



## ***College of the Mainland***

### **ANNUAL FINANCIAL AND COMPLIANCE REPORT**

***For the Year Ended August 31, 2011***



2000 LOOP 197 NORTH  
TEXAS CITY, TEXAS 77590



**COLLEGE OF THE MAINLAND  
ORGANIZATIONAL DATA  
FOR THE YEAR ENDED AUGUST 31, 2011**

**BOARD OF TRUSTEES**

**OFFICERS AND MEMBERS**

			<b>Term Expires May 31,</b>
Ralph E. Holm	Chairperson	Texas City, Texas	2015
Roney McCrary	Vice-Chairperson	Santa Fe, Texas	2017
Rosalie R. Kettler	Secretary	Dickinson, Texas	2013
Bennie Matthews	Member	Texas City, Texas	2013
Wayne H. Miles	Member	League City, Texas	2017
Clemon P. Prevost, Sr.	Member	Texas City, Texas	2013
Nick Stepchinski	Member	Bayou Vista, Texas	2015

**PRINCIPAL ADMINISTRATIVE OFFICERS**

Michael A. Elam, Ed.D. ....	President
Amy E. Locklear, Ph.D. ....	Vice President for Instruction
Rod C. Fluker Sr., Ph.D. ....	Vice President for Enrollment and Student Success
Lisa Templer, CPA .....	Vice President for College and Financial Services
Helen R. Duvall, CPA.....	Controller



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## Independent Auditors' Report

Board of Trustees  
College of the Mainland  
Texas City, Texas

Members of the Board:

We have audited the accompanying financial statements of College of the Mainland (the "College") and the discretely presented component unit as of and for the year ended August 31, 2011, as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the College's 2010 financial statements and, in our report dated January 1, 2011, we expressed unqualified opinions on the respective financial statements and the discretely presented component unit of the College. We did not audit the financial statements of the College of the Mainland Foundation (the "Foundation"). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the State of Texas Governor's Office of Budget and Planning Uniform Grant Management Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and the discretely presented component unit as of August 31, 2011, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended December 31, 2010, from which such summarized information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

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

*Null-Hanson, PC*

Texas City, Texas  
December 14, 2011

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

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

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

The following analysis provides an overview of the College’s financial activities for fiscal year 2010. The purpose of this overview is to present an “objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions.” The analysis conforms to topics covered in GASB Statement 34, paragraph 4, and reflects transactions, events, legislation and conditions that are presented in the College’s financial report.

The College is a comprehensive public community college funded primarily through state appropriations, tuition and fees, taxes, and grant income. The College district is coterminous with the boundaries of five school districts; Dickinson ISD, Hitchcock ISD, La Marque ISD, Santa Fe ISD, and Texas City ISD. It has a service area that covers the whole of mainland Galveston County, Texas. The College employs approximately 340 full time staff and several hundred part-time staff and student workers.

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

**The Statement of Net Assets**

The statement of net assets represents the financial position of the College and presents all assets and liabilities using the accrual basis of accounting. During 2011, current assets increased by \$98,212. Although this amount is not material to the financial statements as a whole the change within this category were. There was an increase in cash and cash equivalents of \$1,006,596 and prepaid expense in the amount of \$9,432 for the current year. Offsetting these increases was and slight decrease in accounts receivable and an \$859,967 decrease in inventories. The inventory decrease was due to the outsourcing of bookstore operations.

Noncurrent assets increased by \$1,329,603. Restricted cash and cash equivalents increased by \$901,324 and capital assets increased by \$436,632. The biggest factor in the increase in restricted cash and equivalents was caused by an increase in grants and awards.

Current liabilities increased by \$1,608,282 with the greatest increases in accounts payable in the amount of \$554,229 and in unearned income in the amount of \$793,666. Other less significant increases were in accrued liabilities of \$111,108 of which worker’s compensation benefits incurred but not reported in the amount of \$89,086 was the primary factor. This was related to the largest claim in the history of the College. Another noteworthy increase in the amount of \$167,672 was incurred in the retirement incentive, which was due from the addition of the second retirement incentive during the 2011 fiscal year.

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

Noncurrent liabilities decreased by \$459,540. The largest reduction of \$276,237 was due to the primarily to the retirement incentive payoff for compensated absences. The second largest decrease of \$275,000 was in bonds payable and was due to the next fiscal year current principal reduction of \$275,000 for a total principal amount owed for the 2004 revenue bonds of \$855,000 for current and noncurrent bonds payable.

The other significant decrease of \$105,013 in noncurrent liabilities was for the Valero settlement for prior taxes owed. This was the result of a favorable settlement judgment for Valero in a lawsuit against the Galveston Central Appraisal District in the amount of \$420,053. The College accrued the total settlement amount for the tax refund in the prior year in the amount of \$420,053. The first payment was made in December 2010 in the amount of \$105,013. The total amount payable at August 31, 2011 to Valero is \$315,040.

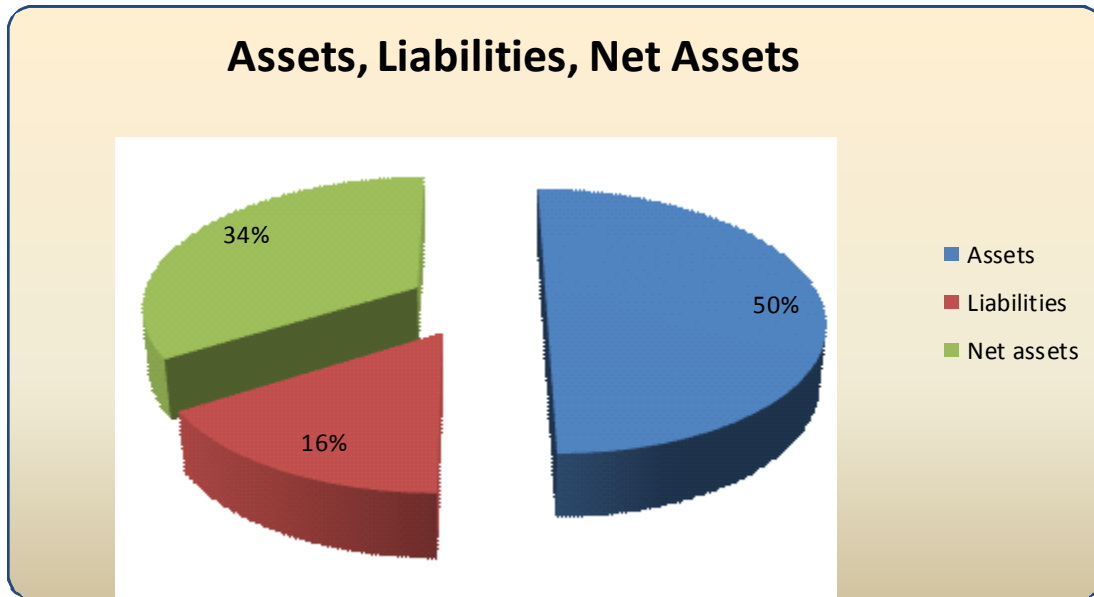
There was an offsetting increase in noncurrent liabilities in the amount of \$196,800 and was the result of the second retirement incentive that was approved. The total retirement incentive amount owed over the next five (5) years is \$2,599,223, which the College will recover in wages and benefits saved over that period. The number of physical plant employees that declared the incentive is the largest factor in overall savings because the College pays the health benefits of those employees over their lifetime if they retire, and pays the State of Texas match for retirement during the period that the employee is actively employed by the College.

Total net assets increased by \$279,072, which was the result of several increases and decreases. The largest increase was in invested in capital net of related debt in the amount of \$1,104,932. The primary factor for the increase was due to the funding for major repair projects using board approved designated fund balance. The total amount for those specific projects was \$1,213,664 for the year ending August 31, 2011. There was an offsetting decrease in unrestricted fund balance due to the reclassification of \$1,104,932 from unrestricted net assets to invested in capital net of related debt.

Please see below for the actual Statement of Net Asset figures:

	Current Year	Prior Year	Change
Current assets	\$ 21,017,108	\$ 20,918,896	\$ 98,212
Capital assets (net)	13,223,375	12,786,743	436,632
Other non-current assets	2,580,794	1,687,823	892,971
Total Assets	<u>36,821,277</u>	<u>35,393,462</u>	<u>1,427,815</u>
Current liabilities	8,243,077	6,634,796	1,608,281
Non-current liabilities	3,619,913	4,079,453	(459,540)
Total Liabilities	<u>11,862,990</u>	<u>10,714,249</u>	<u>1,148,741</u>
Invested in capital assets, net of related debt	12,324,190	11,219,258	1,104,932
Restricted net assets	1,573,013	1,164,927	408,086
Unrestricted net assets	11,061,084	12,295,028	(1,233,944)
Total net assets	<u>\$ 24,958,287</u>	<u>\$ 24,679,213</u>	<u>\$ 279,074</u>

Assets, liabilities, and net assets for fiscal year 2011 can be seen in the following graphical presentation.



#### **Statement of Revenues, Expenses, and Changes in Net Assets**

This statement represents the operating activity of the College, which results from revenue, expenses, gains and losses during the year. In 2011 operating revenue increased by \$713,093. This was due primarily to an increase in overall in federal grants in the amount of \$1,221,382 and private grants of \$322,882.

There were offsetting decreases in auxiliary enterprises, which was primarily due to bookstore operations in the amount of \$469,724 that was related to the previously mentioned outsourcing. The other significant decreases were in sales and services of educational activities in the amount of \$111,876 and tuition and fees of \$390,953. A component of tuition and fees, discounts increased from \$1.8 million to \$2.3 million in 2011.

The purpose of discounting is to eliminate the double counting of revenue in the government wide financial statements for revenue that is paid on behalf of the student. Tuition and fees are discounted or reduced for Title IV federal grants, state and local exemptions, and TPEG. The government wide financial statements collapse all fund into one fund as opposed to reporting each fund separately. Fund accounting is the basis for accounting with governmental entities.

Operating expenses increased by \$487,745. The largest increase of \$1,838,548 in Scholarships and Fellowships and was due to the overall increase in grant funding of \$1,536,988. Some of the significant decreases in operating expenses occurred in Public Service, which are primarily the workforce programs at the Public Service Careers building in the amount of \$409,953. There was a decrease of \$645,969 in Academic Support and a decrease in Operation and Maintenance of Plant in the amount of \$540,562.

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

Please see below for the actual revenue and expense figures:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Operating revenue	\$ 15,735,658	\$ 15,022,563	\$ 713,095
Operating expenses	(49,691,117)	(49,203,372)	(487,745)
Net operating income (loss)	(33,955,459)	(34,180,809)	225,350
Non-operating revenues (expenses)	34,234,533	30,763,528	3,471,005
Total increase (decrease) in net assets	<u>\$ 279,074</u>	<u>\$ (3,417,281)</u>	<u>\$ 3,696,355</u>

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

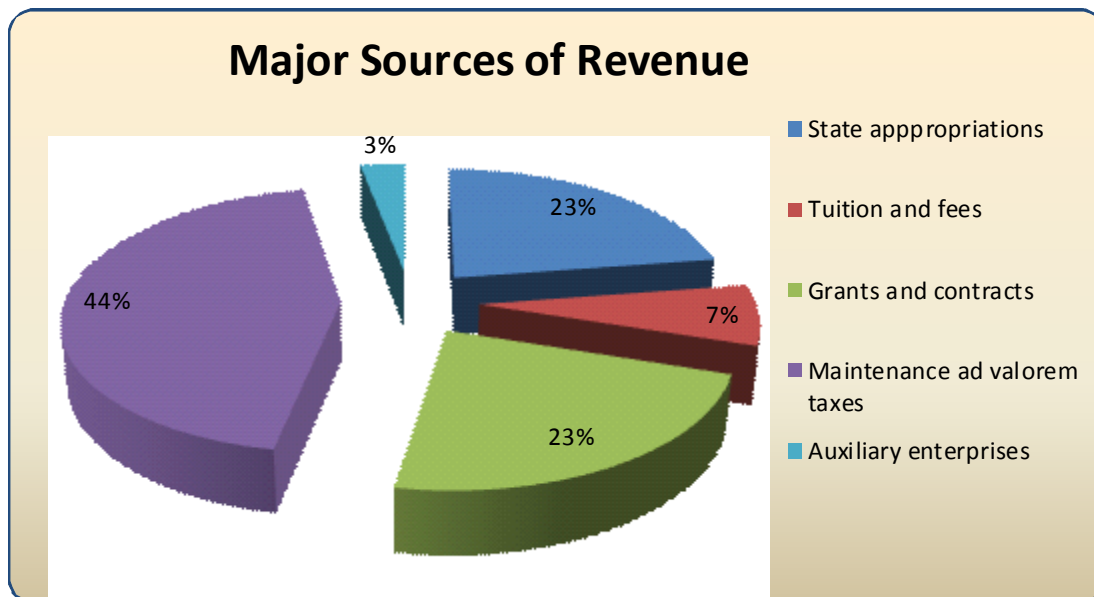
	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
<b>Operating revenues:</b>			
Tuition and fees (net of discounts)	\$ 3,422,249	\$ 3,813,204	\$ (390,955)
Federal grants and contracts	7,810,066	6,588,684	1,221,382
State grants and contracts	555,872	562,132	(6,260)
Private grants and contracts	2,288,962	1,966,080	322,882
Local grants and contracts	-	1,016	(1,016)
Sales and services of educational activities	25,221	137,097	(111,876)
Auxiliary enterprises (net of discounts)	1,395,743	1,865,467	(469,724)
General operating revenues	<u>237,546</u>	<u>88,883</u>	<u>148,663</u>
<b>Total operating revenues</b>	<u>15,735,658</u>	<u>15,022,563</u>	<u>713,095</u>
<b>Non-operating revenues:</b>			
State appropriations	10,514,554	9,729,721	784,833
Maintenance ad valorem taxes	20,556,458	18,897,807	1,658,651
Federal revenue, non-operating	2,337,424	1,779,835	557,589
Investment income	26,341	35,930	(9,589)
Foreign trade zone fees	735,893	376,398	359,495
Other non-operating revenues	<u>114,496</u>	<u>2,431</u>	<u>112,065</u>
<b>Net non-operating revenues (expenses)</b>	<u>34,285,165</u>	<u>30,822,122</u>	<u>3,463,043</u>
<b>Total revenues</b>	<u>\$ 50,020,823</u>	<u>\$ 45,844,685</u>	<u>\$ 4,176,138</u>

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

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

	Current Year	Prior Year	Change
State appropriations	\$ 10,514,554	\$ 9,729,721	\$ 784,833
Tuition and fees (net of discounts)	3,422,249	3,813,204	(390,955)
Grants and contracts	10,654,900	9,117,912	1,536,988
Maintenance ad valorem taxes	20,556,458	18,897,807	1,658,651
Auxiliary enterprises	1,395,743	1,865,467	(469,724)
<b>Total</b>	<b>\$ 46,543,903</b>	<b>\$ 43,424,111</b>	<b>\$ 3,119,792</b>

Major source operating and non-operating revenue for fiscal year 2011 can be seen in the following graphical presentation.



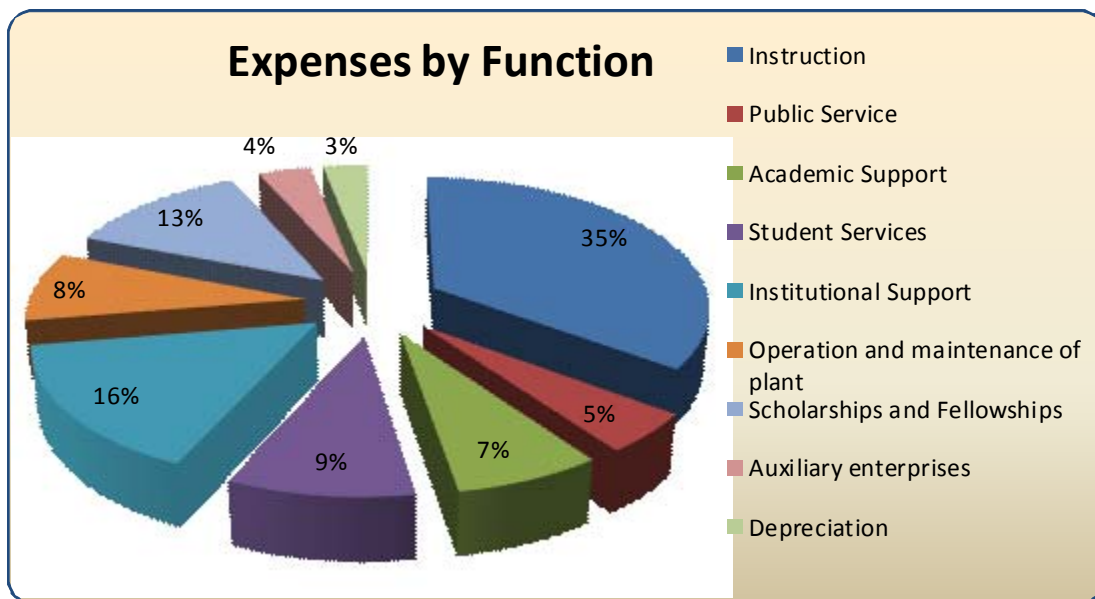


**COLLEGE OF THE MAINLAND**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

Operating expenses are reported in the financial statement by functional classification and are presented below for fiscal years 2011 and 2010.

	Current Year	Prior Year	Change
Instruction	\$ 17,469,935	\$ 17,042,260	\$ 427,675
Public Service	2,433,419	2,843,372	(409,953)
Academic Support	3,651,258	4,297,227	(645,969)
Student Services	4,615,636	4,602,640	12,996
Institutional Support	7,806,665	7,866,291	(59,626)
Operation and maintenance of plant	4,210,472	4,751,034	(540,562)
Scholarships and Fellowships	6,212,203	4,373,655	1,838,548
Auxiliary enterprises	1,790,852	1,933,409	(142,557)
Depreciation	1,500,677	1,493,484	7,193
<b>Total operating expenses</b>	<b>\$ 49,691,117</b>	<b>\$ 49,203,372</b>	<b>\$ 487,745</b>

Expenses by functional classification for fiscal year 2011 can be seen in the following graphical presentation:



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

**Statement of Cash Flows**

The College received cash in a timely manner and was able to operate without borrowing funds for current activities. Some of the more significant cash increases were from operating activities in grants and contracts in the amount of \$1,221,382, and maintenance ad valorem taxes in non-operating activities in the amount of \$1,658,651. Overall there was an increase in cash and cash equivalents of \$1,907,920.

**Conclusion**

A major factor in maintaining a viable academic program is the quality of the College's capital assets. During the year, the College spent approximately \$2,056,024 on renovations, major repairs, deferred maintenance, capital outlay, and other facility projects.

Looking to the future, management has some challenges that must be addressed. The most immediate issues are the facilities. The College was formed over forty (40) years ago and there are serious deferred maintenance issues. The College master plan includes building new facilities and renovating existing facilities in order to promote the concept of a learner-centered environment. The primary goal of the plan is to provide and maintain a foundation for improving the entire college environment, both physical and academic.

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

The College is in a period of transition with recent changes in the administration and Board of Trustees. In spite of these changes the College has positioned itself well. Over the past two (2) years there have been two (2) retirement incentive packages offered, which fifty nine (59) employees accepted and exited the College. The employees had many years with the College, and because of their longevity they were at the top end of the compensation system in place.

Another reason for the College's positive position is that the several years ago the Board of Trustees approved a financial plan to set aside twenty five (25) percent of the annual budget in undesignated fund balance. This has provided the College with sufficient funds to mitigate the adverse legislature at the state level and with the decline in appraised values after Hurricane Ike. In addition, the College's healthy fund balance has provided the College with an improved bond rating.

This is important because the College plans to go to the voters with a bond proposal for authorization to sell \$50 to \$100 million in bonds. The last ad valorem bonds were issued by the College for construction of the current campus more than forty (40) years ago. The College had a failed bond election in May 2011 and lost the election by twelve (12) votes out of 6,500 votes, which is statistically improbable but indicates that the next election will be successful if a few changes are made.

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

Currently, the College is experiencing record enrollment of over 4,000 unduplicated headcount for Fall 2010. Distance Education courses have dramatically increased, as well as dual credit instruction. Our League City Learning Center provides dual credit instruction for the North County, and dual credit is responsible for twenty (20) percent of the College's enrollment.

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

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## **Basic Financial Statements**

**COLLEGE OF THE MAINLAND**  
**STATEMENT OF NET ASSETS**  
**August 31, 2011 and August 31, 2010**

**Exhibit 1**

	<u>Current year</u>	<u>Prior year</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 15,615,198	\$ 14,608,602
Accounts receivable (net)	5,071,640	5,132,489
Inventories	2,639	859,606
Prepaid expenses	327,631	318,199
<b>Total current assets</b>	<u>21,017,108</u>	<u>20,918,896</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	2,530,180	1,628,856
Loans receivable (net)	46,320	48,946
Deferred charges	4,294	10,021
Capital assets (net), (see notes)	13,223,375	12,786,743
<b>Total noncurrent assets</b>	<u>15,804,169</u>	<u>14,474,566</u>
<b>Total Assets</b>	<u>36,821,277</u>	<u>35,393,462</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	1,458,735	904,509
Accrued liabilities	553,395	442,287
Compensated absences and severance payable - current	255,525	254,857
Retirement incentive payable - current	628,019	460,347
Funds held for others	162,026	189,377
Unearned income	4,805,364	4,011,698
Tax refund payable - current portion	105,013	105,013
Notes payable - current portion	-	6,708
Bonds payable - current portion	275,000	260,000
<b>Total current liabilities</b>	<u>8,243,077</u>	<u>6,634,796</u>
<b>Noncurrent liabilities:</b>		
Compensated absences and severance payable - noncurrent	858,681	1,135,008
Retirement incentive payable - noncurrent	1,971,205	1,774,405
Tax refund payable - noncurrent	210,027	315,040
Notes and capital leases payable	-	-
Bonds payable	580,000	855,000
<b>Total noncurrent liabilities</b>	<u>3,619,913</u>	<u>4,079,453</u>
<b>Total Liabilities</b>	<u>11,862,990</u>	<u>10,714,249</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	12,324,190	11,219,258
Restricted for:		
Expendable		
Grants and donor restrictions	395,199	36,477
Loan funds	93,057	92,965
Unexpended bond proceeds	-	37,923
Renewals and replacements	413,712	321,704
Debt service	671,045	675,858
Unrestricted	11,061,084	12,295,028
<b>Total Net Assets (Schedule D)</b>	<u>\$ 24,958,287</u>	<u>\$ 24,679,213</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, 2011 and 2010**

	<u>8/31/2011</u>	<u>8/31/2010</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 151,376	\$ 309,218
Contributions requirements, net	43,306	131,756
<b>Total current assets</b>	<u>194,682</u>	<u>440,974</u>
<b>Noncurrent assets:</b>		
Cash and cash equivalents	207,407	268,073
Investments (restricted)	1,806,138	1,635,625
<b>Total noncurrent assets</b>	<u>2,013,545</u>	<u>1,903,698</u>
<b>Total assets</b>	<u>\$ 2,208,227</u>	<u>\$ 2,344,672</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 55,110	\$ 280,119
<b>Total liabilities</b>	<u>55,110</u>	<u>280,119</u>
<b>Net assets:</b>		
Unrestricted	11,521	18,339
Temporarily restricted	960,051	935,778
Permanently restricted	1,181,545	1,110,436
<b>Total net assets</b>	<u>2,153,117</u>	<u>2,064,553</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,208,227</u>	<u>\$ 2,344,672</u>

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

**COLLEGE OF THE MAINLAND**

Exhibit 2

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Years Ended August 31, 2011 and August 31, 2010**

	<u>Current year</u>	<u>Prior year</u>
<b>Operating Revenues</b>		
Tuition and fees (net of discounts of \$2,337,424 and \$1,778,705)	\$ 3,422,249	\$ 3,813,204
Federal grants and contracts	7,810,066	6,588,684
State grants and contracts	555,872	562,132
Private grants and contracts	2,288,962	1,966,080
Local grants and contracts	-	1,016
Sales and services of educational activities	25,221	137,097
Auxiliary enterprises (net of discounts)	1,395,743	1,865,467
General operating revenues	237,546	88,883
<b>Total operating revenues (Schedule A)</b>	<u>15,735,658</u>	<u>15,022,563</u>
<b>Operating Expenses</b>		
Instruction	17,469,935	17,042,260
Public service	2,433,419	2,843,372
Academic support	3,651,258	4,297,227
Student services	4,615,636	4,602,640
Institutional support	7,806,665	7,866,291
Operation and maintenance of plant	4,210,472	4,751,034
Scholarships and fellowships	6,212,203	4,373,655
Auxiliary enterprises	1,790,852	1,933,409
Depreciation expense	1,500,677	1,493,484
<b>Total operating expenses (Schedule B)</b>	<u>49,691,117</u>	<u>49,203,372</u>
<b>Operating income (loss)</b>	<u>(33,955,459)</u>	<u>(34,180,809)</u>
<b>Non-operating revenues (expenses)</b>		
State appropriations	10,514,554	9,729,721
Maintenance ad valorem taxes	20,556,458	18,897,807
Federal revenue, non-operating	2,337,424	1,779,835
Investment income	26,341	35,930
Foreign trade zone fees	735,893	376,398
Interest and fees on capital related debt	(50,632)	(58,594)
Other non-operating revenues	114,496	2,431
<b>Net non-operating revenues (expenses) (Schedule C)</b>	<u>34,234,533</u>	<u>30,763,528</u>
Increase (decrease) in net assets	279,074	(3,417,281)
<b>Net assets - beginning of year</b>	<u>24,679,213</u>	<u>28,096,494</u>
<b>Net assets - end of year</b>	<u>\$ 24,958,287</u>	<u>\$ 24,679,213</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, 2011**  
**With Comparative Totals for 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				8/31/11	8/31/10
<b>Revenue and support</b>					
Donations	\$ 10,124	\$ 167,113	\$ 31,800	\$ 209,037	\$ 187,909
Grants	-	44,897	-	44,897	179,421
Net realized and unrealized gains (losses) on investments	989	(5,627)	39,309	34,671	62,243
Interest and dividends	52	69,541	-	69,593	71,055
In-kind revenue	144,508	-	-	144,508	133,243
<b>Total revenue and support</b>	<b>155,673</b>	<b>275,924</b>	<b>71,109</b>	<b>502,706</b>	<b>633,871</b>
<b>Restrictions released</b>					
Program expenditures	251,651	(251,651)	-	-	-
<b>Total revenue, support and reclassifications</b>	<b>407,324</b>	<b>24,273</b>	<b>71,109</b>	<b>502,706</b>	<b>633,871</b>
<b>Expenses</b>					
<b>Program services</b>					
Student scholarships	139,235	-	-	139,235	235,896
Other program payments	79,712	-	-	79,712	180,606
<b>Total program services</b>	<b>218,947</b>	<b>-</b>	<b>-</b>	<b>218,947</b>	<b>416,502</b>
<b>Non-program services</b>					
Bad debt expense	10,440	-	-	10,440	6,957
Fundraising	9,573	-	-	9,573	10,298
Salaries	130,692	-	-	130,692	126,748
General and administrative	44,490	-	-	44,490	40,672
<b>Total expenses</b>	<b>414,142</b>	<b>-</b>	<b>-</b>	<b>414,142</b>	<b>601,177</b>
<b>Change in net assets</b>	<b>(6,818)</b>	<b>24,273</b>	<b>71,109</b>	<b>88,564</b>	<b>32,694</b>
<b>Net Assets, beginning of year</b>	<b>18,339</b>	<b>935,778</b>	<b>1,110,436</b>	<b>2,064,553</b>	<b>2,031,859</b>
<b>Net Assets, end of year</b>	<b>\$ 11,521</b>	<b>\$ 960,051</b>	<b>\$ 1,181,545</b>	<b>\$ 2,153,117</b>	<b>\$ 2,064,553</b>

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

**COLLEGE OF THE MAINLAND**
**Exhibit 3**
**STATEMENT OF CASH FLOWS**
**For the Years Ended August 31, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Receipts from students and other customers	\$ 4,960,880	\$ 6,010,761
Receipts of grants and contracts	11,196,864	11,588,641
Payments to or on behalf of employees	(28,000,178)	(28,940,829)
Payments to suppliers for goods or services	(11,007,412)	(11,477,647)
Payments for scholarships and fellowships	(3,981,770)	(4,377,995)
Other operating receipts	237,546	30,194
<b>Net cash provided (used) by operating activities</b>	<b>(26,594,071)</b>	<b>(27,166,875)</b>
<b>Cash flows from non-capital financing activities:</b>		
Receipts of state allocations	7,110,046	7,177,789
Receipts from ad valorem taxes	20,563,905	20,154,262
Receipts from foreign trade zone participants	735,893	376,398
Receipts from federal grants from non-operating activities	2,337,424	1,779,835
Receipts from student organizations and other agency transactions	152,717	172,170
Payments to student organization and other agency transactions	(180,074)	(170,255)
Net (increase) decrease in loans receivable	2,626	(3,103)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>30,722,537</b>	<b>29,487,096</b>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(1,813,159)	(1,719,088)
Payments on capital debt and leases - principal	(383,096)	(278,156)
Payments on capital debt and leases - interest and fees	(50,632)	(47,140)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2,246,887)</b>	<b>(2,044,384)</b>
<b>Cash flows from investing activities:</b>		
Investment income	26,341	35,930
<b>Net cash provided (used) by investing activities</b>	<b>26,341</b>	<b>35,930</b>
Increase (decrease) in cash and cash equivalents	1,907,920	311,767
<b>Cash and cash equivalents, beginning of year</b>	<b>16,237,458</b>	<b>15,925,691</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 18,145,378</b>	<b>\$ 16,237,458</b>
 <b>Components of cash and cash equivalents</b>		
Cash and cash equivalents	\$ 15,615,198	\$ 14,608,602
Restricted cash and cash equivalents	2,530,180	1,628,856
	<b>\$ 18,145,378</b>	<b>\$ 16,237,458</b>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
<b>Operating income (loss)</b>	<b>\$ (33,955,458)</b>	<b>\$ (34,180,809)</b>
<b>Adjustments:</b>		
Depreciation expense	1,500,677	1,493,484
Payments made directly by state for benefits	3,404,508	2,548,417
Changes in assets and liabilities:		
Receivables, net	60,849	1,779,454
Inventories	856,967	(222,229)
Prepaid expenses	(9,432)	7,248
Accounts payable	554,233	(754,166)
Accrued liabilities	111,108	149,678
Unearned income	793,664	447,521
Compensated absences/retirement incentive payable	88,812	1,564,527
<b>Net cash provided (used) by operating activities</b>	<b>\$ (26,594,071)</b>	<b>\$ (27,166,875)</b>

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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**August 31, 2011**

**Note 1 - Reporting Entity**

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

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

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

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

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

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

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

## COLLEGE OF THE MAINLAND

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

August 31, 2011

## Note 2 - Summary of Significant Accounting Policies

### Reporting Guidelines

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

### Tuition Discounting

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

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

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

### Basis of Accounting

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

**COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

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

**Net Assets**

The College's net assets are classified as follows:

***Invested in Capital Assets, Net of Related Debt***

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

***Restricted Net Assets – Expendable***

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

***Unrestricted Net Assets***

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

***Budgetary Data***

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

***Cash and Cash Equivalents***

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

***Investments***

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

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

***Inventories***

Inventories, consisting of consumable office supplies, physical plant supplies, and bookstore stock, are valued at the lower of cost or market under the "first-in, first-out" method. As of July 2011, the bookstore operations were outsourced whereby Texas Book Company purchased the majority of the bookstore inventory from the College.

***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

***Deferred Revenues***

Tuition, fees, and other revenues received that are related to the period after August 31, 2011 are reported as deferred revenues. Those amounts are as follows:

	<u>2011</u>	<u>2010</u>
Tuition and fees	\$ 2,985,825	\$ 2,292,683
Season tickets - Theater	62,708	63,926
Federal, state and local grants	1,568,418	1,655,332
Other	188,413	(243)
	<u>\$ 4,805,364</u>	<u>\$ 4,011,698</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.

**COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

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

***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.

***Reclassifications***

Certain amounts for 2010 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, 2011 and 2010, the carrying amount of the College's deposits was \$1,843,902 and \$858,333, respectively, and total bank balances equaled \$2,617,201 and \$1,560,943. Bank balances of \$250,000 are covered by federal depository insurance, and \$2,367,201 and \$1,310,943 were covered by collateral pledged in the College's name for the years ended August 31, 2011 and 2010.

During the fiscal years 2011 and 2010, 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, 2011

**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 assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at cost, which approximates fair value.

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

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

	<u>2011</u>	<u>2010</u>
<b>Cash and Deposits:</b>		
Bank Deposits:		
Demand deposits	\$ 1,843,902	\$ 858,333
Cash on cash equivalents:		
Petty cash on hand and change funds	20,320	20,351
<b>Total Cash and Deposits</b>	<u>\$ 1,864,222</u>	<u>\$ 878,684</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2011</u>	<u>2010</u>
<i>Investments:</i>		
Government Investment Pools:		
Texpool	\$ 16,281,156	\$ 15,358,774
<b>Total Investments</b>	<u>16,281,156</u>	<u>15,358,774</u>
<b>Total Cash and Deposits</b>	<u>1,864,222</u>	<u>878,684</u>
<b>Total Deposits and Investments</b>	<u>\$ 18,145,378</u>	<u>\$ 16,237,458</u>
Cash and temporary investments (Exhibit 1):		
Cash and cash equivalents	\$ 15,615,198	\$ 14,608,602
Restricted cash and cash equivalents	<u>2,530,180</u>	<u>1,628,856</u>
<b>Total Deposits and Investments</b>	<u>\$ 18,145,378</u>	<u>\$ 16,237,458</u>



**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

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

As of August 31, 2011, the College had the following investments and maturities.

<b>Investment Type:</b>	<u>Fair Value</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investments</u>
Local Government Investment Pools:			
Texpool	\$ 16,281,156	AAAm	100.0%
Total Local Government Investment Pools	<u>16,281,156</u>		<u>100.0%</u>
<b>Total investments</b>	<u><u>\$ 16,281,156</u></u>		<u><u>100.0%</u></u>

<i>Investments</i>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
Local Government Investment Pools:			
TexPool	\$ 16,281,156	100.0%	46
Total Local Government Investment Pools	<u>16,281,156</u>	<u>100.0%</u>	46
<b>Total investments</b>	<u><u>\$ 16,281,156</u></u>	<u><u>100.0%</u></u>	46

***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, 2011, 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, 2011.

***Custodial Credit Risk***

The College's deposits are subject to custodial credit risk as \$2,367,201 of total deposits was uninsured but collateralized by securities held by the pledging financial institutions agent in the College's name. The College's deposits were fully collateralized at year-end and through-out the year.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

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

Investment income for 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Interest income	\$ 26,341	\$ 35,930
<b>Total Investment Earnings</b>	<u>\$ 26,341</u>	<u>\$ 35,930</u>

As of August 31, 2011 and 2010 cash and cash equivalents was restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Grants and awards	\$ 1,246,514	359,278
Loans to students	48,921	44,019
Payment of long-term debt and capital purchases/improvements	1,074,902	1,038,364
Student groups	159,843	187,195
<b>Total restricted cash and cash equivalents</b>	<u>\$ 2,530,180</u>	<u>\$ 1,628,856</u>

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

Accounts receivable at August 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Property taxes receivable	\$ 2,788,942	\$ 2,704,327
Allowance for uncollectible property taxes	(1,521,915)	(1,439,173)
Property taxes receivable, net	<u>1,267,027</u>	<u>1,265,154</u>
Tuition and fees receivable	2,952,388	2,516,899
Allowance for uncollectible tuition and fees	(370,707)	(169,201)
Tuition and fees receivable, net	<u>2,581,681</u>	<u>2,347,698</u>
Due from tax collector	-	9,320
Due from other governments for grant awards	496,508	797,829
Due from grantors for private awards	175,234	502,791
Other receivables	551,190	209,697
<b>Total receivables, net</b>	<u>\$ 5,071,640</u>	<u>\$ 5,132,489</u>

**COLLEGE OF THE MAINLAND**

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

August 31, 2011

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

Accrued liabilities at August 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Accrued wages payable	\$ 109,308	\$ 87,286
Reserve for incurred but not reported worker's compensation benefits	401,799	312,713
Interest payable	42,288	42,288
Total accrued liabilities	<u>\$ 553,395</u>	<u>\$ 442,287</u>

**Note 6 - Capital Assets**

Capital assets activity for the year ended August 31, 2011 was as follows:

	<u>Balance 09/01/10</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance 08/31/11</u>
<b>Not depreciated:</b>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	278,982	1,191,170	(1,336,273)	133,879
<b>Subtotal</b>	<u>651,127</u>	<u>1,191,170</u>	<u>(1,336,273)</u>	<u>506,024</u>
<b>Buildings and other capital assets:</b>				
Buildings and building improvements	15,340,036	154,789		15,494,825
Improvements other than buildings	12,301,504	73,600	1,336,273	13,711,377
<b>Total buildings and other real estate improvements</b>	<u>27,641,540</u>	<u>228,389</u>	<u>1,336,273</u>	<u>29,206,202</u>
Furniture, equipment and vehicles	2,545,637	297,310	(39,206)	2,803,741
Telecommunication equipment	3,894,588	189,705		4,084,293
Library books	1,431,865	48,618		1,480,483
<b>Total buildings and other capital assets</b>	<u>36,164,757</u>	<u>1,955,192</u>	<u>(39,206)</u>	<u>38,080,743</u>
<b>Accumulated depreciation:</b>				
Buildings and building improvements	(10,853,581)	(306,801)		(11,160,382)
Improvements other than buildings	(6,714,023)	(604,558)		(7,318,581)
<b>Total buildings and other real estate improvements</b>	<u>(17,567,604)</u>	<u>(911,359)</u>	<u>-</u>	<u>(18,478,963)</u>
Furniture, equipment and vehicles	(1,635,672)	(173,600)	31,164	(1,778,108)
Telecommunication equipment	(3,013,794)	(369,520)	(9,841)	(3,393,155)
Library books	(1,160,944)	(46,198)		(1,207,142)
<b>Total Accumulated depreciation</b>	<u>(23,378,014)</u>	<u>(1,500,677)</u>	<u>21,323</u>	<u>(24,857,368)</u>
<b>Net capital assets</b>	<u>\$ 12,786,743</u>	<u>\$ 454,515</u>	<u>\$ (17,883)</u>	<u>\$ 13,223,375</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

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

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

	Balance 09/01/09	Additions	Retirements and Transfers	Balance 08/31/10
<b>Not depreciated:</b>				
Land	\$ 372,145	\$ -	\$ -	\$ 372,145
Construction in progress	832,135	272,665	(825,818)	278,982
<b>Subtotal</b>	<u>1,204,280</u>	<u>272,665</u>	<u>(825,818)</u>	<u>651,127</u>
<b>Buildings and other capital assets:</b>				
Buildings and building improvements	15,340,036	-	-	15,340,036
Improvements other than buildings	10,787,166	688,520	825,818	12,301,504
<b>Total buildings and other real estate improvements</b>	<u>26,127,202</u>	<u>688,520</u>	<u>825,818</u>	<u>27,641,540</u>
Furniture, equipment and vehicles	2,554,184	83,637	(92,184)	2,545,637
Telecommunication equipment	3,429,226	621,390	(156,028)	3,894,588
Library books	1,378,989	52,876	-	1,431,865
<b>Total buildings and other capital assets</b>	<u>34,693,881</u>	<u>1,719,088</u>	<u>(248,212)</u>	<u>36,164,757</u>
<b>Accumulated depreciation:</b>				
Buildings and building improvements	(10,546,779)	(306,802)	-	(10,853,581)
Improvements other than buildings	(6,136,806)	(577,217)	-	(6,714,023)
<b>Total buildings and other real estate improvements</b>	<u>(16,683,585)</u>	<u>(884,019)</u>	<u>-</u>	<u>(17,567,604)</u>
Furniture, equipment and vehicles	(1,567,186)	(160,670)	92,184	(1,635,672)
Telecommunication equipment	(2,767,098)	(402,724)	156,028	(3,013,794)
Library books	(1,114,873)	(46,071)	-	(1,160,944)
<b>Total Accumulated depreciation</b>	<u>(22,132,742)</u>	<u>(1,493,484)</u>	<u>248,212</u>	<u>(23,378,014)</u>
<b>Net capital assets</b>	<u>\$ 12,561,139</u>	<u>\$ 225,604</u>	<u>\$ -</u>	<u>\$ 12,786,743</u>

Depreciation expense was \$1,500,677 and \$1,493,484 for the 2011 and 2010 fiscal years, respectively.

**Note 7 - Noncurrent Liabilities**

Noncurrent liabilities activity for the year ended August 31, 2011 was as follows:

	Balance 09/01/10	Additions	Retirements	Balance 08/31/11	Current Portion
<b>Bonds</b>					
Revenue bonds	\$ 1,115,000	\$ -	\$ (260,000)	\$ 855,000	\$ 275,000
	<u>1,115,000</u>	<u>-</u>	<u>(260,000)</u>	<u>855,000</u>	<u>275,000</u>
<b>Notes and capital leases</b>					
Notes payable	6,708	-	(6,708)	-	-
	<u>6,708</u>	<u>-</u>	<u>(6,708)</u>	<u>-</u>	<u>-</u>
<b>Other liabilities</b>					
Compensated absences payable	1,389,865	150,501	(426,160)	1,114,206	255,525
Retirement incentive payable	2,234,751	838,364	(473,892)	2,599,223	628,019
Property tax refund payable	420,053	-	(105,013)	315,040	105,013
	<u>4,044,669</u>	<u>988,865</u>	<u>(1,005,065)</u>	<u>4,028,469</u>	<u>988,557</u>
<b>Total noncurrent liabilities</b>	<u>\$ 5,166,377</u>	<u>\$ 988,865</u>	<u>\$ (1,271,773)</u>	<u>\$ 4,883,469</u>	<u>\$ 1,263,557</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

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

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

	<u>Balance 09/01/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/10</u>	<u>Current Portion</u>
<b>Bonds</b>					
Revenue bonds	\$ 1,365,000	\$ -	\$ (250,000)	\$ 1,115,000	\$ 260,000
	<u>1,365,000</u>	<u>-</u>	<u>(250,000)</u>	<u>1,115,000</u>	<u>260,000</u>
<b>Notes and capital leases</b>					
Notes payable	34,864	-	(28,156)	6,708	6,708
	<u>34,864</u>	<u>-</u>	<u>(28,156)</u>	<u>6,708</u>	<u>6,708</u>
<b>Other liabilities</b>					
Compensated absences payable	1,711,426	124,436	(445,997)	1,389,865	254,857
Retirement incentive payable	348,664	1,953,066	(66,978)	2,234,751	460,347
Property tax refund payable	420,053	-	-	420,053	105,013
	<u>2,480,143</u>	<u>2,077,502</u>	<u>(512,975)</u>	<u>4,044,669</u>	<u>820,217</u>
<b>Total noncurrent liabilities</b>	<u>\$ 3,880,007</u>	<u>\$ 2,077,502</u>	<u>\$ (791,131)</u>	<u>\$ 5,166,377</u>	<u>\$ 1,086,925</u>

**Bonds Payable**

**Revenue Bonds Series 2004**

Purpose:

To implement new administrative software and hardware, update existing infrastructure, and develop disaster recovery solutions

Date issued:

08/01/04

Amount of original issue - all authorized bonds have been issued

\$ 2,500,000

Amounts outstanding, end of year

\$ 855,000

Interest rates

3.00% to 4.00%

Maturity dates serially, beginning/ending

May 1, 2005/2014

Interest payment dates

May 1/November 1

Source of revenue for debt service

Pledged revenues derived from a portion of tuition and certain fees collected

**COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

**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 August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	275,000	33,513	308,513
2013	285,000	23,200	308,200
2014	295,000	11,800	306,800
	<u>\$ 855,000</u>	<u>\$ 68,513</u>	<u>\$ 923,513</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, 2011.

***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, 2011 was \$315,040.

**Note 8 - Employees Retirement Plan**

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

**Teacher Retirement System of Texas**

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

**COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

**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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal year 2011 (6.644% for 2010 and 6.58% for 2009). In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution for fiscal year 2011, 6.4% for most of fiscal year 2010 and 6.58% for fiscal year 2009.

**Optional Retirement Plan**

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

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

The retirement expense to the State for the College was \$1,167,821 and \$1,184,753 for the fiscal years ended August 31, 2011 and 2010, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the College.

The total payroll for all college employees was \$24,780,161 and \$24,236,066 fiscal years 2011 and 2010, respectively. The total payroll of employees covered by the Teacher Retirement System was \$16,235,866 and \$15,596,906 for fiscal years 2011 and 2010, respectively. The total payroll of employees covered by the Optional Retirement System was \$4,379,822 and \$5,984,466 for fiscal years 2011 and 2010, 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, 2011**

**Note 10 - Compensated Absences**

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

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

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

The College's sick leave payable at August 31, 2011 and 2010 was \$912,953 and \$915,169, respectively, and is included in accrued compensable absences on the statement of net assets.

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

Sick Leave Payable	<b>2011</b>	<b>2010</b>
Balance, September 1	\$ 915,169	\$ 1,089,145
Additions	150,501	102,647
Payments	(152,717)	(276,623)
Balance, August 31	<u>\$ 912,953</u>	<u>\$ 915,169</u>
Current	\$ 166,527	\$ 168,432
Noncurrent	746,426	746,737
	<u>\$ 912,953</u>	<u>\$ 915,169</u>



**COLLEGE OF THE MAINLAND****NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

August 31, 2011

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

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

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

The College's vacation leave payable at August 31, 2011 and 2010 was \$201,253 and \$474,696, respectively, and is included in accrued compensable absences on the balance sheet.

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

	<u>2011</u>	<u>2010</u>
Balance, September 1	\$ 474,696	\$ 622,281
Additions	-	21,790
Payments	(273,443)	(169,375)
Balance, August 31	<u>\$ 201,253</u>	<u>\$ 474,696</u>
Current	\$ 88,998	\$ 86,425
Noncurrent	112,255	388,271
	<u>\$ 201,253</u>	<u>\$ 474,696</u>

**Note 11 - Pending Lawsuits and Claims**

On August 31, 2011, 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, 2011. Rental expenditures were paid only from unrestricted current funds during 2011 and 2010 and were \$690,820 and \$724,970, respectively.

## **COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

#### **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.

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, 2011, the Fund anticipates the College has no additional liability beyond the contractual obligations for payment of contributions.

During the year ended August 31, 2011, 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, 2011, 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.

**COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

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

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, 2011 and 2010 amounted to \$401,799 and \$312,713, 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 \$413 to \$808 per month depending upon coverage elected by the employee for the year ended August 31, 2011 and \$385 to \$753 per month for 2010, and totaled \$3,404,508 for the year ended August 31, 2011 (\$2,548,417 for the year ended August 31, 2010). The cost of providing those benefits for 156 retirees cost \$1,021,537 for August 31, 2011 (benefits for 156 retirees cost \$747,004 for August 31, 2010). The cost of providing those benefits for 376 active employees was \$2,382,971 for August 31, 2011 (benefits for 390 employees cost \$1,801,413 for August 31, 2010).

**Note 16 - Related Parties**

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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

**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>2011</u>	<u>2010</u>
Assessed Valuation of the District:	\$ 11,065,664,927	\$ 11,158,147,943
Less: Exemptions	(2,235,912,250)	(2,008,350,974)
Net Assessed Valuation of the District	<u>\$ 8,829,752,677</u>	<u>\$ 9,149,796,969</u>

	<u>2011</u>			<u>2010</u>		
	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized Tax Rate per \$100 Valuation	\$ 0.600000	\$ 0.000000	\$ 0.600000	\$ 0.600000	\$ 0.000000	\$ 0.600000
Assessed Tax Rate per \$100 Valuation	\$ 0.233890	\$ 0.000000	\$ 0.233890	\$ 0.221640	\$ 0.000000	\$ 0.221640

The maximum combined authorized tax rate approved by voters in the College district is \$0.60. No separate limit is imposed on the tax rate specifically for current operations or debt service. However, pursuant to Texas Education Code Section 130.122 *Junior College Districts - Tax Bonds and Maintenance Tax*, the debt service portion of the combined tax rate may not exceed \$0.50.

Taxes levied for the year ended August 31, 2011 and 2010 amounted to \$20,523,483 and \$20,210,481, 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, 2011 were as follows:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 20,077,932	\$ -	\$ 20,077,932
Delinquent taxes collected, net of refunds	384,227	-	384,227
Penalties and interest collected	283,108	-	283,108
Total collections	<u>\$ 20,745,267</u>	<u>\$ -</u>	<u>\$ 20,745,267</u>

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

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

Tax collections for the year ended August 31, 2010 were as follows:

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

Tax collections for the years ended August 31, 2011 and 2010 approximated 99.70% of the current year levy for 2011 and 99.31% for 2010. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

**Note 18 - Retirement Incentive Packages**

During the year ended August 31, 2011, a retirement incentive was made available to employees who qualified for retirement based on a set of defined criteria. This retirement incentive has one (1) option which was to receive the employee's 2010-2011 base salary over a five year period, with payouts occurring once a year. For employees that were determined to be eligible, a declaration to participate in the retirement incentive must be made between August 3, 2010 and December 15, 2010. The effective date of the retirement must have occurred between September 1, 2010 and August 31, 2011 and on a date that is mutually agreed upon by the College and the employee. As of August 31, 2011 seventeen employees signed an agreement committing to retirement representing a retirement incentive payable of \$873,187 as of August 31, 2011 of which \$174,638 is a current liability.

During fiscal year 2010, thirty-six (36) employees signed agreements committing to retirement. This 2010 retirement incentive had one (1) option which was to receive the employee's 2009-2010 base salary over a five year period, with payouts occurring once a year. For employees that were determined to be eligible, a declaration to participate in the retirement incentive had to be elected between the period of August 1, 2009 and December 15, 2009. The effective date of retirement for all participants that elected to participate in the retirement incentive must be between September 1, 2009 and August 31, 2010 on a date mutually agreed upon by the College and the employee. As of August 31, 2011, the retirement incentive payable is \$1,726,036 of which \$453,381 represents a current liability.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

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

Retirement incentives payable were as follows as of August 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Balance, September 1	\$ 2,234,751	\$ 348,663
Additions	838,363	1,953,066
Payments	<u>(473,891)</u>	<u>(66,978)</u>
Balance, August 31	<u>\$ 2,599,223</u>	<u>\$ 2,234,751</u>

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

<u>Year Ending August 31,</u>	<u>Retirement Incentives</u>
2012	\$ 628,019
2013	628,019
2014	628,019
2015	561,039
2016	<u>154,128</u>
	<u>\$ 2,599,223</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, 2011 and 2010.

**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/>.

**COLLEGE OF THE MAINLAND**

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

**August 31, 2011**

**Note 20 – Postemployment Benefits Other than Pensions (continued)**

*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, 2011, 2010, and 2009 were \$36,122 , \$35,879 , and \$32,586, respectively, which equaled the required contributions each year.

## COLLEGE OF THE MAINLAND

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

August 31, 2011

#### Note 21 – Disclosures Related to Discretely Presented Component Units

##### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

###### Organization

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

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

###### Financial Statement Presentation

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

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

###### 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, 2011**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

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

Contributions Receivable and Promises to Give

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

If contributions receivable become doubtful of collection, allowances are made to the extent the amounts are determined to be doubtful, and are charged to expense. If doubtful amounts are subsequently determined to be uncollectible, they are written off against allowances in the period determined. As of August 31, 2011 and 2010, allowance for doubtful accounts totaled \$37,522 and \$27,082, respectively.

Investments and Investment Return

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

Contributions and Donated Services

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

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

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

Federal Income Taxes

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

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Federal Income Taxes – Continued

The Foundation follows guidance that clarifies the accounting for uncertainty in income taxes recognized for financial statement reporting purposes as applied to nonprofit organizations. Based on its evaluation, The Foundation has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Foundation's evaluation was performed for the tax periods ended August 31, 2007 through August 31, 2011 for U.S. Federal tax. The latter three tax years remain subject to examination by major tax jurisdictions as of August 31, 2011.

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.

Subsequent Events

The Foundation has evaluated subsequent events through the date the financial statements were available for issuance on November 22, 2011. No matters were identified affecting the accompanying financial statements or related disclosures.

NOTE 2 – FAIR VALUE MEASUREMENTS

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

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

Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

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

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.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

NOTE 2 – FAIR VALUE MEASUREMENTS – CONTINUED

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

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
August 31, 2011:			
Corporate Stocks	\$ 16,954	\$ -	\$ -
Fixed Income Funds	571,995	-	-
Equity Mutual Funds	667,289	-	-
Corporate Bonds	<u>549,900</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,806,138</u>	\$ <u>-</u>	\$ <u>-</u>
August 31, 2010:			
Corporate Stocks	\$ 15,965	\$ -	\$ -
Fixed Income Funds	37,769	-	-
Equity Mutual Funds	616,625	-	-
Government Bonds	151,876	-	-
Corporate Bonds	<u>813,390</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,635,625</u>	\$ <u>-</u>	\$ <u>-</u>

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

	<u>2011</u>	<u>2010</u>
Dividends and Interest Income	\$ 69,593	\$ 71,055
Net Realized and Unrealized Gains (Losses)	<u>34,671</u>	<u>62,243</u>
Total Investment Loss	\$ <u>104,264</u>	\$ <u>133,298</u>

**COLLEGE OF THE MAINLAND****NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****August 31, 2011**NOTE 2 – FAIR VALUE MEASUREMENTS – CONTINUED

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

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

NOTE 3 – CONTRIBUTIONS RECEIVABLE

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

	<u>2011</u>	<u>2010</u>
Less than One Year	\$ 45,647	\$ 115,947
One to Five Years	40,000	40,000
More Than Five Years	<u>-</u>	<u>10,000</u>
Total Contributions Receivable	85,647	165,947
Less: Unamortized Discount to Net Present Value at 5.34%	(4,819)	(7,109)
Less: Allowance of Doubtful Amounts	<u>(37,522)</u>	<u>(27,082)</u>
Contributions Receivable, Net	\$ <u><u>43,306</u></u>	\$ <u><u>131,756</u></u>

NOTE 4 – TEMPORARY RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets include the following at August 31:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 484,993	\$ 508,109
Accumulated Undistributed Earnings on Endowments	<u>475,058</u>	<u>427,669</u>
Total	\$ <u><u>960,051</u></u>	\$ <u><u>935,778</u></u>

## COLLEGE OF THE MAINLAND

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

August 31, 2011

#### NOTE 5 – ENDOWMENT

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

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

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

The Foundation has not adopted an investment and spending policies specific to endowment assets. However, the assets are managed in a manner that attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment as well as capital appreciation, which exceeds the annual distributions with acceptable levels of risk. Endowment assets are investment in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions as needed, while growing the funds if possible. There is not an established expectation of an average rate of return. Investment risk is measured in terms of total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. At August 31, 2011 and 2010, 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.

**COLLEGE OF THE MAINLAND**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**  
**August 31, 2011**

NOTE 5 – ENDOWMENT – CONTINUED

Changes in endowment net assets are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, August 31, 2009	\$ 385,241	\$ 949,757	\$ 1,334,998
Contributions	-	98,298	98,298
Investment Return:			
Investment Income	42,428	-	42,428
Net Appreciation (Depreciation) of Investments	-	62,381	62,381
Amounts Appropriated for Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, August 31, 2010	\$ 427,669	\$ 1,110,436	\$ 1,538,105
Contributions	-	31,800	31,800
Investment Return:			
Investment Income	47,389	-	47,389
Net Appreciation of Investments	-	39,309	39,309
Amounts Appropriated for Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, August 31, 2011	\$ <u>475,058</u>	\$ <u>1,181,545</u>	\$ <u>1,656,603</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The College provides office space to the Foundation at no cost. In addition, the Foundation's payroll expenses, all 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, 2011 and 2010, in-kind revenue and expense totaled \$144,508 and \$133,243, respectively.

All student scholarship expenditures are disbursed to the College. These expenses totaled \$139,235 and \$235,896 for the years ended August 31, 2011 and 2010, respectively.

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

NOTE 7 – 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.

## **Supplemental Schedules**

**COLLEGE OF THE MAINLAND**

Schedule A

**SCHEDULE OF OPERATING REVENUES**

For the Year Ended August 31, 2011

With Memorandum Totals for the Year Ended August 31, 2010

	Educational Activities			Auxiliary Enterprises	Total	
	Unrestricted	Restricted	Total		Current Year	Prior Year
<b>Tuition</b>						
State funded credit courses:						
In-district resident tuition	\$ 2,497,248	\$ -	\$ 2,497,248	\$ -	\$ 2,497,248	\$ 2,334,648
Out-of-district resident tuition	1,419,889	-	1,419,889	-	1,419,889	1,172,444
Non-resident tuition	145,813	-	145,813	-	145,813	101,412
TPEG - credit (set aside)*	211,813	-	211,813	-	211,813	168,254
State funded continuing education:						
TPEG - noncredit (set aside)*	693,167	-	693,167	-	693,167	848,024
Non-state funded educational programs	44,245	-	44,245	-	44,245	54,129
	184,744	-	184,744	-	184,744	363,380
<b>Total tuition</b>	<b>5,196,919</b>	<b>-</b>	<b>5,196,919</b>	<b>-</b>	<b>5,196,919</b>	<b>5,042,291</b>
<b>Fees</b>						
Campus fees	187,851	-	187,851	-	187,851	175,676
Facility fees	170,907	-	170,907	-	170,907	157,783
Laboratory fees	68,971	-	68,971	-	68,971	66,242
Processing fees	401,609	-	401,609	-	401,609	367,397
Student service fees	-	-	-	108,906	108,906	99,655
Other fees	274,707	-	274,707	-	274,707	298,707
<b>Total fees</b>	<b>1,104,045</b>	<b>-</b>	<b>1,104,045</b>	<b>108,906</b>	<b>1,212,952</b>	<b>1,165,460</b>
<b>Scholarship allowances and discounts</b>						
Remissions and exemptions - state	(36,368)	-	(36,368)	-	(36,368)	(32,695)
Remissions and exemptions - local	(417,107)	-	(417,107)	-	(417,107)	(397,687)
Title IV federal grants remissions	(2,337,424)	-	(2,337,424)	-	(2,337,424)	(1,779,835)
TPEG awards	(196,722)	-	(196,722)	-	(196,722)	(184,330)
<b>Total scholarship allowances and discounts</b>	<b>(2,987,621)</b>	<b>-</b>	<b>(2,987,621)</b>	<b>-</b>	<b>(2,987,621)</b>	<b>(2,394,547)</b>
<b>Total net tuition and fees</b>	<b>3,313,343</b>	<b>-</b>	<b>3,313,343</b>	<b>108,906</b>	<b>3,422,250</b>	<b>3,813,204</b>
<b>Additional operating revenues</b>						
Federal grants and contracts	65,259	7,732,103	7,797,362	12,704	7,810,066	6,588,684
State grants and contracts	5,830	550,042	555,872	-	555,872	562,132
Local grants and contracts	-	-	-	-	-	1,016
Private grants and contracts	-	2,288,962	2,288,962	-	2,288,962	1,966,080
Sales and services of educational activities	25,221	-	25,221	-	25,221	137,097
General operating revenues	236,484	-	236,484	1,061	237,545	88,883
<b>Total additional operating revenues</b>	<b>332,793</b>	<b>10,571,107</b>	<b>10,903,900</b>	<b>13,765</b>	<b>10,917,665</b>	<b>9,343,892</b>
<b>Auxiliary Enterprises</b>						
Bookstore	-	-	-	1,190,671	1,190,671	1,704,777
Other auxiliary	-	-	-	205,072	205,072	160,690
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,395,743</b>	<b>1,395,743</b>	<b>1,865,467</b>
<b>Total operating revenues</b>	<b>\$ 3,646,136</b>	<b>\$ 10,571,107</b>	<b>\$ 14,217,243</b>	<b>\$ 1,518,414</b>	<b>\$ 15,735,658</b>	<b>\$ 15,022,563</b>
					(Exhibit 2)	(Exhibit 2)

\* In accordance with Education Code 56.033, \$256,058 and \$222,383 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**

Schedule B

For the Year Ended August 31, 2011

With Memorandum Totals for the Year Ended August 31, 2010

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other expenses	Current Year	Prior year
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 10,995,391	\$ -	\$ 1,725,470	\$ 763,751	\$ 13,484,612	\$ 13,210,500
Public service	888,086	-	120,275	137,830	1,146,192	1,252,608
Academic support	2,133,219	-	417,709	325,802	2,876,730	2,991,691
Student services	2,591,066	-	470,837	218,905	3,280,808	3,273,712
Institutional support	3,399,621	-	646,265	2,821,988	6,867,874	6,828,365
Operation and maintenance of plant	1,276,179	-	75,781	2,858,512	4,210,472	4,750,018
Scholarships and fellowships	-	-	-	-	-	-
<b>Total Unrestricted Educational Activities</b>	<b>21,283,561</b>	<b>-</b>	<b>3,456,336</b>	<b>7,126,789</b>	<b>31,866,687</b>	<b>32,306,894</b>
<b>Restricted - Educational Activities</b>						
Instruction	\$ 1,154,389	\$ 2,318,253	\$ 154,447	\$ 358,235	\$ 3,985,323	3,831,760
Public service	767,465	163,804	10,913	345,045	1,287,227	1,590,764
Academic support	152,029	568,882	37,900	15,717	774,528	1,305,536
Student services	369,638	641,237	42,720	281,233	1,334,829	1,328,928
Institutional support	-	880,154	58,638	-	938,791	1,037,926
Operation and maintenance of plant	-	-	-	-	-	1,016
Scholarships and fellowships	114,468	-	-	6,097,736	6,212,203	4,373,655
<b>Total Restricted Educational Activities</b>	<b>2,557,989</b>	<b>4,572,329</b>	<b>304,618</b>	<b>7,097,966</b>	<b>14,532,902</b>	<b>13,469,585</b>
<b>Total Educational Activities</b>	<b>23,841,551</b>	<b>4,572,329</b>	<b>3,760,954</b>	<b>14,224,755</b>	<b>46,399,589</b>	<b>45,776,479</b>
<b>Auxiliary Enterprises</b>	<b>297,045</b>	<b>-</b>	<b>15,174</b>	<b>1,478,632</b>	<b>1,790,852</b>	<b>1,933,409</b>
<b>Depreciation Expense:</b>						
Buildings and other real estate improvements	-	-	-	911,359	911,359	884,019
Equipment and furniture	-	-	-	541,627	541,627	563,394
Library books	-	-	-	47,691	47,691	46,071
<b>Total Depreciation Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,677</b>	<b>1,500,677</b>	<b>1,493,484</b>
<b>Total Operating Expenses</b>	<b>\$ 24,138,596</b>	<b>\$ 4,572,329</b>	<b>\$ 3,776,128</b>	<b>\$ 17,204,064</b>	<b>\$ 49,691,117</b> (Exhibit 2)	<b>\$ 49,203,372</b> (Exhibit 2)

COLLEGE OF THE MAINLAND

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

For the Year Ended August 31, 2011

With Memorandum Totals for the Year Ended August 31, 2010

	Unrestricted	Restricted	Total	Auxiliary enterprises	Total Current Year	Prior Year
<b>Non-operating revenues</b>						
State appropriations:						
Academic appropriation	\$ 3,351,761	\$ -	\$ 3,351,761	\$ -	\$ 3,351,761	\$ 3,323,277
Workforce appropriation	2,234,508	-	2,234,508	-	2,234,508	2,621,334
Professional Nursing Shortage	-	-	-	-	-	3,515
Alternative Teacher Certification	48,912	-	48,912	-	48,912	39,742
Enrollment growth	13,030	-	13,030	-	13,030	8,683
Hold harmless	294,014	-	294,014	-	294,014	-
State group insurance	-	3,404,508	3,404,508	-	3,404,508	2,548,417
State retirement matching	-	1,167,821	1,167,821	-	1,167,821	1,184,753
<b>Total state appropriations</b>	<b>5,942,225</b>	<b>4,572,329</b>	<b>10,514,554</b>	<b>-</b>	<b>10,514,554</b>	<b>9,729,721</b>
Maintenance ad valorem taxes	20,556,458	-	20,556,458	-	20,556,458	18,897,807
Federal revenue, non-operating	2,337,424	-	2,337,424	-	2,337,424	1,779,835
Investment income	25,252	1,089	26,341	-	26,341	35,930
Foreign trade zone fees	735,893	-	735,893	-	735,893	376,398
Fees collected for renewals and replacements	-	170,907	170,907	-	170,907	157,783
Fees collected for debt retirement	-	303,288	303,288	-	303,288	301,725
Other non-operating revenues	-	114,497	114,497	-	114,497	2,431
<b>Total non-operating revenues</b>	<b>29,597,252</b>	<b>5,162,109</b>	<b>34,759,361</b>	<b>-</b>	<b>34,759,361</b>	<b>31,281,630</b>
<b>Non-operating expenses</b>						
Interest and fees on capital related debt	1,618	49,014	50,632	-	50,632	58,594
Fees transferred for renewals and replacements	170,907	-	170,907	-	170,907	157,783
Fees transferred for debt retirement	303,288	-	303,288	-	303,288	301,725
<b>Total non-operating expenses</b>	<b>475,812</b>	<b>49,014</b>	<b>524,827</b>	<b>-</b>	<b>524,827</b>	<b>518,102</b>
<b>Net non-operating revenues (expenses)</b>	<b>\$ 29,121,439</b>	<b>\$ 5,113,095</b>	<b>\$ 34,234,534</b>	<b>\$ -</b>	<b>\$ 34,234,534</b>	<b>\$ 30,763,528</b>
					(Exhibit 2)	(Exhibit 2)

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY**  
**For the Year Ended August 31, 2011**

Schedule D

	Detail by Source				Available for Current Operations	
	Unrestricted	Restricted Expendable	Capital Assets Net of Depreciation & Related Debt		Yes	No
				Total		
<b>Current:</b>						
Unrestricted	\$ 9,944,204	\$ -	\$ -	\$ 9,944,204	\$ 9,944,204	\$ -
Grants and donor restrictions	-	395,199	-	395,199	395,199	-
Auxiliary enterprises	1,116,880	-	-	1,116,880	1,116,880	-
Loan funds	-	93,057	-	93,057	-	93,057
<b>Plant:</b>						
Unexpended bond proceeds	-	-	-	-	-	-
Renewals and replacements	-	413,712	-	413,712	-	413,712
Debt service	-	671,045	-	671,045	-	671,045
Investment in plant	-	-	12,324,190	12,324,190	-	12,324,190
<b>Total Net Assets, end of year</b>	<b>11,061,084</b>	<b>1,573,013</b>	<b>12,324,190</b>	<b>24,958,287</b>	<b>11,456,283</b>	<b>13,502,004</b>
				(Exhibit 1)		
<b>Total Net Assets, beginning of year</b>	<b>12,295,028</b>	<b>1,164,927</b>	<b>11,219,258</b>	<b>24,679,213</b>	<b>12,331,505</b>	<b>12,347,708</b>
				(Exhibit 1)		
<b>Net increase (decrease) in net assets</b>	<b>\$ (1,233,944)</b>	<b>\$ 408,086</b>	<b>\$ 1,104,932</b>	<b>\$ 279,074</b>	<b>\$ (875,222)</b>	<b>\$ 1,154,296</b>
				(Exhibit 2)		

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

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

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

We have audited the financial statements of College of the Mainland (the "College") as of and for the year ended August 31, 2011, and have issued our report thereon dated December 5, 2011. Our report includes reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the provisions of the State of Texas Governor's Office of Budget and Planning Uniform Grant Management Standards, and the provisions of the Public Funds Investment Act (Sec. 2256, Texas Government Code). Other auditors audited the financial statements of the College of the Mainland Foundation. The financial statements of the College of the Mainland Foundation were not audited in accordance with *Government Auditing Standards*.

***Internal Control over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. These deficiencies have been identified as findings #11-01, #11-02, and #11-03. 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.

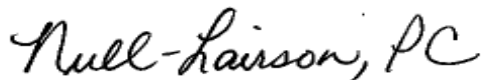
### ***Compliance and Other Matters***

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

We have performed tests designed to verify College of the Mainland's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2011, no instances of noncompliance were found.

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

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

A handwritten signature in black ink that reads "Null-Lairson, PC". The signature is written in a cursive, flowing style.

Texas City, Texas  
December 14, 2011



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

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

***Compliance***

We have audited College of the Mainland's (the "College") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2011. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year end August 31, 2011.

### ***Internal Control over Compliance***

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

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

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

### **Closing**

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



Texas City, Texas  
December 14, 2011

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2011**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weaknesses? Yes; Findings #11-01 to #11-03

Noncompliance material to financial statements noted? No

**Federal and State Awards**

Internal control over major programs:

Material weakness(es) identified? No

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

Type of auditors' report issued on compliance with major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) 2-7 OMB Circular A-133? No

Identification of major programs:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Numbers</b>
<b>US Department of Education</b>	
<b>Student Financial Assistance Programs Cluster:</b>	
Supplemental Education Opportunity Grant	84.007
Federal College Work-Study Program	84.033
Federal Pell Grant	84.063
Federal Direct Loan Program	84.268
Academic Competitiveness Grant	84.375
<b>TRIO Cluster</b>	
TRIO – Student Support Services	84.042A
TRIO – Upward Bound	84.047
<b>Tech Prep</b>	84.243

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended August 31, 2011**

**I. Summary of Auditor’s Results (continued)**

<b>Name of State Program</b>	
Adult Education	
Nursing Shortage Reduction – Under 70 Program	
<b>Dollar Threshold Considered Between Type A and B:</b>	
Federal	\$300,000
State	\$300,000

**II. Financial Statement Findings**

**#11-01 Part-Time On-Call Pay Scales**

**Criteria:** Part-time on-call (PTOC) employees are paid in accordance with the PTOC scale or in accordance with another methodology developed by the College.

**Condition:** During our test of controls, we noted that PTOC employees are not paid in accordance with the PTOC pay scale or another consistent method.

**Cause:** The PTOC scales have not been used because it makes it difficult for the College to attract and retain employees. As such, PTOC employees are paid based on the available resources of their respective departments.

**Effect:** The method in which PTOC employees are paid has not been consistent.

**Recommendation:** The College should use a consistent method to pay PTOC scales regardless of an employee’s assigned department.

**#11-02 Personnel Action Forms and Time Sheets**

**Criteria:** Changes to Personnel Action Forms (PAF) are approved by all required personnel. In addition, changes to timesheets due to mathematical errors or other errors are returned to the appropriate supervisor to review and approve again. Finally, payroll charges are recorded in the proper fiscal year.

**Condition:** During our test of controls, we noted three instances where pay changes were made by striking through existing information. The alterations were not supplemented with a signature to indicate the strikethrough and subsequent change were approved. In addition, we noted one timesheet had been changed due to mathematical errors after the employee and supervisor had signed the timesheet. We also noted, that a portion of one employee’s pay earned in fiscal year 2010 was charged to fiscal year 2011.

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended August 31, 2011**

**Cause:** The College did not have a procedure in place during our test of controls to document changes to the PAF after required approvals were received. The changes made to the timesheets due to mathematical errors were not sent to the supervisor because the change was not deemed significant by the payroll department. Finally, the portion of the employee's pay earned in fiscal year 2010 but charged to fiscal year 2011 was an oversight.

**#11-02 Personnel Action Forms and Time Sheets (continued)**

**Effect:** Changes to the PAFs and timesheets did not contain the appropriate signatures and a portion of an employees' pay was posted to the incorrect fiscal year.

**Recommendation:** The College should amend its existing PAF to include an area where amendments can be made with the required signatures approving any changes to the initial pay determinations. In addition, any changes made to timesheets by the payroll department should be returned to the appropriate supervisor for review and approval. Pay earned should be charged to the proper fiscal year.

**Finding #11-03 Financial System Access Rights**

**Criteria:** Access rights to the financial software are limited to the appropriate personnel based on the employees' duties. In addition, access rights should be monitored and reviewed periodically to ensure that only the appropriate employees have access to financial software and furthermore the ability to alter critical information (i.e. employee pay).

**Condition:** During our information technology internal control walkthrough, it was noted that there were several segregation of duties issues. Employees in finance had access to both to the Human Resources and Payroll modules. The Comptroller had IT Administrative rights, as well as, the ability to enter and post journal entries (issue if no one tracks and reviews the JE's). Also, an accounts payable accountant had the ability to enter and post journal entries. Three employees in the Human Resource department had access to the payroll module.

**Cause:** At the time of our audit, access rights were not monitored closely to ensure there were proper segregation of duties issues.

**Effect:** If access rights are not closely monitored and the proper controls are in implemented management or employees, in the normal course of performing their assigned functions, would not be able to prevent or detect and correct misstatements on a timely basis.

**Recommendation:** The College should implement controls where an edit report is reviewed by management of the College. In addition, the College should consider setting up an alert in the system that would notify the appropriate person that access has been granted or removed to the financial system.

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

There were no current year federal/state findings or questioned costs.

**IV. Status of Prior Year Findings**

There were no prior year findings.

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended August 31, 2011**

**V. Corrective Action Plan**

**#11-01 Part-time On-call Pay Scales**

**Corrective Action:** A new pay scale has been developed whereby PTOC employees will be paid according to the existing compensation pay scale at 75%. The new pay scale will be presented to the Board of Trustees for review at a subsequent board meeting.

**Responsible Party:** Teresa Hudson, Associate Vice President for Human Resources

**Implementation date:** By September 1, 2012

**#11-02 Personnel Action Forms and Time Sheets**

**Corrective action plan:** the Personnel Action Form (PAF) has been revised to include a section for acknowledgement and approval of corrections including all required approval signatures. Additionally, all time sheets have been revised to include a space for the employee and supervisor to acknowledge and approve changes.

**Responsible parties:** Teresa Hudson, Associate Vice President for Human Resources, Helen Duvall, Controller

**Implementation date:** Immediately for PAFs and January 1, 2012 for time sheets.

**#11-03 Financial System Access Rights**

**Corrective action plan:** ITS has developed a report identifying every employee that has login access to the financial software with their associated access rights. The report is organized by department and individuals within a department. A master report will be sent to the President and division report will be sent to the Vice Presidents the first week of every month for review and approval. After review, the report will be returned to ITS with approval and/or changes that should be made.

**Responsible party:** Lisa Templer, Vice President for College and Financial Services

**Implementation date:** January 1, 2012

COLLEGE OF THE MAINLAND  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

Schedule E

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
<b>U.S. Department of Agriculture</b>			
<b>Pass-Through From:</b>			
<i>Texas Department of Agriculture</i>			
<i>USDA Food Program</i>	10.558	75-G4005	12,704
<b>Total Department of Agriculture</b>			<u>12,704</u>
<b>U.S. Department of Labor</b>			
<b>Pass-Through From:</b>			
Texas Workforce Commission via San Jacinto			
Community College:			
<i>CBJTG</i>	17.269	CB-18226-09-60-A-48	272,700
<b>Total Department of Labor</b>			<u>272,700</u>
<b>Environmental Protection Agency</b>			
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
Student Financial Aid Cluster			
<i>Supplemental Educational Opportunity Grant*</i>	84.007	P007A103984	80,199
<i>Federal College Work Study Program*</i>	84.033	P033A103984	112,973
<i>Federal Pell Grant*</i>	84.063	P063P102888	4,847,577
<i>Direct Loans*</i>	84.268	P268K112888	953,646
<i>Academic Competitiveness Grant*</i>	84.375	P375A102888	20,068
TRIO Cluster			
<i>TRIO - Student Support Services**</i>	84.042A	P042A100067	252,388
<i>TRIO - Upward Bound**</i>	84.047	P047A070057	238,740
Framing the Future: Green Building Technology	84.116B	P116N10012	9,108
<b>Pass-Through From:</b>			
Texas Education Agency:			
<i>Adult Education and Family Literacy</i>	84.002A	114100017110338	559,025
<i>Adult Education English Literacy &amp; Civics Ed.</i>	84.002A	114100087110373	128,329
Texas Higher Education Coordinating Board:			
<i>Leveraging Educational Assistance Partnerships</i>	84.069A		3,030
<i>SLEAP</i>	84.069B		4,132
<i>Carl Perkins Vocational Education</i>	84.048A	114212	135,426
Gulf Coast Tech-Prep:			
<i>Tech Prep Grant</i>	84.243		2,945
<i>Tech Prep Area Coordinator</i>	84.243		117,901
<b>Total Department of Education</b>			<u>7,465,487</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-Through From:</b>			
Texas Education Agency:			
<i>Temporary Assistance for Needy Families</i>	93.558	113625017110317	59,175
<b>Total Department of Health and Human Services</b>			<u>59,175</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 7,810,066</u>

\* Student Financial Aid Cluster

\*\*TRIO Cluster

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

**Note 1 - Federal Assistance Reconciliation**

Federal Grants and Contracts revenue - Per Schedule A	
Federal Grants and Contracts revenue - Per Schedule A	\$ 7,810,066
Add federal amounts not reported in Schedule A	<u>-</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 7,810,066</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, 2011**

**Schedule F**

<u>Grantor Agency / Program Title</u>	<u>Grantor / Project Number</u>	<u>Expenditures</u>
<b>Texas Education Agency</b>		
<i>Adult Education</i>	11010007110338	\$ 132,889
<b>Total Texas Education Agency</b>		<u>132,889</u>
<b>Texas Higher Education Coordinating Board</b>		
<i>Texas College Work Study</i>		8,094
<i>Texas Grant Program</i>		23,140
<i>CAL Loans</i>		17,765
<i>Texas Education Opportunity Grant</i>		29,370
<i>College Readiness</i>	246	
<i>Professional Nursing Scholarship Program</i>		3,216
<i>Vocational Nursing Scholarship Program</i>		243
<i>Nursing Shortage Reduction Program</i>		37,263
<i>Nursing Shortage Under 70</i>		153,367
<i>Jobs and Education for Texans (JET) Grant</i>	10-3572-12CH RFA#S-G-1	20,612
<b>Total Texas Higher Education Coordinating Board</b>		<u>293,070</u>
<b>Texas Comptroller of Public Accounts</b>		
<i>JET EMS</i>	4807-7	91,044
		<u>91,044</u>
<b>Texas Workforce Commission</b>		
<i>TWC Electrician Apprentice</i>	2810ATP000	38,869
<b>Total Texas Workforce Commission</b>		<u>38,869</u>
<b>Total Expenditures of State Awards</b>		<u>\$ 555,872</u>

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

**Note 1 - State Assistance Reconciliation**

State Revenues - Per Schedule A	\$ 555,872
Add State Revenues not reported on Schedule A	<u>-</u>
Total State Revenues per Schedule of Expenditures of State Awards	<u><u>\$ 555,872</u></u>

**Note 2 - Significant accounting policies used in preparing the schedule**

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

## Statistical Supplement

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 1*

*Net Assets by Component*

*Fiscal years 2002 to 2011*

*(unaudited)*

	For the Fiscal Year Ended August 31,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 12,324,190	\$ 11,219,258	\$ 10,741,222	\$ 10,998,155	\$ 7,821,726	\$ 8,444,473	\$ 7,289,156	\$ 8,958,509	\$ 11,307,517	\$ 10,465,588
Restricted - expendable	1,573,013	1,164,927	1,091,418	1,026,983	1,092,266	1,546,439	2,237,329	3,477,110	73,310	-
Unrestricted	11,061,084	12,295,028	16,263,854	14,986,601	15,519,328	11,480,214	10,328,816	6,204,258	5,333,987	6,775,066
<b>Total primary government net assets</b>	<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>	<u>\$ 16,714,814</u>	<u>\$ 17,240,654</u>

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 2*

*Revenues by Source*

*Fiscal years 2002 to 2011*

*(unaudited)*

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

**(amounts expressed in thousands)**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Tuition and fees (net of discounts)	\$ 3,422	\$ 3,813	\$ 3,822	\$ 4,318	\$ 3,691	\$ 4,443	\$ 4,362	\$ 3,769	\$ 2,492	\$ 2,619
Governmental grants and contracts:										
Federal grants and contracts	7,810	6,589	5,238	5,842	5,269	6,455	6,122	5,105	4,259	3,334
State grants and contracts	556	562	304	326	292	349	308	388	511	622
Private grants and contracts	2,289	1,966	1,878	1,527	1,144	774	179	474	682	350
Local grants and contracts	-	1	5	-	5	-	-	-	-	-
Sales and services of education activities	25	137	129	123	173	149	156	237	104	95
Auxiliary enterprises	1,396	1,865	1,830	1,718	1,619	2,105	1,509	1,631	1,092	1,245
Other operating revenues	238	89	226	19	59	142	189	268	350	726
<b>Total operating revenues</b>	<b>15,736</b>	<b>15,022</b>	<b>13,432</b>	<b>13,873</b>	<b>12,252</b>	<b>14,417</b>	<b>12,825</b>	<b>11,872</b>	<b>9,490</b>	<b>8,991</b>
State appropriations	10,515	9,728	9,838	9,575	9,384	9,231	8,445	8,404	8,509	8,772
Ad valorem taxes	20,556	18,898	21,367	20,887	19,799	17,978	16,623	15,036	12,572	13,577
Federal revenue, non-operating	2,337	1,780	1,125	873	1,339	1,163	1,267	816	683	172
Investment income	26	36	151	484	678	537	295	149	255	297
Other non-operating revenues	851	379	804	534	635	532	(1)	189	-	-
<b>Total non-operating revenues</b>	<b>34,285</b>	<b>30,821</b>	<b>33,285</b>	<b>32,353</b>	<b>31,835</b>	<b>29,441</b>	<b>26,629</b>	<b>24,594</b>	<b>22,019</b>	<b>22,818</b>
<b>Total revenues</b>	<b>\$ 50,021</b>	<b>\$ 45,843</b>	<b>\$ 46,717</b>	<b>\$ 46,226</b>	<b>\$ 44,087</b>	<b>\$ 43,858</b>	<b>\$ 39,454</b>	<b>\$ 36,466</b>	<b>\$ 31,509</b>	<b>\$ 31,809</b>
Tuition and fees (net of discounts)	6.84%	8.32%	8.18%	9.34%	8.37%	10.13%	11.06%	10.34%	7.91%	8.23%
Governmental grants and contracts:										
Federal grants and contracts	15.61%	14.37%	11.21%	12.64%	11.95%	14.72%	15.52%	14.00%	13.52%	10.48%
State grants and contracts	1.11%	1.23%	0.65%	0.71%	0.66%	0.80%	0.78%	1.06%	1.62%	1.96%
Private grants and contracts	4.58%	4.29%	4.02%	3.30%	2.59%	1.76%	0.45%	1.30%	2.16%	1.10%
Local grants and contracts	0.00%	0.00%	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Sales and services of education activities	0.05%	0.30%	0.28%	0.27%	0.39%	0.34%	0.40%	0.65%	0.33%	0.30%
Auxiliary enterprises	2.79%	4.07%	3.92%	3.72%	3.67%	4.80%	3.82%	4.47%	3.47%	3.91%
Other operating revenues	0.48%	0.19%	0.48%	0.04%	0.13%	0.32%	0.48%	0.73%	1.11%	2.28%
<b>Total operating revenues</b>	<b>31.46%</b>	<b>32.77%</b>	<b>28.75%</b>	<b>30.01%</b>	<b>27.79%</b>	<b>32.87%</b>	<b>32.51%</b>	<b>32.56%</b>	<b>30.12%</b>	<b>28.27%</b>
State appropriations	21.02%	21.22%	21.06%	20.71%	21.29%	21.05%	21.40%	23.05%	27.00%	27.58%
Ad valorem taxes	41.09%	41.22%	45.74%	45.18%	44.91%	40.99%	42.13%	41.23%	39.90%	42.68%
Federal revenue, non-operating	4.67%	3.88%	2.41%	1.89%	3.04%	2.65%	3.21%	2.24%	2.17%	0.54%
Investment income	0.05%	0.08%	0.32%	1.05%	1.54%	1.22%	0.75%	0.41%	0.81%	0.93%
Other non-operating revenues	1.70%	0.83%	1.72%	1.16%	1.44%	1.21%	0.00%	0.52%	0.00%	0.00%
<b>Total non-operating revenues</b>	<b>68.54%</b>	<b>67.23%</b>	<b>71.25%</b>	<b>69.99%</b>	<b>72.21%</b>	<b>67.13%</b>	<b>67.49%</b>	<b>67.44%</b>	<b>69.88%</b>	<b>71.73%</b>
<b>Total revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**COLLEGE OF THE MAINLAND**

*Statistical Supplement 3*

*Program Expenses by Function*

*Fiscal years 2002 to 2011*

*(unaudited)*

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

**(amounts expressed in thousands)**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Instruction	\$ 16,469	\$ 15,954	\$ 14,893	\$ 14,341	\$ 13,095	\$ 12,318	\$ 10,877	\$ 9,531	\$ 9,414	\$ 9,390
Public service	3,434	3,932	3,589	3,791	3,979	3,812	2,930	6,002	5,195	5,179
Academic support	3,651	4,297	4,319	3,982	4,290	4,254	4,195	1,381	1,316	1,267
Student services	4,616	4,603	4,543	4,339	4,229	4,168	4,038	2,173	2,142	2,095
Institutional support	7,807	7,866	7,224	7,421	6,469	5,980	5,429	6,057	5,341	5,200
Operation and maintenance of plant	4,210	4,751	4,933	3,716	3,371	3,421	3,632	4,000	3,844	3,928
Scholarships and fellowships	6,212	4,374	2,618	2,717	2,085	4,017	3,348	2,618	2,248	1,640
Auxiliary enterprises	1,791	1,933	1,846	1,667	1,989	2,063	1,957	1,918	1,418	1,680
Depreciation	1,501	1,493	1,548	1,562	1,470	1,352	969	956	940	9
<b>Total operating expenses</b>	<b>49,691</b>	<b>49,203</b>	<b>45,513</b>	<b>43,536</b>	<b>40,977</b>	<b>41,385</b>	<b>37,375</b>	<b>34,636</b>	<b>31,858</b>	<b>30,388</b>
Interest on capital related debt	51	59	74	110	116	149	185	182	178	211
Other non-operating expenses	-	-	45	-	68	130	180	95	-	-
<b>Total non-operating expenses</b>	<b>51</b>	<b>59</b>	<b>119</b>	<b>110</b>	<b>184</b>	<b>279</b>	<b>365</b>	<b>277</b>	<b>178</b>	<b>211</b>
<b>Total expenses</b>	<b>\$ 49,742</b>	<b>\$ 49,262</b>	<b>\$ 45,632</b>	<b>\$ 43,646</b>	<b>\$ 41,161</b>	<b>\$ 41,664</b>	<b>\$ 37,740</b>	<b>\$ 34,913</b>	<b>\$ 32,036</b>	<b>\$ 30,599</b>
Instruction	33.11%	32.39%	32.64%	32.86%	31.81%	29.57%	28.82%	27.30%	29.39%	30.69%
Public service	6.90%	7.98%	7.87%	8.69%	9.67%	9.15%	7.76%	17.19%	16.22%	16.93%
Student services	9.28%	9.34%	9.96%	9.94%	10.27%	10.00%	10.70%	6.22%	6.69%	6.85%
Institutional support	15.69%	15.97%	15.83%	17.00%	15.72%	14.35%	14.39%	17.35%	16.67%	16.99%
Operation and maintenance of plant	8.46%	9.64%	10.81%	8.51%	8.19%	8.21%	9.62%	11.46%	12.00%	12.84%
Scholarships and fellowships	12.49%	8.88%	5.74%	6.23%	5.07%	9.64%	8.87%	7.50%	7.02%	5.36%
Auxiliary enterprises	3.60%	3.92%	4.05%	3.82%	4.83%	4.95%	5.19%	5.49%	4.43%	5.49%
Depreciation	3.02%	3.03%	3.39%	3.58%	3.57%	3.25%	2.57%	2.74%	2.93%	0.03%
<b>Total operating expenses</b>	<b>92.56%</b>	<b>91.16%</b>	<b>90.27%</b>	<b>90.62%</b>	<b>89.13%</b>	<b>89.12%</b>	<b>87.92%</b>	<b>95.25%</b>	<b>95.34%</b>	<b>95.17%</b>
Interest on capital related debt	0.10%	0.12%	0.16%	0.25%	0.28%	0.36%	0.49%	0.52%	0.56%	0.69%
Other non-operating expenses	0.00%	0.00%	0.10%	0.00%	0.17%	0.31%	0.48%	0.27%	0.00%	0.00%
<b>Total non-operating expenses</b>	<b>0.10%</b>	<b>0.12%</b>	<b>0.26%</b>	<b>0.25%</b>	<b>0.45%</b>	<b>0.67%</b>	<b>0.97%</b>	<b>0.79%</b>	<b>0.56%</b>	<b>0.69%</b>
<b>Total expenses</b>	<b>92.66%</b>	<b>91.28%</b>	<b>90.54%</b>	<b>90.88%</b>	<b>89.58%</b>	<b>89.79%</b>	<b>88.88%</b>	<b>96.04%</b>	<b>95.89%</b>	<b>95.86%</b>

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

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Resident Fees per Semester Credit Hour (SCH)				Campus Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
				Technology Fees	Student Activity Fees	Facility Use Fee						
2011	30	35	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	687.00	1,107.00	43.27%	28.20%	
2010	30	33	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	479.50	863.50	-	-	
2009	30	33	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	479.50	863.50	5.27%	-	
2008	30	31	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	455.50	863.50	-	-	
2007	30	31	65	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	455.50	863.50	5.56%	4.35%	
2006	30	29	62	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	431.50	827.50	9.10%	4.55%	
2005	30	26	59	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	395.50	791.50	6.46%	4.77%	
2004	30	24	56	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	371.50	755.50	10.73%	10.53%	
2003	30	22	51	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	335.50	683.50	26.37%	38.50%	
2002	20	17	36	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	265.50	493.50	-	-	

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 Tuition Out-of-State	Non-Resident Tuition International	Non-Resident Fees per Semester Credit Hour (SCH)				Campus Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
				Technology Fees	Student Activity Fees	Facility Use Fee						
2010	30	106	106	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,355.00	1,355.00	-	-	
2009	30	106	106	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,355.00	1,355.00	8.60%	8.60%	
2008	30	97	97	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,247.50	1,247.50	-	-	
2007	30	97	97	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,247.50	1,247.50	2.97%	2.97%	
2006	30	94	94	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,211.50	1,211.50	5.21%	5.21%	
2005	30	89	89	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,151.50	1,151.50	5.50%	5.50%	
2004	30	84	84	-	1.50 / SCH	1.50 / SCH	1.50 / SCH	1,091.50	1,091.50	9.97%	9.97%	
2003	30	76.75	76.75	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	992.50	992.50	39.89%	39.89%	
2002	20	54	54	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	709.50	709.50	-	-	
2001	20	54	54	-	0.50 / SCH	1.50 / SCH	1.50 / SCH	709.50	709.50	20.56%	20.56%	

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

Source: College of the Mainland catalog

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

(amounts expressed in thousands)				Direct Rate			
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance and Operations (a)	Debt Service (a)	Total (a)
2010-11	11,065,665	2,238,912	8,826,753	79.77%	0.233890	-	0.233890
2009-10	11,158,147	2,008,350	9,149,797	82.00%	0.221640	-	0.221640
2008-09	12,041,578	2,015,335	10,026,243	83.26%	0.221640	-	0.221640
2007-08	10,773,628	1,645,943	9,127,685	84.72%	0.227380	-	0.227380
2006-07	10,585,712	1,602,227	8,983,485	84.86%	0.233450	-	0.233450
2005-06	8,448,755	1,057,033	7,391,722	87.49%	0.243020	-	0.243020
2004-05	7,697,695	995,858	6,701,837	87.06%	0.245250	-	0.245280
2003-04	6,825,486	844,787	5,980,699	87.62%	0.263060	-	0.263060
2002-03	6,474,099	792,036	5,682,063	87.77%	0.231870	-	0.231870
2001-02	7,327,139	1,137,519	6,189,620	84.48%	0.218000	-	0.218000

Source: Local Appraisal District - Supplement 7  
Notes: Property is assessed at full market value  
(a) per \$100 Taxable Assessed Valuation



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

<b>Fiscal Year</b>	<b>State Appropriations</b>	<b>FTSE (a)</b>	<b>State Appropriations per FTSE</b>	<b>Academic Contact Hours (a)</b>	<b>Voc/Tech Contact Hours (b)</b>	<b>Total Contact Hours</b>	<b>State Appropriations per Contact Hour</b>
2010-11	5,880,281	10,508	560	1,376,216	584,184	1,960,400	3
2009-10	6,051,336	10,061	601	1,311,504	561,432	1,872,936	3
2008-09	6,357,064	8,855	718	1,146,192	446,488	1,592,680	4
2007-08	6,357,062	8,437	753	1,112,824	436,856	1,549,680	4
2006-07	6,357,061	8,336	763	1,159,936	425,314	1,585,250	4
2005-06	6,358,376	8,984	708	1,260,144	409,421	1,669,565	4
2004-05	6,141,547	9,834	625	1,346,056	436,354	1,782,410	3
2003-04	6,168,089	9,630	641	1,314,528	365,241	1,679,769	4
2002-03	6,001,707	9,006	666	1,225,048	410,659	1,635,707	4
2001-02	6,424,027	8,260	778	1,105,774	370,202	1,475,976	4
2000-01	6,461,360	7,498	862	1,003,496	441,104	1,444,600	4

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

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV)							
		2011	2010	2009	2008	2007	2006	2005	2004
Amoco Oil Company	Refinery								
Amoco Texas Refinery Co.	Refinery								
B.A.S.F. Corp	Refinery			57,266,220	47,261,230	48,050,820	62,944,950	60,217,690	28,182,920
BP Alternative Energy	Energy	38,500,000	54,600,000	48,930,000					
BP Amoco Chemical Co.	Chemical Plant	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	1,433,406,920	1,384,162,860	1,614,861,020	1,789,363,580	1,395,742,784	1,285,559,550	1,096,830,450	795,538,460
Calpine Central LP	Co-generation Plant	26,901,270	26,270,440	26,371,930	26,379,600	26,631,200	26,779,280	55,339,310	64,760,470
Centerpoint Energy Inc.	Energy	39,627,030	40,272,490	39,659,930	41,190,490	41,279,030	44,611,060	47,320,960	46,609,910
CHCA Clear Lake LP	Medical Hospitals	26,340,670							
Dow Chemical Company	Chemical Plant								
Expro Engineering	Engineering								
Gruy Petroleum Mgmt Co.	Refinery							20,085,470	
GTE Southwest Inc.	Telephone	26,532,460	27,146,780	27,146,780	29,161,260	27,272,500	30,629,490	30,632,550	21,177,780
Houston Refining LP	Refinery		45,454,710		51,855,660				
Hunt Hassie Exploration Co.	Oil & Gas Exploration					21,798,455			19,250,940
Ineos Styrenics	Chemical Plant	38,650,860	38,540,080	37,823,880	72,640,210	71,733,490	57,185,690		
Innovene LLC	Chemical Plant							88,783,390	
ISP Technologies Inc.	Chemical Plant	66,949,790	65,271,480	68,325,860	73,742,970	77,920,620	75,442,710	51,047,810	46,827,270
League City Towne Center, LTD	Development			21,237,070					
Lyondell-Citgo Refining LP	Refinery						25,089,670	35,118,110	
Mainland Partner LLC	Healthcare					23,000,000	21,299,510	21,000,000	23,499,990
Marathon Petroleum LLC	Refinery	178,597,431	129,179,300	165,896,498	165,910,648	153,029,740	114,061,464	124,282,559	110,753,850
MHCB (USA) Leasing and Finance	Finance Company				153,746,670				240,000,000
Monsanto	Chemical Plant				88,038,180				
National Onshore LP	Oil & Gas Exploration				54,477,301	64,897,530	38,633,980		
Oil Tanking	Petroleum Storage	37,189,670	27,596,530	25,562,500	31,324,020				
Praxair Hydrogen Supply Inc.	Gas Production	31,210,110	31,571,250	33,037,150	33,767,220	34,479,770	35,519,120	35,156,650	34,008,020
Praxair Inc.	Gas Production	160,286,940	163,725,260	171,709,470	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	176,233,690	141,357,090	130,000,000	360,516,630	289,147,190	281,684,910	111,081,430	119,028,140
Southwestern Bell Telephone Co	Telephone								
Sterling Chemicals Inc.	Chemical Plant	44,968,620	49,579,680	55,408,640		130,365,530	155,096,891	177,361,440	174,791,980
Texas City Cogeneration LP	Co-generation Plant								
Texas City Terminal Railway Co.	Railway	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								
Texas New Mexico Power Co.	Energy	46,138,610	46,138,610	42,801,710	42,780,450	49,071,220	50,093,290	44,629,450	47,229,960
Transtexas Gas Corporation	Natural Gas								30,058,690
Union Carbide Corp.	Chemical Plant	219,396,035	222,133,860	258,253,361	351,643,166	333,732,211	324,324,430	275,301,650	323,858,720
Valero Marketing & Supply Co.	Petroleum Sales	52,137,380	137,871,480	49,945,010					
Valero Refining - Texas LP	Refinery	563,156,260	547,375,970	737,214,130	789,303,970	776,776,680	668,505,350	452,393,770	211,919,380
	Totals	<u>3,391,650,076</u>	<u>3,321,186,949</u>	<u>3,744,579,429</u>	<u>4,450,744,765</u>	<u>3,918,331,516</u>	<u>3,572,307,931</u>	<u>2,973,996,319</u>	<u>2,627,240,640</u>
<b>Total</b>	Total Assessed Taxable Value	8,851,052,353	8,851,052,354	9,162,563,286	9,696,961,580	8,983,485,664	8,493,632,826	7,391,722,614	6,701,837,219

Taxpayer	Type of Business								Taxab
		2011	2010	2009	2008	2007	2006	2005	2004
Amoco Oil Company	Refinery								
Amoco Texas Refinery Co.	Refinery								
B.A.S.F. Corp	Refinery			0.63%	0.49%	0.53%	0.74%	0.81%	0.42%
BP Alternative Energy	Energy	0.43%	0.62%	0.53%					
BP Amoco Chemical Co.	Chemical Plant	1.76%	1.29%	1.71%		1.76%	1.36%	1.58%	2.76%
BP Products (NA) Inc.	Refinery	16.19%	15.64%	17.62%	18.45%	15.54%	15.14%	14.84%	11.87%
Calpine Central LP	Co-generation Plant	0.30%	0.30%	0.29%	0.27%	0.30%	0.32%	0.75%	0.97%
Centerpoint Energy Inc.	Energy	0.45%	0.46%	0.43%	0.42%	0.46%	0.53%	0.64%	0.70%
CHCA Clear Lake LP	Medical Hospitals	0.30%							
Dow Chemical Company	Chemical Plant								
Expro Engineering	Engineering								
Gruy Petroleum Mgmt Co.	Refinery							0.27%	
GTE Southwest Inc.	Telephone	0.30%	0.31%	0.30%	0.30%	0.30%	0.36%	0.41%	0.32%
Houston Refining LP	Refinery		0.51%		0.53%				
Hunt Hassie Exploration Co.	Oil & Gas Exploration					0.24%			0.29%
Ineos Styrenics	Chemical Plant	0.44%	0.44%	0.41%	0.75%	0.80%	0.67%		
Innovene LLC	Chemical Plant							1.20%	
ISP Technologies Inc.	Chemical Plant	0.76%	0.74%	0.75%	0.76%	0.87%	0.89%	0.69%	0.70%
League City Towne Center, LTD	Development			0.23%					
Lyondell-Citgo Refining LP	Refinery						0.30%	0.48%	
Mainland Partner LLP	Healthcare					0.26%	0.25%	0.28%	0.35%
Marathon Ashland Petroleum LLC	Refinery	2.02%	1.46%	1.81%	1.71%	1.70%	1.34%	1.68%	1.65%
MHCB (USA) Leasing and Finance	Finance Company				1.59%				3.58%
Monsanto	Chemical Plant				0.91%				
National Onshore LP	Oil & Gas Exploration				0.56%	0.72%	0.45%		
Oil Tanking	Petroleum Storage	0.42%	0.31%	0.28%	0.32%				
Praxair Hydrogen Supply Inc.	Gas Production	0.35%	0.36%	0.36%	0.35%	0.38%	0.42%	0.48%	0.51%
Praxair Inc.	Gas Production	1.81%	1.85%	1.87%	2.04%	1.89%	1.56%	1.41%	1.18%
Reliant Energy	Energy								
Seaway Pipeline Co.	Pipeline								
South Houston Green Power LP	Energy	1.99%	1.60%	1.42%	3.72%	3.22%	3.32%	1.50%	1.78%
Southwestern Bell Telephone Co	Telephone								
Sterling Chemicals Inc.	Chemical Plant	0.51%	0.56%	0.60%		1.45%	1.83%	2.40%	2.61%
Texas City Cogeneration LP	Co-generation Plant								
Texas City Terminal Railway Co.	Railway	0.33%	0.33%	0.29%		0.29%	0.31%	0.36%	0.39%
Texas Genco II LP	Natural Gas								
Texas New Mexico Power Co.	Energy	0.52%	0.52%	0.47%	0.44%	0.55%	0.59%	0.60%	0.70%
Transtexas Gas Corporation	Natural Gas								0.45%
Union Carbide Corp.	Chemical Plant	2.48%	2.51%	2.82%	3.63%	3.71%	3.82%	3.72%	4.83%
Valero Refining - Texas LP	Refinery	0.59%	1.56%		0.52%		7.87%	6.12%	3.16%
Valero Marketing & Supply Co.	Petroleum Sales	6.36%	6.18%	8.05%	8.14%	8.65%			
	Totals	38.32%	37.52%	40.87%	45.90%	43.62%	42.06%	40.23%	39.20%

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Levy (b)	Collections Year of Levy	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cummulative Collections of Adjusted Levy
2011	20,293,145	230,282	20,523,427	20,073,267	97.8%	-	-	20,073,267	97.8%
2010	20,315,886	161,193	20,477,079	19,742,023	96.4%	288,187	207,672	20,237,882	98.8%
2009	21,387,842	178,636	21,566,478	21,207,192	98.3%	113,901	80,542	21,401,635	99.2%
2008	20,321,060	(395,641)	19,925,419	19,804,906	99.4%	(40,623)	38,695	19,802,978	99.4%
2007	19,736,777	(667,546)	19,069,231	18,922,497	99.2%	22,252	22,458	18,967,207	99.5%
2006	17,901,679	(422,964)	17,478,715	17,363,310	99.3%	14,458	13,379	17,391,147	99.5%
2005	16,455,479	(879,361)	15,576,118	15,480,398	99.4%	8,357	7,959	15,496,714	99.5%
2004	15,763,553	(471,878)	15,291,675	15,207,960	99.5%	4,486	5,350	15,217,796	99.5%
2003	14,072,767	(610,462)	13,462,305	13,392,757	99.5%	3,372	2,735	13,398,864	99.5%
2002	13,493,371	(163,720)	13,329,651	13,064,324	98.0%	2,313	1,889	13,068,526	98.0%

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

For the Year Ended August 31

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Bonded Debt</b>										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	-	-	-	-	-	-	-	-	-	-
<b>Other Debt</b>										
Revenue bonds	855,000	1,115,000	1,365,000	1,825,000	2,255,000	2,670,000	3,530,000	4,375,000	2,460,000	3,025,000
Notes	-	6,708	34,864	59,592	83,156	190,040	262,975	436,947	601,843	758,136
Capital lease obligations	-	-	-	18,903	36,012	53,402	10,593	15,832	20,723	-
Total Outstanding Debt	855,000	1,121,708	1,399,864	1,903,495	2,374,168	2,913,442	3,803,568	4,827,779	3,082,566	3,783,136

**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	\$ 3.90	\$ 5.12	\$ 6.39	\$ 8.82	\$ 11.02	\$ 13.52	\$ 18.03	\$ 23.35	\$ 15.20	\$ 19.08
Per FTSE	81	111	158	226	285	324	387	501	342	458
As a percentage of Taxable Assessed Value	9.686%	12.259%	13.962%	20.854%	26.428%	39.415%	56.754%	80.723%	54.251%	61.121%

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

*Amounts Expressed in 000s*

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable Assessed Value	\$ 8,826,753	9,149,797	10,026,043	\$ 9,127,685	\$ 8,983,485	\$ 7,391,722	\$ 6,701,837	\$ 5,980,699	\$ 5,682,063	\$ 6,189,620
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	44,134	45,749	50,130	45,638	44,917	36,959	33,509	29,903	28,410	30,948
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	\$ 44,134	\$ 45,749	\$ 50,130	\$ 45,638	\$ 44,917	\$ 36,959	\$ 33,509	\$ 29,903	\$ 28,410	\$ 30,948
Net Current Requirements as a % of Statutory Limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**College of the Mainland  
Statistical Supplement 11  
Legal Debt Margin Information  
Last Ten Fiscal Years**

(unaudited)

**Revenue Bonds**

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)				Debt Service Requirements (\$000 omitted)			
	Tuition	Continuing Education Fees	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2011	120	330	20	470	260	43	303	1.55
2010	115	350	30	495	250	51	301	1.64
2009	115	500	500	1,115	460	70	530	2.10
2008	135	500	503	1,138	430	87	517	2.20
2007	124	400	579	1,103	415	104	519	2.12
2006	135	975	441	1,550	860	102	962	1.61
2005	139	1,240	230	1,610	845	157	1,002	1.61
2004	133	900	120	1,154	585	117	702	1.64
2003	129	806	235	1,170	565	141	706	1.66
2002	118	770	253	1,141	540	164	704	1.62

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

(unaudited)

<b>Calendar Year</b>	<b>District Population</b>	<b>District Personal Income (thousands of dollars)</b>	<b>District Personal Income Per Capita</b>	<b>District Unemployment</b>		<b>County Population</b>	<b>County Personal Income (thousands of dollars)</b>	<b>County Personal Income Per Capita</b>	<b>County Unemployment</b>
2010	221,395	n/a	n/a	9.2		291,309	n/a	n/a	9.2
2009	217,979	9,072,451	41,621	8.2		286,814	11,937,436	41,621	8.2
2008	219,062	8,925,875	40,711	5.8		288,239	11,744,572	40,711	5.8
2007	215,830	8,294,477	38,553	4.6		283,987	10,913,785	38,553	4.6
2006	215,499	7,710,175	36,284	5.0		283,551	10,144,967	36,284	5.0
2005	210,948	6,986,107	33,146	5.7		277,563	9,192,246	33,146	5.7
2004	206,738	6,626,963	32,055	6.9		272,024	8,719,688	32,055	6.9
2003	202,812	6,350,753	31,313	7.2		266,858	8,356,254	31,313	7.2
2002	198,227	6,053,294	30,537	6.6		260,825	7,964,860	30,537	6.6
2001	193,741	5,834,661	30,116	5.3		254,923	7,677,185	30,116	5.3

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

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

Sources:

*Population from U.S. Census Bureau*

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

*Unemployment from Bureau of Labor Statistics.*

n/a: not available



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

<b>Employer</b>	<b>Galveston County</b>	
	<b>Employment (2010)</b>	<b>Percent Change from Previous Year</b>
Government	30,448	7.00
Trade, Transport, & Utilities	21,523	-4.00
Leisure & Hospitality	16,523	2.00
Financial Activities	14,328	0.00
Prof., Business & Other Services	12,907	-3.00
Education & Health Services	11,628	3.00
Construction	9,791	-7.00
Manufacturing	7,421	0.00
Other Services	7,229	1.00
Agriculture, Natural Resources, & Mining	3,340	23.00
Information	1,095	-1.00

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

<b>College of the Mainland</b>									
<b>Statistical Supplement 14</b>									
<b>Faculty, Staff, and Administrators Statistics</b>									
<b>Last Ten Years as of November 1</b>									
(unaudited)									
<b>Faculty (Count)</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Full-Time	110	105	100	106	111	92	89	85	89
Part-Time	102	137	105	109	115	121	128	112	118
<b>Total</b>	<b>212</b>	<b>242</b>	<b>205</b>	<b>215</b>	<b>226</b>	<b>213</b>	<b>217</b>	<b>197</b>	<b>207</b>
<b>Faculty (Percent)</b>									
Full-Time	52%	43%	49%	49%	49%	43%	41%	43%	43%
Part-Time	48%	57%	51%	51%	51%	57%	59%	57%	57%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Staff and Administrators (Count)</b>									
Full-Time	262	255	271	265	248	240	215	228	218
Part-Time	5	25	21	20	23	28	227	151	112
<b>Total</b>	<b>267</b>	<b>280</b>	<b>292</b>	<b>285</b>	<b>271</b>	<b>268</b>	<b>442</b>	<b>379</b>	<b>330</b>
<b>Staff (Percent)</b>									
Full-Time	98%	91%	93%	93%	92%	90%	49%	60%	66%
Part-Time	2%	9%	7%	7%	8%	10%	51%	40%	34%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<i>Source: IPEDS and COM Fact Books</i>									

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

Student Classification

	Fall 2011*		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<30 hours	1,519	31.3%	1,190	21.8%	1,619	32.6%	1,215	28.3%	1,028	23.3%
30-72 hours	878	18.1%	422	7.7%	662	13.3%	798	18.6%	796	18.0%
> 72 hours	1,605	33.0%	2,572	47.0%	1,478	29.8%	1,375	32.0%	1,561	35.3%
Previously earned associate	179	3.6%	168	3.1%	157	3.2%	173	4.0%	136	3.1%
Previously earned baccalaureate or above	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
CE (Non-credit)	668	13.7%	1,115	20.4%	1,052	21.2%	733	17.1%	895	20.3%
<b>Total</b>	<b>4,849</b>	<b>99.7%</b>	<b>5,467</b>	<b>100.0%</b>	<b>4,968</b>	<b>100.0%</b>	<b>4,294</b>	<b>100.0%</b>	<b>4,416</b>	<b>100.0%</b>

Semester Hour Load (Credit Only)

	Fall 2011*		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	19	0.4%	23	0.5%	33	0.8%	34	1.0%	38	1.1%
3-5 semester hours	829	19.8%	956	22.0%	820	20.9%	733	20.6%	739	21.0%
6-8 semester hours	1,358	32.4%	1,307	30.0%	1,129	28.8%	1,106	31.1%	1,108	31.5%
9-11 semester hours	767	18.3%	765	17.6%	702	17.9%	595	16.7%	577	16.4%
12-14 semester hours	1,025	24.5%	1,109	25.5%	1,025	26.2%	912	25.6%	882	25.0%
15-17 semester hours	154	3.6%	182	4.2%	186	4.7%	165	4.6%	144	4.1%
18 and over	29	0.6%	10	0.2%	21	0.5%	16	0.4%	33	0.9%
<b>Total</b>	<b>4,181</b>	<b>99.6%</b>	<b>4,352</b>	<b>100.0%</b>	<b>3,916</b>	<b>100.0%</b>	<b>3,561</b>	<b>100.0%</b>	<b>3,521</b>	<b>100.0%</b>

Tuition Status (Credit Only)

	Fall 2011*		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In-District	3,030	72.4%	3,206	73.7%	2,992	76.4%	2,706	76.0%	2,751	78.1%
Out-of-District	1,081	25.8%	1,079	24.8%	873	22.3%	827	23.2%	755	21.4%
Nonresident	42	1.0%	41	0.9%	36	0.9%	7	0.2%	15	0.4%
Exempt	28	0.6%	26	0.6%	15	0.4%	21	0.6%	0	0.0%
<b>Total</b>	<b>4,181</b>	<b>99.8%</b>	<b>4,352</b>	<b>100.0%</b>	<b>3,916</b>	<b>100.0%</b>	<b>3,561</b>	<b>100.0%</b>	<b>3,521</b>	<b>100.0%</b>

Source: CBM001 and CBM00A

\*Fall 2011 data are preliminary as the state reports have not yet been certified. Please note the non-credit data may be an under-estimate as students may still enroll in CE courses.

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

**CREDIT STUDENTS**

**Ethnicity**

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	2,169	51.8%	2,318	53.3%	2,120	54.1%	2,017	56.6%	2,013	57.2%
Black	733	17.5%	726	16.7%	717	18.3%	676	19.0%	625	17.8%
Hispanic	982	23.4%	955	21.9%	763	19.5%	707	19.9%	711	20.2%
Asian/Pacific Islander	154	3.6%	136	3.1%	112	2.9%	89	2.5%	78	2.2%
Multi-racial	15	0.3%	28	0.6%	0	0.0%	0	0.0%	0	0.0%
Other	128	3.0%	189	4.3%	204	5.2%	72	2.0%	94	2.7%
<b>Total</b>	<b>4,181</b>	<b>99.6%</b>	<b>4,352</b>	<b>100.0%</b>	<b>3,916</b>	<b>100.0%</b>	<b>3,561</b>	<b>100.0%</b>	<b>3,521</b>	<b>100.0%</b>

**Gender**

Female	2,512	60.3%	2,592	59.6%	2,391	61.1%	2,141	60.1%	2,161	61.4%
Male	1,669	39.6%	1,760	40.4%	1,525	38.9%	1,420	39.9%	1,360	38.6%
<b>Total</b>	<b>4,181</b>	<b>99.9%</b>	<b>4,352</b>	<b>100.0%</b>	<b>3,916</b>	<b>100.0%</b>	<b>3,561</b>	<b>100.0%</b>	<b>3,521</b>	<b>100.0%</b>

Source: CBM001

**NON-CREDIT STUDENTS**

**Ethnicity**

	Fall 2011*		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	264	39.5%	540	48.4%	477	45.3%	397	54.2%	492	55.0%
Black	118	17.7%	174	15.6%	131	12.5%	109	14.9%	157	17.6%
Hispanic	117	17.5%	197	17.7%	189	18.0%	143	19.5%	185	20.7%
Asian/Pacific Islander	14	2.1%	16	1.4%	24	2.3%	26	3.5%	15	1.7%
Multi-racial	5	0.7%	3	0.3%	5	0.5%	3	0.4%	6	0.7%
Other	150	22.5%	185	16.6%	226	21.5%	55	7.5%	39	4.4%
<b>Total</b>	<b>668</b>	<b>100.0%</b>	<b>1,115</b>	<b>100.0%</b>	<b>1,052</b>	<b>100.0%</b>	<b>733</b>	<b>100.0%</b>	<b>894</b>	<b>100.0%</b>

**Gender**

Female	339	50.7%	458	41.1%	433	41.2%	261	35.6%	369	41.2%
Male	329	49.3%	657	58.9%	619	58.8%	472	64.4%	526	58.8%
<b>Total</b>	<b>668</b>	<b>100.0%</b>	<b>1,115</b>	<b>100.0%</b>	<b>1,052</b>	<b>100.0%</b>	<b>733</b>	<b>100.0%</b>	<b>895</b>	<b>100.0%</b>

Source: CBM00A

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

College of the Mainland  
Statistical Supplement 17  
Transfers to Senior Institutions  
2009--2010 Graduates, Completers, and Non-Returners as of Fall 2010  
(Includes only public senior colleges in Texas)  
(unaudited)

Rank	Institution	Transfer Student Count - Academic	Transfer Student Count - Technical	Transfer Student Count - Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1	University of Houston at Clear Lake	108	23	3	134	22.07%
2	University of Houston	55	23	1	79	13.01%
3	Texas A&M University	40	19	0	59	9.71%
4	The University of Texas at Austin	30	10	0	40	6.58%
5	Texas State University	21	13	1	35	5.76%
6	Texas Tech University	19	13	2	34	5.60%
7	Sam Houston State University	20	7	2	29	4.77%
8	Texas A&M University at Galveston	14	10	0	24	3.95%
9	The University of Texas at San Antonio	13	9	0	22	3.62%
10	Stephen F. Austin State University	11	8	0	19	3.13%
11	Texas Southern University	12	5	0	17	2.80%
12	Prairie View A&M University	6	9	0	15	2.47%
13	University of North Texas	11	2	0	13	2.14%
14	Texas A&M University - Corpus Christi	6	1	1	8	1.31%
15	Lamar University	4	3	0	7	1.15%
16	The University of Texas at Arlington	5	2	0	7	1.15%
17	University of Houston - Downtown	6	0	0	6	0.98%
18	Texas Woman's University	5	1	0	6	0.98%
19	Angelo State University	3	0	1	4	0.65%
20	Midwestern State University	2	0	0	2	0.32%
21	The University of Texas at Dallas	2	0	0	2	0.32%
22	Sul Ross State University	1	1	0	2	0.32%
23	The University of Texas - Pan American	2	0	0	2	0.32%
24	Texas A&M University - Commerce	2	0	0	2	0.32%
25	Texas A&M International University	0	1	0	1	0.16%
26	University of Texas of the Permian Basin	0	0	1	1	0.16%
27	The University of Texas at Tyler	1	0	0	1	0.16%
28	Tarleton State University	1	0	0	1	0.16%
29	The University of Texas at El Paso	0	1	0	1	0.16%
Subtotal - Universities		400	161	12	573	94.23%
<b>Health Science Institutions</b>						
1	The University of Texas Medical Branch at Galveston	14	10	0	24	3.95%
2	The University of Texas Health Science Center at Houston	3	3	0	6	0.98%
3	The University of Texas M.D. Anderson Cancer Center	0	1	0	1	0.16%
4	The University of Texas Health Science Center at San Antonio	1	0	0	1	0.16%
5	Texas A & M University System Health Science Center	1	0	0	1	0.16%
6	Texas Tech University Health Sciences Center	0	1	0	1	0.16%
Subtotal - Health Science Institutions		19	15	0	34	5.57%
<b>Total</b>		<b>419</b>	<b>176</b>	<b>12</b>	<b>607</b>	

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

**College of the Mainland  
Statistical Supplement 18  
Capital Asset Information  
Fiscal Year 2005 to 2010**

(unaudited)

	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Academic Buildings	12	12	12	12	12	12	12
Square footage	282,202	282,202	282,202	282,202	282,202	264,026	264,026
Libraries (incl. in Acad. Bldgs)							
Square footage	14120	14120	14120	14120	14120	14120	14120
Number of Volumes	50000	50000	50000	50000	50000	50000	50000
Administrative and Support buildings	5	5	5	5	5	5	4
Square footage	35603	35603	35603	35603	35603	33963	32703
Dining Facilities (incl. in Acad. Bldgs)							
Square footage	5420	5420	5420	5420	5420	5420	5420
Average daily customers	150	150	150	150	150	150	150
Athletic Facilities	2	2	2	2	2	2	2
Square footage	58678	58678	58678	58678	58678	58678	58678
Gymnasiums	1	1	1	1	1	1	1
Fitness Center (included in Gym)							
Swimming Pool (included in Gym)							
Racquetball Court	1	1	1	1	1	1	1
Plant Facilities	1	1	1	1	1	1	1
Square footage	2773	2773	2773	2773	2773	2773	2773
Transportation							
Cars	3	3	4	4	4	4	4
Light Trucks/Vans	14	17	13	13	13	12	12

## **Other Supplemental Schedules**

**COLLEGE OF THE MAINLAND**  
**BALANCE SHEET**  
**August 31, 2011**

Schedule S-1

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Agency	Totals
<b>Assets</b>									
Cash and cash equivalents	\$ 14,635,347	\$ -	\$ 14,635,347	\$ 979,851	\$ 15,615,198	\$ -	\$ -	\$ -	\$ 15,615,198
Accounts receivable (net)	3,879,393	779,929	4,659,322	412,318	5,071,640	-	-	-	5,071,640
Notes receivable (net)	-	-	-	-	-	44,136	-	2,184	46,320
Due from other funds	-	-	-	-	-	-	25,725	-	25,725
Prepaid expenses	327,282	349	327,631	-	327,631	-	-	-	327,631
Restricted cash and cash equivalents	-	1,246,514	1,246,514	-	1,246,514	48,921	1,074,902	159,843	2,530,180
Deferred charges	-	-	-	-	-	-	4,294	-	4,294
Inventories for resale	-	-	-	2,639	2,639	-	-	-	2,639
Capital assets	-	-	-	-	-	-	13,223,375	-	13,223,375
<b>Total Assets</b>	<b>\$ 18,842,022</b>	<b>\$ 2,026,792</b>	<b>\$ 20,868,814</b>	<b>\$ 1,394,808</b>	<b>\$ 22,263,622</b>	<b>\$ 93,057</b>	<b>\$ 14,328,297</b>	<b>\$ 162,026</b>	<b>\$ 36,847,002</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,451,779	\$ 4,635	\$ 1,456,413	\$ 2,325	\$ 1,458,738	\$ -	\$ -	\$ -	\$ 1,458,738
Accrued liabilities	455,242	58,540	513,781	988	514,770	-	38,625	-	553,395
Due to other funds	25,725	-	25,725	-	25,725	-	-	-	25,725
Deferred revenues	4,106,257	1,568,418	5,674,675	274,614	5,949,289	-	-	-	5,949,289
Compensated absences and retirement incentive payable	883,544	-	883,544	-	883,544	-	2,829,886	-	3,713,429
Bonds payable - short-term	-	-	-	-	-	-	275,000	-	275,000
Bonds payable - long-term	-	-	-	-	-	-	580,000	-	580,000
Other debt payable - current	-	-	-	-	-	-	105,013	-	105,013
Other debt payable - long-term	-	-	-	-	-	-	210,026	-	210,026
Funds held for others	-	-	-	-	-	-	-	162,026	162,026
<b>Total Liabilities</b>	<b>6,922,546</b>	<b>1,631,592</b>	<b>8,554,138</b>	<b>277,928</b>	<b>8,832,066</b>	<b>-</b>	<b>4,038,550</b>	<b>162,026</b>	<b>13,032,643</b>
<b>Fund Balance</b>	<b>11,919,477</b>	<b>395,199</b>	<b>12,314,676</b>	<b>1,116,880</b>	<b>13,431,556</b>	<b>93,057</b>	<b>10,289,746</b>	<b>-</b>	<b>23,814,359</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,842,022</b>	<b>\$ 2,026,792</b>	<b>\$ 20,868,814</b>	<b>\$ 1,394,808</b>	<b>\$ 22,263,622</b>	<b>\$ 93,057</b>	<b>\$ 14,328,297</b>	<b>\$ 162,026</b>	<b>\$ 36,847,002</b>



**COLLEGE OF THE MAINLAND**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**For the Year Ended August 31, 2011**

Schedule S-2

	Unrestricted	Restricted	Total Educational and General	Auxiliary	Total Current Funds	Loan	Plant	Total
<b>Revenues and Other Additions</b>								
State appropriations	\$ 5,942,225	\$ 4,572,329	\$ 10,514,554	\$ -	\$ 10,514,554	\$ -	\$ -	\$ 10,514,554
Tuition and fees	5,847,491	-	5,847,491	108,906	5,956,397	-	-	5,956,397
Maintenance ad valorem taxes	20,597,730	-	20,597,730	-	20,597,730	-	-	20,597,730
Federal grants and contracts	65,259	7,732,103	7,797,362	12,704	7,810,066	-	-	7,810,066
State Grants and Contracts	5,830	550,042	555,872	-	555,872	-	-	555,872
Private grants and contracts	-	2,288,962	2,288,962	-	2,288,962	-	-	2,288,962
Sales and services of educational activities	25,221	-	25,221	-	25,221	-	-	25,221
Investment income	25,252	-	25,252	-	25,252	119	971	26,341
Foreign trade zone fees	735,893	-	735,893	-	735,893	-	-	735,893
Other income	235,258	-	235,258	1,061	236,319	(27)	114,522	350,814
Sales and services of auxiliary enterprises	-	-	-	1,395,743	1,395,743	-	-	1,395,743
<b>Total Revenues and Other Additions</b>	<b>33,480,158</b>	<b>15,143,436</b>	<b>48,623,594</b>	<b>1,518,414</b>	<b>50,142,008</b>	<b>92</b>	<b>115,493</b>	<b>50,257,593</b>
<b>Expenditures and Other Deductions</b>								
Expenditures (Sch. S-3)	33,565,986	14,784,713	48,350,698	1,790,852	50,141,550	-	-	50,141,550
Expended for plant facilities	-	-	-	-	-	-	135,339	135,339
Retirement of indebtedness/bonds and notes	123,096	-	123,096	-	123,096	-	260,000	383,096
Interest & fees on Indebtedness	1,618	-	1,618	-	1,618	-	49,014	50,632
Net increase (decrease) in long-term debt	-	-	-	-	-	-	(451,247)	(451,247)
Net (increase) decrease in capital assets	-	-	-	-	-	-	(322,110)	(322,110)
<b>Total Expenditures and Other Deductions</b>	<b>33,690,700</b>	<b>14,784,713</b>	<b>48,475,412</b>	<b>1,790,852</b>	<b>50,266,264</b>	<b>-</b>	<b>(329,004)</b>	<b>49,937,260</b>
<b>Transfers-Additions/(Deductions)</b>								
Renewals and replacements	(170,907)	-	(170,907)	-	(170,907)	-	170,907	-
Retirement of indebtedness	(303,288)	-	(303,288)	-	(303,288)	-	303,288	-
<b>Total Transfers-Additions/(Deductions)</b>	<b>(474,195)</b>	<b>-</b>	<b>(474,195)</b>	<b>-</b>	<b>(474,195)</b>	<b>-</b>	<b>474,195</b>	<b>-</b>
<b>Net Increase (Decrease) for the Fiscal Year</b>	<b>(684,736)</b>	<b>358,723</b>	<b>(326,013)</b>	<b>(272,438)</b>	<b>(598,450)</b>	<b>92</b>	<b>918,691</b>	<b>320,333</b>
<b>Fund Balances, beginning</b>	<b>12,604,212</b>	<b>36,476</b>	<b>12,640,688</b>	<b>1,389,318</b>	<b>14,030,006</b>	<b>92,965</b>	<b>9,371,055</b>	<b>23,494,026</b>
<b>Fund Balances, ending</b>	<b>\$ 11,919,476</b>	<b>\$ 395,199</b>	<b>\$ 12,314,675</b>	<b>\$ 1,116,880</b>	<b>\$ 13,431,556</b>	<b>\$ 93,057</b>	<b>\$ 10,289,746</b>	<b>\$ 23,814,359</b>

**COLLEGE OF THE MAINLAND**

Schedule S-3

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

For the Year Ended August 31, 2011

With Memorandum Totals for the Year Ended August 31, 2010

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Totals (Memorandum Only)	
					Current Year	Prior Year
<b>Revenues</b>						
State appropriations	\$ 5,942,225	\$ 4,572,329	\$ 10,514,554	\$ -	\$ 10,514,554	\$ 9,729,721
Tuition and fees	5,847,491	-	5,847,491	108,906	5,956,397	5,593,039
Maintenance ad valorem taxes	20,597,730	-	20,597,730	-	20,597,730	20,129,219
Sales and services of educational activities	25,221	-	25,221	-	25,221	137,097
Sales and services of auxiliary enterprises	-	-	-	1,395,743	1,395,743	1,865,467
Federal grants and contracts	65,259	7,732,103	7,797,362	12,704	7,810,066	6,588,684
State grants and contracts	5,830	550,042	555,872	-	555,872	562,132
Local grants and contracts	-	-	-	-	-	1,016
Private grants and contracts	-	2,288,962	2,288,962	-	2,288,962	1,966,080
Investment income	25,252	-	25,252	-	25,252	33,576
Foreign trade zone fees	735,893	-	735,893	-	735,893	376,398
Other income	235,258	-	235,258	1,061	236,319	88,883
<b>Total Current Funds Revenues</b>	<b>33,480,158</b>	<b>15,143,436</b>	<b>48,623,594</b>	<b>1,518,414</b>	<b>50,142,008</b>	<b>47,071,312</b>
<b>Expenditures and Mandatory Transfers</b>						
<b>Educational &amp; General:</b>						
Instruction	13,484,612	3,985,323	17,469,935	-	17,469,935	16,540,124
Public service	1,146,192	1,287,227	2,433,419	-	2,433,419	2,797,294
Academic support	2,876,730	774,528	3,651,258	-	3,651,258	4,158,377
Student services	3,280,808	1,334,829	4,615,636	-	4,615,636	4,469,024
Institutional support	6,867,874	938,791	7,806,665	-	7,806,665	7,660,736
Operation and maintenance of plant	5,269,736	-	5,269,736	-	5,269,736	4,751,034
Scholarships and fellowships	196,722	6,212,203	6,408,925	-	6,408,925	4,373,655
Capital outlay	443,313	251,811	695,124	-	695,124	1,640,172
<b>Total Educational and General Expenditures</b>	<b>33,565,986</b>	<b>14,784,713</b>	<b>48,350,698</b>	<b>-</b>	<b>48,350,698</b>	<b>46,390,416</b>
<b>Auxiliary Enterprise Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,790,852</b>	<b>1,790,852</b>	<b>1,933,410</b>
<b>Mandatory Transfers for:</b>						
Retirement of Indebtedness	303,288	-	303,288	-	303,288	301,725
Renewals and Replacements	170,907	-	170,907	-	170,907	157,783
<b>Total Expenditures and Mandatory Transfers</b>	<b>34,040,180</b>	<b>14,784,713</b>	<b>48,824,893</b>	<b>1,790,852</b>	<b>50,615,744</b>	<b>48,783,334</b>
<b>Other Transfers and Additions/(Deductions)</b>						
Non-Mandatory Transfers	-	-	-	-	-	-
Debt Service Expenditures	(124,714)	-	(124,714)	-	(124,714)	(29,298)
<b>Total Other Transfers and Additions/(Deductions)</b>	<b>(124,714)</b>	<b>-</b>	<b>(124,714)</b>	<b>-</b>	<b>(124,714)</b>	<b>(29,298)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (684,735)</b>	<b>\$ 358,723</b>	<b>\$ (326,012)</b>	<b>\$ (272,438)</b>	<b>\$ (598,450)</b>	<b>\$ (1,741,320)</b>

**COLLEGE OF THE MAINLAND**  
**SCHEDULE OF CHANGES IN FUND BALANCES**  
**UNRESTRICTED CURRENT FUNDS - AUXILIARY ENTERPRISES**  
**For the Year Ended August 31, 2011**

Schedule S-4

	<u>Bookstore</u>	<u>Child Care Center</u>	<u>Food Service</u>	<u>USDA Food Program</u>	<u>President's Fund</u>	<u>Student Activity Fee</u>	<u>Center for Advancement of Process Technology</u>	<u>CE Mexico Study Tour</u>	<u>TOTAL</u>
<b>Revenues</b>									
Sales and services of auxiliary enterprises	\$ 1,252,257	\$ 104,349	\$ 28,409	\$ -	\$ 368	\$ -	\$ -	\$ 10,360	\$ 1,395,743
Tuition and fees	-	-	-	-	-	108,906	-	-	108,906
Federal grants and contracts	-	-	-	12,704	-	-	-	-	12,704
Other income	1,061	-	-	-	-	-	-	-	1,061
<b>Total revenue</b>	<u>1,253,319</u>	<u>104,349</u>	<u>28,409</u>	<u>12,704</u>	<u>368</u>	<u>108,906</u>	<u>-</u>	<u>10,360</u>	<u>1,518,414</u>
<b>Expenditures</b>									
Salaries and wages	201,180	57,151	-	-	-	38,714	-	-	297,045
Employee benefits	9,071	3,797	-	-	-	2,306	-	-	15,174
Contracted services	9,052	-	7,413	-	230	1,061	-	-	17,756
Supplies	1,285,793	11,417	5,613	12,704	63,717	358	-	-	1,379,603
Other operating expenses	22,831	513	135	-	4,411	39,280	-	14,103	81,273
<b>Total Expenditures</b>	<u>1,527,927</u>	<u>72,878</u>	<u>13,162</u>	<u>12,704</u>	<u>68,358</u>	<u>81,720</u>	<u>-</u>	<u>14,103</u>	<u>1,790,852</u>
Excess revenue over expenditures	(274,608)	31,470	15,247	-	(67,990)	27,186	-	(3,743)	(272,438)
<b>Interfund Transfers</b>									
In	-	-	-	-	38,447	-	-	-	38,447
Out	(10,000)	(13,200)	(15,247)	-	-	-	-	-	(38,447)
<b>Fund balances, beginning</b>	<u>1,231,887</u>	<u>(17,270)</u>	<u>7,002</u>	<u>504</u>	<u>89,973</u>	<u>33,888</u>	<u>12,690</u>	<u>30,644</u>	<u>1,389,318</u>
<b>Fund balances, ending</b>	<u>\$ 947,279</u>	<u>\$ 1,000</u>	<u>\$ 7,002</u>	<u>\$ 504</u>	<u>\$ 60,430</u>	<u>\$ 61,074</u>	<u>\$ 12,690</u>	<u>\$ 26,901</u>	<u>\$ 1,116,880</u>