00%	4.29%	4.02%	3.30%	2.59%	1.77%	0.45%	1.28%
Local grants and contracts	0.04%	0.02%	0.00%	0.00%	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%
Sales and services of education activities	0.05%	0.06%	0.05%	0.30%	0.28%	0.27%	0.39%	0.34%	0.39%	0.64%
Auxiliary enterprises	0.73%	1.09%	3.05%	4.07%	3.92%	3.72%	3.67%	4.82%	3.80%	4.42%
Other operating revenues	0.60%	0.43%	0.52%	0.19%	0.48%	0.04%	0.13%	0.33%	0.48%	0.73%
Total operating revenues	20.29%	18.89%	21.23%	23.81%	23.62%	24.87%	23.88%	25.01%	24.34%	25.46%
State appropriations	18.72%	19.16%	20.90%	21.22%	21.06%	20.71%	21.26%	21.13%	21.27%	22.76%
Ad valorem taxes	48.27%	47.99%	44.90%	41.22%	45.74%	45.18%	44.87%	41.15%	41.87%	40.73%
Federal revenue, non-operating	11.03%	12.09%	11.05%	12.84%	7.54%	7.03%	6.92%	10.65%	11.16%	8.91%
Foreign trade zone fees	1.65%	1.83%	1.61%	0.82%	1.72%	1.16%	1.44%	0.84%	0.62%	1.23%
Investment income	0.05%	0.05%	0.06%	0.08%	0.32%	1.05%	1.54%	1.23%	0.74%	0.40%
Other non-operating revenues	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.51%
Total non-operating revenues	79.71%	81.11%	78.77%	76.19%	76.38%	75.13%	76.12%	74.99%	75.66%	74.54%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

COLLEGE OF THE MAINLAND

Statistical Supplement 3

Program Expenses by Function

Fiscal years 2004 to 2013

(unaudited)

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction	\$ 16,512	\$ 15,945	\$ 16,469	\$ 15,954	\$ 14,893	\$ 14,341	\$ 13,095	\$ 12,318	\$ 10,877	\$ 9,531
Public service	1,652	2,093	3,434	3,932	3,589	3,791	3,979	3,812	2,930	6,002
Academic support	3,665	3,188	3,651	4,297	4,319	3,982	4,290	4,254	4,195	1,381
Student services	5,093	4,589	4,616	4,603	4,543	4,339	4,229	4,168	4,038	2,173
Institutional support	8,047	7,410	7,807	7,866	7,224	7,421	6,469	5,980	5,429	6,057
Operation and maintenance of plant	4,155	4,261	4,210	4,751	4,933	3,716	3,371	3,421	3,632	4,000
Scholarships and fellowships	1,755	2,155	2,921	1,979	2,618	2,717	2,085	2,390	2,151	1,421
Auxiliary enterprises	387	295	1,791	1,933	1,846	1,667	1,989	2,063	1,957	1,918
Depreciation	1,299	1,508	1,501	1,493	1,548	1,562	1,470	1,352	969	956
Total operating expenses	42,565	41,444	46,400	46,808	45,513	43,536	40,977	39,758	36,178	33,439
Interest on capital related debt	20	10	51	59	74	110	116	149	185	182
Other non-operating expenses	-	-	-	-	45	-	68	130	180	95
Total non-operating expenses	20	10	51	59	119	110	184	279	365	277
Total expenses	\$ 42,585	\$ 41,454	\$ 46,451	\$ 46,867	\$ 45,632	\$ 43,646	\$ 41,161	\$ 40,037	\$ 36,543	\$ 33,716
Instruction	38.77%	38.46%	35.45%	34.04%	32.64%	32.86%	31.81%	30.77%	29.76%	28.27%
Public service	3.88%	5.05%	7.39%	8.39%	7.87%	8.69%	9.67%	9.52%	8.02%	17.80%
Academic support	8.61%	7.69%	7.86%	9.17%	9.46%	9.12%	10.42%	10.63%	11.48%	4.10%
Student services	11.96%	11.07%	9.94%	9.82%	9.96%	9.94%	10.27%	10.41%	11.05%	6.45%
Institutional support	18.90%	17.88%	16.81%	16.78%	15.83%	17.00%	15.72%	14.94%	14.86%	17.96%
Operation and maintenance of plant	9.76%	10.28%	9.06%	10.14%	10.81%	8.51%	8.19%	8.54%	9.94%	11.86%
Scholarships and fellowships	4.12%	5.20%	6.29%	4.22%	5.74%	6.23%	5.07%	5.97%	5.89%	4.21%
Auxiliary enterprises	0.91%	0.71%	3.86%	4.12%	4.05%	3.82%	4.83%	5.15%	5.36%	5.69%
Depreciation	3.05%	3.64%	3.23%	3.19%	3.39%	3.58%	3.57%	3.38%	2.65%	2.84%
Total operating expenses	99.95%	99.98%	99.89%	99.87%	99.74%	99.75%	99.55%	99.30%	99.00%	99.18%
Interest on capital related debt	0.05%	0.02%	0.11%	0.13%	0.16%	0.25%	0.28%	0.37%	0.51%	0.54%
Other non-operating expenses	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.17%	0.32%	0.49%	0.28%
Total non-operating expenses	0.05%	0.02%	0.11%	0.13%	0.26%	0.25%	0.45%	0.70%	1.00%	0.82%
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

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

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

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

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

Tax Year	(amounts expressed in thousands)					Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance and Operations	Debt Service	Total	
2012	2012-13	\$ 11,357,073	\$ 2,351,863	\$ 9,005,210	79.29%	0.225970	-	0.225970
2011	2011-12	11,320,096	2,320,747	8,999,350	79.50%	0.232020	-	0.232020
2010	2010-11	11,065,665	2,238,912	8,826,753	79.77%	0.233890	-	0.233890
2009	2009-10	11,158,147	2,008,350	9,149,797	82.00%	0.221640	-	0.221640
2008	2008-09	12,041,578	2,015,335	10,026,243	83.26%	0.221640	-	0.221640
2007	2007-08	10,773,628	1,645,943	9,127,685	84.72%	0.227380	-	0.227380
2006	2006-07	10,585,712	1,602,227	8,983,485	84.86%	0.233450	-	0.233450
2005	2005-06	8,448,755	1,057,033	7,391,722	87.49%	0.243020	-	0.243020
2004	2004-05	7,697,695	995,858	6,701,837	87.06%	0.245250	-	0.245250
2003	2003-04	6,825,486	844,787	5,980,699	87.62%	0.263060	-	0.263060

Source: Local Appraisal District - Supplement 8 Tax Year 2012 and FY 2012-2013

Note: Property is assessed at full market value

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

Fiscal Year	State Appropriations	FTSE (a)	State Appropriations per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriations per Contact Hour
2012-13	5,613,845	9,692	579	1,128,392	403,328	1,531,720	4
2011-12	6,028,791	10,020	602	1,221,680	418,000	1,639,680	4
2010-11	5,880,281	10,508	560	1,376,216	584,184	1,960,400	3
2009-10	6,051,336	10,061	601	1,311,504	561,432	1,872,936	3
2008-09	6,357,064	8,855	718	1,146,192	446,488	1,592,680	4
2007-08	6,357,062	8,437	753	1,112,824	436,856	1,549,680	4
2006-07	6,357,061	8,336	763	1,159,936	425,314	1,585,250	4
2005-06	6,358,376	8,984	708	1,260,144	409,421	1,669,565	4
2004-05	6,141,547	9,834	625	1,346,056	436,354	1,782,410	3
2003-04	6,168,089	9,630	641	1,314,528	365,241	1,679,769	4

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)													
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004				
Amoco Oil Company	Refinery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amoco Texas Refinery Co.	Refinery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.A.S.F. Corp	Refinery	-	37,891,343	-	-	-	47,261,230	57,266,220	47,261,230	48,050,820	62,944,950	60,217,690	28,182,920	-	-
Blanchard Refining Co., LLC	Refinery	1,277,843,590	-	-	-	-	-	-	-	-	-	-	-	-	-
BP Alternative Energy	Energy	-	329,000,000	38,500,000	54,600,000	48,930,000	-	-	-	-	-	-	-	-	-
BP Amoco Chemical Co.	Chemical Plant	183,917,670	164,333,920	156,054,350	113,991,500	156,628,230	-	-	-	157,694,070	115,789,500	116,689,750	184,770,250	-	-
BP Products (NA) Inc.	Refinery	-	1,501,444,400	1,433,406,920	1,384,162,860	1,614,861,020	1,789,363,580	1,789,363,580	1,789,363,580	1,395,742,784	1,285,559,550	1,096,830,450	795,538,460	-	-
Calpine Central LP	Co-generation Plant	27,254,100	-	26,901,270	26,270,440	26,371,930	26,379,600	26,379,600	26,379,600	26,631,200	26,779,280	55,339,310	64,760,470	-	-
Centerpoint Energy Inc.	Energy	44,711,330	40,098,300	39,627,030	40,272,490	39,659,930	41,190,490	41,190,490	41,190,490	41,279,030	44,611,060	47,320,960	46,609,910	-	-
CHCA Clear Lake LP	Healthcare	-	-	26,340,670	-	-	-	-	-	-	-	-	-	-	-
Dow Chemical Company	Chemical Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eastman Chemical Texas City, Inc.	Chemical Plant	65,553,370	51,430,590	-	-	-	-	-	-	-	-	-	-	-	-
Expro Engineering	Engineering	82,475,804	-	-	-	-	-	-	-	-	-	-	-	-	-
Galveston Outlets, LLC	Refinery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gruy Petroleum Mgmt Co.	Telephone	25,771,040	27,859,080	26,532,460	27,146,780	27,146,780	29,161,260	29,161,260	29,161,260	27,272,500	30,629,490	30,632,550	21,177,780	-	-
GTE Southwest Inc.	Refinery	-	-	-	45,454,710	-	-	-	-	21,798,455	-	-	-	-	-
Houston Refining LP	Oil & Gas Exploration	-	-	-	38,540,080	37,823,880	72,640,210	72,640,210	72,640,210	71,733,490	57,185,690	-	19,250,940	-	-
Hunt Hassie Exploration Co.	Chemical Plant	-	-	38,650,860	-	-	-	-	-	-	-	-	-	-	-
Ineos Styrenics	Chemical Plant	-	-	-	-	-	-	-	-	-	-	88,783,390	-	-	-
Innovene LLC	Chemical Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ISP Technologies Inc.	Chemical Plant	84,530,130	82,137,740	66,949,790	65,271,480	68,325,860	73,742,970	73,742,970	73,742,970	77,920,620	75,442,710	51,047,810	46,827,270	-	-
ISP Technologies Inc.	Manufacturer of Industrial Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Komatsu America Corp	Equipment	75,405,834	38,431,839	-	-	-	-	-	-	-	-	-	-	-	-
League City Towne Center, LTD	Development	-	-	-	-	21,237,070	-	-	-	-	-	-	-	-	-
Lyondell-Citgo Refining LP	Refinery	-	-	-	-	-	-	-	-	23,000,000	21,299,510	21,000,000	23,499,990	-	-
Mainland Partner LLC	Healthcare	-	-	-	-	-	-	-	-	153,029,740	114,061,464	124,282,559	110,753,850	-	-
Marathon Petroleum Company, LP	Refinery	231,446,550	225,230,680	178,597,431	129,179,300	165,896,498	165,910,648	165,910,648	165,910,648	169,437,210	132,785,620	104,274,000	78,830,860	-	-
MHCB (USA) Leasing and Finance	Finance Company	-	-	-	-	-	-	-	-	153,746,670	-	-	-	-	-
Monsanto	Chemical Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National Onshore LP	Oil & Gas Exploration	-	-	-	-	-	-	-	-	64,897,530	38,633,980	-	-	-	-
Oil Tanking Houston, LP	Petroleum Storage	27,772,080	29,243,950	27,189,670	27,596,530	25,562,500	31,324,020	31,324,020	31,324,020	-	-	-	-	-	-
Praxair Hydrogen Supply Inc.	Gas Production	29,505,201	30,191,231	31,210,110	31,571,250	33,037,150	33,767,220	33,767,220	33,767,220	34,479,770	35,519,120	35,156,650	34,008,020	-	-
Praxair Inc.	Gas Production	153,126,735	159,135,043	160,286,940	163,725,260	171,709,470	197,696,500	197,696,500	197,696,500	169,437,210	132,785,620	104,274,000	78,830,860	-	-
Reliant Energy	Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seaway Pipeline Co.	Pipeline	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Houston Green Power LP	Energy	94,699,310	178,245,350	176,233,690	141,357,090	130,000,000	360,516,630	360,516,630	360,516,630	289,147,190	281,684,910	111,081,430	119,028,140	-	-
Southwestern Bell Telephone Co	Telephone	-	-	-	-	-	-	-	-	130,365,530	155,096,891	177,361,440	174,791,980	-	-
Sterling Chemicals Inc.	Chemical Plant	-	-	44,968,620	49,579,680	55,408,640	-	-	-	-	-	-	-	-	-
Styrolution America LLC	Chemical Plant	60,035,448	47,616,403	-	-	-	-	-	-	-	-	-	-	-	-
Texas City Cogeneration LP	Co-generation Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Texas City Terminal Railway Co.	Railway	29,231,250	29,243,950	29,371,980	28,947,579	26,445,050	-	-	-	26,271,466	26,271,466	26,449,880	26,143,050	-	-
Texas Genco II LP	Natural Gas	52,816,310	50,499,830	47,042,490	46,138,610	42,801,710	42,780,450	42,780,450	42,780,450	49,071,220	50,093,290	44,629,450	47,229,960	-	-
Texas New Mexico Power Co.	Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transtexas Gas Corporation	Natural Gas	247,110,195	249,931,495	219,396,035	222,133,860	258,253,361	351,643,166	351,643,166	351,643,166	333,732,211	324,324,430	275,301,650	30,058,690	-	-
Union Carbide Corp.	Chemical Plant	84,644,560	103,130,850	52,137,380	137,871,480	49,945,010	-	-	-	-	-	-	-	-	-
Valero Marketing & Supply Co.	Petroleum Sales	589,502,230	580,719,090	563,156,260	547,375,970	737,214,130	789,303,970	789,303,970	789,303,970	776,776,680	668,505,350	452,993,770	211,919,380	-	-
Valero Refining - Texas LP	Refinery	3,467,352,737	3,955,815,084	3,382,553,956	3,321,186,949	3,744,579,429	4,362,706,585	4,362,706,585	4,362,706,585	3,918,331,516	3,572,307,931	2,973,996,319	2,627,240,640	-	-
Total	Totals	9,026,362,153	9,341,179,053	9,008,364,038	8,851,052,354	9,162,563,286	9,696,961,580	9,696,961,580	9,696,961,580	8,983,485,664	8,493,632,826	7,391,722,614	6,701,837,219	-	-
Total	Total Assessed Taxable Value	9,026,362,153	9,341,179,053	9,008,364,038	8,851,052,354	9,162,563,286	9,696,961,580	9,696,961,580	9,696,961,580	8,983,485,664	8,493,632,826	7,391,722,614	6,701,837,219	-	-

Taxpayer	Type of Business	Taxable Assessed Value (TAV)												
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004			
Amoco Oil Company	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amoco Texas Refinery Co.	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B.A.S.F. Corp	Refinery	0.00%	0.41%	0.00%	0.00%	0.00%	0.00%	0.63%	0.00%	0.00%	0.00%	0.53%	0.74%	0.81%
Blanchard Refining Co., LLC	Refinery	14.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BP Alternative Energy	Energy	0.00%	3.52%	0.43%	0.62%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BP Amoco Chemical Co.	Chemical Plant	2.04%	1.76%	1.73%	1.29%	1.71%	0.00%	1.76%	1.36%	1.58%	1.76%	1.58%	1.76%	2.76%
BP Products (NA) Inc.	Refinery	0.00%	16.07%	15.91%	15.64%	17.62%	18.45%	15.54%	15.14%	14.84%	14.84%	14.84%	11.87%	11.87%
Calpine Central LP	Co-generation Plant	0.30%	0.00%	0.30%	0.30%	0.29%	0.27%	0.30%	0.32%	0.75%	0.75%	0.75%	0.97%	0.97%
Centerpoint Energy Inc.	Energy	0.50%	0.43%	0.44%	0.46%	0.43%	0.42%	0.46%	0.53%	0.64%	0.64%	0.64%	0.70%	0.70%
CHCA Clear Lake LP	Healthcare	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dow Chemical Company	Chemical Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expro Engineering	Engineering	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Galveston Outlets, LLC	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grub Petroleum Mgmt Co.	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GTE Southwest Inc.	Telephone	0.29%	0.30%	0.29%	0.29%	0.30%	0.31%	0.30%	0.30%	0.36%	0.41%	0.41%	0.32%	0.32%
Houston Refining LP	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hunt Hassie Exploration Co.	Oil & Gas Exploration	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ineos Styrenics	Chemical Plant	0.00%	0.00%	0.00%	0.44%	0.41%	0.43%	0.41%	0.41%	0.75%	0.80%	0.67%	0.00%	0.00%
Innovene LLC	Chemical Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ISP Technologies Inc.	Chemical Plant	0.94%	0.88%	0.74%	0.74%	0.75%	0.76%	0.76%	0.89%	0.76%	0.69%	0.87%	0.70%	0.70%
Komatsu America Corp.	Manufacturing - Industrial Equipment	0.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
League City Towne Center, LTD	Development	0.00%	0.00%	0.00%	0.00%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lyondell-Citgo Refining LP	Refinery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mainland Partner LLP	Healthcare	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.26%	0.25%	0.35%
Marathon Ashland Petroleum LLC	Refinery	2.56%	2.41%	1.98%	1.46%	1.81%	1.71%	1.70%	1.34%	1.68%	1.68%	1.70%	1.65%	1.65%
MHCB (USA) Leasing and Finance	Finance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Monsanto	Chemical Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
National Onshore LP	Oil & Gas Exploration	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Oil Tanking	Petroleum Storage	0.31%	0.31%	0.30%	0.31%	0.28%	0.32%	0.32%	0.32%	0.00%	0.00%	0.00%	0.00%	0.00%
Praxair Hydrogen Supply Inc.	Gas Production	0.33%	0.32%	0.35%	0.36%	0.36%	0.35%	0.38%	0.42%	0.48%	0.48%	0.48%	0.51%	0.51%
Praxair Inc.	Gas Production	1.70%	1.70%	1.78%	1.85%	1.87%	2.04%	1.89%	1.56%	1.41%	1.18%	1.41%	1.18%	1.18%
Reliant Energy	Energy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Seaway Pipeline Co.	Pipeline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
South Houston Green Power LP	Energy	1.05%	1.91%	1.96%	1.60%	1.42%	3.72%	3.22%	3.32%	1.50%	1.78%	1.50%	1.78%	1.78%
Southwestern Bell Telephone Co	Telephone	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sterling Chemicals Inc.	Chemical Plant	0.00%	0.00%	0.00%	0.50%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas City Cogeneration LP	Co-generation Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas City Terminal Railway Co.	Railway	0.32%	0.31%	0.33%	0.33%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas Genco II LP	Natural Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas New Mexico Power Co.	Energy	0.59%	0.54%	0.52%	0.52%	0.47%	0.44%	0.55%	0.59%	0.60%	0.60%	0.60%	0.70%	0.70%
Transstexas Gas Corporation	Natural Gas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Union Carbide Corp.	Chemical Plant	2.74%	2.68%	2.44%	2.51%	2.82%	3.63%	3.71%	3.82%	3.72%	3.72%	3.72%	4.83%	4.83%
Valero Refining - Texas LP	Refinery	0.94%	1.10%	0.58%	1.56%	0.00%	0.52%	0.00%	0.00%	6.12%	6.12%	6.12%	3.16%	3.16%
Valero Marketing & Supply Co.	Petroleum Sales	6.53%	6.22%	6.25%	6.18%	8.05%	8.14%	8.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		36.11%	40.88%	37.52%	37.26%	40.87%	44.99%	43.62%	42.06%	40.23%	40.23%	42.06%	39.20%	39.20%

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		Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
						Collections of Prior Levies (d)				
2013	\$ 20,349,987	\$ 600,934	\$ 20,950,921	\$ 20,576,807	98.2%				\$ 20,576,807	98.2%
2012	20,782,647	41,613	20,741,034	20,313,790	97.9%	208,906	199,061	199,061	20,313,790	99.9%
2011	20,293,145	230,338	20,523,483	20,073,267	97.8%	207,672	205,526	205,526	20,481,234	99.8%
2010	20,315,886	182,778	20,498,664	19,742,023	96.3%	80,542	74,779	74,779	20,155,221	98.3%
2009	21,387,842	(539,553)	20,848,289	21,207,192	101.7%	38,695	39,019	39,019	21,362,513	102.5%
2008	20,321,060	(347,764)	19,973,296	19,804,906	99.2%	22,448	29,065	29,065	19,882,620	99.5%
2007	19,736,777	(369,977)	19,366,800	18,922,497	97.7%	13,379	20,027	20,027	18,974,010	98.0%
2006	17,901,679	208	17,901,887	17,363,310	97.0%	7,959	9,009	9,009	17,396,716	97.2%
2005	16,455,479	491	16,455,970	15,480,398	94.1%	7,959	5,446	5,446	15,497,366	94.2%
2004	15,763,553	(604)	15,762,949	15,207,960	96.5%	5,350	3,650	3,650	15,221,365	96.6%
2003	14,072,767	(436)	14,072,331	13,392,757	95.2%	2,735	1,694	1,694	13,401,757	95.2%

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

	For the Year Ended August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Bonded Debt										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
Other Debt										
Revenue bonds	285,000	580,000	855,000	1,115,000	1,365,000	1,825,000	2,255,000	2,670,000	3,530,000	4,375,000
Notes	-	-	-	6,708	34,864	59,592	83,156	190,040	262,975	436,947
Capital lease obligations	-	-	-	-	-	18,903	36,012	53,402	10,593	15,832
Total Outstanding Debt	285,000	580,000	855,000	1,121,708	1,399,864	1,903,495	2,374,168	2,913,442	3,803,568	4,827,779

General bonded debt ratios

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

Total Outstanding Debt Ratios

Per Capita	n/a	n/a	3.80	5.04	6.41	8.68	11.01	13.51	18.21	23.55
Per FTSE	29.44	57.88	81.37	111.49	158.09	225.61	284.81	324.29	386.78	501.33
As a percentage of Taxable Assessed Value	0.03	0.06	9.686%	12.259%	13.962%	20.854%	26.428%	39.415%	56.754%	80.723%

n/a: not available

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

	Amounts Expressed in 000s									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Taxable Assessed Value	\$ 9,328,192	\$ 8,999,350	\$ 8,826,753	\$ 9,149,797	\$ 10,026,043	\$ 9,127,685	\$ 8,983,485	\$ 7,391,722	\$ 6,701,837	\$ 5,980,699
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	46,641	44,997	44,134	45,749	50,130	45,638	44,917	36,959	33,509	29,903
Less Funds Reserved for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	-	-	-	-	-	-	-	-	-	-
Current Year Debt Service Requirements	-	-	-	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service Current Requirements	-	-	-	-	-	-	-	-	-	-
Net Current Requirements as a % of Statutory Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

College of the Mainland
Statistical Supplement 11
Pledged Revenue
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

Pledged Revenues (\$000 omitted)					
Fiscal Year Ended August 31	Tuition	Continuing Education Fees	Interest Income	Total	
2013	120	330	2	452	
2012	120	330	2	452	
2011	120	330	2	452	
2010	115	350	2	467	
2009	115	500	2	617	
2008	135	500	2	637	
2007	124	400	2	526	
2006	135	975	2	1,112	
2005	139	1,240	2	1,381	

Debt Service Requirements (\$000 omitted)				
Principal	Interest	Total	Coverage Ratio	
295	12	307	1.47	
275	34	309	1.46	
260	43	302	1.50	
250	51	301	1.55	
240	59	299	2.06	
230	66	296	2.15	
220	74	294	1.79	
215	81	296	3.76	
845	67	297	4.65	

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

Calendar Year	District Population	District Personal			District Unemployment	County Population	County Personal		
		Income (thousands of dollars)	Income Per Capita	Unemployment			Income (thousands of dollars)	Income Per Capita	Unemployment
2012	228,368	n/a	n/a	7.7	300,484	n/a	n/a	7.7	
2011	224,768	n/a	n/a	9.3	295,747	n/a	n/a	9.3	
2010	222,455	9,507,870	42,741	9.2	292,704	12,510,355	42,741	9.2	
2009	218,445	9,176,947	42,010	8.2	287,428	12,074,930	42,010	8.2	
2008	219,369	9,227,682	42,065	5.8	288,643	12,141,687	42,065	5.8	
2007	215,665	9,227,682	38,553	4.6	283,770	11,333,994	39,941	4.6	
2006	212,178	8,613,835	36,284	5.0	279,182	10,365,561	37,128	5.0	
2005	208,853	7,154,557	33,146	5.7	274,806	9,413,891	34,256	5.7	
2004	205,018	6,636,964	32,055	6.9	269,760	8,732,847	32,373	6.9	
2003	201,604	6,385,398	31,313	7.2	265,269	8,401,839	31,673	7.2	

Note: District population and personal income provided through a percentage (76%) of county-level data.

Sources: District personal income per capita and unemployment were not adjusted from county rates.

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

Unemployment from U.S. Bureau of Labor Statistics.

*2012 population from U.S. Census Bureau

n/a: not available

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

Employer	Galveston County Employment (2012)	Percent Change from Previous Year
Government	28,264	-4%
Accommodation and Food Services	13,348	6%
Retail Trade	12,356	2%
Health Care and Social Assistance	8,563	3%
Manufacturing	6,684	-1%
Construction	5,135	-13%
Finance and Insurance	4,333	1%
Other Services (except Public Administration)	4,224	-1%
Administrative and Support and Waste Management and Remediation Services	3,219	10%
Professional, Scientific, and Technical Services	3,175	6%
Transportation and Warehousing	3,043	3%
Arts, Entertainment, and Recreation	2,287	4%
<i>Wholesale Trade</i>	1884	5%
Real Estate and Rental and Leasing	1694	4%
Minin, Quarrying, and Oil and Gas Extraction	814	35%
Education Services (Private)	743	4%
Information	623	-7%
Utilities	261	-6%
Management of Companies and Enterprises	158	-6%
Agriculture, Forestry, Fishing and Hunting	84	42%
Unclassified Industry	29	61%

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Faculty (Count)										
Full-Time	111	114	109	105	100	106	111	92	89	85
Part-Time	191	155	102	137	105	109	115	121	128	112
Total	302	269	211	242	205	215	226	213	217	197
Faculty (Percent)										
Full-Time	37%	42%	52%	43%	49%	49%	49%	43%	41%	43%
Part-Time	63%	58%	48%	57%	51%	51%	51%	57%	59%	57%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Staff and Administrators (Count)										
Full-Time	217	228	241	255	271	265	248	240	215	228
Part-Time	19	26	19	25	21	20	23	28	227	151
Total	236	254	260	280	292	285	271	268	442	379
Staff (Percent)										
Full-Time	92%	90%	93%	91%	93%	93%	92%	90%	49%	60%
Part-Time	8%	10%	7%	9%	7%	7%	8%	10%	51%	40%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: IPEDS

Student Classification

	Fall 2012		Fall 2011		Fall 2010		Fall 2009			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
<30 hours	2,606	52.3%	2,504	52.1%	1,516	29.7%	1,190	21.8%	1,619	32.6%
30-72 hours	939	18.8%	1,018	21.2%	869	17.0%	422	7.7%	662	13.3%
> 72 hours	432	8.7%	289	6.0%	1,590	31.1%	2,572	47.0%	1,478	29.8%
Previously earned associate	210	4.2%	199	4.1%	193	3.8%	168	3.1%	157	3.2%
Previously earned baccalaureate or above	0	0.0%	798	16.6%	0	0.0%	0	0.0%	0	0.0%
CE (Non-credit)	798	16.0%	0	0.0%	940	18.4%	1,115	20.4%	1,052	21.2%
Total	4,985	100.0%	4,808	100.0%	5,108	100.0%	5,467	100.0%	4,968	100.0%

Semester Hour Load (Credit Only)

	Fall 2012		Fall 2011		Fall 2010		Fall 2009			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Less than 3	10	0.2%	24	0.6%	15	0.4%	23	0.5%	33	0.8%
3-5 semester hours	833	19.9%	808	20.1%	826	19.8%	956	22.0%	820	20.9%
6-8 semester hours	1,474	35.2%	1,335	33.3%	1,362	32.7%	1,307	30.0%	1,129	28.8%
9-11 semester hours	745	17.8%	769	19.2%	763	18.3%	765	17.6%	702	17.9%
12-14 semester hours	946	22.6%	919	22.9%	1,020	24.5%	1,109	25.5%	1,025	26.2%
15-17 semester hours	151	3.6%	143	3.6%	167	4.0%	182	4.2%	186	4.7%
18 and over	28	0.7%	12	0.3%	15	0.4%	10	0.2%	21	0.5%
Total	4,187	100.0%	4,010	100.0%	4,168	100.0%	4,352	100.0%	3,916	100.0%

Tuition Status (Credit Only)

	Fall 2012		Fall 2011		Fall 2010		Fall 2009			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
In-District	2,966	70.8%	2,896	72.2%	3,024	72.6%	3,206	73.7%	2,992	76.4%
Out-of-District	1,170	27.9%	1,031	25.7%	1,073	25.7%	1,079	24.8%	873	22.3%
Nonresident	51	1.2%	42	1.0%	41	1.0%	41	0.9%	36	0.9%
Exempt	0	0.0%	41	1.0%	30	0.7%	26	0.6%	15	0.4%
Total	4,187	100.0%	4,010	100.0%	4,168	100.0%	4,352	100.0%	3,916	100.0%

Source: CBM001 and CBM00A

*Fall 2013 data are preliminary as the state reports have not yet been certified. Please note the non-credit data may be an under-estimate as students may still en

CREDIT STUDENTS

Ethnicity	Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,210	52.8%	2,107	52.5%	2,165	54.0%	2,318	55.6%
Black	679	16.2%	615	15.3%	730	18.2%	726	17.4%
Hispanic	1,145	27.3%	1,045	26.1%	980	24.4%	955	22.9%
Asian/Pacific Islander	119	2.8%	141	3.5%	154	3.8%	136	3.3%
Multi-racial	19	0.5%	24	0.6%	15	0.4%	28	0.7%
Other	15	0.4%	78	1.9%	124	3.1%	189	4.5%
Total	4,187	100%	4,010	100%	4,168	104.0%	4,352	104.4%
Gender								
Female	2,446	58.4%	2,360	58.9%	2,512	60.3%	2,592	59.6%
Male	1,741	41.6%	1,650	41.1%	1,656	39.6%	1,760	40.4%
Total	4,187	100%	4,010	100.0%	4,168	99.9%	4,352	100.0%

Source: CBM001

NON-CREDIT STUDENTS

Ethnicity	Fall 2012		Fall 2011		Fall 2010		Fall 2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	423	53.0%	383	48.0%	407	51.0%	540	57.4%
Black	98	12.3%	156	19.5%	180	22.6%	174	18.5%
Hispanic	148	18.5%	175	21.9%	180	22.6%	197	21.0%
Asian/Pacific Islander	14	1.8%	19	2.4%	21	2.6%	16	1.7%
Multi-racial	2	0.3%	3	0.4%	0	0.0%	3	0.3%
Other	113	14.2%	62	7.8%	152	19.0%	185	19.7%
Total	798	100%	798	100%	940	118.0%	1,115	118.6%
Gender								
Female	356	44.6%	364	45.6%	429	45.6%	458	41.1%
Male	442	55.4%	434	54.4%	511	54.4%	657	58.9%
Total	798	100%	798	100.0%	940	100.0%	1,115	100.0%

Source: CBM00A

* Fall 2013 numbers are preliminary and have not been certified.

College of the Mainland
Statistical Supplement 17
Transfers to Senior Institutions
2011--2012 Graduates, Completers, and Non-Returners as of Fall 2012
(Includes only public senior colleges in Texas)

Rank	Institution	Transfer Student Count - Academic	Transfer Student Count - Technical	Transfer Student Count - Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1	University of Houston - Clear Lake	98	30	2	130	21.14%
2	University of Houston	64	15	2	81	13.17%
3	Texas A&M University	36	11	1	48	7.80%
4	The University of Texas at Austin	31	13	0	44	7.15%
5	Sam Houston State University	26	4	3	33	5.37%
6	Texas State University - San Marcos	23	10	0	33	5.37%
7	Stephen F. Austin State University	26	3	0	29	4.72%
8	Texas A&M University at Galveston	21	5	0	26	4.23%
9	Lamar University	11	12	0	23	3.74%
10	The University of Texas at San Antonio	16	6	0	22	3.58%
11	Texas Tech University	19	3	0	22	3.58%
12	University of North Texas	13	3	0	16	2.60%
13	The University of Texas at Arlington	9	4	0	13	2.11%
14	Texas Southern University	8	2	0	10	1.63%
15	Prairie View A&M University	6	3	0	9	1.46%
16	Texas Woman's University	4	5	0	9	1.46%
17	University of Houston - Downtown	5	1	1	7	1.14%
18	The University of Texas at Dallas	1	2	0	3	0.49%
19	The University of Texas at Tyler	3	0	0	3	0.49%
20	Midwestern State University	2	1	0	3	0.49%
21	Texas A&M University - Commerce	1	0	1	2	0.33%
22	The University of Texas at El Paso	1	1	0	2	0.33%
23	Texas A&M University - Corpus Christi	0	1	0	1	0.16%
24	Texas A&M University - Kingsville	1	0	0	1	0.16%
25	Tarleton State University	0	1	0	1	0.16%
26	The University of Texas of the Permian Basin	1	0	0	1	0.16%
27	University of Houston - Victoria	1	0	0	1	0.16%
28	The University of Texas - Pan American	0	1	0	1	0.16%
	Subtotal - Universities	427	137	10	574	93.33%
Health Science Institutions						
1	The University of Texas Medical Branch at Galveston	18	14	1	33	5.37%
2	Texas Tech University Health Sciences Center	1	3	0	4	0.65%
3	The University of Texas Health Science Center at Houston	1	1	0	2	0.33%
4	The University of Texas Health Science Center at San Antonio	0	1	0	1	0.16%
5	The University of Texas M.D. Anderson Cancer Center	0	1	0	1	0.16%
	Subtotal - Health Science Institutions	20	20	1	41	6.67%
	Total	447	157	11	615	

College of the Mainland
Statistical Supplement 18
Capital Asset Information
Fiscal Year 2006 to 2013
(unaudited)

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

OTHER SUPPLEMENTAL SCHEDULES

COLLEGE OF THE MAINLAND
BALANCE SHEET
For the Year Ended August 31, 2013

Schedule S-1

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Agency	Totals
Assets									
Cash and cash equivalents	\$ 13,534,418	\$ -	\$ 13,534,418	\$ 1,544,143	\$ 15,078,561	\$ -	\$ -	\$ -	\$ 15,078,561
Accounts receivable (net)	3,148,239	790,541	3,938,780	138,152	4,076,932	-	-	-	4,076,932
Loans receivable (net)	-	-	-	-	-	38,475	-	-	38,475
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid expenses	355,364	-	355,364	-	355,364	-	-	-	355,364
Restricted cash and cash equivalents	-	2,550,768	2,550,768	-	2,550,768	58,459	2,374,594	174,522	5,158,343
Deferred charges	-	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-	12,058,979	-	12,058,979
Total Assets	\$ 17,038,021	\$ 3,341,309	\$ 20,379,330	\$ 1,682,295	\$ 22,061,625	\$ 96,934	\$ 14,433,573	\$ 174,522	\$ 36,766,654
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 1,018,477	\$ 73,635	\$ 1,092,112	\$ 3,990	\$ 1,096,102	\$ -	\$ -	\$ -	\$ 1,096,102
Accrued liabilities	244,483	64,165	308,648	1,599	310,247	-	3,943	-	314,190
Due to other funds	-	223	223	-	223	-	-	-	223
Deferred revenues	3,867,772	1,492,015	5,359,787	87,489	5,447,276	-	-	-	5,447,276
Compensated absences and retirement incentive payable	906,166	-	906,166	-	906,166	-	1,614,763	-	2,520,929
Bonds payable - short-term	-	-	-	-	-	-	295,000	-	295,000
Bonds payable - long-term	-	-	-	-	-	-	-	-	-
Other debt payable - current	-	-	-	-	-	-	-	-	-
Other debt payable - long-term	105,014	-	105,014	-	105,014	-	-	-	105,014
Funds held for others	-	-	-	-	-	-	-	174,522	174,522
Total Liabilities	6,141,912	1,630,038	7,771,950	93,078	7,865,028	-	1,913,706	174,522	9,953,256
Fund Balance	10,896,109	1,711,271	12,607,380	1,589,217	14,196,597	96,934	12,519,867	-	26,813,398
Total Liabilities and Fund Balances	\$ 17,038,021	\$ 3,341,309	\$ 20,379,330	\$ 1,682,295	\$ 22,061,625	\$ 96,934	\$ 14,433,573	\$ 174,522	\$ 36,766,654

COLLEGE OF THE MAINLAND
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended August 31, 2013

Schedule S-2

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Total
Revenues and Other Additions								
State appropriations	\$ 5,823,845	\$ 2,331,616	\$ 8,155,461	\$ -	\$ 8,155,461	\$ -	\$ -	\$ 8,155,461
Tuition and fees	6,457,099	-	6,457,099	166,990	6,624,089	-	-	6,624,089
Maintenance ad valorem taxes	21,137,942	-	21,137,942	-	21,137,942	-	-	21,137,942
Federal grants and contracts	122,161	6,361,473	6,483,634	13,434	6,497,068	-	-	6,497,068
State Grants and Contracts	21,267	630,184	651,451	-	651,451	-	-	651,451
Local Grants and Contracts	-	16,000	16,000	-	16,000	-	-	16,000
Private grants and contracts	-	2,577,471	2,577,471	-	2,577,471	-	-	2,577,471
Sales and services of educational activities	19,874	-	19,874	-	19,874	-	-	19,874
Investment income	19,833	-	19,833	131	19,964	57	298	20,319
Foreign trade zone fees	717,198	-	717,198	-	717,198	-	-	717,198
Other income	262,681	-	262,681	-	262,681	-	-	262,681
Sales and services of auxiliary enterprises	-	-	-	316,155	316,155	-	-	316,155
Total Revenues and Other Additions	34,581,900	11,916,744	46,498,644	496,710	46,995,354	57	298	46,995,709
Expenditures and Other Deductions								
Expenditures (Sch. S-3)	33,974,088	10,612,773	44,586,861	386,759	44,973,620	-	-	44,973,620
Expended for plant facilities	-	-	-	-	-	-	-	-
Retirement of indebtedness/bonds and notes	486,759	-	486,759	-	486,759	-	285,000	771,759
Interest & fees on indebtedness	922	-	922	-	922	-	19,156	20,078
Net increase (decrease) in long-term debt	-	-	-	-	-	-	(802,119)	(802,119)
Net (increase) decrease in capital assets	-	-	-	-	-	-	940,501	940,501
Other deductions	-	-	-	-	-	-	15	15
Total Expenditures and Other Deductions	34,461,769	10,612,773	45,074,542	386,759	45,461,301	-	442,553	45,903,854
Transfers-Additions/(Deductions)								
Renewals and replacements	(855,090)	-	(855,090)	-	(855,090)	-	855,090	-
Retirement of indebtedness	(301,293)	-	(301,293)	-	(301,293)	-	301,293	-
Total Transfers-Additions/(Deductions)	(1,156,383)	-	(1,156,383)	-	(1,156,383)	-	1,156,383	-
Net Increase (Decrease) for the Fiscal Year	(1,036,252)	1,303,971	267,719	109,951	377,670	57	714,128	1,091,855
Fund Balances, beginning	11,932,361	407,300	12,339,661	1,479,266	13,818,927	96,877	11,805,739	25,721,543
Fund Balances, ending	\$ 10,896,109	\$ 1,711,271	\$ 12,607,380	\$ 1,589,217	\$ 14,196,597	\$ 96,934	\$ 12,519,867	\$ 26,813,398

COLLEGE OF THE MAINLAND

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Years Ended August 31, 2013 and 2012

Schedule S-3

	Totals (Memorandum Only)					
	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2013	2012
Revenues						
State appropriations	\$ 5,823,845	\$ 2,331,616	\$ 8,155,461	\$ -	\$ 8,155,461	\$ 8,292,705
Tuition and fees	6,457,099	-	6,457,099	166,990	6,624,089	6,992,737
Maintenance and valet taxes	21,137,942	-	21,137,942	-	21,137,942	20,849,069
Sales and services of educational activities	19,874	-	19,874	-	19,874	23,727
Sales and services of auxiliary enterprises	-	-	-	316,155	316,155	472,190
Federal grants and contracts	122,161	6,361,473	6,483,634	13,434	6,497,068	8,352,938
State grants and contracts	21,267	630,184	651,451	-	651,451	570,613
Local grants and contracts	-	16,000	16,000	-	16,000	10,000
Private grants and contracts	-	2,577,471	2,577,471	-	2,577,471	1,481,311
Investment income	19,833	-	19,833	131	19,964	19,967
Foreign trade zone fees	717,198	-	717,198	-	717,198	792,856
Other income	262,681	-	262,681	-	262,681	184,227
Total Current Funds Revenues	34,581,900	11,916,744	46,498,644	496,710	46,995,354	48,042,340
Expenditures and Mandatory Transfers						
Educational & General:						
Instruction	14,016,809	2,581,751	16,598,561	-	16,598,561	16,267,251
Public Service	837,350	823,520	1,660,870	-	1,660,870	2,134,303
Academic support	3,137,512	536,057	3,673,569	-	3,673,569	3,268,764
Student services	3,928,368	1,173,310	5,101,679	-	5,101,679	4,697,965
Institutional support	7,677,928	424,922	8,102,850	-	8,102,850	7,538,051
Operation and maintenance of plant	4,159,547	-	4,159,547	-	4,159,547	4,758,866
Scholarships and fellowships	-	5,073,212	5,073,212	-	5,073,212	6,838,729
Capital outlay	216,574	-	216,574	-	216,574	547,283
Total Educational and General Expenditures	33,974,088	10,612,773	44,586,861	-	44,586,861	46,051,212
Auxiliary Enterprise Expenditures	-	-	-	386,759	386,759	295,214
Mandatory Transfers						
Retirement of indebtedness	301,293	-	301,293	-	301,293	875,258
Renewals and Replacements	855,090	-	855,090	-	855,090	308,863
Total Mandatory Transfers	1,156,383	-	1,156,383	-	1,156,383	1,184,121
Total Expenditures and Mandatory Transfers	35,130,471	10,612,773	45,743,244	386,759	46,130,003	47,530,547
Other Transfers and Additions/(Deductions)						
Debt Service Expenditures	(487,681)	-	(487,681)	-	(487,681)	(124,422)
Total Other Transfers and Additions/(Deductions)	(487,681)	-	(487,681)	-	(487,681)	(124,422)
Net Increase (Decrease) in Fund Balances	\$ (1,036,252)	\$ 1,303,971	\$ 267,119	\$ 109,951	\$ 377,670	\$ 387,371

COLLEGE OF THE MAINLAND
 SCHEDULE OF CHANGES IN FUND BALANCES
 UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES
 For the Year Ended August 31, 2013

	Bookstore	Child Care Center	Food Service	USDA Food Program	President's Fund	Student Activity Fee	Center for Advancement of Process Technology	CE Mexico Study Tour	Japan Study Tour	TOTAL
Revenues										
Sales and services of auxiliary enterprises	\$ 168,503	\$ 103,655	\$ 24,755	\$ -	\$ 572	\$ -	\$ -	\$ 300	\$ 18,450	\$ 316,235
Tuition and fees	-	-	-	-	-	166,910	-	-	-	166,910
Federal grants and contracts	-	-	-	13,434	-	-	-	-	-	13,434
Investment Income	131	-	-	-	-	-	-	-	-	131
Total revenue	<u>168,634</u>	<u>103,655</u>	<u>24,755</u>	<u>13,434</u>	<u>572</u>	<u>166,910</u>	<u>-</u>	<u>300</u>	<u>18,450</u>	<u>496,710</u>
Expenditures										
Salaries and wages	58,233	56,995	-	-	-	41,684	-	-	-	156,912
Employee benefits	3,555	4,848	-	-	-	2,978	-	-	-	11,381
Contracted services	-	-	10,899	-	-	1,221	-	-	-	12,120
Supplies	-	10,656	8,746	13,434	37,617	311	-	-	-	70,764
Other operating expenses	1,987	500	-	-	3,766	109,644	-	1,413	18,272	135,582
Total Expenditures	<u>63,775</u>	<u>72,999</u>	<u>19,645</u>	<u>13,434</u>	<u>41,383</u>	<u>155,838</u>	<u>-</u>	<u>1,413</u>	<u>18,272</u>	<u>386,759</u>
Excess revenue over expenditures	104,859	30,656	5,110	-	(40,811)	11,072	-	(1,113)	178	109,951
Interfund Transfers										
In	-	-	-	-	43,764	-	-	-	-	43,764
Out	(10,000)	(28,655)	(5,109)	-	-	-	-	-	-	(43,764)
Fund balances, beginning	<u>1,193,561</u>	<u>1,000</u>	<u>7,002</u>	<u>504</u>	<u>65,295</u>	<u>144,488</u>	<u>42,200</u>	<u>25,216</u>	<u>-</u>	<u>1,479,266</u>
Fund balances, ending	<u>\$ 1,288,420</u>	<u>\$ 3,001</u>	<u>\$ 7,003</u>	<u>\$ 504</u>	<u>\$ 68,248</u>	<u>\$ 155,560</u>	<u>\$ 42,200</u>	<u>\$ 24,103</u>	<u>\$ 178</u>	<u>\$ 1,589,217</u>